

NN Group reports strong operating capital generation and solid business results for first half of 2022

Strong capital generation reflecting solid business performance

- NN Group's operating capital generation increased to EUR 899 million from EUR 780 million in the first half of 2021, reflecting a higher contribution from Netherlands Life, Japan Life and Insurance Europe partly offset by a lower contribution from Banking, Netherlands Non-life and the sale of NN Investment Partners (NN IP)
- Operating result of EUR 983 million versus EUR 1,119 million in the first half of 2021, mainly reflecting the impact of the February storm in the Netherlands and the sale of NN IP
- Net result of EUR 2,006 million, up from EUR 1,414 million in the first half of 2021, largely driven by the gain on the sale of NN IP

Good commercial momentum

- Value of new business of EUR 254 million, up 5% from the first half of 2021, primarily due to higher sales at Netherlands Life
- NN Bank and Woonnu originated EUR 4.9 billion of new mortgages in the first half of 2022
- Net inflows of EUR 0.9 billion in the Defined Contribution pension business in the Netherlands

Resilient balance sheet; delivering attractive capital returns to shareholders

- NN Group Solvency II ratio decreased to 196% versus 213% at 31 December 2021, mainly reflecting the deduction of capital flows to shareholders and the negative impact of market movements, partly offset by operating capital generation
- Cash capital position at the holding increased to EUR 2,467 million from EUR 1,998 million at 31 December 2021, reflecting the proceeds from the sale of NN IP and free cash flow to the holding, partly offset by capital flows to shareholders, repayment of senior debt and amounts paid for acquisitions
- 2022 interim dividend of EUR 1.00 per ordinary share or approximately EUR 294 million

Continued focus on customers, employees and society

- Customer satisfaction: 4 of our businesses scoring an above market average Net Promoter Score
- Women in senior management positions increased to 39%, reflecting an extended scope of the target group to further improve on our gender diversity ambition
- Target to invest an additional EUR 6 billion in climate solutions by 2030, EUR 625 million committed

Statement of David Knibbe, CEO

'Today we are reporting strong capital generation for the first half of 2022, and we are on track to deliver on our financial and other strategic targets. These results were achieved against the backdrop of a turbulent period with major geopolitical developments and the resulting impact on the macro-economic environment, such as the sharp rise in inflation as well as significant volatility in financial markets. The impact of this turbulence on our business performance has been limited, demonstrated by the strong increase of capital generation, mainly driven by the Dutch life business as well as our international insurance businesses. The market volatility did impact our Solvency II ratio, specifically the widening of Dutch mortgage spreads and lower equity markets. Our Solvency II ratio decreased from 213% to 196% at 30 June 2022 as the strong operating capital generation of EUR 899 million in the first half of the year was offset by the deduction of the interim dividend and the EUR 1 billion share buybacks that we are currently executing, as well as the impact of market movements. At the same time our capital generation and investment returns are expected to continue to benefit from this higher spread environment and current interest rate levels.

In the first half of 2022, we continued to focus on our customers, employees and society, as measured against the non-financial targets of our strategy. We are there for our customers when it matters most. In the Netherlands, we supported them throughout the severe February storm. We increased our customer service capacity, enabling us to

adequately handle the increased number of claims, while we also provided tips on how to prevent damage to properties. Further improving our customer experience continues to be a key priority.

The ongoing conflict in Ukraine has had severe humanitarian consequences in the region. As a large insurer active in Central and Eastern Europe, NN has provided multiple forms of support to help those affected. For example, we recently extended our core offering to provide medical care services to refugees in Poland, Slovakia and Hungary. The direct impact of the conflict on our business activities in the region continues to be limited.

As part of our ambition to achieve a net-zero proprietary investment portfolio by 2050, we aim to invest an additional amount of at least EUR 6 billion in climate solutions by 2030. Together with CBRE Investment Management, we launched a Positive Impact Programmatic Venture with the aim to build sustainable and affordable housing in the Netherlands.

NN Group key figures

In EUR million	1H22	1H21	Change
Operating capital generation ¹⁾	899	780	15.2%
Value of new business	254	242	4.8%
Operating result ²⁾	983	1,119	-12.1%
Net result	2,006	1,414	41.9%
	30 Jun 22	31 Dec 21	30 Jun 21
Solvency II ratio ³⁾	196%	213%	209%
	30 Jun 22	31 Dec 21	30 Jun 21
Non-financial key figures			
No. of insurance businesses scoring above market average NPS ⁴⁾	4	5	3
Brand consideration ⁵⁾	21%	23%	21%
Employee engagement ⁶⁾	7.7	7.7	7.8
Women in senior management positions ⁷⁾	39%	34%	34%
Contribution to our communities (EUR million) ⁸⁾	3.8	8.0	2.4

Note: All footnotes are included on page 27

Operating capital generation in the first half of 2022 was EUR 899 million, mainly reflecting a higher contribution from Netherlands Life as well as Japan Life and Insurance Europe, partly offset by a lower contribution from Banking, Netherlands Non-life and Asset Management, because of the sale of NN Investment Partners (NN IP).

The operating result was EUR 983 million, compared with EUR 1,119 million in the first half of last year, mainly reflecting the impact of the February storm and the sale of NN IP.

The storm resulted in an impact of EUR 86 million (net of reinsurance), mainly in the Netherlands Non-life segment. In Netherlands Non-life, we furthermore strengthened our reserves as a result of higher inflation. In combination with favourable claims development on prior accident years in P&C and higher underwriting results in D&A, the overall combined ratio continued to be solid at 96.1%.

Compared with the first half of 2021, NN Group's value of new business was up almost 5%, mainly driven by a higher volume of new pension contracts in the Netherlands. Net inflows in Assets under Management DC amounted to EUR 0.9 billion, at Netherlands Life in the first half of 2022. Sales remained resilient across the group in a more challenging environment. Sales at Insurance Europe were slightly down compared with last year. In Japan, protection sales have been stable despite negative currency impacts.

NN Bank and Woonnu originated EUR 4.9 billion of mortgages in the first half of the year. Customer mortgage rates have started to increase following the rise in market rates and as a result we saw margins on new origination increasing. With an average Loan-to-Value ratio of 55% and low historical loan losses, this is a good quality asset class.

The operating result for the current period includes one quarter for the asset management business, following the completion of the sale of NN IP to Goldman Sachs in April 2022. We also completed the acquisition of MetLife's businesses in Greece and Poland in January and April, respectively. The contribution of these businesses to results

will start to come through mainly in the second half of the year. In the Netherlands, at NN Life we recently completed the acquisition of ABN AMRO Verzekeringen's life insurance subsidiary.

We remain well positioned to benefit from the long-term growth trends in our markets and to meet our financial and other strategic targets. Our resilient balance sheet, high quality investment portfolio and our strong underlying business performance, give us confidence that we can continue to navigate the current market conditions.'

Delivering on our strategic commitments

At NN, we help people care for what matters most to them. Our purpose reflects the kind of company we aspire to be: a company that delivers long-term value for all stakeholders. Our ambition is to be an industry leader, known for our customer engagement, talented people, and contribution to society. To realise our ambition, we identified five strategic commitments, with all parts of our business contributing.

Customers and distribution – Enhancing customer experience through new partnerships and initiatives

In preparation for the new Dutch pension agreement, we invested in digital solutions to support employers and employees navigate the changes. BeFrank, our online pension administrator, developed an easy-to-use tool that shows employers what they need to change in their employees' pension scheme and how it affects individual pensions. Employers can use the tool, together with their advisors, to make the right choices for their employees' future pension. In addition, Nationale-Nederlanden updated its 'mijn.nn Financial Future' portal to enable customers to include data from other pensions schemes and their bank accounts. This gives customers a comprehensive overview of their expected future income, enabling them to better prepare for their financial future.

NN Slovakia became the majority shareholder of Finportal, one of the fastest growing distribution companies in the Slovakian financial market with more than 2,000 financial advisors and highly advanced digital solutions. This investment will give NN Slovakia new opportunities in the areas of digital solutions and customer service.

NN Life Japan introduced automated accounting for owners of small and medium-sized enterprises (SMEs). To help navigate the complex accounting procedures for corporate-owned life insurance (COLI), customers and agents can now easily find documents for accounting purposes, any time and in just a few clicks. The service aims at improving the customer experience and making the accounting process easier on them.

We also continued our efforts to reach customers by offering our products through existing customer engagement platforms. Nationale-Nederlanden expanded its partnership with motorhome rental platform Indie Campers to France and Germany, the biggest camper destinations in Europe. As a result, Nationale-Nederlanden now offers on-demand rental insurance for customers that share their campervan with other customers, in five countries.

