

NN Group reports strong OCG and solid business performance in first half of 2023

Strong operating capital generation and resilient balance sheet, driving continued strong capital returns for shareholders

- Operating capital generation (OCG) showed a year-on-year increase of 14.8% to EUR 997 million in the first half of 2023 on a like-for-like basis, reflecting higher contributions from Netherlands Non-life, Insurance Europe and Banking; underscoring the strength of our diversified portfolio of businesses
- NN Group Solvency II ratio increased to 201% from 197% at 31 December 2022, mainly driven by strong OCG, partly offset by capital flows to shareholders
- Committed to capital return policy of a progressive dividend per share and annual share buyback of at least EUR 250 million; 2023 interim dividend of EUR 1.12 per ordinary share
- Updated combined ratio guidance to 91-93% from 93-95% at Netherlands Non-life in 2025 to reflect the discounting effects arising from the move to IFRS 17 accounting standards as well as continued strong business performance
- Operating result increased by 24.5% to EUR 1.40 billion from EUR 1.12 billion in the first half of 2022, reflecting improved results across most segments. The net result in the first half of 2023 was EUR 0.6 billion. As of this reporting period results are based on IFRS 9 and IFRS 17; all comparative results have been restated

Solid business performance despite volatile macroeconomic environment

- Strong net inflows of EUR 1.3 billion at our Defined Contribution pension business in the Netherlands; up from EUR 0.9 billion in the first half of 2022
- Commercial momentum at Insurance Europe continued, driven by higher sales and benefitting from the acquired MetLife businesses
- Strong combined ratio of 90.1% at Netherlands Non-life; Banking benefited from higher interest result
- Value of new business (VNB) was EUR 195 million, down from EUR 257 million in the first half of 2022, mainly driven by lower sales and negative currency impact at Japan Life

Good progress on execution of strategy focused on customers, people and society

- Customer satisfaction scores in European markets showing upward trend; Dutch and International Insurance businesses on par with market average, supported by digitalisation and artificial intelligence (AI)
- Employee engagement remains high at 7.9, reflecting our efforts to further develop an attractive and inclusive workplace in a tight labour market
- Continued progress on our sustainability efforts, with EUR 9 billion total investments in climate solutions; disclosure of first interim net-zero targets for our mortgage and insurance underwriting portfolios

Statement of David Knibbe, CEO

‘Today we are reporting strong results for the first half of 2023 and good progress on our strategic and financial targets, underscoring the strength of our diversified portfolio of businesses in this uncertain macroeconomic environment. Operating capital generation (OCG) rose 14.8% to EUR 997 million compared with the first half of 2022, excluding the impact of the sale of our asset management business in April 2022. This reflects strong business performances from Netherlands Non-life, Insurance Europe and Banking, more than offsetting a decrease in OCG at Netherlands Life mainly due to adverse financial markets. Our capital position remains resilient, and we continue to be comfortable with the high quality of our investment portfolio.

Our commercial performance was solid across our businesses. Netherlands Life realised net inflows of EUR 1.3 billion at its Defined Contribution pension business, a significant increase compared with EUR 0.9 billion in the first half of 2022, reflecting our strong position in the Dutch pension market. Netherlands Non-life reported a strongly improved combined ratio of 90.1%, benefitting from a favourable claims experience supported by benign weather, as well as higher interest rates. Commercial momentum at Insurance Europe continued, as reflected by higher sales across the region despite inflationary pressures in many of our markets.

We continued to make progress on our strategy focused on customers, our talented people and our contribution to society. We became one of the first companies to work with ChatGPT in our own secure environment as part of our focus to enhance our digital capabilities to further improve the customer experience. The technology is currently being used in our call centres and more than 4,000 colleagues have access to the tool, partly to identify further opportunities for application across our business. In the Netherlands, we are intensifying efforts to help our customers navigate the changes in the pension market following the adoption of the pension reform by the Dutch Senate in May. Throughout our European markets, we are stepping up efforts to respond to the rise in mental health problems with additional products and services. From July onwards, we have been supporting customers faced with damages caused by the extreme weather this summer.

We are pleased with the continued high engagement levels of our people, as reflected by an employee engagement score of 7.9, unchanged from the end of 2022. This demonstrates our focus on building an attractive and inclusive workplace in a tight labour market, for example by supporting our colleagues' well-being and offering opportunities to grow. We continue to make progress on embedding sustainability into everything we do. We launched a EUR 300 million investment fund for infrastructure climate solutions, we further tightened our stance on proprietary investments in the oil and gas sector, and this summer we published our first interim net-zero targets for our residential mortgages and insurance underwriting portfolios.

With these results, we remain well on track to deliver on our ambitious strategic and financial targets for 2025 despite the ongoing macroeconomic challenges. We would like to thank our customers, our people and our shareholders for their continued trust and commitment.'

NN Group key figures

In EUR million	1H23	1H22	Change
Operating capital generation ¹⁾	997	899	10.9%
Value of new business	195	257	-23.9%
Operating result ²⁾	1,400	1,124	24.5%
Net result	586	1,741	-66.3%
	30 Jun 23	31 Dec 22	30 Jun 22
Solvency II ratio ³⁾	201%	197%	196%
	30 Jun 23	31 Dec 22	30 Jun 22
Strategic key figures			
Insurance businesses Net Promotor Score (NPS) compared with market average ⁴⁾			
NPS International businesses	on par	on par	n.a.
NPS Netherlands businesses	on par	on par	n.a.
Employee engagement ⁵⁾	7.9	7.9	7.7
Women in senior management positions ⁶⁾	39%	40%	39%
Investments in climate solutions (in EUR billion) ⁷⁾	9.01	8.17	n.a.
Contribution to our communities (number of people reached) ⁸⁾	293,000	229,000	n.a.

Note: All footnotes are included on page 25

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 – Improving our offering through new initiatives and partnerships

We want our colleagues to focus on helping our customers as much as possible. To this end, in the Netherlands we are deploying generative artificial intelligence (AI) across our call centres. Through automated call logging, agents get an automatic summary of their conversations with customers within seconds after the calls end, saving them

time to focus on helping our customers. The tool was first implemented at a call centre at our banking business and will be rolled out to other call centres in the coming months.

As we continue to strengthen our distribution network across our European markets, NN Czech Republic entered into a seven-year exclusive partnership with MONETA Money Bank for the distribution of its life insurance and pension savings products to Moneta's customers. Through the cooperation, the bank's customers can purchase NN products both at Moneta's branches and through the bank's online portals. Additionally, NN Slovakia started a partnership with Slovenská sporiteľňa, the country's largest bank, offering its customers NN life insurance and a new risk insurance product.

We have a strong focus on customer engagement. We continue to enhance the customer experience we offer, and continue to improve our position compared to the market. We measure our customer engagement based on Net Promoter Scores (NPS-r), amongst other metrics. Based on the latest scores, our Dutch and International business units score on par with market average NPS-r, with many of our European businesses showing an upward trend.

