

NN GROUP FINANCIAL SUPPLEMENT

1H21



NN GROUP FINANCIAL SUPPLEMENT 1H21 INTRODUCTION

- The Financial Supplement includes historical financial data and is published on a semi-annual basis.
- Figures are calculated at historical foreign exchange rates, unless otherwise stated.
- Operating result and Adjusted allocated equity (as used in the calculation of Net operating ROE) are Alternative Performance Measures. These measures are derived from figures according to IFRS-EU. The operating result is derived by adjusting the reported result before tax to exclude the impact of the result on divestments, amortisation of acquisition intangibles and special items, gains/losses and impairments, revaluations and market and other impacts. The adjusted allocated equity is derived by adjusting the reported total equity to exclude revaluation reserves, undated subordinated notes classified as equity as well as goodwill and intangible assets recognised as a result of the Delta Lloyd acquisition. Alternative Performance Measures are non-IFRS-EU measures that have a relevant IFRS-EU equivalent. For definitions and explanations of the Alternative Performance Measures reference is made to the section 'Alternative Performance Measures (Non-GAAP measures)' in the NN Group N.V. 30 June 2021 Condensed consolidated interim financial information
- The segment 'Other' consists of the reinsurance business, the holding company and certain other entities.
- APE represents annualised premium equivalents sold in the period, with single premiums calculated at 1/10th of the single premium amounts.
- The semi-annual figures of the previous periods, excluding currency effects, are the sum of the monthly figures calculated at the average rate of each individual month of the current half year.
- As of 2020 NN Group changed its external reporting frequency from quarterly reporting to semi-annual reporting. The reporting frequency impacts the calculation of certain metrics as explained in the Notes.
- Rounding could cause some small differences.
- All figures are unaudited.

TABLE OF CONTENTS

1.1	Consolidated balance sheet	4
1.2	Total equity	6
1.3	Shareholders' equity reconciliation	7
1.4	Capital base - Solvency II	8
1.5	Operating capital generation	9
1.6	Cash capital position at the holding company	10
1.7	Investments per asset type	11
1.8	Earnings per ordinary share	12
1.9	New Business	13
	Analysis of Results:	
2.1	Consolidated results	14
2.2.1	Netherlands Life	17
2.2.2	Netherlands Life - Provisions for life insurance and investment contracts	18
2.3.1	Netherlands Non-life	19
2.3.2	Netherlands Non-life - Key figures by line of business	20
2.4.1	Insurance Europe	21
2.4.2	Insurance Europe - Key figures by country	23
2.4.3	Insurance Europe - Provisions for life insurance and investment contracts and Assets under Management pensions	25
2.5.1	Japan Life	26
2.5.2	Japan Life - Provisions for life insurance and investment contracts	28
2.6.1	Asset Management	29
2.6.2	Asset Management - AuM and AuA	30
2.7.1	Banking	31
2.7.2	Banking - Savings and deposits and Mortgages	32
2.8	Other	33
	Notes	34
	Important Legal Information	35

1.1 CONSOLIDATED BALANCE SHEET: ASSETS

In EUR million	30 Jun 21	31 Dec 20	30 Jun 20
Cash and cash equivalents	7,122	12,382	12,388
Financial assets at fair value through profit or loss			
- investments for risk of policyholders	37,191	34,797	32,288
- non-trading derivatives	6,900	14,833	16,431
- designated as at fair value through profit or loss	782	1,336	1,344
Available-for-sale investments			
- debt securities	103,202	106,876	108,960
- equity securities	12,225	11,299	9,242
Loans	65,870	65,428	64,580
Reinsurance contracts	767	1,063	1,173
Associates and joint ventures	6,120	5,673	5,396
Real estate investments	2,672	2,444	2,561
Property and equipment	430	448	471
Intangible assets	1,043	1,063	1,093
Deferred acquisition costs	1,908	1,871	1,934
Assets held for sale	119	113	0
Deferred tax assets	63	73	82
Other assets	3,801	4,039	4,326
Total assets	250,215	263,738	262,269

1.1 CONSOLIDATED BALANCE SHEET: EQUITY AND LIABILITIES

In EUR million	30 Jun 21	31 Dec 20	30 Jun 20
Shareholders' equity (parent)	32,863	36,731	35,117
Minority interests	286	277	256
Undated subordinated notes	1,764	1,764	1,764
Total equity	34,913	38,772	37,137
Subordinated debt	2,370	2,383	2,396
Debt securities issued	1,695	1,694	1,693
Other borrowed funds	6,832	7,542	7,027
Insurance and investment contracts			
- life insurance liabilities	125,106	127,523	129,051
- non-life insurance liabilities	7,773	7,329	7,813
- liabilities for life insurance for risk of policyholders	35,843	33,568	31,176
- investment contract liabilities	2,350	2,252	2,164
Customer deposits and other funds on deposit	16,182	15,803	15,598
Financial liabilities at fair value through profit or loss			
- non-trading derivatives	1,962	4,012	4,480
Liabilities held for sale	96	93	0
Deferred tax liabilities	4,712	6,329	5,185
Other liabilities	10,381	16,438	18,549
Total liabilities	215,302	224,966	225,132
Total equity and liabilities	250,215	263,738	262,269

1.2 TOTAL EQUITY

In EUR million	30 Jun 21	31 Dec 20	30 Jun 20
Share capital	38	39	38
Share premium	12,575	12,574	12,575
Revaluation reserve available-for sale investments Debt securities	9,328	12,720	12,113
Revaluation reserve available-for sale investments Equity securities	3,006	2,660	1,793
Revaluation reserve crediting to life policyholders	-5,795	-7,167	-7,156
Other revaluations	34	35	36
Cashflow hedge reserve	9,148	12,220	12,547
Currency translation reserve	-173	-97	-3
Net defined benefit asset/liability remeasurement reserve	-119	-138	-145
Retained earnings and other reserves	4,821	3,885	3,319
Shareholders' equity (parent)	32,863	36,731	35,117
Minority interests	286	277	256
Undated subordinated notes	1,764	1,764	1,764
Total equity	34,913	38,772	37,137
Shares outstanding in the market (in million)	311	310	312