Products and services – New protection products and services to meet customers' evolving needs

We continued our efforts to meeting our customers' evolving needs, with new and improved products and services. NN Romania, in partnership with ING Bank, launched an insurance product offering protection in case of unemployment, full or partial disability due to illness or accident, and extended medical leave due to incapacity to work. The product is available to customers who receive their salary in an ING Bank account and offers three levels of protection, depending on the customers' needs. It also includes a 'Back to Work - Unemployment Assistance' package, supporting customers in finding a new job.

NN Life Japan partnered with IT solution provider, Writeup Co. Ltd., to launch a new one-stop service that allows SME owners to easily find grants and subsidies their company is eligible for and the expected amounts. In addition, SME owners that are NN policyholders can receive free on-line consultation to learn more about the grants and subsidies, and a 10% discount on the application assistance service, if they require professional support to make the applications.

In the Netherlands, we continued to roll out the Human Capital Planner, an online data and services platform which enables advisors and employers to have fact-based conversations with their employees about their pension plans and investments. To date, 12,000 Dutch employers and 600 advisors are using the planner, which was expanded this year to include 'Pension Pulse', a tool that encourages employees to research their pension, complete their risk profile and ask questions about their pension.

As part of our efforts to invest in preventative solutions, our Dutch Non-life business has piloted a new Smart Sensors service looking into whether electrical fires can be prevented by using data from sensors. This is a great added value service for customers in sectors with a high fire risk, such as hospitality and agriculture.

People and organisation – Supporting our people by promoting inclusive working conditions

We nurture a culture aimed at empowering our colleagues to be their best. As part of our efforts to support a healthy work-life balance and flexible working conditions for our employees, in the Netherlands we are initiating ‘vitality leave’ in which colleagues can take two months’ leave every five years, during which they receive reduced salary but continue pensions accrual.

We continued our efforts to become a more diverse and inclusive workplace. For this reason, we introduced the ‘You matter leave’, a tailor-made leave for colleagues in the Netherlands, for example to be used to mourn a loved one or to receive a gender transition treatment. We also published our first Diversity & Inclusion (D&I) report, which includes insights and examples from across our businesses. NN Romania signed the Romanian Diversity Charter.

To further improve and strengthen the impact of our gender diversity ambition, we extended the scope of our target to have at least 40% women in senior management positions by 2023. As of 2022, in addition to the Management Board (MB) and managerial positions reporting directly to the MB, this target group includes all senior managerial positions reporting in our business units.

Especially in current tight labour markets, we are pleased to see the engagement of NN colleagues remaining high at 7.7 in the first half of 2022 (and stable compared with the second half of 2021). The results show colleagues feel empowered to fulfil their role, they feel valued, and experience room for professional development.

NN Group was included in the 2022 Bloomberg Gender Equality Index (GEI) for the fourth time in a row. The index recognises companies’ efforts to report transparently on gender equality, and on topics such as female leadership, inclusive culture, pro-women brand, equal pay and gender pay parity. In addition, for the fourth time, all business units within NN International Insurance have been certified as Top Employer 2022, scoring above benchmark with progress in the areas of Diversity & Inclusion, Work Environment, and Learning.

Financial strength – Maintaining a strong balance sheet and continuing to generate attractive returns in volatile markets

We aim to maintain a strong balance sheet and generate attractive financial returns for shareholders. Despite the macro-economic and financial markets turmoil, we increased our operating capital generation in the first half of 2022. The shift to higher-yielding assets in 2020 and 2021 is generating higher returns on our conservative asset portfolio. Our Solvency II ratio stood at 196%, our cash capital position was EUR 2,467 million and with a leverage ratio of 21.7%, we have ample financial flexibility.

Society – Continuous support and investment in our communities

We continued to support our communities through various initiatives and partnerships in the areas of Inclusive economies, Healthy and safe living, and Sustainable planet. In May 2022, NN Group organised a company-wide volunteer week, the ‘Your community matters week’, with 2,613 colleagues participating. Overall, we organised 45 volunteering activities that reached over 7,500 people and supported 42 charities.

On a local level, Nationale-Nederlanden in Spain partnered with ‘Unoentrecienmil Foundation’, which promotes research projects to find a cure for leukaemia. The collaboration starts with an initiative to incorporate sports therapy into children’s treatment and the construction of a physical exercise research unit. NN Turkey launched a breast cancer awareness project, supporting early diagnosis. The programme involves training sessions on breast cancer, access to cancer screening and psychological support to breast cancer patients. In ten months, the project has reached 900 women in five cities. In the Netherlands, we extended our partnership with non-profit organisation JINC to launch a new ‘Networking for Work’ project aimed at supporting youngsters with their entry into the labour market.

NN Group published its first Community Investment Report, a comprehensive overview of the initiatives we support as part of our strategic commitment to contribute to society. The report showcases how we put our resources, expertise and networks to use for the advancement of our communities in the countries we operate. The report will be published annually.

In the first half of 2022, NN Group’s total contributions to communities was EUR 3.8 million, including more than EUR 2.8 million in cash donations and more than EUR 670,000 in monetised volunteer hours.

NN Bank issued a EUR 500 million inaugural green covered bond with a maturity of 10 years and a coupon of 1.87%. This was the first ever green covered bond issued by a Dutch Bank.

Consolidated results

In EUR million	1H22	1H21	Change
Operating capital generation¹⁾			
Netherlands Life	580	395	47.0%
Netherlands Non-life	144	162	-10.8%
Insurance Europe	198	182	9.1%
Japan Life	74	57	29.9%
Asset Management ²³⁾	31	67	-54.3%
Banking	11	55	-79.6%
Other	-140	-136	
Operating capital generation	899	780	15.2%

In EUR million	1H22	1H21	Change
Analysis of results			
Netherlands Life	552	520	6.2%
Netherlands Non-life	127	189	-32.8%
Insurance Europe	176	161	9.2%
Japan Life	130	156	-16.7%
Asset Management ²³⁾	38	91	-58.3%
Banking	48	79	-39.1%
Other	-88	-76	
Operating result²⁾	983	1,119	-12.1%
Non-operating items	277	719	-61.5%
of which gains/losses and impairments	268	684	-60.9%
of which revaluations	-455	40	
of which market and other impacts	465	-6	
Special items	-59	-47	
Acquisition intangibles and goodwill	-16	-11	
Result on divestments	1,062	0	
Result before tax	2,248	1,780	26.3%
Taxation	234	355	-34.0%
Minority interests	7	11	-35.3%
Net result	2,006	1,414	41.9%
Basic earnings per ordinary share in EUR ⁹⁾	6.52	4.47	45.8%

Key figures			
Gross premium income	7,635	8,070	-5.4%
New sales life insurance (APE)	811	743	9.2%
Value of new business	254	242	4.8%
Total administrative expenses	1,068	1,079	-1.0%
Combined ratio (Netherlands Non-life) ¹⁰⁾	96.1%	92.0%	

In EUR billion	30 Jun 22	31 Dec 21	Change
Key figures			
Asset Management Assets under Management ²⁹⁾	0	301	
Life general account invested assets	140	144	-2.9%
Total provisions for insurance and investment contracts	160	169	-5.1%
of which for risk policyholder	35	39	-11.8%
Solvency II ratio ³⁾	196%	213%	
NN Life Solvency II ratio ³⁾	187%	219%	
CET1 ratio ¹¹⁾	14.6%	17.4%	
Total assets	226	252	-10.3%
Employees (internal FTEs, end of period)	14,599	15,158	-3.7%

- Operating capital generation increased to EUR 899 million from EUR 780 million in the first half of 2021, reflecting a higher contribution from Netherlands Life, Japan Life and Insurance Europe partly offset by a lower contribution from Banking, Netherlands Non-life and the sale of NN IP
- Operating result decreased to EUR 983 million from EUR 1,119 million in the first half of 2021, mainly reflecting the impact of the February storm at Netherlands Non-life as well as the sale of NN IP
- Result before tax of EUR 2,248 million, up from EUR 1,780 million in the first half of 2021, mainly driven by the gain on sale of NN IP, partly offset by lower non-operating items and the lower operating result
- Value of new business was EUR 254 million, up from EUR 242 million in the first half of 2021, driven by a higher volume of group pension contracts at Netherlands Life, partly offset by the impact of higher interest rates as well as model and assumption changes at Insurance Europe, and negative currency impacts and lower sales at Japan Life

Operating capital generation

Operating capital generation increased to EUR 899 million from EUR 780 million in the first half of 2021. The increase is mainly driven by the lower net negative impact of the UFR drag and the risk margin release as a result of higher interest rates as well as a higher Life experience variance mostly driven by favourable portfolio developments at Netherlands Life and Insurance Europe.