Products and services – Meeting our customers' needs with new protection and health products

We continued our efforts to meet customers' evolving needs for protection. For example, across our markets we have been responding to the rise in mental health problems in Europe. To support the mental well-being of the self-employed, NN Belgium introduced preventive services as an add-on to its disability insurance. The service includes psychological support counselling, life coaching and a mindfulness programme for stress prevention. Our Polish business was amongst the first insurers to include psychological and psychiatric support for mental disorders, as an add-on to its group life insurance. The product can be extended to cover employees' families. In the Netherlands, we are exploring work absenteeism in relation to mental health. In June, Nationale-Nederlanden published its third trend report showing a 5.6% work absenteeism rate in 2022, which is driven in part by psychological issues. Nationale-Nederlanden is providing solutions to increase the focus on employees' mental health. For example, in addition to our occupational health and safety services, we offer a prevention package which helps employers and employees prevent absenteeism.

In preparation for the new Dutch pension legislation, which has been in effect since 1 July 2023, Nationale-Nederlanden and BeFrank, our online pension administrator, organised sessions to educate advisors on the legislation changes and their impact on customers. We have developed a digital tool that gives an indication of the financial consequences of the new Dutch pension legislation for employers. Advisors can also use the tool for pension schemes from other providers.

In Greece, following the legal merger of former MetLife and NN Hellas, we launched an investment product which combines the best features of both companies' products. The product offers a range of investment options, including sustainable options that promote environmental and/or social characteristics and at the same time protection to the customer and their family in case of an accident.

People and organisation – Initiatives supporting a diverse workplace and our people's well-being

We continued our efforts to become a more diverse and inclusive workplace. Colleagues representing all NN markets visited Rotterdam Pride, of which we are the main partner, combining their attendance with a two-day training session on LGBTI+ topics. We launched an international D&I network, while in Spain, we organised volunteer activities with people with an intellectual disability. NN Turkey is amongst the signatories of the UN Women's Empowerment Principles (WEPs), committing to support gender equality. NN Life Japan sponsored the launch of the Japanese community of Women In Tech, an international organisation that aims to close the gender gap and help women embrace technology. As part of our focus on hiring and retaining tech talent, NN Life Japan established a Technology Operations Centre in the tech hub of Fukuoka city. The centre will be equipped with personnel to ensure business continuity in the event of a disaster impacting our Tokyo office.

To support our employees' well-being, we introduced the Personal Health Check in the Netherlands. By completing the Personal Health Check, colleagues gain insights into their lifestyle, blood pressure, cholesterol, work stress and more. They receive a personal health report with their risk assessment and recommendations on how to improve their health.

In the semi-annual survey carried out in the first half of 2023, NN employees' engagement remained high at 7.9 (stable compared to the second half of 2022). The results show that colleagues feel that there is a good match between the values of NN and their own, that they receive the right support to work in a hybrid setup, and that their

work is valued. We continue to focus on process efficiency and collaboration between departments, which remain improvement areas.

All ten business units within NN International Insurance were certified as Top Employer for the fifth time. For the first time, NN Group was included in the Top 10 ranking companies in Europe, as a result of having more than five business units certified as Top Employer in Europe with a high aggregated score.

Financial strength – Strong results and resilient balance sheet

We aim to maintain a strong balance sheet and generate attractive financial returns for shareholders. Operating capital generation (OCG) showed a year-on-year increase of 14.8% to EUR 997 million in the first half of 2023 on a like-for-like basis. Our Solvency II ratio increased to 201% from 197% at 31 December 2022, mainly driven by strong OCG, partly offset by capital flows to shareholders.

We successfully conducted a liability management transaction to proactively address part of the subordinated notes due for refinancing for 2024. We issued EUR 1 billion of dated green subordinated notes on 3 May 2023 to repurchase subordinated notes for the same amount. We continue to have ample financial flexibility given our remaining tiering capacity and low financial leverage ratio.

Society – Investing in climate solutions and our communities

In July, we published our updated Climate Action Plan which describes the steps we are taking towards net-zero greenhouse gas (GHG) emissions by 2050. For example, we further tightened our stance on proprietary investments in the oil and gas sector to also include conventional oil and gas activities. New investments in the sector will be directed only to companies that take adequate action to align their business strategies with the Paris Agreement. We also included interim targets for our residential mortgages and insurance underwriting portfolios.

In February, we announced the launch of a EUR 300 million investment fund for infrastructure climate solutions, together with Rivage Investment. The fund finances infrastructure assets aimed at addressing climate change, focusing on wind, solar, hydro, batteries and energy management solutions.

We continued to invest in our communities to support people's financial, physical and/or mental well-being. We organised our annual company-wide volunteer week with 3,215 colleagues participating, reaching more than 9,330 people and supporting 35 charities. On a local level, NN Romania launched the first scholarship fund in the country to support the education of students who want to start their own business, but have limited financial means. In partnership with a local organisation, NN increased students' chances to become entrepreneurs through scholarships amounting over EUR 200,000.

As part of our commitment to promoting people's health and financial well-being through physical activity, NN has been the proud sponsor of the NN Marathon Rotterdam since 2015. This year, we partnered with the Youth Education Fund to offer primary school children and coaches from vulnerable neighbourhoods the opportunity to participate in the NN Kids Run. In Poland, Nationale-Nederlanden became the title sponsor of the Warsaw Marathon. The partnership aims to encourage citizens to focus on their well-being. During the marathon, runners and visitors had free access to medical tests in the NN area.

Consolidated results

In EUR million	1H23	1H22	Change
Operating capital generation¹⁾			
Netherlands Life	523	580	-10.0%
Netherlands Non-life	210	144	45.4%
Insurance Europe	218	198	10.0%
Japan Life	68	74	-8.7%
Banking	70	11	
Other	-91	-140	
Operating capital generation - excluding Asset Management	997	869	14.8%
Asset Management ²³⁾	0	31	
Operating capital generation	997	899	10.9%

In EUR million	1H23	1H22	Change
Analysis of results			
Netherlands Life	810	691	17.2%
Netherlands Non-life	226	190	19.0%
Insurance Europe	219	185	18.1%
Japan Life	102	102	-0.0%
Banking	113	49	131.2%
Other	-71	-94	
Operating result²⁾	1,400	1,124	24.5%
Non-operating items	-602	-285	
of which gains/losses and impairments	-171	157	
of which revaluations	-330	-379	
of which market and other impacts	-101	-63	
Special items	-44	-58	
Acquisition intangibles and goodwill	-14	-16	
Result on divestments	19	1,062	-98.2%
Result before tax	758	1,827	-58.5%
Taxation	166	127	
Net result from discontinued operations	0	26	
Minority interests	6	-14	
Net result	586	1,741	-66.3%
Basic earnings per ordinary share in EUR	2.01	5.64	-64.5%

Key figures

Gross premiums written	7,244	7,517	-3.6%
New sales life insurance (APE)	743	818	-9.2%
Value of new business	195	257	-23.9%
Administrative expenses	1,073	998	7.5%
Combined ratio (Netherlands Non-life) ¹⁰⁾	90.1%	93.5%	

In EUR billion	30 Jun 23	31 Dec 22	Change
Key figures			
Life general account invested assets	122	125	-2.5%
Total liabilities for insurance, reinsurance and investment contracts	146	144	1.1%
of which for risk policyholder	34	36	-6.7%
Solvency II ratio ³⁾	201%	197%	
NN Life Solvency II ratio ³⁾	190%	191%	
NN Bank CET1 ratio ¹¹⁾	15.8%	15.3%	
Total assets	205	207	-1.0%
Employees (internal FTEs, end of period)	15,356	15,258	0.6%