1.3 SHAREHOLDERS' EQUITY RECONCILIATION

At 30 June 2021

In EUR million

	(Allocated) Shareholders' equity ¹⁵⁾	Less: Revaluation reserves and other adjustments ¹⁾	Plus: Minority interest	Adjusted (allocated) equity
Netherlands Life	25,597	14,133	199	11,663
Netherlands Non-life	1,619	414	77	1,282
Insurance Europe	2,879	552	0	2,328
Japan Life	2,285	573	0	1,713
Asset Management	357	0	8	365
Banking	953	3	0	950
Other ²⁾	-930	473	3	-1,400
of which reinsurance business	422	75	0	347
of which other	-1,351	398	3	-1,747
NN Group excluding Japan Closed Block VA	32,761	16,147	287	16,901
Japan Closed Block VA	102	0	0	102
NN Group	32,863	16,147	287	17,002

1.4 CAPITAL BASE - SOLVENCY II

In EUR million	30 Jun 21	31 Dec 20	30 Jun 20
Solvency II ³⁾			
IFRS Shareholders' equity	32,863	36,731	35,117
Minority interest	287	277	256
Elimination of deferred acquisition costs and intangible assets	-1,732	-1,669	-1,724
Valuation differences on assets	2,524	2,611	2,161
Valuation differences on liabilities, including insurance and investment contracts	-19,541	-25,582	-22,416
Deferred tax effect on valuation differences	4,599	6,039	4,653
Difference in treatment of non-solvency II regulated entities	-1,106	-1,082	-1,222
Excess of assets over liabilities	17,894	17,325	16,825
Deduction of participation in Bank	0	0	-992
Qualifying subordinated debt	4,426	4,498	4,495
Foreseeable dividends and distributions	-700	-595	-817
Basic Own Funds	21,620	21,228	19,510
Non-available Own Funds	1,049	1,200	1,123
Non-eligible Own Funds	0	0	0
Eligible Own Funds (a)	20,571	20,028	18,388
of which Tier 1 Unrestricted	12,985	12,484	12,235
of which Tier 1 Restricted	1,908	1,927	1,938
of which Tier 2	2,432	2,484	2,470
of which Tier 3	899	733	500
of which non-solvency II regulated entities	2,347	2,400	1,244
Solvency Capital Requirement (b)	9,858	9,534	8,338
of which non-solvency II regulated entities	1,387	1,368	486
NN Group Solvency II ratio (a/b) ²⁵⁾	209%	210%	221%

1.5 OPERATING CAPITAL GENERATION

In EUR million

	1H21	2H20	1H20	FY20
Operating capital generation ¹⁰⁾				
Netherlands Life	395	266	376	642
Netherlands Non-life	162	14	61	76
Insurance Europe	182	135	119	253
Japan Life	57	63	70	133
Asset Management	67	53	50	103
Banking	55	0	0	0
Other	-136	-81	-133	-214
Operating capital generation	780	450	543	993

1.6 CASH CAPITAL POSITION AT THE HOLDING COMPANY

In EUR million	1H21	2H20	1H20	FY20
Cash capital position - beginning of period ⁸⁾	1,170	1,315	1,989	1,989
Cash divestment proceeds	0	0	0	0
Remittances from subsidiaries ⁴⁾	978	592	718	1,310
Capital injections into subsidiaries ⁵⁾	-6	-5	-52	-56
Other ⁶⁾	-194	26	-209	-183
Free cash flow to the holding ⁷⁾	779	613	458	1,070
Acquisition	0	0	-572	-572
Capital flows from / (to) shareholders	-416	-758	-260	-1,017
Increase / (decrease) in debt and loans	0	0	-300	-300
Cash capital position - end of period	1,533	1,170	1,315	1,170

1.7 INVESTMENTS PER ASSET TYPE

At 30 June 2021

In EUR million	Asset-backed securities	Financial institutions and Covered bonds	Corporate bonds	Government bonds	Total debt securities	Public equity	Real estate equity	Private equity	Other equity securities	Total equity securities	Real estate	Mortgages	Deposits and other Loans	Other	Investments for risk of policyholders	Total
IFRS classification																
Cash and cash equivalents	0	0	0	0	0	0	0	0	0	0	0	0	0	7,122	0	7,122
Financial assets at fair value through profit or loss																
- investments for risk of policyholders	0	0	0	0	0	0	0	0	0	0	0	0	0	37,191	0	37,191
- non-trading derivatives	0	0	0	0	0	0	0	0	0	0	0	0	6,900	0	0	6,900
- designated as at fair value through profit or loss	0	0	27	2	29	0	0	0	753	753	0	0	0	0	0	782
Available-for-sale investments																
- debt securities	3,368	11,242	21,451	67,141	103,202	0	0	0	0	0	0	0	0	0	0	103,202
- equity securities	0	0	0	0	0	6,983	2,166	373	2,703	12,225	0	0	0	0	0	12,225
Loans	453	0	0	0	453	0	0	0	0	0	0	56,710	8,707	0	0	65,870
Associates and joint ventures	0	0	0	0	0	0	0	614	0	614	5,149	0	338	19	0	6,120
Real estate investments	0	0	0	0	0	0	0	0	0	0	2,672	0	0	0	0	2,672
Other assets ⁹⁾	0	0	0	0	0	0	0	0	0	0	0	0	0	8,131	0	8,131
Total	3,821	11,242	21,478	67,143	103,684	6,983	2,166	987	3,456	13,592	7,821	56,710	9,045	22,172	37,191	250,215

1.8 EARNINGS PER ORDINARY SHARE

	1H21	2H20	1H20	FY20
Basic earnings per ordinary share ¹²⁾				
Net result (in EUR million)	1,414	1,317	587	1,904
Coupon on undated subordinated notes (in EUR million)	-29	-29	-29	-59
Basic earnings (in EUR million)	1,385	1,288	558	1,846
Weighted average number of ordinary shares (in million)	309.8	312.6	315.7	314.1
Basic earnings per ordinary share (in EUR)	4.47	4.12	1.77	5.88
Diluted earnings per ordinary share ¹³⁾				
Basic earnings (in EUR million)	1,385	1,288	558	1,846
Weighted average number of ordinary shares (in million)	310	313	316	314
Dilutive instruments: Stock option and share plans (in million)	0	1	0	1
Weighted average number of ordinary shares (including dilutive instruments in million)	310.2	313.0	316.1	314.6
Diluted earnings per ordinary share (in EUR)	4.47	4.11	1.76	5.87

1.9 NEW BUSINESS

In EUR million

	1H21	2H20	1H20	FY20
NN Group				
Value of new business	242	144	122	266
Present value of new business premiums	5,175	4,564	4,263	8,826
New business margin ¹⁷⁾	4.7%	3.2%	2.9%	3.0%
Netherlands Life				
Value of new business	15	-1	9	8
Present value of new business premiums	720	319	724	1,043
New business margin ¹⁷⁾	2.1%	-0.2%	1.2%	0.8%
Insurance Europe				
Value of new business	135	99	84	183
Present value of new business premiums	2,980	3,194	2,627	5,821
New business margin ¹⁷⁾	4.5%	3.1%	3.2%	3.1%
Japan Life				
Value of new business	92	46	29	75
Present value of new business premiums	1,475	1,051	911	1,962
New business margin ¹⁷⁾	6.2%	4.3%	3.2%	3.8%

2.1 ANALYSIS OF RESULTS: CONSOLIDATED RESULTS

In EUR million	1H21	2H20	1H20	FY20
Analysis of results				
Netherlands Life	520	500	494	994
Netherlands Non-life	189	103	111	215
Insurance Europe	161	152	133	285
Japan Life	156	102	138	240
Asset Management	91	78	74	152
Banking	79	74	80	154
Other	-76	-47	-104	-151
Operating result	1,119	963	926	1,889
Non-operating items	719	605	57	662
of which gains/losses and impairments	684	472	168	640
of which revaluations	40	170	167	337
of which market and other impacts	-6	-36	-278	-315
Special items	-47	-155	-123	-278
Acquisition intangibles and goodwill	-11	-11	-13	-24
Result on divestments	0	100	0	100
Result before tax	1,780	1,502	846	2,349
Taxation	355	172	250	422
Minority interests	11	13	9	22
Net result	1,414	1,317	587	1,904
Shares outstanding in the market (in million)	311	310	312	310
Basic earnings per ordinary share in EUR ¹²⁾	4.47	4.12	1.77	5.88
Diluted earnings per ordinary share in EUR ¹³⁾	4.47	4.11	1.76	5.87
New business				
Single premiums	1,070	867	795	1,662
Regular premiums	636	420	540	961
New sales life insurance (APE)	743	507	620	1,127
Value of new business	242	144	122	266

2.1 ANALYSIS OF RESULTS: CONSOLIDATED RESULTS

In EUR million

	1H21	2H20	1H20	FY20
Key figures				
Operating capital generation ¹⁰⁾	780	450	543	993
Gross premium income	8,070	6,071	7,751	13,822
Total administrative expenses	1,079	1,078	1,043	2,121
Combined ratio (Netherlands Non-life) ¹⁴⁾	92.0%	95.7%	94.9%	95.3%
Asset Management Assets under Management (in EUR billion, end of period)	298	300	285	300
Life general account invested assets (in EUR billion, end of period)	146	149	148	149
Total provisions for insurance and investment contracts (in EUR billion, end of period)	171	171	170	171
of which for risk policyholder (in EUR billion, end of period)	37	35	32	35
NN Group Solvency II ratio ^{3) 25)}	209%	210%	221%	210%
CET1 ratio ²⁴⁾	18.6%	17.4%	16.7%	17.4%
NN Life Solvency II ratio ³⁾	213%	220%	226%	220%
Total assets (in EUR billion, end of period)	250	264	262	264
Employees (internal FTEs, end of period)	14,787	14,845	14,884	14,845

2.1 ANALYSIS OF RESULTS: CONSOLIDATED RESULTS - EXCLUDING CURRENCY EFFECTS

In EUR million	1H21	2H20	1H20	FY20
Analysis of results				
Netherlands Life	520	500	494	994
Netherlands Non-life	189	103	111	215
Insurance Europe	161	152	131	283
Japan Life	156	98	126	224
Asset Management	91	78	73	151
Banking	79	74	80	154
Other	-76	-47	-104	-150
Operating result	1,119	958	913	1,871
Non-operating items	719	605	59	664
of which gains/losses and impairments	684	471	169	641
of which revaluations	40	170	168	338
of which market and other impacts	-6	-36	-278	-315
Special items	-47	-155	-123	-278
Acquisition intangibles and goodwill	-11	-11	-13	-24
Result on divestments	0	100	0	100
Result before tax	1,780	1,497	836	2,334
Taxation	355	171	247	418
Minority interests	11	13	9	22
Net result	1,414	1,313	580	1,893
Shares outstanding in the market (in million)	311	310	312	310
Basic earnings per ordinary share in EUR ¹²⁾	4.47	4.11	1.74	5.84
Diluted earnings per ordinary share in EUR ¹³⁾	4.47	4.10	1.74	5.83
New business				
New sales life insurance (APE)	743	499	598	1,097
Key figures				
Gross premium income	8,070	6,014	7,594	13,609
Total administrative expenses	1,079	1,074	1,032	2,105
Total assets (in EUR billion, end of period)	250	263	260	263

2.2.1 ANALYSIS OF RESULTS: NETHERLANDS LIFE

In EUR million	1H21	2H20	1H20	FY20
Analysis of results				
Investment margin	494	457	433	890
Fees and premium-based revenues	192	191	201	392
Technical margin	74	87	98	184
Operating income non-modelled business	0	0	0	0
Operating income	760	735	731	1,467
Administrative expenses	225	220	221	440
DAC amortisation and trail commissions	16	16	17	33
Total expenses	241	235	237	473
Operating result	520	500	494	994
Non-operating items	661	531	149	680
of which gains/losses and impairments	661	409	211	620
of which revaluations	-7	159	212	371
of which market and other impacts	7	-36	-274	-310
Special items	-6	-46	-32	-77
Result on divestments	0	0	0	0
Result before tax	1,174	985	612	1,597
Taxation	204	138	192	330
Minority interests	-2	0	7	8
Net result	972	847	413	1,260
New business				
Single premiums	411	244	241	485
Regular premiums	127	17	153	170
New sales life insurance (APE) ¹⁹⁾	168	41	178	219
Value of new business	15	-1	9	8
Key figures				
Operating capital generation ¹⁰⁾	395	266	376	642
Gross premium income	2,256	1,551	1,993	3,544
Administrative expenses	225	220	221	440
Life general account invested assets (in EUR billion, end of period)	112	113	113	113
Assets under Management DC Business Total (in EUR billion, end of period) ¹⁸⁾	27	25	22	25
Total provisions for insurance and investment contracts (in EUR billion, end of period)	117	117	116	117
of which for risk policyholder (in EUR billion, end of period)	26	24	22	24
NN Life Solvency II ratio ³⁾	213%	220%	226%	220%
Employees (internal FTEs, end of period)	2,089	2,172	2,234	2,172

2.2.2 NETHERLANDS LIFE - PROVISIONS FOR LIFE INSURANCE AND INVESTMENT CONTRACTS

In EUR billion	1H21	2H20	1H20	FY20
Provisions for life insurance and investment contracts for risk of company - roll forward				
Beginning of period	92.7	93.8	92.2	92.2
Deposits	1.6	1.5	1.2	2.6
Withdrawals / Benefits	-2.3	-3.0	-2.0	-5.0
Net production	-0.8	-1.5	-0.8	-2.4
Acquisition / Divestments / Transfers	0.0	0.0	0.0	0.0
Market performance / Interest credited	-0.8	0.5	2.4	2.9
FX impact and other	0.0	0.0	0.0	0.0
End of period	91.1	92.7	93.8	92.7
Provisions for life insurance and investment contracts for risk of policyholders - roll forward				
Beginning of period	24.4	22.5	23.9	23.9
Deposits	0.8	0.7	0.8	1.5
Withdrawals / Benefits	-1.2	-0.4	-1.7	-2.1
Net production	-0.4	0.3	-0.9	-0.6
Acquisition / Divestments / Transfers	0.0	0.0	0.0	0.0
Market performance / Interest credited	2.2	1.6	-0.5	1.1
FX impact and other	0.0	0.0	0.0	0.0
End of period	26.1	24.4	22.5	24.4

2.3.1 ANALYSIS OF RESULTS: NETHERLANDS NON-LIFE

In EUR million	1H21	2H20	1H20	FY20
Analysis of results				
Earned premiums	1,819	1,780	1,638	3,418
Investment income	64	48	50	98
Other income	0	1	-2	-1
Operating income	1,882	1,829	1,686	3,515
Claims incurred, net of reinsurance	1,205	1,212	1,137	2,350
Acquisition costs	330	338	291	630
Administrative expenses	168	183	157	340
Acquisition costs and administrative expenses	498	521	448	970
Expenditure	1,703	1,734	1,585	3,319
Operating result insurance businesses	180	95	101	196
Operating result non-insurance businesses	10	8	11	19
Total operating result	189	103	111	215
Non-operating items	4	40	-36	3
of which gains/losses and impairments	9	24	-24	0
of which revaluations	-5	7	-16	-9
of which market and other impacts	0	9	4	12
Special items	-21	-45	-35	-79
Result on divestments	0	0	0	0
Result before tax	172	98	40	138
Taxation	37	21	10	31
Minority interests	9	11	0	11
Net result	126	67	30	97
Key figures				
Operating capital generation ¹⁰⁾	162	14	61	76
Gross premium income	2,307	1,428	2,093	3,521
Total administrative expenses ¹¹⁾	224	249	202	451
Combined ratio ¹⁴⁾	92.0%	95.7%	94.9%	95.3%
of which Claims ratio ¹⁴⁾	64.6%	66.4%	67.5%	67.0%
of which Expense ratio ¹⁴⁾	27.4%	29.3%	27.4%	28.4%
Total insurance provisions (in EUR billion, end of period)	8	7	8	7
Employees (internal FTEs, end of period)	3,281	3,330	3,309	3,330

2.3.2 NETHERLANDS NON-LIFE - KEY FIGURES BY LINE OF BUSINESS

In EUR million	1H21	2H20	1H20	FY20
Gross premium income by line of business				
Disability and Accident	822	263	788	1,051
Fire	639	472	563	1,035
Marine and Aviation	64	40	50	89
Motor	496	435	439	874
Miscellaneous	285	217	254	471
Indirect business	1	0	0	0
Property and Casualty	1,485	1,165	1,305	2,470
Total	2,307	1,428	2,093	3,521
In EUR million	1H21	2H20	1H20	FY20
Operating result by line of business				
Disability and Accident	42	-10	-20	-30
Fire	102	104	60	164
Marine and Aviation	26	-1	7	6
Motor	15	2	47	49
Miscellaneous	-4	2	5	7
Indirect business	-1	-2	1	-1
Property and Casualty	138	105	120	226
Health business and broker business	10	8	11	19
Total	189	103	111	215
Combined ratios Disability and Accident, as well as Property and Casualty ¹⁴⁾				
Disability and Accident				
Combined ratio	94.6%	102.0%	103.1%	102.6%
of which Claims ratio	75.1%	81.7%	83.4%	82.6%
of which Expense ratio	19.6%	20.3%	19.7%	20.0%
Property and Casualty				
Combined ratio	90.8%	93.0%	90.8%	92.0%
of which Claims ratio	60.0%	59.9%	59.7%	59.8%
of which Expense ratio	30.8%	33.2%	31.1%	32.2%
Total				
Combined ratio	92.0%	95.7%	94.9%	95.3%
of which Claims ratio	64.6%	66.4%	67.5%	67.0%
of which Expense ratio	27.4%	29.3%	27.4%	28.4%

2.4.1 ANALYSIS OF RESULTS: INSURANCE EUROPE

In EUR million	1H21	2H20	1H20	FY20
Analysis of results				
Investment margin	57	61	48	110
Fees and premium-based revenues	393	363	367	730
Technical margin	119	128	125	252
Operating income non-modelled business	0	0	1	1
Operating income Life Insurance	569	552	541	1,093
Administrative expenses	210	203	214	417
DAC amortisation and trail commissions	197	193	196	389
Expenses Life Insurance	407	396	410	806
Operating result Life Insurance	162	156	131	287
Operating result Non-life	-1	-4	2	-3
Total Operating result	161	152	133	285
Non-operating items	19	11	-22	-11
of which gains/losses and impairments	1	5	-1	4
of which revaluations	15	2	-14	-12
of which market and other impacts	2	3	-7	-4
Special items	-5	-16	-13	-29
Acquisition intangibles and goodwill	0	0	0	0
Result on divestments	0	-11	0	-11
Result before tax	175	136	98	234
Taxation	40	39	24	63
Minority interests	0	0	0	0
Net result	135	97	74	171
New business				
Single premiums	659	623	554	1,177
Regular premiums	314	264	263	527
New sales life insurance (APE)	380	326	319	644
Value of new business	135	99	84	183
Key figures				
Operating capital generation ¹⁰⁾	182	135	119	253
Gross premium income	1,569	1,489	1,512	3,001
Total administrative expenses (Life and Non-life)	216	212	220	432
Life general account invested assets (in EUR billion, end of period)	17	18	18	18
Total provisions for insurance and investment contracts (in EUR billion, end of period)	27	27	26	27
of which for risk policyholder (in EUR billion, end of period)	9	9	8	9
Assets under Management Pensions (in EUR billion, end of period) ²²⁾	25	22	20	22
Employees (internal FTEs, end of period)	4,846	4,820	4,952	4,820

2.4.1 ANALYSIS OF RESULTS: INSURANCE EUROPE - EXCLUDING CURRENCY EFFECTS

In EUR million	1H21	2H20	1H20	FY20
Analysis of results				
Investment margin	57	61	48	109
Fees and premium-based revenues	393	362	360	722
Technical margin	119	128	123	251
Operating income non-modelled business	0	0	1	1
Operating income Life Insurance	569	551	532	1,083
Administrative expenses	210	202	210	412
DAC amortisation and trail commissions	197	193	193	386
Expenses Life Insurance	407	395	403	798
Operating result Life Insurance	162	156	129	285
Operating result Non-life	-1	-4	2	-2
Total Operating result	161	152	131	283
Non-operating items	19	11	-22	-11
of which gains/losses and impairments	1	6	-1	4
of which revaluations	15	2	-14	-12
of which market and other impacts	2	3	-7	-4
Special items	-5	-16	-13	-29
Acquisition intangibles and goodwill	0	0	0	0
Result on divestments	0	-11	0	-11
Result before tax	175	135	97	232
Taxation	40	39	24	62
Minority interests	0	0	0	0
Net result	135	97	73	169
New business				
New sales life insurance (APE)	380	323	308	631
Key figures				
Gross premium income	1,569	1,488	1,497	2,986
Total administrative expenses (Life and Non-life)	216	211	216	427

2.4.2 INSURANCE EUROPE - KEY FIGURES BY COUNTRY

In EUR million	1H21	2H20	1H20	FY20
Gross premium income by country				
Belgium	388	410	405	815
Poland	192	196	184	380
Spain	320	256	300	556
Other countries	669	627	623	1,250
Insurance Europe	1,569	1,489	1,512	3,001

In EUR million	1H21	2H20	1H20	FY20
Operating result by country				
Belgium	30	46	19	65
Poland	38	36	44	81
Spain	16	19	14	32
Other countries	78	51	55	107
Insurance Europe	161	152	133	285

In EUR million	1H21	2H20	1H20	FY20
New sales (APE) by country				
Belgium	51	38	40	77
Poland	67	79	55	134
Spain	68	45	54	100
Other countries	194	164	170	333
Insurance Europe	380	326	319	644

2.4.2 INSURANCE EUROPE - KEY FIGURES BY COUNTRY - EXCLUDING CURRENCY EFFECTS

In EUR million	1H21	2H20	1H20	FY20
Gross premium income by country				
Belgium	388	410	405	815
Poland	192	194	179	373
Spain	320	256	300	556
Other countries	669	629	613	1,242
Insurance Europe	1,569	1,488	1,497	2,986
In EUR million	1H21	2H20	1H20	FY20
Operating result by country				
Belgium	30	46	19	65
Poland	38	36	43	79
Spain	16	19	14	32
Other countries	78	52	55	107
Insurance Europe	161	152	131	283
In EUR million	1H21	2H20	1H20	FY20
New sales (APE) by country				
Belgium	51	38	40	77
Poland	67	79	54	132
Spain	68	45	54	100
Other countries	194	162	160	322
Insurance Europe	380	323	308	631

2.4.3 INSURANCE EUROPE - PROVISIONS FOR LIFE INSURANCE AND INVESTMENT CONTRACTS AND ASSETS UNDER MANAGEMENT PENSIONS

In EUR billion	1H21	2H20	1H20	FY20
Provisions for life insurance and investment contracts for risk of company - roll forward				
Beginning of period	18.0	18.1	18.1	18.1
Deposits	0.6	0.8	0.6	1.4
Withdrawals / Benefits	-0.8	-1.1	-1.0	-2.0
Net production	-0.2	-0.3	-0.4	-0.7
Acquisition / Divestments / Transfers	0.0	-0.1	0.0	-0.1
Market performance / Interest credited	-0.5	0.3	0.4	0.8
FX impact and other	0.0	0.0	-0.1	-0.1
End of period	17.4	18.0	18.1	18.0
In EUR billion	1H21	2H20	1H20	FY20
Provisions for life insurance and investment contracts for risk of policyholders - roll forward				
Beginning of period	8.7	8.0	8.5	8.5
Deposits	0.6	0.7	0.5	1.2
Withdrawals / Benefits	-0.5	-0.5	-0.4	-0.9
Net production	0.1	0.2	0.0	0.2
Acquisition / Divestments / Transfers	0.0	0.0	0.0	0.0
Market performance / Interest credited	0.5	0.5	-0.4	0.1
FX impact and other	0.1	0.0	-0.1	-0.2
End of period	9.3	8.7	8.0	8.7
In EUR billion	1H21	2H20	1H20	FY20
Assets under Management pensions - roll forward				
Beginning of period	21.7	19.6	21.9	21.9
Deposits	1.0	1.1	0.8	1.8
Withdrawals / Benefits	-0.5	-0.4	-0.4	-0.8
Net production	0.5	0.6	0.4	1.0
Acquisition / Divestments / Transfers	0.0	0.0	0.0	0.0
Market performance / Interest credited	2.3	1.7	-2.1	-0.4
FX impact and other	0.0	-0.3	-0.6	-0.9
End of period	24.6	21.7	19.6	21.7

2.5.1 ANALYSIS OF RESULTS: JAPAN LIFE

In EUR million	1H21	2H20	1H20	FY20
Analysis of results				
Investment margin	-8	-6	-8	-14
Fees and premium-based revenues	339	275	364	639
Technical margin	21	10	8	17
Operating income non-modelled business	0	0	0	0
Operating income	352	279	364	642
Administrative expenses	64	73	71	144
DAC amortisation and trail commissions	132	103	155	258
Total expenses	196	176	226	402
Operating result	156	102	138	240
Non-operating items	2	5	-32	-27
of which gains/losses and impairments	4	10	-17	-7
of which revaluations	-2	-4	-16	-20
of which market and other impacts	0	0	0	0
Special items	-1	-1	-2	-3
Result on divestments	0	0	0	0
Result before tax	157	106	104	210
Taxation	44	28	29	57
Minority interests	0	0	0	0
Net result	113	78	75	152
New business				
Single premiums	0	0	0	0
Regular premiums	195	140	123	263
New sales life insurance (APE)	195	140	123	263
Value of new business	92	46	29	75
Key figures				
Operating capital generation ¹⁰⁾	57	63	70	133
Gross premium income	1,921	1,590	2,138	3,728
Administrative expenses	64	73	71	144
Life general account invested assets (in EUR billion, end of period)	17	17	18	17
Total provisions for insurance and investment contracts (in EUR billion, end of period)	17	17	18	17
of which for risk policyholder (in EUR billion, end of period)	0	0	0	0
Employees (internal FTEs, end of period)	859	855	848	855

2.5.1 ANALYSIS OF RESULTS: JAPAN LIFE - EXCLUDING CURRENCY EFFECTS

In EUR million	1H21	2H20	1H20	FY20
Analysis of results				
Investment margin	-8	-6	-7	-13
Fees and premium-based revenues	339	264	334	597
Technical margin	21	9	7	16
Operating income non-modelled business	0	0	0	0
Operating income	352	267	333	600
Administrative expenses	64	70	65	135
DAC amortisation and trail commissions	132	98	142	241
Total expenses	196	168	207	376
Operating result	156	98	126	224
Non-operating items	2	5	-30	-25
of which gains/losses and impairments	4	9	-15	-6
of which revaluations	-2	-4	-14	-19
of which market and other impacts	0	0	0	0
Special items	-1	-1	-2	-3
Result on divestments	0	0	0	0
Result before tax	157	102	95	197
Taxation	44	27	27	54
Minority interests	0	0	0	0
Net result	113	74	68	143
New business				
New sales life insurance (APE)	195	134	113	247
Key figures				
Gross premium income	1,921	1,521	1,964	3,486
Administrative expenses	64	70	65	135

2.5.2 JAPAN LIFE - PROVISIONS FOR LIFE INSURANCE AND INVESTMENT CONTRACTS

In EUR billion	1H21	2H20	1H20	FY20
Provisions for life insurance and investment contracts for risk of company - roll forward				
Beginning of period	17.2	17.5	16.8	16.8
Deposits	1.7	1.4	1.9	3.3
Withdrawals / Benefits	-1.2	-1.1	-1.3	-2.5
Net production	0.5	0.3	0.6	0.9
Acquisition / Divestments / Transfers	0.0	0.0	0.0	0.0
Market performance / Interest credited	0.1	0.1	0.1	0.2
FX impact and other	-0.7	-0.7	0.1	-0.6
End of period	17.1	17.2	17.5	17.2

2.6.1 ANALYSIS OF RESULTS: ASSET MANAGEMENT

In EUR million	1H21	2H20	1H20	FY20
Analysis of results				
Investment income	0	-2	-1	-3
Fees	234	224	216	440
Operating income	233	222	215	438
Administrative expenses	143	144	141	286
Operating result	91	78	74	152
Non-operating items	0	0	0	0
Special items	-1	0	0	0
Result on divestments	0	0	0	0
Result before tax	90	78	74	152
Taxation	22	18	19	37
Minority interests	3	2	2	4
Net result	65	58	53	111
Key figures				
Operating capital generation ¹⁰⁾	67	53	50	103
Administrative expenses	143	144	141	286
Cost/income ratio (Administrative expenses/Operating income)	61.2%	64.9%	65.6%	65.2%
Fees/average Assets under Management (bps) ²⁶⁾	16	15	15	15
Net inflow Assets under Management (in EUR billion)	2	6	1	7
Assets under Management (in EUR billion, end of period)	298	300	285	300
Net operating result ²⁷⁾	68	60	55	115
Employees (internal FTEs, end of period)	943	955	943	955

2.6.2 ASSET MANAGEMENT - AUM AND AUA

In EUR billion	30 Jun 21	31 Dec 20	30 Jun 20
Assets under Management (AuM) and Assets under Advice and Administration (AuA)			
Affiliates	190	198	197
Proprietary (general account assets)	161	170	172
Other affiliates business	29	28	26
Third parties	108	102	88
Institutional customers	58	56	48
Retail customers home markets	36	32	27
Retail customers others	14	14	12
Total Assets under Management	298	300	285
Assets under Advice and Administration	59	70	53

In EUR billion	30 Jun 21	31 Dec 20	30 Jun 20
AuM by investment			
Equity	28	25	23
Fixed income	224	227	218
Multi asset	45	48	45
Total	298	300	285

Period 1H21	Affiliates	Proprietary	Other	Third Parties	Institutional	Retail home markets	Retail Others	Total
In EUR billion								
AuM roll forward								
Beginning of period	198	170	28	102	56	32	14	300
Net inflow	-2	-1	0	4	3	1	0	2
Acquisition / Divestments / Transfers	0	0	0	0	0	0	0	0
Market performance (incl. FX Impact) and other	-6	-8	2	2	-1	3	0	-4
End of period	190	161	29	108	58	36	14	298

In EUR billion	1H21	2H20	1H20	FY20
AuM roll forward				
Beginning of period	300	285	276	276
Net inflow	2	6	1	7
Acquisition / Divestments / Transfers	0	0	3	3
Market performance (incl. FX Impact) and other	-4	9	5	14
End of period	298	300	285	300

2.7.1 ANALYSIS OF RESULTS: BANKING

In EUR million	1H21	2H20	1H20	FY20
Analysis of results				
Interest result	139	141	140	280
Commission income	34	30	18	48
Total investment and other income	16	17	27	45
Operating income	189	187	185	373
Operating expenses	98	103	93	195
Regulatory levies	16	8	12	20
Addition to loan loss provision	-4	3	0	3
Total expenses	110	114	105	219
Operating result	79	74	80	154
Non-operating items	-1	27	1	27
of which gains/losses and impairments	0	8	3	11
of which revaluations	0	0	0	0
of which market and other impacts	-2	19	-2	17
Special items	0	-7	-7	-14
Result before tax	77	93	73	167
Taxation	19	16	19	35
Minority interests	0	0	0	0
Net result	58	77	54	132
Key figures				
Operating capital generation ¹⁰⁾	55	0	0	0
Total administrative expenses ²¹⁾	114	111	105	216
Cost/income ratio (Operating expenses/Operating income)	51.9%	54.7%	50.1%	52.4%
Net Interest Margin (NIM) ¹⁶⁾	1.12%	1.13%	1.11%	
Net operating ROE ²⁰⁾	12.7%	12.8%	15.0%	13.8%
CET1 ratio ²⁴⁾	18.6%	17.4%	16.7%	17.4%
Total Capital ratio ²⁴⁾	20.0%	18.9%	18.1%	18.9%
Risk Weighted Assets (RWA) (in EUR billion, end of period) ²⁴⁾	6	6	6	6
Savings and deposits (in EUR billion, end of period)	16	16	16	16
Mortgages (in EUR billion, end of period)	21	20	20	20
Total assets (in EUR billion, end of period)	25	25	25	25
Net operating result ²⁷⁾	59	55	60	115
Adjusted allocated equity (end of period)	950	904	827	904
Employees (internal FTEs, end of period)	937	919	875	919

2.7.2 BANKING - SAVINGS AND DEPOSITS AND MORTGAGES

In EUR billion	1H21	2H20	1H20	FY20
Savings and Deposits - roll forward				
Beginning of period	15.7	15.5	15.1	15.1
Deposits	2.4	2.1	2.2	4.3
Withdrawals / Benefits	-2.0	-1.9	-1.8	-3.6
Net production	0.4	0.2	0.4	0.7
Acquisition / Divestments / Transfers	0.0	0.0	0.0	0.0
End of period	16.1	15.7	15.5	15.7

In EUR billion	1H21	2H20	1H20	FY20
Mortgages - roll forward				
Beginning of period	20.1	20.0	19.4	19.4
Origination	4.4	3.8	4.4	8.2
Redemptions	-1.2	-1.3	-1.1	-2.3
Net production	3.2	2.5	3.3	5.9
Acquisition / Divestments / Transfers	-2.7	-2.5	-2.7	-5.2
End of period	20.6	20.1	20.0	20.1

2.8 ANALYSIS OF RESULTS: OTHER

In EUR million	1H21	2H20	1H20	FY20
Analysis of results				
Interest on hybrids and debt ²³⁾	-53	-54	-54	-108
Investment income and fees	51	52	55	107
Holding expenses	-89	-63	-79	-142
Amortisation of intangible assets	0	0	0	0
Holding result	-91	-65	-78	-143
Operating result reinsurance business	18	17	-25	-8
Other results	-4	1	-1	0
Operating result	-76	-47	-104	-151
Non-operating items	35	-8	-2	-10
of which gains/losses and impairments	9	17	-5	12
of which revaluations	40	6	1	7
of which market and other impacts	-14	-31	1	-29
Special items	-13	-40	-35	-75
Acquisition intangibles and goodwill	-11	-11	-13	-24
Result on divestments	0	111	0	111
Result before tax	-65	6	-155	-149
Taxation	-11	-88	-43	-131
Minority interests	0	0	0	0
Net result	-54	94	-112	-18
Key figures				
Operating capital generation ¹⁰⁾	-136	-81	-133	-214
Gross premium income	16	13	14	27
Total administrative expenses	93	70	83	153
of which reinsurance business	4	5	4	8
of which corporate/holding	90	65	79	144
Employees (internal FTEs, end of period)	1,832	1,794	1,722	1,794
Total provisions for insurance and investment contracts (in EUR billion, end of period)	2	2	3	2
Key figures Japan Closed Block VA				
Account value	1,633	1,691	1,691	1,691
Net Amount at Risk	10	20	78	20
Number of policies	16,686	17,888	19,105	17,888

NOTES

- 1) Revaluation reserves for debt securities, equity securities and property in own use, the cash flow hedge reserve, the related crediting to policyholders, the coupon on undated subordinated notes recognised in equity as well as the goodwill and intangible assets recognised as a result of the Delta Lloyd acquisition.
- 2) The segment 'Other' comprises the allocated equity of the reinsurance business and the cash capital position, other assets and debt of the holding company.
- 3) The solvency ratios are not final until filed with the regulators. The Solvency II ratios for NN Group and NN Life are based on the partial internal model.
- 4) Includes interest on subordinated loans provided to subsidiaries by the holding company.
- 5) Includes the change of subordinated loans provided to subsidiaries by the holding company.
- 6) Includes interest on subordinated loans and debt, holding company expenses and other cash flows.
- 7) Free cash flow to the holding company is defined as the change in cash capital position of the holding company over the period, excluding acquisitions, capital transactions with shareholders and debtholders.
- 8) Cash capital is defined as net current assets available at the holding company.
- 9) Other assets contain Reinsurance contracts, Property and equipment, Intangible assets, Deferred acquisition costs, Deferred tax assets and Other assets.
- 10) NN Group analyses the change in the excess of Solvency II Own Funds over the Solvency Capital Requirement ('SCR') in the following components: Operating Capital Generation, Market variance, Capital flows and Other. Operating Capital Generation is the movement in the solvency surplus (Own Funds before eligibility constraints over SCR at 100%) in the period due to operating items, including the impact of new business, expected investment returns in excess of the unwind of liabilities, release of the risk margin, operating variances, non-life underwriting result, contribution of non-Solvency II entities and holding expenses and debt costs and the change in the SCR. It excludes economic variances, economic assumption changes and non-operating expenses
- 11) Including non-insurance businesses (health business and broker business).
- 12) Basic earnings per ordinary share is calculated as the net result, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity, divided by the weighted average number of ordinary shares outstanding (net of treasury shares).
- 13) Diluted earnings per share is calculated as if the share plans and warrants outstanding at the end of the period had been exercised at the beginning of the period and assuming that the cash received from exercised share plans and warrants was used to buy own shares against the average market price during the period. The net decrease in the number of shares results from the cancellation of shares following the share buy back programme
- 14) Excluding non-insurance businesses (health business and broker business).
- 15) The adjusted allocated equity of Japan Life is adjusted for the impact of internal reinsurance ceded to NN Group's reinsurance business.
- 16) Four-quarter rolling average.
- 17) Value of new business as a percentage of Present value of new business premiums.
- 18) Assets under Management (AuM) DC business total includes both the AuM DC business in accumulation phase and AuM DC business in decumulation phase. For the latter the IFRS insurance liabilities are used as a proxy for the AuM.
- 19) APE excludes the APE for the investment part of the DC business as of 2020
- 20) Net operating RoE is calculated as the (annualised) net operating result of the segment, divided by (average) adjusted allocated equity. Adjusted allocated equity is an Alternative Performance Measure. It is derived from IFRS equity by excluding revaluation reserves. Reference is made to the section 'Alternative Performance Measures (Non-GAAP measures)' in the NN Group N.V. 30 June 2021 Condensed consolidated interim financial information
- 21) Operating expenses plus regulatory levies.
- 22) The numbers shown under AuM are client balances which exclude IFRS shareholders' equity related to the respective pension businesses and include the assets under administration.
- 23) Does not include interest costs on subordinated debt treated as equity.
- 24) The Common Equity Tier 1 (CET1) ratio, Total Capital ratio and Risk Weighted Assets (RWA) are not final until filed with the regulators.
- 25) NN Bank is included in the calculation of the NN Group Solvency II ratio as of the end of 2020.
- 26) Fees/average Assets under Management (bps) is calculated as the (annualised) fees, divided by average AuM at the beginning and end of the half-year reporting period. The comparative figures have been restated accordingly.
- 27) Net operating result, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity.

IMPORTANT LEGAL INFORMATION

NN Group's Consolidated Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and with Part 9 of Book 2 of the Dutch Civil Code. In preparing the financial information in this document, the same accounting principles are applied as in the NN Group N.V. Condensed consolidated interim financial information for the period ended 30 June 2021.

All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) the effects of the Covid-19 pandemic and related response measures, including lockdowns and travel restrictions, on economic conditions in countries in which NN Group operates, on NN Group's business and operations and on NN Group's employees, customers and counterparties (3) changes in performance of financial markets, including developing markets, (4) consequences of a potential (partial) break-up of the euro or European Union countries leaving the European Union, (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 and the interpretation and application thereof, (14) changes in the policies and actions 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 NN Group 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, (19) catastrophes and terrorist-related events, (20) adverse developments in legal and other proceedings and (21) the other risks and uncertainties contained in recent public disclosures made by NN Group.

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