The operating capital generation of Netherlands Life increased to EUR 580 million from EUR 395 million in the first half of 2021. This is mainly driven by the lower net negative impact of the UFR drag and risk margin release as a result of higher interest rates, as well as positive experience variance, higher investment return following higher real estate valuations as well as a high new business contribution.

The operating capital generation of Netherlands Non-life decreased to EUR 144 million from EUR 162 million in the first half of 2021, reflecting a lower underwriting result in Property & Casualty (P&C) mainly due to claims related to the February storm, partly offset by favourable results on prior accident years and an increase in new business contribution, while the first half of 2021 reflected lower claims as a result of Covid-19. Underwriting results in Disability & Accident (D&A) increased reflecting positive experience variances.

The operating capital generation of Insurance Europe increased to EUR 198 million from EUR 182 million in the first half of 2021, mainly reflecting a higher investment return following higher interest rates, more positive experience variances, as well as a positive contribution from one quarter of the acquired MetLife business in Greece. This was partly offset by lower pension fees in Slovakia and Romania.

The operating capital generation of Japan Life increased to EUR 74 million from EUR 57 million in the first half of 2021, reflecting a higher investment return as well as a lower new business strain as a result of decreasing sales. A higher in-force contribution was offset by lower mortality results.

The operating capital generation of Asset Management was EUR 31 million reflecting the results for the first quarter of the year, following the sale of NN IP in April 2022.

The operating capital generation of Banking decreased to EUR 11 million from EUR 55 million in the first half of 2021, due to an increase in risk weighted assets (RWA) and a lower statutory net result. The increase in RWA in the current period reflects a higher growth of the mortgage portfolio mainly due to a lower volume of mortgages transferred to the NN IP Dutch Residential Mortgage Fund and a lower portion of state-guaranteed (NHG) mortgages.

The operating capital generation of the segment Other was EUR -140 million compared with EUR -136 million in the first half of 2021, mainly due to higher project expenses.

Operating result

Operating result decreased to EUR 983 million from EUR 1,119 million in the first half of 2021, which benefited from EUR 24 million of private equity dividends, while the current period includes the results of Asset Management for one quarter following the sale of NN IP in April 2022. The lower operating result reflects lower results at Netherlands Non-life, Banking and Japan Life, partly compensated by higher results at Netherlands Life and Insurance Europe.

The operating result of Netherlands Life was EUR 552 million compared with EUR 520 million in the first half of 2021, reflecting higher fees and premium-based revenues, lower administrative expenses and a higher investment margin.

The operating result of Netherlands Non-life decreased to EUR 127 million from EUR 189 million in the first half of 2021, reflecting lower underwriting results in P&C due to the February storm, partly offset by favourable claims

development on prior accident years in P&C as well as higher underwriting results in D&A. The combined ratio was 96.1% versus 92.0% in the first half of 2021.

The operating result of Insurance Europe increased to EUR 176 million from EUR 161 million in the first half of 2021, up 9.3% on a constant currency basis. This reflects higher life fees across the region, a higher technical margin as well as a positive contribution from one quarter of the acquired MetLife business in Greece. This was partly offset by higher DAC amortisation and trail commissions and higher administrative expenses.

The operating result of Japan Life decreased to EUR 130 million from EUR 156 million in the first half of 2021, mainly reflecting lower fees and premium-based revenues and a lower technical margin, partly offset by a higher investment margin and lower expenses. Excluding currency effects, the operating result decreased by 14.7%.

The operating result of Asset Management was EUR 38 million reflecting the results for the first quarter of the year, following the sale of NN IP in April 2022.

The operating result of Banking decreased to EUR 48 million from EUR 79 million in the first half of 2021, mainly due to lower operating income and higher total expenses.

The operating result of the segment Other was EUR -88 million versus EUR -76 million in the first half of 2021, mainly due to a lower operating result of the reinsurance business.

Result before tax

The result before tax increased to EUR 2,248 million from EUR 1,780 million in the first half of 2021, mainly driven by the gain on sale of NN IP, partly offset by lower non-operating items and the lower operating result.

Gains/losses and impairments were EUR 268 million compared with EUR 684 million in the first half of 2021. The current period mainly reflects capital gains on the sale of debt securities and public equities, partly offset by impairments on equities and debt securities.

Revaluations amounted to EUR -455 million versus EUR 40 million in the first half of 2021. The first half of 2022 includes negative revaluations of derivatives used for hedging purposes mainly reflecting accounting asymmetries following an increase in interest rates, partly offset by positive revaluations on real estate and private equity.

Market and other impacts amounted to EUR 465 million compared with EUR -6 million in the first half of 2021, mainly reflecting movements in the provision for guarantees on unit-linked, separate account pension contracts and inflation-linked liabilities (all net of hedging) at Netherlands Life.

Special items amounted to EUR -59 million compared with EUR -47 million in the first half of 2021, mainly reflecting higher project expenses.

Acquisition intangibles and goodwill amounted to EUR -16 million versus EUR -11 million in the first half of 2021.

Result on divestments of EUR 1,062 million reflects the gain on sale of NN IP.

Net result

The net result in the first half of 2022 increased to EUR 2,006 million from EUR 1,414 million in the first half of 2021. The effective tax rate in the first half of 2022 was 10.4%, reflecting the tax-exempt gain on the sale of NN IP as well as a relatively low tax charge on the investment income, mainly due to tax-exempt dividends, capital gains and revaluations in the Netherlands.

Sales and value of new business

Total new sales (APE) were EUR 811 million, up 11.5% from the first half of 2021 on a constant currency basis. New sales at Netherlands Life were EUR 290 million compared with EUR 168 million in the first half of 2021, mainly driven by a higher volume of group pension contracts. At Japan Life, new sales decreased to EUR 159 million from EUR 195 million in the first half of 2021, reflecting lower sales of COLI Financial Solutions products as well as negative currency impacts. New sales at Insurance Europe decreased 1.9% on a constant currency basis to EUR 363 million from EUR 380 million in the first half of 2021, which benefited from a group contract renewal in Spain.

Value of new business was EUR 254 million, up from EUR 242 million in the first half of 2021, driven by the increase in Netherlands Life following a higher volume of group pension contracts. This was partly offset by lower value of new business at Insurance Europe due to the discounting effect of higher interest rates as well as model and assumption changes, partly compensated by an improved business mix. The lower value of new business of Japan



Life is due to negative currency impacts while lower COLI Financial Solutions sales were partly compensated by an improved margin as a result of repricing and higher investment income.

Capital Management

- Solvency II ratio of NN Group decreased to 196% from 213% at the end of 2021, mainly due to the deduction of the EUR 1 billion share buyback programmes and the 2022 interim dividend, adverse market impacts, the acquisition of MetLife's businesses in Greece and Poland and the reduction of the Ultimate Forward Rate (UFR). These items were partly offset by the proceeds from the sale of NN IP and strong operating capital generation
- Operating capital generation increased to EUR 899 million from EUR 780 million in the first half of 2021, reflecting a higher contribution from Netherlands Life, Japan Life and Insurance Europe partly offset by a lower contribution from Banking, Netherlands Non-life and the sale of NN IP
- Cash capital position at the holding increased to EUR 2,467 million from EUR 1,998 million at the end of 2021, reflecting the proceeds from the sale of NN IP and free cash flow to the holding, partly offset by capital flows to shareholders, repayment of senior debt and amounts paid for acquisitions
- Free cash flow to the holding in the first half of 2022 reflects EUR 960 million of remittances from subsidiaries, partly offset by other holding company cash flows
- Ample financial flexibility given remaining tiering capacity
- 2022 interim dividend of EUR 1.00 per ordinary share or approximately EUR 294 million

Solvency II

In EUR million	30 Jun 22	31 Dec 21
Basic Own Funds	19,897	22,021
Non-available Own Funds	1,404	1,094
Non-eligible Own Funds	0	0
Eligible Own Funds (a)	18,493	20,927
of which Tier 1 Unrestricted	11,627	13,377
of which Tier 1 Restricted	1,788	1,875
of which Tier 2	2,287	2,422
of which Tier 3	973	848
of which non-solvency II regulated entities	1,818	2,404
Solvency Capital Requirements (b)	9,455	9,840
of which non-solvency II regulated entities	1,273	1,334
NN Group Solvency II ratio (a/b)³⁾	196%	213%
NN Life Solvency II ratio³⁾	187%	219%

The NN Group Solvency II ratio decreased to 196% from 213% at the end of 2021. The EUR 1.3 billion capital return to shareholders, consisting of EUR 1 billion share buyback programmes and the 2022 interim dividend of EUR 294 million, the adverse market impacts and other movements, including the impact of the reduction of the UFR to 3.45% were only partly compensated by the strong operating capital generation as well as the net positive impact from the sale of NNIP and the acquisition of MetLife's businesses in Greece and Poland. Market impacts mainly reflect negative equity revaluations, changes in credit spreads and an increase in interest rates, partly offset by flattening of the longer end of the interest rate curve. The negative impact of mortgage spread widening was partly offset by the positive impact of increasing corporate bond spreads and the corresponding change of the volatility adjustment. After 30 June 2022, we continue to see elevated market volatility as equity markets increased, corporate spreads tightened, while mortgage spreads further widened as most providers have not yet adjusted client rates following a decrease in interest rates. The potential impact of market volatility on our Solvency II ratio is reflected in our sensitivities.