- Operating capital generation increased to EUR 997 million from EUR 869 million (excluding Asset Management) in the first half of 2022, reflecting a higher contribution from Netherlands Non-life, Banking, Segment Other and Insurance Europe, more than offsetting a lower contribution from Netherlands Life and Japan Life
- Operating result increased to EUR 1,400 million from EUR 1,124 million in the first half of 2022, reflecting improved results across most segments
- Result before tax of EUR 758 million, down from EUR 1,827 million in the first half of 2022 which benefited from the gain on the sale of NN Investment Partners (NN IP)
- Value of new business was EUR 195 million, down from EUR 257 million in the first half of 2022, mainly driven by lower sales and negative currency impacts at Japan Life

Operating capital generation

In EUR million	1H23	1H22	Change
Investment return	620	702	-11.6%
Life – UFR drag	-105	-318	
Life – Risk margin release	126	165	-23.9%
Life – Experience variance	27	71	-62.0%
Life – New business	108	102	6.6%
Non-life underwriting	164	95	72.3%
Non-Solvency II entities (Japan Life, Banking, Other ¹²)	191	161	18.6%
Holding expenses and debt costs	-144	-144	
Change in SCR	10	35	-71.2%
Operating capital generation – excluding Asset Management	997	869	14.8%
Asset Management ²³⁾	0	31	
Operating capital generation	997	899	10.9%

NN Group's operating capital generation increased 14.8% to EUR 997 million from EUR 869 million (excluding Asset Management) in the first half of 2022. This increase was driven by strong business performance in Netherlands Non-life supported by benign weather, favourable pricing and a higher interest rate environment, a higher contribution from Banking reflecting a higher interest result in a slowed down mortgage market, strong business performance at the reinsurance business, and continued solid growth in segment Insurance Europe. This was partly offset by a lower contribution from Netherlands Life and Japan Life.

Operating result

Operating result of NN Group increased to EUR 1,400 million from EUR 1,124 million in the first half of 2022 based on IFRS 9 and IFRS 17, due to a higher operating result at all segments. The higher operating result is mainly driven by Netherlands Life, a higher interest result at Banking, higher insurance results in P&C and Disability at Netherlands Non-life and strong business performance at Insurance Europe.

As of this reporting period, IFRS results are based on IFRS 9 and IFRS 17. This is a materially different accounting framework compared to IAS 39 and IFRS 4. The introduction of IFRS 9 and IFRS 17 had no impact on NN Group's strategy or targets. All comparative results have been restated to reflect this change. Reference is made to the 30 June 2023 Condensed consolidated interim financial information for more details on the impact of IFRS 9 and IFRS 17.

Result before tax

Excluding the gain on the sale of NN Investment Partners (NN IP) of EUR 1,062 million, the result before tax is broadly stable at EUR 758 million from EUR 765 million in the first half of 2022. The current period mainly reflects the higher operating result, offset by lower gains/losses and impairments.

Gains/losses and impairments were EUR -171 million compared with EUR 157 million in the first half of 2022. The current period mainly reflects losses on sales of debt securities and impairments on debt securities. The same period last year included gains on debt securities sales, partly offset by impairments on loans.

Revaluations amounted to EUR -330 million versus EUR -379 million in the first half of 2022. The current period includes EUR 478 million negative revaluations on real estate, partly compensated by positive revaluations on derivatives used for hedging purposes and positive revaluations on private equity. The same period last year included EUR 788 million of negative revaluations on derivatives used for hedging purposes and EUR 383 million fair value

related revaluations, partly offset by EUR 409 million positive revaluations on real estate and EUR 307 million positive other revaluations.

Market and other impacts amounted to EUR -101 million compared with EUR -63 million in the first half of 2022. The current period mainly reflects losses on onerous contracts and negative results on variable annuity business in Japan and Insurance Europe.

Special items amounted to EUR -44 million compared with EUR -58 million in the first half of 2022, mainly reflecting lower project expenses.

Acquisition intangibles and goodwill amounted to EUR -14 million versus EUR -16 million in the first half of 2022.

Result on divestments was EUR 19 million compared with EUR 1,062 million in the first half of 2022. The first half of 2023 reflects the sale of the former MetLife pension business in Poland and the first half of 2022 reflects the gain on the sale of NN Investment Partners (NN IP).

Net result

The net result in the first half of 2023 decreased to EUR 586 million from EUR 1,741 million in the first half of 2022. The effective tax rate in the first half of 2023 was 21.9%, mainly reflecting tax-exempt investment results.

Sales and value of new business

Total new sales (APE) were EUR 743 million, down 7.2% from the first half of 2022 on a constant currency basis. At Japan Life, new sales decreased to EUR 74 million from EUR 163 million in the first half of 2022, mainly driven by lower sales of cash value insurance products following the business improvement order from the local regulator. New sales at Netherlands Life were EUR 276 million compared with EUR 290 million in the first half of 2022, due to a lower volume of group pension contracts. Despite the challenging macro environment and related low mortgage-linked protection volumes, new sales at Insurance Europe were up 8.9% on a constant currency basis, driven by higher sales across the region and the positive contribution from the acquired MetLife businesses.

Value of new business was EUR 195 million, down from EUR 257 million in the first half of 2022, mainly driven by lower sales and negative currency impacts at Japan Life. At Insurance Europe the value of new business was down 10.1%, mainly due to pension legislation changes in Slovakia, the impact of lower volumes of mortgage-linked protection sales of the bancassurance channel and unfavourable assumption changes, partly offset by higher sales across the region including the contribution of the acquired MetLife businesses.

Capital Management

- Solvency II ratio of NN Group increased to 201% from 197% at the end of 2022, mainly driven by operating capital generation, partly offset by the deduction of the 2023 interim dividend and the EUR 250 million share buyback programme
- Cash capital position at the holding decreased to EUR 1,918 million from EUR 2,081 million at the end of 2022, reflecting the repayment of senior debt and capital flows to shareholders, partly offset by free cash flow to the holding
- Free cash flow to the holding of EUR 832 million in the first half of 2023 compared with EUR 735 million in the first of half 2022 reflects EUR 1,023 million of remittances from subsidiaries, partly offset by other holding company cash flows
- Liability management transactions executed to proactively address part of subordinated notes due for refinancing in 2024. EUR 1 billion of dated green subordinated notes were issued on 3 May 2023 and the proceeds were used to repurchase subordinated notes for the same amount. Ample financial flexibility given remaining tiering capacity
- 2023 interim dividend of EUR 1.12 per ordinary share or approximately EUR 309 million

Solvency II

In EUR million	30 Jun 23	31 Dec 22
Basic Own Funds	19,397	19,237
Non-available Own Funds	1,095	1,415
Non-eligible Own Funds	0	0
Eligible Own Funds (a)	18,302	17,822
of which Tier 1 Unrestricted	11,515	10,904
of which Tier 1 Restricted	1,395	1,716
of which Tier 2	2,494	2,189
of which Tier 3	908	910
of which non-solvency II regulated entities	1,991	2,104
Solvency Capital Requirements (b)	9,090	9,040
of which non-solvency II regulated entities	1,397	1,363
NN Group Solvency II ratio (a/b)³⁾	201%	197%
NN Life Solvency II ratio³⁾	190%	191%

The NN Group Solvency II ratio increased to 201% from 197% at the end of 2022, mainly driven by operating capital generation, partly offset by the deduction of the 2023 interim dividend and the EUR 250 million share buyback programme. The impact from markets was broadly neutral, mainly reflecting a positive impact from credit spread changes offset by negative real estate revaluations and steepening at the longer end of the interest rate curve.