The NN Life Solvency II ratio decreased to 187% from 219% at the end of 2021, mainly due to the aforementioned adverse market impacts, the EUR 490 million dividend payments to the holding company as well as other movements including a loss of market risk diversification and the impact of the UFR reduction from 3.60% to 3.45%. These items were partly offset by operating capital generation.

NN Group has ample financial flexibility given its remaining tiering capacity of EUR 1.2 billion in Restricted Tier 1 and EUR 0.9 billion in Tier 2 and 3 capital.

On 11 August 2022, NN Life announces the early redemption of the outstanding EUR 500 million 9.0% Fixed to floating rate subordinated notes due 2042. The notes will be redeemed by NN Life in full at their principal amount together with any interest accrued on their first call date, 29 August 2022. NN Group will consider refinancing the notes in the context of optimising its capital and leverage structure.

Operating capital generation

In EUR million	1H22	1H21	Change
Investment return	702	647	8.5%
Life - UFR drag	-318	-431	
Life - Risk margin release	165	204	-19.2%
Life - Experience variance	71	3	
Life - New business	102	79	29.2%
Non-life underwriting	95	129	-26.1%
Non-Solvency II entities (Asset Management ²³ , Japan Life, Banking, Other ¹²)	192	234	-18.0%
Holding expenses and debt costs	-144	-140	
Change in SCR	35	55	-37.3%
Operating capital generation	899	780	15.2%

Operating capital generation increased to EUR 899 million from EUR 780 million in the first half of 2021. The increase is mainly driven by the lower net negative impact of the UFR drag and the risk margin release as a result of higher interest rates as well as a higher Life experience variance mostly driven by favourable portfolio developments at Netherlands Life and Insurance Europe. The increase also reflects a higher investment return mainly as a result of positive real estate revaluations and higher interest rates. The lower contribution from Non-Solvency II entities mainly reflects a lower contribution from Asset Management which reflects one quarter of results due to the divestment of NN IP in April as well as a lower contribution from Banking mainly reflecting a higher RWA following mortgage portfolio growth, a lower portion of state-guaranteed (NHG) mortgages as well as lower income. This was partly offset by a positive contribution from Japan Life which mainly reflects a higher investment return and a lower new business strain. The lower Netherlands Non-life underwriting result reflects the impact of the storm in February, partly compensated by favourable results on prior accident years as well as higher underwriting results in D&A.

Cash capital position at the holding company

In EUR million	1H22	FY21
Beginning of period	1,998	1,170
Remittances from subsidiaries ¹³⁾	960	1,835
Capital injections into subsidiaries ¹⁴⁾	-5	-19
Other ¹⁵⁾	-219	-344
Free cash flow to the holding¹⁶⁾	735	1,472
Cash divestment proceeds	1,626	76
Acquisitions	-524	-358
Capital flows to shareholders	-768	-960
Increase / (decrease) in debt and loans	-600	597
End of period	2,467	1,998

Note: cash capital is defined as net current assets available at the holding company

The cash capital position at the holding company increased to EUR 2,467 million from EUR 1,998 million at the end of 2021. The increase mainly reflects EUR 1,626 million of proceeds from the sale of NN IP and EUR 960 million of remittances from subsidiaries. This is partly offset by EUR 768 million of capital flows to shareholders, the repayment of EUR 600 million senior notes that matured on 18 March 2022, EUR 524 million paid for acquisitions mainly reflecting the acquisition of MetLife's businesses in Poland and Greece, as well as other movements of EUR 219 million that include holding company expenses, interest on loans and debt and other holding company cash flows. Capital flows to shareholders comprise the 2021 final cash dividend of EUR 251 million and the repurchase of EUR 517 million of own shares.

Financial leverage

In EUR million	30 Jun 22	31 Dec 21
Shareholders' equity	19,920	32,888
Adjustment for revaluation reserves ¹⁷⁾	795	-11,730
Minority interests	216	266
Capital base for financial leverage (a)	20,930	21,424
Undated subordinated notes ¹⁸⁾	1,764	1,764
Subordinated debt	2,343	2,356
Total subordinated debt	4,107	4,120
Debt securities issued	1,693	2,292
Financial leverage (b)	5,800	6,412
Financial leverage ratio (b/(a+b))	21.7%	23.0%
Fixed-cost coverage ratio ¹⁸⁾¹⁹⁾	18.8x	19.9x

The financial leverage ratio of NN Group was 21.7% at the end of the first half of 2022 compared with 23.0% at the end of 2021. This reflects a decrease of the financial leverage due to the repayment of EUR 600 million senior notes that matured on 18 March 2022, partly offset by the decrease of the capital base for financial leverage. The decrease of the capital base is mainly due to capital flows to shareholders for an amount of EUR 768 million and negative equity revaluations, partly offset by the first half-year net result of EUR 2,006 million.

The fixed-cost coverage ratio was 18.8x at the end of the first half of 2022 versus 19.9x at the end of 2021 (on a last 12-months basis).

Dividend

NN Group announced today that it will pay an interim dividend of EUR 1.00 per ordinary share, or approximately EUR 294 million in total based on the current number of outstanding shares (net of treasury shares), calculated as 40% of the 2021 full-year dividend per ordinary share in accordance with the NN Group dividend policy. The interim dividend will be paid either fully in cash, after deduction of withholding tax if applicable, or fully in ordinary shares, at the election of the shareholders. Dividends paid in the form of ordinary shares will be delivered from NN Group treasury shares or issued from the share premium reserve. To neutralise the dilutive effect of the stock dividend, NN Group will repurchase ordinary shares for an amount equivalent to the stock dividend. NN Group ordinary shares will be quoted ex-dividend on 15 August 2022. The record date for the dividend will be 16 August 2022. The election period will run from 17 August up to and including 31 August 2022. The stock fraction for the stock dividend will be based on the volume weighted average price of NN Group ordinary shares on Euronext Amsterdam for the five trading days from 25 August through 31 August 2022. The dividend will be payable on 7 September 2022. (For more information: <https://www.nn-group.com/investors/share-information/dividend-policy-and-dividend-history.htm>).

Share buyback

On 17 February 2022, NN Group announced an open market share buyback programme for an amount of EUR 250 million within 12 months, commencing on 1 March 2022. NN Group also announced an additional open market share buyback programme for an amount of EUR 750 million after completion of the sale of NN IP. This additional share buyback programme commenced on 13 April 2022 and is expected to be completed before 1 March 2023.

Up to Friday 5 August 2022, shares for a total amount of EUR 550 million were repurchased under these programmes, representing 55% of the total share buyback amount.

Following the payment of the 2021 final dividend, NN Group announced that it would repurchase ordinary shares for a total amount of EUR 218 million, equivalent to the value of the stock dividend, to neutralise the dilutive effect. This share buyback programme commenced on 10 June 2022 and is expected to end no later than 31 August 2022.

The share buyback programmes are executed within the limitations of the existing authority granted by the General Meeting on 19 May 2022. The shares will be repurchased at a price that does not exceed the last independent trade

or the highest current independent bid on the relevant trading platform. The programmes are executed by financial intermediaries and are performed in compliance with the safe harbour provisions for share buybacks.

NN Group reports on the progress of the share buyback programmes on its corporate website (<https://www.nn-group.com/investors/share-information/share-buyback-programme.htm>) on a weekly basis.

Share capital

On 4 May 2022, 7,878,210 NN Group treasury shares which were repurchased under the share buyback programmes were cancelled.

The total number of NN Group shares outstanding (net of 16,005,631 treasury shares) on 5 August 2022 was 293,994,369.

Credit ratings

On 18 May 2022, Standard & Poor’s revised its outlooks on the core operating entities of NN Group and on the holding company NN Group N.V. to positive from stable and affirmed NN Group’s ‘A’ financial strength rating and ‘BBB+’ credit rating.

On 29 June 2022, Fitch Ratings published a report affirming NN Group’s ‘AA-’ financial strength rating and ‘A+’ credit rating with a stable outlook.

Credit ratings of NN Group on 10 August 2022

	Financial Strength Rating	NN Group N.V. Counterparty Credit Rating
Standard & Poor’s	A Positive	BBB+ Positive
Fitch	AA- Stable	A+ Stable

Netherlands Life

- Operating capital generation increased to EUR 580 million from EUR 395 million in the first half of 2021, mainly driven by the impact of higher interest rates, as well as positive experience variance
- Operating result of EUR 552 million compared with EUR 520 million in the first half of 2021, reflecting higher fees and premium based revenues, lower administrative expenses and a higher investment margin

In EUR million	1H22	1H21	Change
Analysis of results			
Investment margin	502	494	1.6%
Fees and premium-based revenues	203	192	5.6%
Technical margin	76	74	1.8%
Operating income non-modelled business	0	0	
Operating income	781	760	2.7%
Administrative expenses	215	225	-4.5%
DAC amortisation and trail commissions	14	16	-11.9%
Total expenses	229	241	-5.0%
Operating result²⁾	552	520	6.2%
Non-operating items	254	661	-61.6%
of which gains/losses and impairments	309	661	-53.3%
of which revaluations	-586	-7	
of which market and other impacts	531	7	
Special items	-14	-6	
Result on divestments	0	0	
Result before tax	792	1,174	-32.6%
Taxation	124	204	-39.2%
Minority interests	4	-2	
Net result	664	972	-31.6%
New business			
Single premiums	261	411	-36.6%
Regular premiums	264	127	107.1%
New sales life insurance (APE)	290	168	72.0%
Value of new business	44	15	193.6%
Key figures			
Operating capital generation ¹⁾	580	395	47.0%
Gross premium income	1,954	2,256	-13.4%
Administrative expenses	215	225	-4.5%

In EUR billion	30 Jun 22	31 Dec 21	Change
Key figures			
Life general account invested assets	109	113	-3.9%
Assets under Management DC business total ²⁰⁾	27.0	29.9	-9.9%
Total provisions for insurance and investment contracts	110	118	-6.9%
of which for risk policyholder	24	28	-15.2%
NN Life Solvency II ratio ³⁾	187%	219%	
Employees (internal FTEs, end of period)	2,021	2,058	-1.8%

Operating capital generation of Netherlands Life increased to EUR 580 million from EUR 395 million in the first half of 2021. This is mainly driven by the lower net negative impact of the UFR drag and risk margin release as a result of higher interest rates, as well as positive experience variance, higher investment return following higher real estate valuations as well as a high new business contribution.

The operating result was EUR 552 million compared with EUR 520 million in the first half of 2021, reflecting higher fees and premium-based revenues, lower administrative expenses and a higher investment margin.

The investment margin increased to EUR 502 million compared with EUR 494 million in the first half of 2021. The first half of 2021 benefited from special dividends of EUR 24 million, whereas the same period this year does not include such dividends. The current half-year reflects the impact of higher income following the optimisation of the investment portfolio.

Fees and premium-based revenues increased to EUR 203 million from EUR 192 million in the first half of 2021, reflecting higher fees on higher average Assets under Management for the defined contribution portfolio. This is partly offset by lower fees and premium-based revenues from the run-off of the individual life closed book.

The technical margin increased to EUR 76 million from EUR 74 million in the first half of 2021.

Administrative expenses decreased to EUR 215 million from EUR 225 million in the first half of 2021, mainly driven by lower staff expenses.

DAC amortisation and trail commissions decreased to EUR 14 million from EUR 16 million in the first half of 2021.

The result before tax decreased to EUR 792 million from EUR 1,174 million in the first half of 2021, due to lower non-operating items mainly reflecting lower revaluations and lower gains/losses and impairments, partly compensated by higher market and other impacts and the higher operating result.

Gains/losses and impairments decreased to EUR 309 million in the first half of 2022 from EUR 661 million in the same period last year, mainly due to lower capital gains on the sale of public equities and bonds.

Revaluations were EUR -586 million compared with EUR -7 million in the first half of 2021, mainly driven by negative revaluations on derivatives used for hedging purposes reflecting accounting asymmetries following an increase of interest rates, partly compensated by positive revaluations on real estate and private equity.

Market and other impacts were EUR 531 million versus EUR 7 million in the first half of 2021, mainly reflecting movements in the provisions for guarantees on unit-linked, separate account pension contracts and inflation-linked liabilities (all net of hedging).

New sales (APE) increased to EUR 290 million from EUR 168 million in the first half of 2021, driven by a higher volume of group pension contracts.

The value of new business increased to EUR 44 million from EUR 15 million in the same period last year, mainly driven by a higher volume of group pension contracts.

Assets under Management DC decreased to EUR 27.0 billion compared with EUR 29.9 billion in December 2021, due to unfavourable market movements partly compensated by net inflows.

Netherlands Non-life

- Operating capital generation decreased to EUR 144 million from EUR 162 million in the first half of 2021, reflecting lower underwriting result in P&C mainly due to the February storm, partly offset by favourable results on prior accident years as well as higher underwriting results in D&A
- Operating result decreased to EUR 127 million from EUR 189 million in the first half of 2021, mainly reflecting the impact of the February storm
- Combined ratio was 96.1% versus 92.0% in the first half of 2021

In EUR million	1H22	1H21	Change
Analysis of results			
Earned premiums	1,797	1,819	-1.2%
Investment income	70	64	9.4%
Other income	0	0	
Operating income	1,867	1,882	-0.8%
Claims incurred, net of reinsurance	1,267	1,205	5.1%
Acquisition costs	322	330	-2.4%
Administrative expenses	167	168	-0.7%
Acquisition costs and administrative expenses	488	498	-1.8%
Expenditure	1,755	1,703	3.1%
Operating result insurance businesses	112	180	-37.9%
Operating result non-insurance businesses	16	10	63.7%
Total operating result²⁾	127	189	-32.8%
Non-operating items	18	4	
of which gains/losses and impairments	6	9	-34.1%
of which revaluations	12	-5	
of which market and other impacts	0	0	
Special items	-10	-21	
Result on divestments	0	0	
Result before tax	135	172	-21.6%
Taxation	27	37	-26.2%
Minority interests	2	9	-79.1%
Net result	105	126	-16.2%
Key figures			
Operating capital generation ¹⁾	144	162	-10.8%
Gross premium income	2,327	2,307	0.9%
Total administrative expenses ²¹⁾	271	224	21.0%
Combined ratio ¹⁰⁾	96.1%	92.0%	
of which Claims ratio ¹⁰⁾	69.0%	64.6%	
of which Expense ratio ¹⁰⁾	27.2%	27.4%	

In EUR billion	30 Jun 22	31 Dec 21	Change
Key figures			
Total insurance provisions	8	7	9.0%
Employees (internal FTEs, end of period)	3,897	3,853	1.1%

Operating capital generation of Netherlands Non-life decreased to EUR 144 million from EUR 162 million in the first half of 2021, reflecting a lower underwriting result in Property & Casualty (P&C) mainly due to claims related to the February storm, partly offset by favourable results on prior accident years and an increase in new business contribution, while the first half of 2021 reflected lower claims as a result of Covid-19. Underwriting results in Disability & Accident (D&A) increased reflecting positive experience variances.

The operating result decreased to EUR 127 million from EUR 189 million in the first half of 2021, reflecting lower underwriting results in P&C due to the February storm, partly offset by favourable claims development on prior accident years in P&C as well as higher underwriting results in D&A. The combined ratio was 96.1% versus 92.0% in the first half of 2021.

The operating result in P&C decreased to EUR 53 million from EUR 138 million in the first half of 2021, which included lower claims as a result of Covid-19. The current half-year reflects EUR 82 million of claims (net of reinsurance) related to the February storm, partly offset by favourable claims development on prior accident years. The P&C combined ratio was 97.3% compared with 90.8% in the first half of 2021.

The operating result in D&A was EUR 58 million compared with EUR 42 million in the first half of 2021, reflecting a favourable claims development in the Group Income and Individual Disability portfolios, despite a negative impact from wage inflation assumptions. This was partly offset by lower underwriting results in the Accident & Travel portfolio as the first half of 2021 included a positive impact from Covid-19. The D&A combined ratio was 93.6% versus 94.6% in the first half of 2021.

Administrative expenses were broadly stable at EUR 167 million.

The operating result of the non-insurance businesses increased to EUR 16 million from EUR 10 million in the first half of 2021, mainly driven by the acquisition of Heinenoord.