The NN Life Solvency II ratio was broadly stable at 190% from 191% at the end of 2022, due to the EUR 490 million dividend payments to the holding company and the impact of the legal merger with ABN AMRO Life, largely offset by operating capital generation. The impact from the aforementioned market movements was broadly neutral.

NN Group has ample financial flexibility given its remaining tiering capacity of EUR 1.5 billion in Restricted Tier 1 and EUR 0.5 billion in Tier 2 and 3 capital.

NN Group issued EUR 1 billion of dated green Tier 2 subordinated notes with a maturity of 20.5 years and a fixed coupon at 6.00% per annum until 2033 on 3 May 2023. The proceeds of the issuance were used to repurchase EUR 665 million of dated Tier 2 subordinated notes that were first callable in April 2024 and EUR 335 million of undated restricted Tier 1 subordinated notes that were first callable in June 2024. The transactions had no material impact on total tiering capacity.

Cash capital position at the holding company

In EUR million	1H23	1H22	FY22
Beginning of period	2,081	1,998	1,998
Remittances from subsidiaries ¹³⁾	1,023	960	1,753
Capital injections into subsidiaries ¹⁴⁾	-18	-5	-545
Other ¹⁵⁾	-173	-219	-315
Free cash flow to the holding¹⁶⁾	832	735	893
Cash divestment proceeds	0	1,626	1,626
Acquisitions	-10	-524	-524
Capital flows to shareholders	-478	-768	-1,806
Increase / (decrease) in debt and loans	-507	-600	-106
End of period	1,918	2,467	2,081

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

The cash capital position at the holding company decreased to EUR 1,918 million from EUR 2,081 million at the end of 2022. The decrease mainly reflects the repayment of EUR 500 million of senior notes that matured on 13 January 2023, capital flows to shareholders, as well as other movements including holding company expenses, interest on loans and debt and other holding company cash flows. This was partly offset by remittances from subsidiaries, including a one-off dividend from NN Life Belgium following the closing of the sale of the back book in the second half of 2022. Capital flows to shareholders comprise the 2022 final cash dividend of EUR 259 million and the repurchase of EUR 219 million of own shares.

NN Group issued EUR 500 million of subordinated notes on 30 August 2022 and used the proceeds of the issuance for providing an intercompany loan to NN Life for the repayment of its EUR 500 million external legacy Tier 2 debt. Adjusting for this intercompany loan, the free cash flow to the holding was EUR 1,393 million for full-year 2022.

Financial leverage

In EUR million	30 Jun 23	31 Dec 22
Shareholders' equity	19,374	19,265
Contractual service margin after tax ¹⁷⁾	4,909	4,858
Minority interests	76	73
Capital base for financial leverage (a)	24,360	24,196
Undated subordinated notes ¹⁹⁾	1,416	1,764
Subordinated debt	2,663	2,334
Total subordinated debt	4,080	4,098
Debt securities issued	1,195	1,694
Financial leverage (b)	5,274	5,792
Financial leverage ratio (b/(a+b))	17.8%	19.3%
Fixed-cost coverage ratio ¹⁸⁾¹⁹⁾	5.9x	9.5x

The financial leverage ratio of NN Group was 17.8% at the end of the first half of 2023 compared with 19.3% at the end of 2022. This mainly reflects a decrease of the financial leverage following the repayment of EUR 500 million senior notes that matured on 13 January 2023. The aforementioned debt transactions in the first half of 2023 had no material impact on the financial leverage position.

The fixed-cost coverage ratio (on the basis of the last 12 months) decreased to 5.9x at the end of the first half of 2023 from 9.5x at the end of 2022. This mainly reflects the impact of negative real estate revaluations in the first half of 2023.

Dividend

NN Group announced today that it will pay an interim dividend of EUR 1.12 per ordinary share, or approximately EUR 309 million in total based on the current number of outstanding shares (net of treasury shares), calculated as 40% of the 2022 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 at the expense of 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 31 August 2023. The record date for the dividend will be 1 September 2023. The election period will run from 4 September up to and including 18 September 2023. 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 12 September to 18 September 2023. The dividend will be payable on 25 September 2023. (For more information: [NN Group – Dividend policy and dividend history \(nn-group.com\)](https://www.nn-group.com))

Share buyback

On 16 February 2023, NN Group announced that it will execute an open market share buyback programme for an amount of EUR 250 million within 12 months, commencing on 1 March 2023. Up to Friday 25 August 2023, shares for a total amount of EUR 196 million were repurchased under this programme, representing 78% of the total share buyback amount.

Following the payment of the 2022 final dividend, NN Group announced that it would repurchase ordinary shares for a total amount of EUR 235 million, equivalent to the value of the stock dividend, to neutralise the dilutive effect. This share buyback programme commenced on 26 June 2023 and was completed on 25 August 2023.

The share buyback programmes are executed within the limitations of the existing authority granted by the General Meeting on 2 June 2023. 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 on a weekly basis ([NN Group – Share buyback programmes \(nn-group.com\)](https://www.nn-group.com)).

Share capital

On 25 August 2023, 10,000,000 NN Group treasury shares which were repurchased under the share buyback programmes were cancelled.

The total number of NN Group shares outstanding (net of 8,845,008 treasury shares) on 25 August 2023 was 276,154,992.

Credit ratings

On 30 May 2023, Standard & Poor's published a report affirming NN Group's 'A' financial strength rating and 'BBB+' credit rating with a positive outlook.

On 3 March 2023, 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 28 August 2023	Financial Strength Rating	NN Group N.V. Counterparty Credit Rating
	Standard & Poor's	A Positive
Fitch	AA- Stable	A+ Stable

Netherlands Life

- Operating capital generation decreased to EUR 523 million from EUR 580 million in the first half of 2022. This reflects a lower investment return and SCR release as well as a lower positive impact from experience variance and a lower new business contribution. This was partly compensated by the lower net negative impact of the UFR drag and risk margin release as a result of higher interest rates
- Operating result of EUR 810 million compared with EUR 691 million in the first half of 2022, reflecting timing effects in the investment result, higher other result and a higher profit margin, partly offset by a lower technical result

In EUR million	1H23	1H22	Change
Analysis of results			
Profit margin	94	64	46.1%
Technical result	36	57	-37.3%
Service expense result	18	19	-4.3%
Other insurance and reinsurance result	0	1	-11.9%
Insurance and reinsurance result	147	140	5.3%
Investment result	696	635	9.5%
Other result	-38	-89	
Operating result insurance businesses	805	686	17.4%
Operating result non-insurance businesses	5	5	-12.7%
Total operating result²⁾	810	691	17.2%
Non-operating items	-428	-58	
of which gains/losses and impairments	-148	169	
of which revaluations	-286	-226	
of which market and other impacts	6	-1	
Special items	-18	-14	
Result on divestments	0	0	
Result before tax	364	620	-41.3%
Taxation	68	54	
Minority interests	0	-9	
Net result	297	575	-48.4%
New business			
Single premiums	303	261	16.4%
Regular premiums	245	264	-7.0%
New sales life insurance (APE)	276	290	-4.9%
Value of new business	40	44	-8.3%
Key figures			
Operating capital generation ¹⁾	523	580	-10.0%
Gross premiums written	1,633	1,795	-9.0%
Administrative expenses	212	215	-1.3%

In EUR billion	30 Jun 23	31 Dec 22	Change
Key figures			
Life general account invested assets	95	96	-1.5%
Assets under Management DC business total ²⁰⁾	30.2	27.8	8.7%
Total liabilities for insurance, reinsurance and investment contracts	102	101	1.4%
of which for risk policyholder	25	28	-11.0%
NN Life Solvency II ratio ³⁾	190%	191%	
Employees (internal FTEs, end of period)	1,980	2,041	-3.0%

Operating capital generation decreased to EUR 523 million from EUR 580 million in the first half of 2022. This reflects a lower investment return and SCR release as well as a lower positive impact from experience variance and a lower new business contribution. This was partly compensated by the lower net negative impact of the UFR drag and risk margin release as a result of higher interest rates.

The operating result increased 17.2% to EUR 810 million compared with EUR 691 million in the first half of 2022, mainly reflecting timing effects in the investment result, higher other result and a higher profit margin, partly offset by a lower technical result.

The profit margin increased to EUR 94 million compared with EUR 64 million in the first half of 2022, which included higher losses on onerous contracts.

The technical result decreased to EUR 36 million from EUR 57 million in the first half of 2022, reflecting a lower risk adjustment release due to a lower balance arising from increased interest rates. Both periods benefited from slightly positive claims variance.

The service expense result was broadly stable at EUR 18 million versus EUR 19 million in the first half of 2022.

The investment result increased to EUR 696 million compared with EUR 635 million in the first half of 2022 as the results in the same period last year were impacted by timing effects not present in 2023. Excluding this, the investment result was broadly stable to the first half of 2022.

The other result was EUR -38 million compared with EUR -89 million in the first half of 2022. Apart from the non-attributable expenses that are reported as other results the current period includes positive non-recurring results compared with negative non-recurring results in the same period last year.

The result before tax decreased to EUR 364 million from EUR 620 million in the first half of 2022 as the higher operating result was more than offset by the lower non-operating items mainly reflecting lower gains/losses and impairments and lower revaluations.

Gains/losses and impairments decreased to EUR -148 million from EUR 169 million in the first half of 2022. The current period mainly reflects realised losses on bond sales. The same period last year included gains on debt securities sales, partly offset by impairments on loans.

Revaluations decreased to EUR -286 million compared with EUR -226 million in the first half of 2022. The current period mainly reflects negative revaluations on real estate, whereas the first half of 2022 mainly reflects revaluations on derivatives used for hedging purposes reflecting accounting asymmetries.

New sales (APE) decreased to EUR 276 million from EUR 290 million in the first half of 2022, due to a lower volume of group pension contracts.

The value of new business decreased to EUR 40 million from EUR 44 million in the same period last year.

Administrative expenses decreased to EUR 212 million from EUR 215 million in first half of 2022 reflecting lower staff expenses in line with the run-off of the portfolio.

Assets under management DC business increased to EUR 30.2 billion compared with EUR 27.8 billion at the end of 2022, driven by positive net inflows of EUR 1.3 billion and favourable market movements.

Netherlands Non-life

- Operating capital generation increased to EUR 210 million from EUR 144 million in the first half of 2022, which reflected the storm in February 2022 partly offset by favourable claims result on prior years. Both Property & Casualty and Disability reflect strong business performance and benefit from higher investment return following higher interest rates
- Operating result increased to EUR 226 million from EUR 190 million in the first half of 2022, reflecting higher insurance results in both Property & Casualty and Disability, partly offset by lower investment result
- Combined ratio was 90.1% versus 93.5% in the first half of 2022
- Updated combined ratio guidance to 91-93% in 2025 from 93-95% at Netherlands Non-life to reflect the discounting effects arising from the move to IFRS 17 accounting standards as well as continued strong business performance

In EUR million	1H23	1H22	Change
Analysis of results			
Insurance revenue, net of reinsurance	1,853	1,853	-0.0%
Claims incurred, net of reinsurance	1,165	1,201	-3.0%
Commissions	331	364	-9.2%
Insurance expenses	119	110	7.6%
Insurance and reinsurance result	239	178	34.0%
Investment result	38	55	-30.2%
Other expenses not attributed to insurance result	56	58	-3.3%
Other result	-5	-1	
Operating result insurance businesses	216	175	24.0%
Operating result non-insurance businesses	10	16	-36.6%
Total operating result²⁾	226	190	19.0%
Non-operating items	-30	-41	
of which gains/losses and impairments	-14	-4	
of which revaluations	-12	-36	
of which market and other impacts	-5	-2	
Special items	-4	-10	
Result on divestments	0	0	
Result before tax	192	139	38.4%
Taxation	46	33	
Minority interests	6	-5	
Net result	140	111	26.0%
Key figures			
Operating capital generation ¹⁾	210	144	45.4%
Gross premiums written	2,399	2,326	3.1%
Administrative expenses ²¹⁾	280	271	3.2%
Combined ratio ¹⁰⁾	90.1%	93.5%	
of which Claims ratio ¹⁰⁾	62.9%	64.8%	
of which Expense ratio ¹⁰⁾	27.3%	28.7%	

In EUR billion	30 Jun 23	31 Dec 22	Change
Key figures			
Total insurance liabilities	7	6	8.1%
Employees (internal FTEs, end of period)	4,195	4,125	1.7%

Operating capital generation increased 45.4% to EUR 210 million from EUR 144 million in the first half of 2022, which included the negative impact of the storm in February 2022 partly offset by a favourable claims result in prior years. Both Property & Casualty (P&C) and Disability mainly reflect strong business performance, including a favourable pricing environment and positive experience variance and, to a lesser extent, benefited from a higher investment return following higher interest rates. The P&C result reflects a higher new business contribution and positive experience variances partly as a result of benign weather conditions. Disability result reflects favourable claims experience in the Group Income portfolio.

The operating result increased 19.0% to EUR 226 million from EUR 190 million in the first half of 2022, mainly reflecting similar trends as observed in OCG. This was driven by higher insurance results in P&C and Disability, partly offset by a lower investment result due to higher finance expenses following increased interest rates and inflation. The combined ratio improved to 90.1% versus 93.5% in the first half of 2022.

The operating result in P&C increased to EUR 156 million from EUR 113 million in the first half of 2022, mainly reflecting a higher insurance result, partly offset by a lower investment result. The insurance result in the first half of 2022 was negatively impacted by claims related to the February storm. Results in prior accident years in the first half of 2023 were lower, partly offset by a positive discounting effect on claims. The P&C combined ratio improved to 89.8% compared to 93.4% in the first half of 2022.

The operating result in Disability was EUR 60 million compared with EUR 61 million in the first half of 2022, mainly reflecting higher finance expenses following increased interest rates and inflation, offset by a higher insurance result driven by favourable claims experience. The Disability combined ratio improved to 90.8% versus 93.8% in the first half of 2022.

Insurance expenses increased to EUR 119 million from EUR 110 million in the first half of 2022, reflecting higher staff expenses and expenses related to the transfer of activities from the non-insurance businesses as of the second half of 2022.