The result before tax of Netherlands Non-life decreased to EUR 135 million from EUR 172 million in the first half of 2021, reflecting the lower operating result, partly offset by higher non-operating items and lower special items. Higher non-operating items mainly reflect positive revaluations on real estate. Special items include integration expenses.

Insurance Europe

- Operating capital generation increased to EUR 198 million from EUR 182 million in the first half of 2021, mainly reflecting a higher investment return following higher interest rates, more positive experience variances, as well as a positive contribution from the acquired MetLife business in Greece, partly offset by lower pension fees in Slovakia and Romania
- Value of new business decreased to EUR 126 million, down 6.7% from EUR 135 million in the first half of 2021, due to the discounting effect of higher interest rates as well as model and assumption changes, partly offset by an improved business mix
- Operating result was EUR 176 million in the first half of 2022, up 9.3% on a constant currency basis, reflecting higher life fees, technical margin as well as a positive contribution from the acquired MetLife business in Greece, and partially offset by higher DAC amortisation, commissions and administrative expenses

In EUR million	1H22	1H21	Change
Analysis of results			
Investment margin	55	57	-3.7%
Fees and premium-based revenues	419	393	6.7%
Technical margin	142	119	19.4%
Operating income non-modelled business	0	0	-66.4%
Operating income Life Insurance	617	569	8.3%
Administrative expenses	225	210	6.9%
DAC amortisation and trail commissions	215	197	9.1%
Expenses Life Insurance	440	407	8.0%
Operating result Life Insurance	177	162	9.0%
Operating result Non-life	-1	-1	
Operating result²⁾	176	161	9.2%
Non-operating items	-9	19	
of which gains/losses and impairments	-47	1	
of which revaluations	40	15	166.2%
of which market and other impacts	-2	2	
Special items	-13	-5	
Acquisition intangibles and goodwill	-1	0	
Result on divestments	0	0	
Result before tax	153	175	-12.4%
Taxation	38	40	-3.6%
Minority interests	0	0	
Net result	115	135	-15.0%
New business			
Single premiums	632	659	-4.2%
Regular premiums	299	314	-4.7%
New sales life insurance (APE)	363	380	-4.6%
Value of new business	126	135	-6.7%
Key figures			
Operating capital generation ¹⁾	198	182	9.1%
Gross premium income	1,606	1,569	2.4%
Total administrative expenses (Life and Non-life)	231	216	6.9%
In EUR billion			
Key figures			
Life general account invested assets	15	14	9.9%
Total provisions for insurance and investment contracts	24	24	1.0%
of which for risk policyholder	10	10	-1.0%
Assets under Management Pensions ²²⁾	22	25	-12.0%
Employees (internal FTEs, end of period)	4,892	4,652	5.2%

Note: For data in constant currencies, refer to the 'NN Group Financial Supplement: 2.4.1 Analysis of results: Insurance Europe – Excluding currency effect

Operating capital generation of Insurance Europe increased to EUR 198 million from EUR 182 million in the first half of 2021, mainly reflecting a higher investment return following higher interest rates, more positive experience variances, as well as a positive contribution from one quarter of the acquired MetLife business in Greece. This was partly offset by lower pension fees in Slovakia and Romania.

The operating result increased to EUR 176 million from EUR 161 million in the first half of 2021, up 9.3% on a constant currency basis. This reflects higher life fees across the region, a higher technical margin as well as a positive contribution from one quarter of the acquired MetLife business in Greece. This was partly offset by higher DAC amortisation and trail commissions and higher administrative expenses.

The investment margin was broadly stable at EUR 55 million.

Fees and premium-based revenues increased to EUR 419 million from EUR 393 million in the first half of 2021, mainly driven by higher life fees across the region from business growth as well as the inclusion of the acquired MetLife business in Greece. This was partly offset by the divestment of the Bulgarian business.

The technical margin increased to EUR 142 million from EUR 119 million in the first half of 2021, mainly driven by higher mortality and morbidity results in Poland, Spain and Greece.

Administrative expenses increased to EUR 225 million from EUR 210 million in the first half of 2021, mainly reflecting various growth initiatives, and the inclusion of the acquired MetLife business in Greece.

DAC amortisation and trail commissions increased to EUR 215 million from EUR 197 million in the first half of 2021, in line with the growth of the in-force portfolio across the region as well as the inclusion of the aforementioned acquisition.

The Non-life operating result was stable.

The result before tax decreased to EUR 153 million from EUR 175 million in the first half of 2021, on balance reflecting mutual fund impairments partly offset by positive real estate revaluations.

New sales (APE) decreased 1.9% on a constant currency basis to EUR 363 million from EUR 380 million in the first half of 2021, which benefited from a group contract renewal in Spain.

Value of new business decreased to EUR 126 million, down 6.7% from EUR 135 million in the first half of 2021, due to the discounting effect of higher interest rates as well as model and assumption changes, partly offset by an improved business mix.

Japan Life

- Value of new business was EUR 84 million, down from EUR 92 million in the first half of 2021, mainly reflecting negative currency impacts, while lower sales were partly offset by an improved margin as a result of repricing and higher investment income
- Operating capital generation increased to EUR 74 million from EUR 57 million in the first half of 2021, reflecting a higher investment return as well as a lower new business strain
- Operating result was EUR 130 million, down 14.7% from the first half of 2021, excluding currency effects, reflecting lower fees and premium-based revenues and a lower technical margin, partly offset by higher investment margin and lower expenses

In EUR million	1H22	1H21	Change
Analysis of results			
Investment margin	4	-8	
Fees and premium-based revenues	308	339	-9.3%
Technical margin	6	21	-68.6%
Operating income non-modelled business	0	0	
Operating income	318	352	-9.7%
Administrative expenses	59	64	-7.2%
DAC amortisation and trail commissions	128	132	-2.6%
Total expenses	188	196	-4.1%
Operating result²⁾	130	156	-16.7%
Non-operating items	5	2	99.8%
of which gains/losses and impairments	-1	4	
of which revaluations	6	-2	
of which market and other impacts	0	0	
Special items	-1	-1	
Result on divestments	0	0	
Result before tax	134	157	-14.9%
Taxation	37	44	-15.0%
Minority interests	0	0	
Net result	96	113	-14.9%
New business			
Single premiums	0	0	
Regular premiums	159	195	-18.4%
New sales life insurance (APE)	159	195	-18.4%
Value of new business	84	92	-8.8%
Key figures			
Operating capital generation ¹⁾	74	57	29.9%
Gross premium income	1,718	1,921	-10.6%
Administrative expenses	59	64	-7.2%
In EUR billion			
Key figures			
Life general account invested assets	16	17	-6.7%
Total provisions for insurance and investment contracts	16	18	-6.2%
of which for risk policyholder	0	0	-14.8%
Employees (internal FTEs, end of period)	911	859	6.1%

Note: For data in constant currencies, refer to the 'NN Group Financial Supplement: 2.5.1 Analysis of results: Japan Life – Excluding currency effects'

Value of new business of Japan Life decreased to EUR 84 million from EUR 92 million in the first half of 2021. The current period mainly reflects negative currency impacts while lower sales were partly offset by an improved margin as a result of repricing and higher investment income.

Operating capital generation increased to EUR 74 million from EUR 57 million in the first half of 2021, reflecting a higher investment return as well as a lower new business strain as a result of decreasing sales. A higher in-force contribution was offset by lower mortality results.

The operating result decreased to EUR 130 million from EUR 156 million in the first half of 2021, mainly reflecting lower fees and premium-based revenues and a lower technical margin, partly offset by a higher investment margin and lower expenses. Excluding currency effects, the operating result decreased by 14.7%.

The investment margin increased to EUR 4 million from EUR -8 million in the first half of 2021, as a result of positive currency impacts resulting in higher coupons and higher interest rates.

Fees and premium-based revenues decreased to EUR 308 million from EUR 339 million in the first half of 2021, mainly driven by negative currency impacts, lower premium income from in-force business as well as a lower reinsurance result.

The technical margin decreased to EUR 6 million from EUR 21 million in the first half of 2021, reflecting a lower mortality result, partly offset by a higher surrender result.

Administrative expenses decreased to EUR 59 million from EUR 64 million in the first half of 2021, driven by currency impacts and lower IT costs.

DAC amortisation and trail commissions decreased to EUR 128 million from EUR 132 million in the first half of 2021, driven by lower DAC premium income, partly offset by higher surrenders mainly reflecting the termination of interest free policy loans as well as the termination of a Covid-19 related measure of grace period extension for premium payments.

The result before tax decreased to EUR 134 million from EUR 157 million in the first half of 2021, mainly reflecting the lower operating result.

New sales (APE) decreased to EUR 159 million from EUR 195 million in the first half of 2021, reflecting lower sales in COLI Financial Solutions products. Excluding currency effects, new sales decreased by 16.2%.