The operating result of the non-insurance businesses was EUR 10 million compared with EUR 16 million in the first half of 2022.

The result before tax increased to EUR 192 million from EUR 139 million in the first half of 2022, reflecting the higher operating result, lower negative non-operating items and lower special items.

Insurance Europe

- Operating capital generation increased 10.0% to EUR 218 million from EUR 198 million in the first half of 2022, mainly reflecting business performance including the positive contribution of the acquired MetLife businesses
- Value of new business decreased to EUR 114 million, down 10.1% from EUR 127 million in the first half of 2022, mainly due to pension legislation changes introduced in Slovakia, impact of lower volumes of mortgage-linked protection sales of the bancassurance channel and unfavourable assumption changes, partly compensated by higher sales across the region including the contribution of the acquired MetLife businesses
- The operating result of Insurance Europe increased 18.1% to EUR 219 million from EUR 185 million in the first half of 2022, mainly driven by business performance including the positive contribution of the acquired MetLife businesses as well as the sale of a closed book life portfolio by NN Belgium. This was partly offset by a lower service expense result and a lower result from pension business

In EUR million	1H23	1H22	Change
Analysis of results			
Profit margin	147	117	25.7%
Technical result	3	7	-61.4%
Service expense result	-2	16	
Other insurance and reinsurance result	1	2	-60.5%
Insurance and reinsurance result	148	142	4.8%
Investment result	78	41	90.4%
Other result	-39	-42	
Operating result insurance businesses	187	141	32.6%
Operating result non-insurance businesses	32	44	-27.7%
Total operating result²⁾	219	185	18.1%
Non-operating items	-104	-90	
of which gains/losses and impairments	-6	-8	
of which revaluations	-44	-55	
of which market and other impacts	-55	-27	
Special items	-14	-13	
Acquisition intangibles and goodwill	-1	-1	
Result on divestments	19	0	
Result before tax	118	81	44.8%
Taxation	24	21	
Minority interests	0	0	33.9%
Net result	94	60	56.6%
New business			
Single premiums	625	635	-1.5%
Regular premiums	330	302	9.6%
New sales life insurance (APE)	393	365	7.6%
Value of new business	114	127	-10.1%
Key figures			
Operating capital generation ¹⁾	218	198	10.0%
Gross premiums written	1,737	1,612	7.7%
Administrative expenses	283	232	21.8%
In EUR billion			
Key figures			
Life general account invested assets	12	12	0.4%
Total liabilities for insurance, reinsurance and investment contracts	21	20	5.3%
of which for risk policyholder	8	7	10.6%
Assets under Management Pensions ²²⁾	25	26	-0.5%
Employees (internal FTEs, end of period)	5,227	5,241	-0.3%

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

Operating capital generation increased to EUR 218 million from EUR 198 million in the first half of 2022, mainly reflecting a higher investment return, a higher new business contribution, a lower negative impact of the UFR drag and the positive contribution of the acquired MetLife businesses. This was only partly offset by a higher capital consumption as a result of better portfolio persistency and sales growth, lower experience variances, as well as the impact of the sale of a closed book life portfolio by NN Belgium and non-recurring items in the first half of 2022.

The operating result of Insurance Europe increased to EUR 219 million from EUR 185 million in the first half of 2022, mainly driven by a higher profit margin, a higher investment result and a positive contribution from the acquired MetLife businesses as well as the sale of the closed book life portfolio by NN Belgium. This was partly offset by a lower service expense result and a lower result from pension business.

The profit margin increased to EUR 147 million from EUR 117 million in the first half of 2022, mainly driven by higher CSM releases following increased interest rates and portfolio growth, lower losses on onerous contracts and the net impact of the aforementioned portfolio management actions.

Technical result decreased to EUR 3 million from EUR 7 million in the first half of 2022.

Service expense result decreased to EUR -2 million from EUR 16 million in the first half of 2022, which benefited from lower than normal level of expenses.

Investment result increased to EUR 78 million from EUR 41 million in the first half of 2022, driven by a favourable impact following the net impact of the aforementioned portfolio management actions and asset mix changes.

Operating result of non-insurance businesses decreased to EUR 32 million from EUR 44 million in the first half of 2022, mainly due to lower result from pension business across the region.

The result before tax increased to EUR 118 million from EUR 81 million in the first half of 2022. This mainly reflects the higher operating result and the result on the sale of the former Polish MetLife pension business as well as lower negative revaluations, partly offset by other market impacts which include assumption changes.

European growth momentum continued, despite the challenging macro environment in various geographies. New sales (APE) increased to EUR 393 million from EUR 365 million in the first half of 2022, up 8.9% on a constant currency basis, driven by higher sales across the region despite lower mortgage-linked protection sales, and the positive contribution from the acquired MetLife businesses.

Value of new business decreased to EUR 114 million, down 10.1% from EUR 127 million in the first half of 2022, mainly due to pension legislation changes introduced in Slovakia, impact of lower volumes of mortgage-linked protection sales of the bancassurance channel and unfavourable assumption changes, partly compensated by higher sales across the region including the contribution of the acquired MetLife businesses.

Japan Life

- Operating capital generation decreased to EUR 68 million from EUR 74 million in the first half of 2022, due to negative currency impacts. The lower new business strain as a result of lower sales was more than offset by higher hedge costs due to increased USD rates and a lower surrender profit
- Value of new business was EUR 41 million, down from EUR 86 million in the first half of 2022, reflecting lower sales and negative currency impacts, partly offset by an improved margin as a result of higher interest rates and a shift to protection products
- Operating result was stable at EUR 102 million compared with the first half of 2022. Excluding currency effects, the operating result increased by 8.9%

In EUR million	1H23	1H22	Change
Analysis of results			
Profit margin	88	85	3.2%
Technical result	2	-1	
Service expense result	7	8	-20.2%
Other insurance and reinsurance result	0	0	
Insurance and reinsurance result	96	92	4.2%
Investment result	23	24	-3.1%
Other result	-17	-14	
Operating result²⁾	102	102	-0.0%
Non-operating items	-34	-52	
of which gains/losses and impairments	-2	-2	
of which revaluations	-31	-50	
of which market and other impacts	0	0	
Special items	0	-1	
Result on divestments	0	0	
Result before tax	68	49	39.2%
Taxation	19	13	
Minority interests	0	0	
Net result	50	36	38.1%
New business			
Single premiums	0	0	
Regular premiums	74	163	-54.5%
New sales life insurance (APE)	74	163	-54.5%
Value of new business	41	86	-52.0%
Key figures			
Operating capital generation ¹⁾	68	74	-8.7%
Gross premiums written	1,464	1,770	-17.3%
Administrative expenses	57	61	-7.3%
In EUR billion	30 Jun 23	31 Dec 22	Change
Key figures			
Life general account invested assets	13	15	-11.2%
Total liabilities for insurance, reinsurance and investment contracts	14	16	-7.6%
of which for risk policyholder	0	0	2.7%
Employees (internal FTEs, end of period)	965	937	3.0%

Note: For data in constant currencies, refer to the 'NN Group Financial Supplement: 2.5. Analysis of results: Japan Life – Excluding currency effects'

Operating capital generation decreased to EUR 68 million from EUR 74 million in the first half of 2022, due to negative currency impacts. The lower new business strain as a result of lower sales was more than offset by higher hedge costs due to increased USD rates and a lower surrender profit.

Operating result was stable at EUR 102 million compared with the first half of 2022, mainly reflecting higher profit margin and higher technical result, offset by a lower service expense result and lower other result. Excluding currency effects, the operating result increased by 8.9%.

Profit margin increased to EUR 88 million from EUR 85 million in the first half of 2022, driven by a higher CSM release.

Other result decreased to EUR -17 million from EUR -14 million, reflecting higher management fees.

The result before tax increased to EUR 68 million from EUR 49 million in the first half of 2022. This was driven by higher non-operating items, mainly reflecting lower negative revaluation results.

New sales (APE) decreased to EUR 74 million from EUR 163 million in the first half of 2022, mainly driven by lower sales of cash value insurance products following a business improvement order from the local regulator.

Value of new business was EUR 41 million, down from EUR 86 million in the first half of 2022, reflecting lower sales and negative currency impacts. This was partly offset by a higher margin as a result of higher interest rates and a shift to protection products.

Banking

- Operating capital generation increased to EUR 70 million compared with EUR 11 million in the first half of 2022, mainly reflecting a higher statutory net result and a lower increase in risk weighted assets (RWA)
- Net Operating Return on Equity (RoE) increased to 20.3% compared with 9.1% in the first half of 2022, reflecting a higher net operating result, partly offset by higher average equity
- Operating result increased to EUR 113 million from EUR 49 million in the first half of 2022, mainly driven by a higher interest result
- Based on strong business performance, total capital ratio increased to 17.1% from 16.6%

In EUR million	1H23	1H22	Change
Analysis of results			
Interest result	200	125	59.0%
Commission income	25	26	-4.2%
Total investment and other income	18	18	0.9%
Operating income	243	170	43.1%
Operating expenses	118	105	12.5%
Regulatory levies	14	18	-20.3%
Addition to loan loss provision	-3	-2	
Total expenses	130	121	7.4%
Operating result²⁾	113	49	131.2%
Non-operating items	-8	10	
of which gains/losses and impairments	0	0	
of which revaluations	0	0	
of which market and other impacts	-8	10	
Special items	0	0	
Result before tax	105	59	78.0%
Taxation	27	15	
Minority interests	0	0	
Net result	78	44	78.0%
Key figures			
Operating capital generation ¹⁾	70	11	
Administrative expenses ²⁴⁾	132	123	7.8%
Cost/income ratio ²⁵⁾	48.7%	61.9%	
Net Interest Margin (NIM) ²⁶⁾	1.42%	1.09%	
Net operating RoE ²⁷⁾	20.3%	9.1%	

In EUR billion	30 Jun 23	31 Dec 22	Change
Key figures			
NN Bank CET1 ratio ¹¹⁾	15.8%	15.3%	
Total capital ratio ¹¹⁾	17.1%	16.6%	
Risk Weighted Assets (RWA) ¹¹⁾	6	6	0.3%
Savings and deposits	16	16	0.5%
Mortgages	22	22	1.4%
Total assets	24	24	1.5%
Employees (internal FTEs, end of period)	1,036	1,006	3.0%

Operating capital generation increased to EUR 70 million compared with EUR 11 million in the first half of 2022, mainly reflecting a higher statutory net result and a lower strain from capital requirements. The higher statutory net result mainly reflects a higher interest result, partly offset by higher operating expenses. The lower strain from capital requirements reflects lower portfolio growth and a higher portion of state-guaranteed mortgages (NHG), only partly offset by the negative impact of house prices.

Net Operating Return on Equity (RoE) increased to 20.3% compared with 9.1% in the first half of 2022, mainly reflecting a higher net operating result, partly offset by higher average equity.

The operating result increased to EUR 113 million from EUR 49 million in the first half of 2022, mainly driven by a higher interest result.

The interest result increased to EUR 200 million from EUR 125 million in the first half of 2022, mainly reflecting the impact of a higher interest rate environment. The net interest margin (NIM), calculated on a four-quarter rolling average, increased to 1.4% from 1.1% in the first half of 2022.

Operating expenses were EUR 118 million compared with EUR 105 million in the first half of 2022, mainly reflecting higher compliance expenses and investments in digitalisation.

Regulatory levies decreased to EUR 14 million from EUR 18 million in the first half of 2022, mainly reflecting lower contributions to the European Single Resolution Fund.

Quality of the mortgage portfolio continues to be strong with a non-performing loans ratio of 0.4%. State-guaranteed mortgage (NHG) share at the end of the first half of 2023 was 32% of Banking's mortgage portfolio. The release of the loan loss provision was broadly stable at EUR 3 million.

The result before tax increased to EUR 105 million from EUR 59 million in the first half of 2022, mainly driven by the higher operating result, partly offset by lower non-operating items.

Other

- Operating capital generation was EUR -91 million compared with EUR -140 million in the first half of 2022, mainly driven by a higher contribution from the reinsurance business due to favourable experience variance and a lower change in capital requirement
- Operating result was EUR -71 million versus EUR -94 million in the first half of 2022, mainly reflecting a higher holding result and a higher operating result of the reinsurance business
- Operating result of the reinsurance business increased to EUR 11 million from EUR 4 million in the first half of 2022 which included a EUR 4 million claim from the February storm in 2022

In EUR million	1H23	1H22	Change
Analysis of results			
Interest on hybrids and debt ²⁸⁾	-69	-54	
Investment income and fees	109	62	75.7%
Holding expenses	-123	-105	
Amortisation of intangible assets	0	0	
Holding result	-82	-96	
Operating result reinsurance business	11	4	171.3%
Other results	0	-2	
Operating result²⁾	-71	-94	
Non-operating items	2	-54	
of which gains/losses and impairments	-1	1	
of which revaluations	43	-13	
of which market and other impacts	-40	-43	
Special items	-7	-19	
Acquisition intangibles and goodwill	-13	-15	
Result on divestments	0	1,062	
Result before tax	-89	879	
Taxation	-17	-10	
Minority interests	0	0	
Net result	-72	890	
Key figures			
Operating capital generation ¹⁾	-91	-140	
Gross premiums written	12	13	-10.6%
Administrative expenses	110	97	14.0%
of which reinsurance business	5	4	14.5%
of which corporate/holding	105	92	14.0%

	30 Jun 23	31 Dec 22	Change
Key figures			
Employees (internal FTEs, end of period)	1,953	1,909	2.3%
Key figures			
In EUR billion	30 Jun 23	31 Dec 22	Change
Total liabilities for insurance, reinsurance and investment contracts	2	2	-8.5%

Operating capital generation was EUR -91 million compared with EUR -140 million in the first half of 2022, mainly driven by a higher contribution from the reinsurance business as a result of a favourable experience variance and a lower change in capital requirement at both the reinsurance business and the Holding.

The operating result was EUR -71 million versus EUR -94 million in the first half of 2022, mainly driven by a higher holding result and a higher operating result of the reinsurance business.

The holding result was EUR -82 million versus EUR -96 million in the first half of 2022, reflecting higher investment income and fees mainly driven by the higher interest rate environment, partly offset by higher holding expenses and higher interest on hybrids and debt reflecting the subordinated notes issued in August 2022 and May 2023.

The operating result of the reinsurance business increased to EUR 11 million from EUR 4 million in the first half of 2022 which included a EUR 4 million claim related to the February storm in 2022.

The result before tax of the segment Other was EUR -89 million compared with EUR 879 million in the first half of 2022 which included the EUR 1,062 million gain on the sale of NN Investment Partners (NN IP).

Consolidated Balance Sheet

- Total assets of NN Group decreased by EUR 2.0 billion in the first half of 2023 to EUR 205.0 billion
- Shareholders' equity was broadly stable at EUR 19.4 billion, reflecting the positive net result offset by dividend payment and share buyback

In EUR million	30 Jun 23	31 Dec 22	30 Jun 23	31 Dec 22
Assets			Equity and liabilities	
Cash and cash equivalents	7,198	6,670	Shareholders' equity (parent)	19,374
Investments at fair value through other comprehensive income	111,615	115,061	Minority interests	76
Investments at cost	20,825	20,291	Undated subordinated notes	1,416
Investments at fair value through profit or loss	45,552	43,162	Total equity	20,866
Investments in real estate	2,686	2,754	Insurance, reinsurance and investment contracts	146,029
Investments in associates and joint ventures	6,144	6,450	Debt instruments issued	1,195
Derivatives	1,601	2,452	Subordinated debt	2,663
Insurance and reinsurance contracts	1,178	961	Other borrowed funds	9,908
Property and equipment	378	399	Customer deposits	16,304
Intangible assets	1,271	1,280	Derivatives	4,670
Deferred tax assets	146	131	Deferred tax liabilities	550
Other assets	6,393	7,413	Other liabilities	2,802
Total assets	204,987	207,024	Total liabilities	184,121
			Total equity and liabilities	204,987

Assets

Investments at fair value through other comprehensive income

Investments at fair value through other comprehensive income decreased by EUR 3.4 billion in the first half of 2023 to EUR 111.6 billion, due to the sale of government bonds.

Investments at fair value through profit or loss

Investments at fair value through profit or loss increased by EUR 2.4 billion in the first half of 2023 to EUR 45.6 billion, driven by positive revaluations.

Liabilities

Insurance, reinsurance and investment contracts

Insurance, reinsurance and investment contracts increased by EUR 1.6 billion in the first half of 2023 to EUR 146.0 billion, mainly driven by the increase in unit-linked and index-linked technical provisions as a result of favourable equity market movements.

Insurance, reinsurance and investment contracts includes the Contractual Service Margin (CSM). The CSM increased slightly from EUR 6,850 million (EUR 4,858 million after tax) at the end of the second half of 2022 to EUR 6,891 million (EUR 4,909 million after tax) at the end of the first half of 2023, on the back of positive new business contributions in Insurance Europe and Netherlands Non-life, partly offset by a release of CSM in Netherlands Life and Japan Life. The CSM after tax is included in the Capital base for financial leverage.

Debt instruments issued

Debt instruments issued decreased by EUR 0.5 billion in the first half of 2023 reflecting a EUR 500 million senior note that matured on 13 January 2023.

Other borrowed funds

Other borrowed funds decreased by EUR 1.2 billion in the first half of 2023 to EUR 9.9 billion due to repo transactions used for liquidity management purposes.

Derivatives

Derivatives decreased by EUR 1.8 billion in the first half of 2023 to EUR 4.7 billion as a result of higher interest rates.

Equity

Shareholders' equity was broadly stable at EUR 19.4 billion.

In EUR million	1H23	FY22
<i>Movement in shareholders' equity</i>		
Shareholders' equity beginning of period	19,265	21,624
Net result for the period	586	1,634
Net revaluations on investments, (re)insurance contracts and cash flow hedges	69	-2,336
Realised gains/losses transferred to the profit and loss account	116	-21
Share or other comprehensive income of associates and joint ventures	-3	9
Exchange rate differences	-110	-105
Remeasurement of the net defined benefit asset/liability	-14	68
Dividend	-259	-413
Purchase/sale treasury shares	-219	-1,391
Employee stock option and share plans	-1	-6
Coupon on undated subordinated notes	-57	-58
Changes in the composition of the group and other	0	260
Total changes	109	-2,359
Shareholders' equity end of period	19,374	19,265

In EUR million	30 Jun 23	31 Dec 22
<i>Composition of total equity</i>		
Share capital	35	35
Share premium	12,578	12,578
Accumulated revaluations on investments, (re)insurance contracts and cash flow hedges	9,010	8,830
Currency translation reserve	-451	-338
Net defined benefit asset/liability remeasurement reserve	-64	-51
Retained earnings and other reserves	-1,734	-1,789
Shareholders' equity (parent)	19,374	19,265
Minority interests	76	72
Undated subordinated notes	1,416	1,764
Total equity	20,866	21,101

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, amortisation of acquisition intangibles, discontinued operations and special items, changes to losses from onerous contracts due to assumption changes, 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 2023 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) Net Promoter Score (NPS-r) is measured for the retail business line in the Netherlands and for the ten International business units based on a quarterly score.
- 5) The target score is related to the benchmark. The target of at least 8.0 reflects a score above the current benchmark of 7.9. The metric indicates on a scale from 0 to 10 how likely it is that someone will recommend NN as an employer.
- 6) Includes 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.
- 7) This figure represents the cumulative amount invested in climate solutions. It reflects the nominal value for green bonds, and the market value for certified green buildings, renewable infrastructure and other investments.
- 8) This is the cumulative number of people supported through the community investment programmes in our markets as of 2022, focused on supporting financial, physical and/or mental well-being.
- 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) Contractual service margin after tax is included in the capital base for financial leverage ratio in the calculation based on IFRS 9/IFRS 17.
- 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 Investment Partners (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) allocated equity.
- 28) Does not include interest costs on subordinated debt treated as equity.

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 20 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 1H23 results at 07:45 CET on Tuesday, 29 August 2023. Journalists can join the press call by registering via this [link](#).

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 1H23 results at 10:00 CET on Tuesday, 29 August 2023. Members of the investment community can follow the live audio webcast on [NN Group - Investors \(nn-group.com\)](#).

Analysts can participate in the Q&A by registering according to the following instructions:

- Register for the conference call online via this [link](#)
- After registration, you will receive a confirmation e-mail containing the dial-in number and personal PIN code
- Use these details to dial in to the conference call

Financial calendar

- Publication 2H23 results: 29 February 2024

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Additional information on www.nn-group.com

- NN Group 1H23 Financial Supplement, NN Group 1H23 Analyst Presentation, NN Group Company Profile and NN Group ESG presentation
- NN Group 30 June 2023 Condensed consolidated interim financial information

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. 2022 Annual Accounts, except for the impact of IFRS 9 and 17 which became effective in 2023 and for which the 2022 comparatives are restated. Details on (the impact of) IFRS 9 and 17 are disclosed in Note 1 'Accounting policies' in the NN Group N.V. 2022 Annual Accounts.

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) operational and IT risks, such as system disruptions or failures, breaches of security, cyber-attacks, human error, changes in operational practices or inadequate controls including in respect of third parties with which we do business, (21) risks and challenges related to cybercrime including the effects of cyberattacks and changes in legislation and regulation related to cybersecurity and data privacy, (22) business, operational, regulatory, reputation and other risks and challenges in connection with ESG related matters and/or driven by ESG factors including climate change, (23) the inability to retain key personnel, (24) adverse developments in legal and other proceedings and (25) 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.

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