Banking

- Net Operating Return on Equity (RoE) of 8.7% compared with 12.7% in the first half of 2021, reflecting a lower net operating result, partly offset by lower average equity
- Operating capital generation of EUR 11 million versus EUR 55 million in the first half of 2021, mainly reflecting a higher RWA following mortgage portfolio growth and a lower portion of state-guaranteed (NHG) mortgages as well as a lower statutory net result
- Operating result decreased to EUR 48 million from EUR 79 million in the first half of 2021, mainly reflecting lower operating income and higher total expenses

In EUR million	1H22	1H21	Change
Analysis of results			
Interest result	125	139	-9.6%
Commission income	26	34	-22.7%
Total investment and other income	18	16	10.8%
Operating income	170	189	-10.2%
Operating expenses	105	98	7.1%
Regulatory levies	18	16	11.4%
Addition to loan loss provision	-1	-4	
Total expenses	122	110	10.3%
Operating result²⁾	48	79	-39.1%
Non-operating items	10	-1	
of which gains/losses and impairments	0	0	
of which revaluations	0	0	
of which market and other impacts	10	-2	
Special items	0	0	
Result before tax	58	77	-24.9%
Taxation	15	19	-22.5%
Minority interests	0	0	
Net result	43	58	-25.7%
Key figures			
Operating capital generation ¹⁾	11	55	-79.6%
Total administrative expenses ²⁴⁾	123	114	7.7%
Cost/income ratio ²⁵⁾	61.9%	51.9%	
Net Interest Margin (NIM) ²⁶⁾	1.09%	1.12%	
Net operating RoE ²⁷⁾	8.7%	12.7%	

In EUR billion	30 Jun 22	31 Dec 21	Change
Key figures			
CET1 ratio ¹¹⁾	14.6%	17.4%	
Total capital ratio ¹¹⁾	15.9%	18.8%	
Risk Weighted Assets (RWA) ¹¹⁾	6	6	3.9%
Savings and deposits	16	16	1.4%
Mortgages	21	21	2.5%
Total assets	24	24	-0.3%
Employees (internal FTEs, end of period)	970	944	2.8%

Net Operating Return on Equity (RoE) of Banking decreased to 8.7% from 12.7% in the first half of 2021, reflecting a lower net operating result in the current period, partly offset by a lower average equity following the dividend payment in the first half of 2022.

Operating capital generation decreased to EUR 11 million from EUR 55 million in the first half of 2021, due to an increase in risk weighted assets (RWA) and a lower statutory net result. The increase in RWA in the current period reflects a higher growth of the mortgage portfolio mainly due to a lower volume of mortgages transferred to the NN IP Dutch Residential Mortgage Fund and a lower portion of state-guaranteed (NHG) mortgages.

The operating result decreased to EUR 48 million from EUR 79 million in the first half of 2021, mainly due to lower operating income and higher total expenses.

The interest result was EUR 125 million compared with EUR 139 million in the first half of 2021, mainly reflecting lower average mortgage rates on the total portfolio and lower prepayment penalties, partly offset by lower funding costs. The net interest margin (NIM), calculated on a four-quarter rolling average, remained stable at 1.1%.

Commission income decreased to EUR 26 million from EUR 34 million in the first half of 2021, mainly due to lower origination fees on the lower volume of mortgages transferred to the NN IP Dutch Residential Mortgage Fund.

Total investment and other income increased to EUR 18 million compared with EUR 16 million in the first half of 2021, reflecting a higher volume of mortgages transferred to NN Group companies.

Operating expenses were EUR 105 million compared with EUR 98 million in the first half of 2021, mainly due to higher project expenses as well as higher staff expenses.

Regulatory levies increased to EUR 18 million from EUR 16 million in the first half of 2021, mainly reflecting higher contributions to the European Single Resolution Fund.

The release of the loan loss provision was EUR 1 million in the first half of 2022 compared with a release of EUR 4 million in the first half of 2021.

The result before tax decreased to EUR 58 million from EUR 77 million in the first half of 2021, mainly due to the lower operating result, partly offset by higher non-operating items mainly reflecting higher hedge results.

Other

- Operating capital generation of EUR -140 million compared with EUR -136 million in the first half of 2021, mainly due to higher project expenses
- Operating result of EUR -88 million versus EUR -76 million in the first half of 2021, mainly reflecting a lower operating result of the reinsurance business
- Operating result of the reinsurance business decreased to EUR 11 million from EUR 18 million in the first half of 2021, mainly due to a claim related to the storm in February

In EUR million	1H22	1H21	Change
Analysis of results			
Interest on hybrids and debt ²⁸⁾	-54	-53	
Investment income and fees	54	51	4.7%
Holding expenses	-90	-89	
Amortisation of intangible assets	0	0	
Holding result	-91	-91	
Operating result reinsurance business	11	18	-42.6%
Other results	-8	-4	
Operating result²⁾	-88	-76	
Non-operating items	0	35	
of which gains/losses and impairments	1	9	-93.8%
of which revaluations	73	40	85.5%
of which market and other impacts	-74	-14	
Special items	-19	-13	
Acquisition intangibles and goodwill	-15	-11	
Result on divestments	1,062	0	
Result before tax	940	-65	
Taxation	-17	-11	
Minority interests	0	0	
Net result	957	-54	
Key figures			
Operating capital generation ¹⁾	-140	-136	
Total administrative expenses	97	93	3.6%
of which reinsurance business	4	4	15.6%
of which corporate/holding	92	90	3.2%

	30 Jun 22	31 Dec 21	Change
Key figures			
Employees (internal FTEs, end of period)	1,907	1,840	3.6%
In EUR million			
Key figures Japan Closed Block VA			
Account value	1,294	1,591	-18.6%
Net Amount at Risk	29	9	210.8%
Number of policies	14,443	15,615	-7.5%



Operating capital generation of the segment Other was EUR -140 million compared with EUR -136 million in the first half of 2021, mainly due to higher project expenses.

The operating result was EUR -88 million versus EUR -76 million in the first half of 2021, mainly due to a lower operating result of the reinsurance business.

The holding result was stable at EUR 91 million compared with the same period last year.

The operating result of the reinsurance business decreased to EUR 11 million from EUR 18 million in the first half of 2021, mainly due to a EUR 4 million claim related to the storm in February.

The result before tax of the segment Other increased to EUR 940 million from EUR -65 million in the first half of 2021, mainly reflecting the EUR 1,062 million gain on sale of NN IP, partly offset by the lower non-operating items and the lower operating result.

Consolidated Balance Sheet

- Total assets of NN Group decreased by EUR 25.8 billion to EUR 225.7 billion
- Shareholders' equity decreased by EUR 13.0 billion, reflecting lower revaluation reserves as a result of higher interest rates

In EUR million	30 Jun 22	31 Dec 21		30 Jun 22	31 Dec 21
Assets			Equity and liabilities		
Cash and cash equivalents	6,234	6,929	Shareholders' equity (parent)	19,920	32,888
Financial assets at fair value through profit or loss			Minority interests	215	266
- investments for risk of policyholders	34,616	39,261	Undated subordinated notes	1,764	1,764
- non-trading derivatives	2,055	6,419	Total equity	21,899	34,918
- designated as at fair value through profit or loss	628	991	Subordinated debt	2,343	2,356
Available-for-sale investments	88,119	107,883	Debt securities issued	1,693	2,292
Loans	68,037	68,200	Other borrowed funds	9,318	7,301
Reinsurance contracts	1,075	954	Insurance and investment contracts	160,129	168,812
Associates and joint ventures	7,298	6,919	Customer deposits and other funds on deposit	16,160	15,945
Real estate investments	2,876	2,719	Financial liabilities at fair value through profit or loss		
Property and equipment	426	414	- non-trading derivatives	5,802	1,904
Intangible assets	1,575	1,129	Liabilities held for sale	2,571	3,464
Deferred acquisition costs	1,890	1,893	Deferred tax liabilities	702	4,817
Assets held for sale	2,719	4,121	Other liabilities	5,128	9,776
Deferred tax assets	184	47			
Other assets	8,013	3,706	Total liabilities	203,846	216,667
Total assets	225,745	251,585	Total equity and liabilities	225,745	251,585

Assets

Investments for risk of policyholders

Investments for risk of policyholders decreased by EUR 4.6 billion in the first half of 2022 to EUR 34.6 billion, due to negative revaluations.

Non-trading derivatives

Non-trading derivatives decreased by EUR 4.4 billion in the first half of 2022 to EUR 2.1 billion, due to negative revaluations as a result of higher interest rates.

Available-for-sale investments

Available-for-sale investments decreased by EUR 19.8 billion in the first half of 2022, mainly reflecting negative revaluations on government bonds as a result of higher interest rates, partly offset by the inclusion of MetLife Poland and Greece.

Intangible assets

Intangible assets increased by EUR 0.4 billion in the first half of 2022 to EUR 1.6 billion reflecting the acquisition of MetLife in Poland and Greece.

Other assets

Other assets increased by EUR 4.3 billion in the first half of 2022 to EUR 8.0 billion, reflecting the increase in cash collateral amounts paid as a result of a lower market value of derivatives following higher interest rates.

Liabilities

Insurance and investment contracts

Insurance and investment contracts decreased by EUR 8.7 billion in the first half of 2022 to EUR 160.1 billion, mainly driven by a decrease of EUR 4.7 billion in deferred interest credited to policyholders as a result of increasing interest rates partly offset by the inclusion of the acquired MetLife businesses in Poland and Greece. Liabilities for life insurance for the risk of the policyholders decreased due to negative valuation changes of EUR 5.4 billion.

Non-trading derivatives

Non-trading derivatives increased by EUR 3.9 billion in the first half of 2022 to EUR 5.8 billion as a result of higher interest rates.

Equity

Shareholders' equity decreased by EUR 13.0 billion in the first half of 2022 to EUR 19.9 billion, mainly reflecting the negative impact of higher interest rates on the valuation of assets, while there is no impact on the valuation of liabilities as these are accounted for at interest rates at inception. This accounting asymmetry results in unrealised revaluations in equity that are volatile from period to period. This was partly offset by the net result of the period.

In EUR million	1H22	FY21
Movement in shareholders' equity		
Shareholders' equity beginning of period	32,888	36,731
Net result for the period	2,006	3,278
Unrealised revaluations available-for-sale investments and other	-12,056	-3,101
Realised gains/losses transferred to the profit and loss account	-292	-1,431
Change in cash flow hedge reserve	-5,189	-3,383
Deferred interest credited to policyholders	3,488	1,861
Share of other comprehensive income of associates and joint ventures	4	-2
Exchange rate differences	-173	-66
Remeasurement of the net defined benefit asset/liability	72	19
Dividend	-251	-412
Purchase/sale treasury shares	-512	-545
Employee stock option & share plans	-7	-2
Coupon on undated subordinated notes	-58	-59
Other	0	0
Total changes	-12,968	-3,843
Shareholders' equity end of period	19,920	32,888

In EUR million	30 Jun 22	31 Dec 21
Composition of total equity		
Share capital	37	38
Share premium	12,576	12,575
Revaluation reserve available-for-sale investments and other	-3,283	5,585
Cash flow hedge reserve	3,648	8,837
Currency translation reserve	-331	-181
Net defined benefit asset/liability remeasurement reserve	-47	-119
Retained earnings and other reserves	7,320	6,153
Shareholders' equity (parent)	19,920	32,888
Minority interests	215	266
Undated subordinated notes	1,764	1,764
Total equity	21,899	34,918

Footnotes reference page

- 1) 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.
- 2) Operating result is an Alternative Performance Measure. This measure is derived from figures according to IFRS-EU. The operating result is derived by adjusting the reported result before tax to exclude the impact of result on divestments, the amortisation of acquisition intangibles, discontinued operations and special items, gains/losses and impairments, revaluations and market and other impacts. 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 2022 Condensed consolidated interim financial information.
- 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) The target indicates the number of our insurance business units scoring above the NPS market average. Numbers are based on the relational Net Promoter Score (NPS-r), an internationally used method that measures customer satisfaction. It specifically assesses whether customers would recommend the company to friends or colleagues. Net Promoter Score (NPS-r) measured for 11 of NN's business units.
- 5) Both Customer engagement and Brand consideration metrics are part of the broader research called Global Brand Health Monitor, which provide a general overview of the NN brand and its position in all of its markets. The question posed to calculate the brand consideration rate is: 'If you were to take out a life insurance for yourself, which of the companies below would you consider?'
- 6) We measure our employee engagement in our (semi) annual employee survey in which we want to hear views of our employees on how we are doing as a company, how they feel about working at NN, and how we can make our company an even better place to work. The metric indicates on a scale from 0 to 10 how likely it is that someone will recommend NN as an employer.
- 7) As of 2022, we extended the scope of our target to have at least 40% women in senior management positions by 2023, to include all managerial positions reporting directly to the CEOs of our business units in addition to the Management Board and managerial positions reporting directly to a Management Board member.
- 8) Contributions to our communities in 1H22, FY21 and 1H21 respectively, including cash donations, and hours of volunteering and in-kind giving (both monetised), in line with B4SI standards.
- 9) 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).
- 10) Excluding non-insurance businesses (health business and broker business).
- 11) The Common Equity Tier 1 (CET1) ratio, Total capital ratio and Risk Weighted Assets (RWA) are not final until filed with the regulators.
- 12) Other comprises CEE pension funds as well as broker and services companies.
- 13) Includes interest on subordinated loans provided to subsidiaries by the holding company.
- 14) Includes the change of subordinated loans provided to subsidiaries by the holding company.
- 15) Includes interest on subordinated loans and debt, holding company expenses and other cash flows.
- 16) 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, divestments and capital transactions with shareholders and debtholders.
- 17) Includes revaluations on debt securities, on the cash flow hedge reserve and on the reserves crediting to life policyholders.
- 18) The fixed-cost coverage ratio measures the ability of NN Group to pay its fixed financing expenses and is defined as the earnings before interest and tax (EBIT) divided by interest before tax on financial leverage; calculated on a last 12-months basis. Special items, revaluations on derivatives that are non-eligible for hedge accounting, market and other impacts, amortisation of acquisition intangibles are excluded from EBIT.
- 19) The undated subordinated notes classified as equity are considered financial leverage in the calculation of the financial leverage ratio. The related interest is included on an accrual basis in the calculation of the fixed-cost coverage ratio.
- 20) 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.
- 21) Including non-insurance businesses (health business and broker business).
- 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) Following the sale of NN IP on 11 April 2022, the 1H22 numbers reported for Asset Management reflect the results for the first quarter of 2022.
- 24) Operating expenses plus regulatory levies.
- 25) Cost/income ratio is calculated as Operating expenses divided by Operating income.
- 26) Four-quarter rolling average.
- 27) 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 2022 Condensed consolidated interim financial information.
- 28) Does not include interest costs on subordinated debt treated as equity.
- 29) Asset Management Assets under Management were zero at 30 June 2022, following the sale of NN IP on 11 April 2022.

NN Group profile

NN Group is an international financial services company, active in 11 countries, with a strong presence in a number of European countries and Japan. With all its employees, the Group provides retirement services, pensions, insurance, banking and investments to approximately 18 million customers. NN Group includes Nationale-Nederlanden, NN, ABN AMRO Insurance, Movir, AZL, BeFrank, OHRA and Woonnu. NN Group is listed on Euronext Amsterdam (NN).

Press call

David Knibbe (CEO), Annemiek van Melick (CFO) and Bernhard Kaufmann (CRO) will host a press call to discuss the 1H22 results at **07:30 am CET** on Thursday 11 August 2022. Journalists can join the press call at +31 (0) 20 795 2758 (NL). The operator will request the following Conference ID: 3828646.

Analyst and investor call

David Knibbe (CEO), Annemiek van Melick (CFO) and Bernhard Kaufmann (CRO) will host an analyst and investor conference call to discuss the 1H22 results at 10:30 am CET on Thursday 11 August 2022. Members of the investment community can follow the live audio webcast on [NN Group - Investors \(nn-group.com\)](https://nn-group.com).

Analysts can participate in the Q&A using the following dial-in numbers:

- +31 (0) 20 795 2758 (the Netherlands)
- +44 800 260 6466 (UK)
- +1 800 715 9871 (US)

The operator will request the following Conference ID: 2447191.

Financial calendar

- Investor update: 17 November 2022
- AGM: 2 June 2023
- Publication 2H22 results: 16 February 2023

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Additional information on www.nn-group.com

- NN Group 1H22 Financial Supplement, NN Group 1H22 Analyst Presentation, NN Group Company Profile and NN Group ESG presentation
- NN Group 30 June 2022 Condensed consolidated interim financial information
- Photos of NN Group executives, buildings and events are available for download at [Flickr](#)

Important legal information

Elements of this press release contain or may contain information about NN Group N.V. within the meaning of Article 7(1) to (4) of EU Regulation No 596/ 2014 (Market Abuse Regulation).

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 2022.



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.

Any forward-looking statements made by or on behalf of NN Group speak only as of the date they are made, and, NN Group assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities.