

NN Group reports strong commercial and financial performance for second-half and full-year 2021

Delivering on our financial targets

- Operating capital generation increased to EUR 804 million from EUR 450 million in the second half of 2020, driven by strong business performance and commercial momentum; Full-year 2021 operating capital generation of EUR 1,584 million versus EUR 993 million in 2020
- Operating result of EUR 917 million versus EUR 963 million in the second half of 2020; Full-year 2021 operating result of EUR 2,036 million, up 7.8% on 2020
- Net result of EUR 1,864 million, up from EUR 1,317 million in the second half of 2020; Full-year 2021 net result of EUR 3,278 million versus EUR 1,904 in 2020

Strong commercial momentum; interim targets defined for our net-zero emissions ambition

- Value of new business of EUR 186 million, up 29.2% from the second half of 2020, reflecting higher sales and an improved margin at Japan Life as well as higher sales at Insurance Europe
- NN Bank and Woonnu originated record volume of new mortgages of EUR 9.9 billion in 2021
- Netherlands Life's DC Assets under Management increased to EUR 29.9 billion from EUR 27.4 billion at 30 June 2021, driven by market growth and net inflows
- Improved customer satisfaction with 5 of our businesses scoring an above market average Net Promoter Score
- ESG-integrated Assets under Management increased to 91%; interim targets defined to underpin our net-zero emissions ambition for both our investments as well as our business operations

Robust balance sheet and attractive capital returns to shareholders

- NN Group Solvency II ratio of 213% versus 209% at 30 June 2021, mainly reflecting operating capital generation and favourable market impacts, partly offset by the deduction of the proposed 2021 final dividend
- Cash capital position at the holding increased to EUR 1,998 million from EUR 1,533 million at 30 June 2021, reflecting free cash flow to the holding and proceeds from the issuance of senior debt, partly offset by capital flows to shareholders and amounts paid for acquisitions
- 2021 final dividend proposal of EUR 1.56 per ordinary share or approximately EUR 476 million, bringing the total 2021 dividend to EUR 2.49 per ordinary share, up 7% on 2020
- New share buyback programmes for a total amount of EUR 1.0 billion

Statement of David Knibbe, CEO

'In the second half of 2021, we saw a continued strong commercial and financial performance. We remained focused on engaging with our customers to meet their needs and to offer solutions that create long-term value, especially in these uncertain times. The Covid-19 pandemic entered its second year and continued to dominate our daily lives. It is putting pressure on sickness and disability rates, which makes our efforts to support and reintegrate customers even more significant. The global economy rebounded strongly from a severe contraction in 2020, but financial markets were turbulent and inflation has risen in many parts of the world. Extreme weather struck during the summer of 2021, underscoring the real-life impact of climate change. These developments contributed to a higher awareness of risk and vulnerability, which resulted in an increased demand for protection products. This supported the substantial increase in NN Group's value of new business of 61% over the year. All of our business segments performed better compared with a year earlier, with strong results at Netherlands Non-life, despite the claims resulting from the floods in July, as well as higher sales in Japan.

To support our growth ambition, we assess and optimise our portfolio of businesses. In 2021, this led to a number of acquisitions and divestments. We reached an agreement to acquire MetLife's business activities in Greece and Poland, which will further strengthen our leading positions in these growth markets. The acquisition of MetLife Greece was completed on 31 January 2022 and we expect Poland to follow in the first half of this year. In addition, we acquired a 70% stake in Heinenoord in the Netherlands, in order to strengthen our distribution capabilities and reinforce our position in the Dutch non-life market. Furthermore, we divested our Bulgaria business and took the

decision to sell the closed book life portfolio of NN Belgium. We also reached an agreement on the sale of our asset manager, NN Investment Partners, to Goldman Sachs Group, which is expected to be completed in the coming months. The partnership with Goldman Sachs Asset Management will provide us the optionality to develop a broader range of asset management propositions to our customers.

Contributing to the well-being of people and the planet is one of our key strategic commitments. We aim to support the transition to a low-carbon economy across our business activities and operations, and want to offer products and services that reflect the different needs of the societies in which we operate. For example, we assist our customers in making their houses more energy efficient; the bank's sustainable mortgage label, Woonnu, continued to be in demand and originated EUR 1.4 billion of mortgages in 2021. In November, we also set interim targets to align with the Paris Agreement on the reduction of greenhouse gas emissions. By 2025 we aim to reduce the emissions of our corporate investments by 25% and of our own operations by 35%, compared with 2019. As part of this, for new investments we focus on companies which we view as frontrunners in the transition to a low-carbon economy, and aim to more than double our investments in climate solutions by 2030. Additionally, today we launched a sustainability bond framework, to enable the future issue of green, social and sustainability bonds.

Thanks to the efforts of our colleagues, who have mostly been working from home since the start of the pandemic, we have been able to further improve our customer satisfaction scores. Using remote working and digital channels we continued serving our customers and other stakeholders, under different and at times challenging circumstances. Therefore, we are pleased to see that the high employee engagement scores remained broadly stable in 2021. All in all, we are well on track to achieve our financial and non-financial targets in 2023.

NN Group key figures

In EUR million	2H21	2H20	Change	FY21	FY20	Change
Operating capital generation ¹⁾	804	450	78.8%	1,584	993	59.6%
Value of new business	186	144	29.2%	428	266	60.7%
Operating result ²⁾	917	963	-4.8%	2,036	1,889	7.8%
Net result	1,864	1,317	41.5%	3,278	1,904	72.2%
	31 Dec 21	30 Jun 21	31 Dec 20			
Solvency II ratio ³⁾²⁹⁾	213%	209%	210%			
	31 Dec 21	30 Jun 21	31 Dec 20			
Non-financial key figures						
No. of insurance businesses scoring above market average NPS ⁴⁾	5	3	4			
Brand consideration ⁵⁾	23%	21%	21%			
Employee engagement ⁶⁾	7.7	7.8	7.9			
Women in senior management positions	34%	34%	33%			
ESG-integrated AuM ⁷⁾	91%	75%	74%			
Contribution to our communities (EUR million) ⁸⁾	8.0	2.4	4.7			

Note: All footnotes are included on page 31

Operating capital generation in the second half of 2021 was EUR 804 million driven by the strong business performance and commercial momentum. This brings total capital generation for 2021 to almost EUR 1.6 billion, already meeting our EUR 1.5 billion target that we set for 2023. Even after the sale of the asset management unit in the coming months, our 2023 target for operating capital generation remains unchanged given the expected contribution in the coming years from the acquired businesses, as well as ongoing strong performance across the group.

The significant growth in capital generation supports the robust balance sheet and capital position of NN Group. The Solvency II ratio was 213% and holding company cash capital was EUR 2.0 billion at year-end 2021. In the coming months, we expect to receive the proceeds from the sale of our asset manager, while also paying the consideration for the acquisition of the MetLife businesses as well as redeeming the maturing senior debt. This allows us to deliver substantial capital returns to our shareholders. We have announced today a proposed final dividend of EUR 1.56 per share and share buyback programmes for a total amount of EUR 1.0 billion.'

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 – enhanced customer engagement

In the second half of 2021, we continued our efforts to enhance customer engagement, by developing platforms on key themes such as Carefree Retirement and Selfcare. In the Netherlands we launched WYZ, a digital one-stop shop for people over 50, providing useful content and access to services such as informal homecare (Zorggenoot) and employment (Kwiek).

In addition to developing our own customer engagement platforms, we reach customers through embedding our products in existing ones. For example, our e-bike insurance product is currently sold in four European countries via 32 partners, including e-bike dealers, manufacturers and brokers. By integrating our product into distributors' platforms, we offer customers protection against theft, damage and roadside breakdown for their new bicycle at a convenient moment in the purchasing process. This also helps expand our non-life insurance offering and access customers in new markets.

With the aim to simplify the insurance application process, NN Life Japan partnered with DataRobot, a machine-learning solution provider, to implement automated technology in incremental steps within 2022. With the help of artificial intelligence, the application process could be as short as three minutes from the current 'two-to-three day' cycle.

Our increased focus on customer engagement is reflected in improved customer and broker satisfaction scores in 2021. At the end of the year, five of our insurance business units scored above market average on NPS and three insurance business units scored on par with market average. We have launched several initiatives to gain more insights on NPS such as best practice sharing sessions and additional driver studies that give each business unit details on their relative performance, improvement areas and directions.

Products and services – Meeting customers' needs with new, protection and sustainable products

We continued our efforts to meeting our customers' evolving needs, with new and improved protection products. For example, in Hungary, we launched a new income protection insurance as an add-on to our main life insurance products and offering a monthly allowance for customers experiencing financial difficulties due to incapacity or unemployment. In Hungary, we also offer a health assistance service to all our individual customers. The health assistance includes a 24/7 call centre and an online platform where customers can either book an appointment to meet a doctor in person or consult with a physician online.

As market leader in pension savings, NN Slovakia introduced an ESG pension fund and became the first company in Slovakia to do so. The Respect Fund is unique, as it invests the savings based on environmental, social, and corporate governance criteria. In addition, NN Belgium received two awards for the best Belgian sustainable fund offering and for the best Belgian term life product.

BeFrank celebrated its ten-year anniversary having grown into the largest Premium Pension Institution (PPI) in the Netherlands, with more than 1,000 clients and 270,000 pension participants and with total Assets under Management of around EUR 6.8 billion. BeFrank is the only brand in the Dutch market that offers a CO2 neutral pension scheme to customers.

NN IP made progress on its strategic ambition to build a globally recognised alternative credit capability. Its efforts were also externally recognised with an improved ranking and still the only Dutch-based asset manager in the Global Top 100 Private Debt Fund Raisers. Notwithstanding the current divestment process, NN IP attracted new mandates, with net third-party inflows of EUR 5.2 billion in 2021.

People and Organisation – Progress in becoming a more diverse and inclusive workplace

We nurture a culture aimed at empowering our colleagues to be their best. The changing Covid-19 situation, requires us to continuously adjust our working conditions. During the second half of the year, we intensified our preparations to combine working from home with working in the office, offering a mix of tools to our colleagues. Our semi-annual employee engagement survey carried out in the second half of 2021 revealed that NN colleagues' engagement

remained high at 7.7 (compared with 7.8 in June 2021). The survey results show that colleagues feel empowered to fulfil their role, despite the circumstances, and have room for professional growth, but a point for attention is process efficiency.

During the second half of 2021, we strengthened our efforts towards becoming a more diverse and inclusive (D&I) workplace. We conducted a series of workshops in our markets, involving internal and external stakeholders. This led to a maturity gap analysis report with a thorough analysis and action plan for each market aimed at improving our position on diversity. We launched a D&I ambassadors network with country representatives who discuss, challenge and inspire each other on D&I-related topics. In Belgium, Japan and Spain we extended paternity leave. NN Spain was recognised as one of the 30 companies with the best D&I practices in the country.

Financial strength – Maintaining a strong balance sheet and generating attractive returns

The integration of VIVAT Non-life has reached a final stage with the completion of the migration of 1.8 million policies to NN systems. We have already achieved our EUR 40 million cost savings target, a year earlier than planned, and are working towards finalising the integration in the first half of this year.

NN Group reached an agreement with ABN AMRO Bank and our joint venture ABN AMRO Verzekeringen (AAV) to sell AAV's life insurance subsidiary to NN Life & Pensions. AAV's life insurance activities will be integrated into NN Life & Pensions and together with ABN AMRO Bank, we will make additional investments in the coming years to strengthen AAV's digital capabilities and further grow its non-life portfolio. The transaction is subject to regulatory approvals and is expected to close in the second half of 2022.

In December 2021, NN Re entered into the market of reinsurance through catastrophe bonds, used as a form of external risk transfer in the event of a natural disaster, for an amount of EUR 75 million and a duration of three years.

At the end of December 2021, NN Life completed a longevity reinsurance transaction to transfer the full longevity risk associated with approximately EUR 4 billion of pension liabilities. This will reduce NN's exposure to longevity risk, and consequently reduce the required capital and further strengthen NN's capital position. The longevity reinsurance agreement has no impact on the services and guarantees that NN provides to its policyholders. The transaction is expected to have limited financial impact on NN Group.

Following the publication of its Green Bond Framework in June 2021, NN Bank issued a seven-year EUR 500 million inaugural green bond under the Framework in September 2021. The bond qualifies as Minimum Required Eligible Liabilities (MREL) and was distributed to a large group of institutional investors. The proceeds of the bond are used to (re)finance mortgages for energy efficient residential properties in the Netherlands and supports NN Bank's objective to make its mortgage portfolio more sustainable.

Society – Raising financial awareness and investing to support our communities

NN has joined forces with the Amsterdam School of Economics at the University of Amsterdam to open the Research Centre for Longevity Risk, a new, independent research centre to conduct research on the financial and social consequences of changing life expectancies.

The percentage of NN IP's assets under management (AuM) where environmental, social and governance (ESG) factors are integrated in the investment process increased to 91%, driven by the inclusion of mortgage portfolios and the qualification of other Alternative Credit portfolios as ESG-integrated.

As a member of the Net Zero Asset Managers Initiative, NN IP is committed to support the goal of net zero greenhouse gas emissions by 2050. As part of this commitment, NN IP announced in November its initial scope of assets to be managed in line with reaching net-zero in 2050 or sooner. The scope includes assets managed in equity, corporate fixed income and sovereign bond portfolios. To underpin NN Group's ambition to accelerate the transition to a low-carbon economy, we have set interim targets for 2025 and 2030 for the reduction of greenhouse gas emissions of our corporate investment portfolio. In October, NN Group became a member of the Net-Zero Insurance Alliance.

Nationale-Nederlanden, which has a leading position in the Dutch group pensions market, continued its efforts to raise awareness on the new Pension Agreement. 'Pensioen TV' broadcasts launched earlier in the year proved to meet a real need. In addition, and on the occasion of Sustainable September, we extended our efforts beyond raising awareness to informing Dutch citizens on the sustainability of NN's pension schemes by publishing articles, interviews and videos and an online magazine on sustainability.



For the third consecutive year, NN has been the leading company in the annual Tax Transparency Benchmark, published by the Dutch association of investors for Sustainable Development (VBDO). The benchmark ranks 77 Dutch listed companies on the level of transparency they provide on tax and the quality of tax governance they demonstrate.

Throughout the year we continued supporting our communities through various initiatives and partnerships. For example, experts from NN Poland shared their knowledge with user experience design and supported the development of virtual reality glasses for children with cancer. During medical procedures, young patients use VR glasses, helping reduce their stress during treatments. NN Romania entered into a partnership with Children's Heart Association (Asociatia Inima Copiilor). We invested in the expansion the Cardio Surgery Department of Marie Curie Hospital in Bucharest and developed a platform inviting citizens to donate via SMS, doubling the donations until the necessary amount for the medical unit's expansion is reached. NN Group's total contributions to its communities increased to EUR 8.0 million in 2021, including more than 13,500 hours of volunteering and more than EUR 6.2 million in cash donations.

Consolidated results

In EUR million	2H21	2H20	Change	FY21	FY20	Change
Operating capital generation¹⁾						
Netherlands Life	451	266	69.4%	846	642	31.6%
Netherlands Non-life	163	14		325	76	330.0%
Insurance Europe	137	135	1.4%	318	253	25.5%
Japan Life	72	63	15.4%	129	133	-2.4%
Asset Management	68	53	27.5%	135	103	30.7%
Banking	49	0		104	0	
Other	-136	-81		-272	-214	
Operating capital generation	804	450	78.8%	1,584	993	59.6%

In EUR million	2H21	2H20	Change	FY21	FY20	Change
Analysis of results²⁾						
Netherlands Life	466	500	-6.8%	986	994	-0.8%
Netherlands Non-life	125	103	21.0%	314	215	46.4%
Insurance Europe	154	152	0.9%	315	285	10.6%
Japan Life	107	102	4.3%	263	240	9.3%
Asset Management	91	78	16.1%	181	152	19.1%
Banking	55	74	-25.3%	134	154	-13.1%
Other	-81	-47		-157	-151	
Operating result	917	963	-4.8%	2,036	1,889	7.8%
Non-operating items	1,332	605	120.1%	2,051	662	209.8%
of which gains/losses and impairments	986	472	109.1%	1,671	640	161.1%
of which revaluations	445	170	161.9%	485	337	44.1%
of which market and other impacts	-99	-36		-105	-315	
Special items	-56	-155		-103	-278	
Acquisition intangibles and goodwill	-18	-11		-28	-24	
Result on divestments	54	100	-45.5%	54	100	-45.5%
Result before tax	2,230	1,502	48.4%	4,010	2,349	70.7%
Taxation	357	172	107.1%	712	422	68.6%
Minority interests	9	13	-32.2%	19	22	-12.9%
Net result	1,864	1,317	41.5%	3,278	1,904	72.2%
Basic earnings per ordinary share in EUR ³⁾	5.96	4.12	44.6%	10.42	5.88	77.4%

Key figures

Gross premium income	6,242	6,071	2.8%	14,312	13,822	3.5%
New sales life insurance (APE)	568	507	11.9%	1,311	1,127	16.3%
Value of new business	186	144	29.2%	428	266	60.7%
Total administrative expenses	1,201	1,078	11.4%	2,280	2,121	7.5%
Combined ratio (Netherlands Non-life) ¹⁰⁾	95.1%	95.7%		93.5%	95.3%	

In EUR billion	31 Dec 21	30 Jun 21	Change	31 Dec 21	31 Dec 20	Change
Key figures						
Asset Management Assets under Management	301	298	1.1%	301	300	0.4%
Life general account invested assets	144	146	-1.5%	144	149	-2.9%
Total provisions for insurance and investment contracts	169	171	-1.3%	169	171	-1.1%
of which for risk policyholder	39	37	5.5%	39	35	12.7%
Solvency II ratio ³⁾²⁹⁾	213%	209%		213%	210%	
NN Life Solvency II ratio ³⁾	219%	213%		219%	220%	
CET1 ratio ¹¹⁾	17.4%	18.6%		17.4%	17.4%	
Total assets	252	250	0.5%	252	264	-4.6%
Employees (internal FTEs, end of period)	15,158	14,787	2.5%	15,158	14,845	2.1%

- NN Group's operating capital generation increased to EUR 804 million from EUR 450 million in the second half of 2020, mainly driven by a higher investment return as a result of changes in the asset portfolio and higher equity and real estate valuations as well as higher Non-life underwriting results
- Operating result of EUR 917 million versus EUR 963 million in the second half of 2020, mainly due to the lower technical margin at Netherlands Life, higher claims in the reinsurance business, higher operating expenses at Banking, partly compensated by higher underwriting results at Netherlands Non-life and higher fees at Asset Management
- Value of new business was EUR 186 million for the second half of 2021, up 29.2% from the second half of 2020, mainly driven by higher sales and an improved margin at Japan Life as well as higher sales and an improved life insurance business mix at Insurance Europe
- Full-year 2021 operating capital generation increased to EUR 1,584 million from EUR 993 million in 2020 mainly driven by higher operating capital generation at Netherlands Non-life, Netherlands Life, Banking and Insurance Europe
- Full-year 2021 operating result increased to EUR 2,036 million from EUR 1,889 million in 2020, mainly reflecting the improved results at Netherlands Non-life, Insurance Europe, Asset Management and Japan Life, partly offset by lower results at Banking
- Value of new business for full-year 2021 went up 60.7% to EUR 428 million compared with 2020, reflecting higher sales and an improved margin at Japan Life, as well as higher sales and an improved business mix at Insurance Europe

Operating capital generation

NN Group's operating capital generation increased to EUR 804 million from EUR 450 million in the second half of 2020. The increase 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 a higher investment return. The higher investment return reflects changes in the asset portfolio and higher equity and real estate valuations, partly offset by the negative impact of lower credit spreads. The current period reflects a higher Non-life underwriting result in both Property & Casualty and Disability & Accident. It also includes a positive contribution from Banking of EUR 49 million in the second half of 2021, compared with nil in the same period in 2020 under the former methodology based on dividends remitted to the holding.

Full-year 2021 operating capital generation increased to EUR 1,584 million from EUR 993 million in 2020 mainly driven by higher operating capital generation at Netherlands Non-life, Netherlands Life, Banking and Insurance Europe.

Operating result

The operating result of NN Group was EUR 917 million, compared with EUR 963 million in the second half of 2020 which included EUR 8 million of non-recurring benefits, while the second half of 2021 reflects EUR 52 million of claims related to the floods in July 2021 as well as a net benefit of EUR 52 million from non-recurring items. The decrease in the operating result was mainly due to the lower technical margin at Netherlands Life, higher claims in the reinsurance business, higher operating expenses at Banking, partly compensated by higher underwriting results at Netherlands Non-life and higher fees at Asset Management.

The operating result of Netherlands Life was EUR 466 million compared with EUR 500 million in the second half of 2020, mainly reflecting a lower technical margin and higher administrative expenses, partly compensated by a higher investment margin which includes EUR 54 million of private equity and special dividends, and higher fees and premium based revenues.

The operating result of Netherlands Non-life was EUR 125 million compared with EUR 103 million in the second half of 2020, mainly reflecting higher underwriting results in Property & Casualty and a higher investment income, including EUR 7 million of private equity dividends and changes in the asset portfolio.

The operating result of Insurance Europe was broadly stable at EUR 154 million in the second half of 2021. This reflects higher life and pension fees across the region, offset by higher administrative expenses, a lower technical margin as well as higher DAC amortisation and trail commission.

The operating result of Japan Life increased to EUR 107 million from EUR 102 million in the second half of 2020, mainly reflecting lower DAC amortisation and trail commissions and lower administrative expenses. Excluding currency effects, the operating result increased by 8.6%.

The operating result of Asset Management increased to EUR 91 million compared with EUR 78 million in the second half of 2020 driven by higher fees, partly offset by higher administrative expenses.

The operating result of Banking decreased to EUR 55 million from EUR 74 million in the second half of 2020, reflecting higher total expenses and lower operating income.

The operating result of the segment Other was EUR -81 million versus EUR -47 million in the second half of 2020, mainly reflecting the lower operating result of the reinsurance business as well as a lower holding result. The operating result of the reinsurance business reflects a EUR 9 million claim from a legacy portfolio and EUR 8 million of claims related to the floods in July 2021, while the same period in 2020 included an EUR 8 million release of the claims reserve related to Netherlands Non-life's Disability portfolio.

The full-year 2021 operating result increased to EUR 2,036 million from EUR 1,889 million in 2020, which included a total of EUR 24 million of non-recurring benefits, versus a total of EUR 76 million of non-recurring benefits in 2021. The increase mainly reflects the improved operating results of Netherlands Non-life, Insurance Europe, Asset Management and Japan Life, partly offset by lower operating results for Banking.

Result before tax

The result before tax increased to EUR 2,230 million from EUR 1,502 million in the second half of 2020, primarily driven by higher non-operating items and lower special items.

Gains/losses and impairments were EUR 986 million compared with EUR 472 million in the second half of 2020, mainly reflecting higher capital gains on the sale of public equities and government bonds.

Revaluations amounted to EUR 445 million versus EUR 170 million in the second half of 2020. The second half of 2021 includes positive revaluations of EUR 569 million on real estate and EUR 70 million on private equity, partly offset by EUR 169 million of negative revaluations of derivatives used for hedging purposes mainly reflecting accounting asymmetries.

Market and other impacts amounted to EUR -99 million compared with EUR -36 million in the second half of 2020. The second half of 2021 mainly reflects 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 EUR -56 million compared with EUR -155 million in the second half of 2020, mainly reflecting lower restructuring expenses.

Acquisition intangibles and goodwill amounted to EUR -18 million versus EUR -11 million in the second half of 2020.

The result on divestments amounted to EUR 54 million compared with EUR 100 million in the second half of 2020, which reflected the release of a provision related to a legacy entity. The second half of 2021 mainly reflects the divestment of the business in Bulgaria.

The full-year 2021 result before tax increased to EUR 4,010 million from EUR 2,349 million in 2020, reflecting higher non-operating items, lower special items and the higher operating result.

Net result

The net result in the second half of 2021 increased to EUR 1,864 million from EUR 1,317 million in the second half of 2020. The effective tax rate in the second half of 2021 was 16.0%, reflecting a relatively low tax charge on the investment income, mainly due to the participation exemption on capital gains, revaluations and dividends.

The full-year 2021 net result was EUR 3,278 million compared with EUR 1,904 million in 2020. The effective tax rate for the full-year 2021 was 17.8%.

Sales and value of new business

Total new sales (APE) were EUR 568 million, up 15.1% from the second half of 2020 on a constant currency basis. New sales at Netherlands Life were EUR 70 million compared with EUR 41 million in the second half of 2020, mainly due to higher volume of group pension contracts. At Japan Life, new sales were EUR 150 million, up 12.1% from the second half of 2020, excluding currency effects, reflecting higher sales as a result of management actions. New sales at Insurance Europe were up 9.2% on a constant currency basis, mainly reflecting management actions across the region, partly offset by the divestment of the Bulgarian business.



Value of new business was EUR 186 million, up 29.2% from the second half of 2020 driven by higher sales and an improved margin at Japan Life as well as management actions across the region resulting in higher sales and an improved life insurance business mix at Insurance Europe, mainly following a continuous shift of traditional products to unit-linked products in Belgium.

The full-year 2021, total new sales (APE) were EUR 1,311 million, up 20.2% at constant currencies, mainly reflecting the strong market recovery from low sales in 2020 and management actions at Japan Life as well as management actions and market recovery in sales from Covid-19 restrictions in 2020 at Insurance Europe.

Value of new business for full-year 2021 amounted to EUR 428 million, up 60.7% on 2020, reflecting strong market recovery resulting in higher sales and an improved margin as a result of management actions including repricing at Japan Life, as well as an increase at Insurance Europe as the result of sales management actions on volume and business mix and recovery in sales from Covid-19 restrictions of 2020.

Capital Management

- Solvency II ratio of NN Group increased to 213% from 209% at the end of the first half of 2021, mainly driven by operating capital generation and favourable market impacts, partly offset by the deduction of the proposed 2021 final dividend
- NN Group's operating capital generation increased to EUR 804 million from EUR 450 million in the second half of 2020, 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 a higher investment return
- Cash capital position at the holding increased to EUR 1,998 million from EUR 1,533 million at the end of the first half of 2021, reflecting free cash flow to the holding and proceeds from the issuance of senior debt, partly offset by capital flows to shareholders and amounts paid for acquisitions
- Free cash flow to the holding in the second half of 2021 reflects EUR 856 million of remittances from subsidiaries, partly offset by other holding company cash flows
- 2021 final dividend proposal of EUR 1.56 per ordinary share, bringing the full-year 2021 dividend to EUR 2.49 per ordinary share, up 7% on 2020
- New share buyback programmes for a total amount of EUR 1.0 billion

Solvency II

In EUR million	31 Dec 21	30 Jun 21	31 Dec 20
Basic Own Funds	22,021	21,620	21,228
Non-available Own Funds	1,094	1,049	1,200
Non-eligible Own Funds	0	0	0
Eligible Own Funds (a)	20,927	20,571	20,028
of which Tier 1 Unrestricted	13,377	12,985	12,484
of which Tier 1 Restricted	1,875	1,908	1,927
of which Tier 2	2,422	2,432	2,484
of which Tier 3	848	899	733
of which non-solvency II regulated entities	2,404	2,347	2,400
Solvency Capital Requirements (b)	9,840	9,858	9,534
of which non-solvency II regulated entities	1,334	1,387	1,368
NN Group Solvency II ratio (a/b)³⁾²⁹⁾	213%	209%	210%
NN Life Solvency II ratio³⁾	219%	213%	220%

The NN Group Solvency II ratio increased to 213% from 209% at the end of the first half of 2021. This is mainly driven by operating capital generation and favourable market impacts, partly offset by the deduction of the proposed 2021 final dividend, the acquisition of Dutch insurance broker and service provider Heinenoord as well as other movements including model and assumption changes. Market impacts mainly reflect positive real estate revaluations and changes in interest rates.

The NN Life Solvency II ratio increased to 219% from 213% at the end of the first half of 2021, mainly driven by operating capital generation and favourable market impacts, partly offset by EUR 490 million of dividend payments to the holding company. Market impacts mainly reflect changes in interest rates and positive real estate revaluations.

In 2021, the Dutch Central Bank (DNB) issued further guidance related to the treatment of contract boundaries for individual disability contracts. NN Group intends to reflect the consequence of this guidance in the solvency calculations of Nationale-Nederlanden Schadeverzekering Maatschappij N.V. (NN Schade) in the first half of 2022, which is expected to have an impact of approximately -2%-points on the solvency ratio of NN Group.

Operating capital generation

In EUR million	2H21	2H20	Change	FY21	FY20	Change
Investment return	688	654	5.2%	1,335	1,223	9.2%
Life - UFR drag	-394	-557		-825	-978	
Life - Risk margin release	196	225	-12.8%	400	440	-8.9%
Life - Experience variance	-21	-42		-18	-5	
Life - New business	59	39	51.3%	138	92	49.4%
Non-life underwriting	125	49	157.3%	254	92	175.8%
Non-Solvency II entities (Assets Management, Japan, Bank, Other ¹²)	246	146	68.3%	479	298	60.7%
Holding expenses and debt costs	-143	-136		-283	-277	
Change in SCR	48	73	-34.2%	103	108	-4.0%
Operating capital generation	804	450	78.8%	1,584	993	59.6%

NN Group's operating capital generation increased to EUR 804 million from EUR 450 million in the second half of 2020. The increase 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 a higher investment return. The higher investment return reflects changes in the asset portfolio and higher equity and real estate valuations, partly offset by the negative impact of lower credit spreads. The current period reflects a higher Non-life underwriting result in both Property & Casualty and Disability & Accident. It also includes a positive contribution from Banking of EUR 49 million in the second half of 2021, compared with nil in the same period in 2020 under the former methodology based on dividends remitted to the holding.

Full-year 2021 operating capital generation increased to EUR 1,584 million from EUR 993 million in 2020. The increase mainly reflects higher Non-life underwriting results, positive contribution from Banking, the positive impact of higher rates and the higher investment return driven by changes in the asset portfolio and higher equity and real estate valuations.

Cash capital position at the holding company

In EUR million	2H21	FY21
Beginning of period	1,533	1,170
Remittances from subsidiaries ¹³	856	1,835
Capital injections into subsidiaries ¹⁴	-13	-19
Other ¹⁵	-150	-344
Free cash flow to the holding¹⁶	693	1,472
Cash divestment proceeds	76	76
Acquisitions	-358	-358
Capital flows to shareholders	-544	-960
Increase / (decrease) in debt and loans	597	597
End of period	1,998	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 1,998 million from EUR 1,533 million at the end of the first half of 2021. The increase mainly reflects EUR 856 million of remittances from subsidiaries and a temporary increase from the proceeds of the issuance of senior debt which is intended to be used for the repayment of an existing EUR 600 million senior note that matures on 18 March 2022. This is partly offset by EUR 544 million of capital flows to shareholders, EUR 358 million paid for acquisitions mainly reflecting the acquisition of Dutch insurance broker and service provider Heinenoord and other movements of EUR 150 million that include holding company expenses, interest on loans and debt and other holding company cash flows. Capital flows to shareholders comprise the 2021 interim cash dividend of EUR 160 million and the repurchase of EUR 384 million of own shares. Cash divestment proceeds of EUR 76 million reflect the sale of the Bulgarian business.

Financial leverage

In EUR million	31 Dec 21	30 Jun 21	31 Dec 20
Shareholders' equity	32,888	32,863	36,731
Adjustment for revaluation reserves ¹⁷⁾	-11,730	-12,690	-17,790
Minority interests	266	287	277
Capital base for financial leverage (a)	21,424	20,459	19,219
Undated subordinated notes ¹⁹⁾	1,764	1,764	1,764
Subordinated debt	2,356	2,370	2,383
Total subordinated debt	4,120	4,133	4,146
Debt securities issued	2,292	1,695	1,694
Financial leverage (b)	6,412	5,828	5,840
Financial leverage ratio (b/(a+b))	23.0%	22.2%	23.3%
Fixed-cost coverage ratio ¹⁸⁾¹⁹⁾	19.9x	16.6x	11.9x

The financial leverage ratio of NN Group was 23.0% at the end of 2021 compared with 22.2% at the end of the first half of 2021. This reflects a temporary increase of the financial leverage as a result of the issuance of EUR 600 million of senior debt, partly offset by the increase of the capital base for financial leverage. The increase of the capital base is mainly driven by the second half-year net result of EUR 1,864 million, partly offset by capital flows to shareholders for an amount of EUR 544 million.

The fixed-cost coverage ratio was 19.9x at the end of 2021 versus 16.6x at the end of the first half of 2021 (on a last 12-months basis).

Dividend

At the annual general meeting on 19 May 2022, a final dividend will be proposed of EUR 1.56 per ordinary share, or approximately EUR 476 million in total based on the current number of outstanding shares (net of treasury shares). The final 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. If the proposed dividend is approved by the General Meeting, NN Group ordinary shares will be quoted ex-dividend on 23 May 2022. The record date for the dividend will be 24 May 2022. The election period will run from 25 May up to and including 8 June 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 2 June through 8 June 2022. The dividend will be payable on 15 June 2022. (For more information: <https://www.nn-group.com/investors/share-information/dividend-policy-and-dividend-history.htm>)

On 8 September 2021, NN Group paid an interim dividend of EUR 0.93 per ordinary share, which was calculated in accordance with the NN Group dividend policy. The proposed 2021 final dividend of EUR 1.56 per ordinary share plus the 2021 interim dividend of EUR 0.93 per ordinary share gives a total dividend for 2021 of EUR 2.49 per ordinary share.

Share buyback

NN Group announced today that it will execute an open market share buyback programme for an amount of EUR 250 million. The programme will be executed within 12 months and is anticipated to commence on 1 March 2022.

NN Group also announced today that it will execute an additional open market share buyback programme for an amount of EUR 750 million after completion of the sale of NNIP. This intended additional share buyback programme is expected to be completed before 1 March 2023.

Both share buybacks will be deducted in full from Solvency II Own Funds in the first half of 2022 and are estimated to reduce NN Group's Solvency II ratio by approximately 10%-points.

In addition, NN Group intends to repurchase shares to neutralise the dilutive effect of any stock dividends.

NN Group intends to cancel any repurchased NN Group shares under the programmes unless used to cover obligations under share-based remuneration arrangements or to deliver stock dividend. The share buyback programmes will be executed within the limitations of the existing authority granted by the General Meeting on 20 May 2021 and such authority to be 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 will be executed by financial intermediaries and will be performed in compliance with the safe harbour provisions for share buybacks.

On 18 February 2021, NN Group announced an open market share buyback programme for an amount of EUR 250 million over a period of 12 months, commencing on 1 March 2021. Up to 11 February 2022, shares for a total amount of EUR 235 million were repurchased, representing 94% of the total share buyback amount.

NN Group neutralised the dilutive effect of the 2020 final dividend that was paid in the form of ordinary shares for a total amount of EUR 202 million and the 2021 interim dividend that was paid in the form of ordinary shares for a total amount of EUR 127 million. These share buyback programmes were completed on 22 September 2021 and 26 November 2021 respectively.

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

The total number of NN Group shares outstanding (net of 12,864,633 treasury shares) on 11 February 2022 was 305,013,577.

Credit ratings

On 9 December 2021, Standard & Poor’s published a report affirming NN Group’s ‘A’ financial strength rating and ‘BBB+’ credit rating with a stable outlook.

On 5 November 2021, 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 16 February 2022	Financial Strength Rating	NN Group N.V. Counterparty Credit Rating
Standard & Poor’s	A Stable	BBB+ Stable
Fitch	AA- Stable	A+ Stable

Netherlands Life

- Operating capital generation of Netherlands Life increased to EUR 451 million from EUR 266 million in the second half of 2020, 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 a higher investment return
- Operating result of EUR 466 million compared with EUR 500 million in the second half of 2020, mainly reflecting a lower technical margin and higher administrative expenses, partly compensated by a higher investment margin and higher fees and premium based revenues
- Full-year 2021 operating capital generation increased to EUR 846 million from EUR 642 million in 2020, mainly driven by the lower net negative impact of the UFR drag and risk margin release as a result of higher interest rates, and a higher investment return
- Full-year 2021 operating result decreased to EUR 986 million from EUR 994 million in 2020, due to a lower technical margin and higher administrative expenses, partly compensated by a higher investment margin

In EUR million	2H21	2H20	Change	FY21	FY20	Change
Analysis of results						
Investment margin	501	457	9.6%	996	890	11.8%
Fees and premium-based revenues	199	191	4.1%	391	392	-0.3%
Technical margin	29	87	-66.3%	103	184	-43.9%
Operating income non-modelled business	0	0		0	0	
Operating income	730	735	-0.8%	1,490	1,467	1.6%
Administrative expenses	249	220	13.3%	473	440	7.5%
DAC amortisation and trail commissions	15	16	-5.9%	31	33	-5.1%
Total expenses	264	235	12.0%	504	473	6.7%
Operating result	466	500	-6.8%	986	994	-0.8%
Non-operating items	1,286	531	142.1%	1,946	680	186.1%
of which gains/losses and impairments	957	409	134.3%	1,618	620	160.9%
of which revaluations	386	159	143.6%	379	371	2.3%
of which market and other impacts	-58	-36		-51	-310	
Special items	-11	-46		-17	-77	
Result on divestments	0	0		0	0	
Result before tax	1,741	985	76.7%	2,915	1,597	82.5%
Taxation	226	138	63.7%	431	330	30.5%
Minority interests	-2	0		-4	8	
Net result	1,516	847	79.0%	2,488	1,260	97.5%
New business						
Single premiums	396	244	62.6%	807	485	66.5%
Regular premiums	30	17	80.0%	158	170	-7.4%
New sales life insurance (APE)	70	41	69.7%	239	219	9.0%
Value of new business	6	-1		21	8	154.5%
Key figures						
Operating capital generation ¹⁾	451	266	69.4%	846	642	31.6%
Gross premium income	1,716	1,551	10.6%	3,972	3,544	12.1%
Administrative expenses	249	220	13.3%	473	440	7.5%

In EUR billion	31 Dec 21	30 Jun 21	Change	31 Dec 21	31 Dec 20	Change
Key figures						
Life general account invested assets	113	112	0.9%	113	113	0.0%
Assets under Management DC business total ²⁰⁾	29.9	27.4	9.3%	29.9	24.6	21.6%
Total provisions for insurance and investment contracts	118	117	0.8%	118	117	0.9%
of which for risk policyholder	28	26	6.5%	28	24	14.2%
NN Life Solvency II ratio ³⁾	219%	213%		219%	220%	
Employees (internal FTEs, end of period)	2,058	2,089	-1.5%	2,058	2,172	-5.3%

Operating capital generation of Netherlands Life increased to EUR 451 million from EUR 266 million in the second half of 2020. The increase 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 a higher investment return. The higher investment return reflects changes in the asset portfolio and higher equity and real estate valuations, partly offset by the negative impact of lower credit spreads.

The operating result was EUR 466 million compared with EUR 500 million in the second half of 2020, mainly reflecting a lower technical margin and higher administrative expenses, partly compensated by a higher investment margin and higher fees and premium based revenues.

The investment margin increased to EUR 501 million compared with EUR 457 million in the second half of 2020. The current half-year reflects higher income largely driven by EUR 54 million of private equity and special dividends, whereas the same period of last year did not include such dividends.

Fees and premium-based revenues increased to EUR 199 million from EUR 191 million in the second half of 2020, reflecting higher fees due to the growth of assets under management for the defined contribution portfolio. The negative impact of the run-off of the individual life closed book was partly compensated by higher unit-linked fees due to favorable markets.

The technical margin decreased to EUR 29 million from EUR 87 million in the second half of 2020 which benefited from positive non-recurring items, while the current half year reflects lower morbidity results.

Administrative expenses increased to EUR 249 million from EUR 220 million in the second half of 2020, reflecting a reclassification of specific expenses from special items to administrative expenses as from 2021. On a comparable basis, administrative expenses decreased compared with the same period last year mainly driven by lower staff expenses.

DAC amortisation and trail commissions were EUR 15 million compared with EUR 16 million in the second half of 2020.

The result before tax increased to EUR 1,741 million from EUR 985 million in the second half of 2020, mainly driven by higher gains/losses and impairments and higher revaluations.

Gains/losses and impairments increased to EUR 957 million in the second half of 2021 from EUR 409 million in the same period of 2020. The current half-year mainly reflects capital gains on the sale of public equities and government bonds.

Revaluations increased to EUR 386 million compared with EUR 159 million in the second half of 2020. The current half-year mainly reflects positive revaluations on real estate and private equity, partly offset by negative revaluations on derivatives used for hedging purposes reflecting accounting asymmetries.

Market and other impacts were EUR -58 million versus EUR -36 million in the second half of 2020, 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) were EUR 70 million compared with EUR 41 million in the second half of 2020, mainly driven by a higher volume of group pension contracts.

The value of new business was EUR 6 million in the second half of 2021 compared with EUR -1 million in the same period of 2020.

Assets under management DC increased to EUR 29.9 billion at 31 December 2021, from EUR 27.4 billion at 30 June 2021. The increase in assets under management DC was driven by a combination of market growth and net inflows.

Full-year 2021 operating capital generation increased to EUR 846 million from EUR 642 million in 2020. The increase is mainly driven by the lower net negative impact of the UFR drag and risk margin release as a result of higher interest rates, and a higher investment return reflecting changes in the asset portfolio and higher equity and real estate valuations, partly offset by the negative impact of lower credit spreads.

The full-year 2021 operating result decreased to EUR 986 million from EUR 994 million in 2020. The decrease is due to a lower technical margin and higher administrative expenses, partly compensated by a higher investment margin. The investment margin in 2021 includes EUR 78 million of private equity and special dividends, whereas 2020 included EUR 9 million of such dividends. Excluding these items, the investment margin increased as a result of changes in the asset portfolio. Administrative expenses increased to EUR 473 million from EUR 440 million in 2020,

reflecting a reclassification of specific expenses from special items to administrative expenses as from 2021. On a comparable basis, administrative expenses decreased compared with 2020, mainly driven by lower staff expenses.

The full-year 2021 result before tax increased to EUR 2,915 million compared with EUR 1,597 million in 2020. The increase mainly reflects higher gains/losses on the sale of public equities and government bonds as well as impairments and higher markets and other impacts.

New sales (APE) for full-year 2021 increased to EUR 239 million from EUR 219 million in 2020, mainly driven by a higher volume of group pension contracts.

The value of new business for full-year 2021 increased to EUR 21 million from EUR 8 million in 2020.

Netherlands Non-life

- Operating capital generation increased to EUR 163 million from EUR 14 million in the second half of 2020, reflecting higher underwriting results in Property & Casualty (P&C) including a positive impact from Covid-19
- Operating result increased to EUR 125 million from EUR 103 million in the second half of 2020, reflecting higher underwriting results in Property & Casualty and higher investment income
- Combined ratio improved to 95.1% versus 95.7% in the second half of 2020
- Full-year 2021 operating capital generation increased to EUR 325 million from EUR 76 million in 2020. The increase is mainly driven by a favourable claims development in P&C, including a positive impact from Covid-19, while 2020 was negatively impacted by a higher SCR following the termination of an internal reinsurance agreement in the Individual Disability portfolio
- Full-year 2021 operating result increased to EUR 314 million from EUR 215 million in 2020 reflecting higher underwriting results in both Property & Casualty and Disability & Accident and higher investment income

In EUR million	2H21	2H20	Change	FY21	FY20	Change
Analysis of results						
Earned premiums	1,798	1,780	1.0%	3,617	3,418	5.8%
Investment income	64	48	34.9%	128	98	31.0%
Other income	-6	1		-6	-1	
Operating income	1,857	1,829	1.5%	3,739	3,515	6.4%
Claims incurred, net of reinsurance	1,219	1,212	0.5%	2,424	2,350	3.2%
Acquisition costs	330	338	-2.4%	660	630	4.8%
Administrative expenses	189	183	3.1%	357	340	4.9%
Acquisition costs and administrative expenses	519	521	-0.4%	1,017	970	4.9%
Expenditure	1,738	1,734	0.2%	3,440	3,319	3.7%
Operating result insurance businesses	119	95	25.1%	299	196	52.6%
Operating result non-insurance businesses	6	8	-25.1%	16	19	-17.3%
Total operating result	125	103	21.0%	314	215	46.4%
Non-operating items	53	40	34.0%	57	3	
of which gains/losses and impairments	24	24	2.2%	33	0	
of which revaluations	29	7	296.7%	24	-9	
of which market and other impacts	0	9	-99.4%	0	12	-99.0%
Special items	-14	-45		-35	-79	
Result on divestments	0	0		0	0	
Result before tax	164	98	67.5%	336	138	143.0%
Taxation	33	21	58.8%	71	31	127.8%
Minority interests	7	11	-36.5%	16	11	47.7%
Net result	124	67	86.9%	250	97	158.3%
Key figures						
Operating capital generation ¹⁾	163	14		325	76	330.0%
Gross premium income	1,491	1,428	4.4%	3,798	3,521	7.9%
Total administrative expenses ²¹⁾	272	249	9.5%	496	451	10.1%
Combined ratio ¹⁰⁾	95.1%	95.7%		93.5%	95.3%	
of which Claims ratio ¹⁰⁾	66.2%	66.4%		65.4%	67.0%	
of which Expense ratio ¹⁰⁾	28.9%	29.3%		28.1%	28.4%	

In EUR billion	31 Dec 21	30 Jun 21	Change	31 Dec 21	31 Dec 20	Change
Key figures						
Total insurance provisions	7	8	-4.6%	7	7	1.3%
Employees (internal FTEs, end of period)	3,853	3,281	17.4%	3,853	3,330	15.7%

Operating capital generation of Netherlands Non-life increased to EUR 163 million from EUR 14 million in the second half of 2020, reflecting higher underwriting results in Property & Casualty (P&C) including a positive impact from Covid-19, despite the impact of the floods in the Netherlands and Belgium in July 2021. Underwriting results in Disability & Accident (D&A) also increased, while the second half of 2020 was negatively impacted by a higher SCR following the termination of an internal reinsurance agreement in the Individual Disability portfolio.

The operating result increased to EUR 125 million from EUR 103 million in the second half of 2020, mainly reflecting higher underwriting results in P&C and a higher investment income driven by EUR 7 million of private equity dividends and changes in the asset portfolio. The combined ratio was 95.1% versus 95.7% in the second half of 2020.

The operating result in P&C increased to EUR 122 million from EUR 105 million in the second half of 2020. The current half-year mainly reflects higher underwriting results in the Motor and Miscellaneous portfolios including a positive impact from Covid-19, partly offset by higher claims in the Fire portfolio including EUR 44 million of claims related to the floods in the Netherlands and Belgium in July 2021. The P&C combined ratio was 91.4% compared with 93.0% in the second half of 2020.

The operating result in D&A was EUR -3 million compared with EUR -10 million in the second half of 2020, mainly reflecting a more favourable claims development in the Group Income portfolio and higher investment income, partly offset by lower underwriting results in Individual Disability including a negative impact from Covid-19. The D&A combined ratio was 103.6% versus 102.0% in the second half of 2020.

Administrative expenses increased to EUR 189 million from EUR 183 million in the second half of 2020 mainly reflecting higher project expenses.

The operating result of the non-insurance businesses was EUR 6 million versus EUR 8 million in the second half of 2020.

The result before tax of Netherlands Non-life increased to EUR 164 million from EUR 98 million in the second half of 2020, reflecting lower special items, the higher operating result and higher non-operating items. Special items mainly reflect integration expenses. Higher non-operating items include positive revaluations on real estate.

Full-year 2021 operating capital generation increased to EUR 325 million from EUR 76 million in 2020. The increase is mainly driven by a favourable claims development in P&C, including a positive impact from Covid-19, while 2020 was negatively impacted by a higher SCR following the termination of an internal reinsurance agreement in the Individual Disability portfolio.

The full-year 2021 operating result of Netherlands Non-life increased to EUR 314 million from EUR 215 million in 2020. The increase reflects higher underwriting results in both P&C and D&A and higher investment income following changes in the asset portfolio. The higher underwriting results in P&C reflect a favourable claims development, including a positive impact from Covid-19. Higher underwriting results in D&A include more favourable claims development in the Group Income and Accident & Travel portfolios, partly offset by higher claims experience in the Individual Disability portfolio including a negative impact from Covid-19.

The full-year 2021 result before tax increased to EUR 336 million from EUR 138 million in 2020, reflecting the higher operating result, higher non-operating items and lower special items. Higher non-operating items include realised gains on the sale of public equity as well as government bonds, and positive revaluations on real estate. Special items mainly reflect integration expenses.

The combined ratio for 2021 was 93.5% compared with 95.3% in 2020.

Insurance Europe

- Operating capital generation was broadly stable at EUR 137 million, reflecting higher pension fees in Romania, Slovakia and Poland, offset by a non-recurring item in Greece
- Value of new business increased to EUR 115 million, up 16.5% from EUR 99 million in the second half of 2020, reflecting management actions resulting in higher sales and an improved life insurance business mix
- Operating result was broadly stable at EUR 154 million in the second half of 2021
- Full-year 2021 operating capital generation increased to EUR 318 million from EUR 253 million in 2020, driven by higher pension fees and a higher new business contribution, partly offset by a non-recurring item in Greece
- Full-year 2021 value of new business increased to EUR 250 million, up 36.7% from EUR 183 million in 2020, as sales management actions on volume and business mix and recovery in sales from Covid-19 restrictions in 2020
- Full-year 2021 operating result increased to EUR 315 million from EUR 285 million in 2020, reflecting higher life and pension fees across the region, partly offset by higher administrative expenses

In EUR million	2H21	2H20	Change	FY21	FY20	Change
Analysis of results						
Investment margin	59	61	-4.1%	116	110	5.9%
Fees and premium-based revenues	418	363	15.3%	811	730	11.1%
Technical margin	115	128	-9.6%	235	252	-7.0%
Operating income non-modelled business	1	0	156.7%	1	1	-39.6%
Operating income Life Insurance	593	552	7.4%	1,163	1,093	6.3%
Administrative expenses	235	203	16.2%	446	417	7.0%
DAC amortisation and trail commissions	204	193	5.5%	401	389	3.0%
Expenses Life Insurance	439	396	11.0%	847	806	5.0%
Operating result Life Insurance	154	156	-1.6%	316	287	10.0%
Operating result Non-life	0	-4		-1	-3	
Operating result	154	152	0.9%	315	285	10.6%
Non-operating items	29	11	178.8%	48	-11	
of which gains/losses and impairments	1	5	-90.8%	2	4	-55.2%
of which revaluations	31	2		46	-12	
of which market and other impacts	-2	3		0	-4	
Special items	-9	-16		-14	-29	
Acquisition intangibles and goodwill	-7	0		-7	0	
Result on divestments	54	-11		54	-11	
Result before tax	222	136	63.4%	396	234	69.7%
Taxation	41	39	5.2%	80	63	27.8%
Minority interests	0	0		0	0	
Net result	181	97	86.6%	316	171	85.1%
New business						
Single premiums	626	623	0.5%	1,285	1,177	9.2%
Regular premiums	285	264	8.0%	599	527	13.6%
New sales life insurance (APE)	347	326	6.5%	727	644	12.8%
Value of new business	115	99	16.5%	250	183	36.7%
Key figures						
Operating capital generation ¹⁾	137	135	1.4%	318	253	25.5%
Gross premium income	1,558	1,489	4.6%	3,127	3,001	4.2%
Total administrative expenses (Life and Non-life)	242	212	14.0%	458	432	5.9%
In EUR billion						
Key figures						
Life general account invested assets	14	17	-19.4%	14	18	-23.0%
Total provisions for insurance and investment contracts	24	27	-11.4%	24	27	-11.3%
of which for risk policyholder	10	9	4.3%	10	9	12.1%
Assets under Management Pensions ²⁾	25	25	0.3%	25	22	13.6%
Employees (internal FTEs, end of period)	4,652	4,846	-4.0%	4,652	4,820	-3.5%

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 was broadly stable at EUR 137 million, reflecting higher pension fees in Romania, Slovakia and Poland, offset by a non-recurring item in Greece.

The operating result was broadly stable at EUR 154 million in the second half of 2021. This reflects higher life and pension fees across the region, offset by higher administrative expenses, a lower technical margin as well as higher DAC amortisation and trail commissions.

The investment margin was broadly stable at EUR 59 million.

Fees and premium-based revenues increased to EUR 418 million from EUR 363 million in the second half of 2020, mainly reflecting higher life fees across the region from business growth and favourable pension fees in Slovakia, Romania and Poland.

The technical margin decreased to EUR 115 million from EUR 128 million in the second half of 2020. This was mainly due to higher Covid-19 related claims and reserve strengthening.

Administrative expenses increased to EUR 235 million from EUR 203 million in the second half of 2020, which benefited from positive currency impacts in Poland and Turkey, while the current period reflects expenses of various growth initiatives.

DAC amortisation and trail commissions increased to EUR 204 million from EUR 193 million in the second half of 2020, mainly due to higher production and business growth across the region.

The Non-life operating result increased to EUR 0 million from EUR -4 million in the second half of 2020, mainly driven by higher profitability.

The result before tax increased to EUR 222 million from EUR 136 million in the second half of 2020, reflecting the result on the sale of the Bulgarian business and positive real estate revaluations, mainly in Belgium.

New sales (APE) increased to EUR 347 million, up 9.2% on a constant currency basis from the second half of 2020, mainly reflecting management actions across the region, partly offset by the divestment of the Bulgarian business.

Value of new business increased to EUR 115 million, up 16.5% from EUR 99 million in the second half of 2020, reflecting management actions across the region resulting in higher sales and an improved life insurance business mix, mainly following a continuous shift of traditional products to unit-linked products in Belgium.

Full-year 2021 operating capital generation increased to EUR 318 million from EUR 253 million in 2020, mainly driven by higher pension fees in Romania, Slovakia and Poland as well as a higher new business contribution across the region, partly offset by a non-recurring item in Greece.

The full-year 2021 operating result increased to EUR 315 million from EUR 285 million in 2020, reflecting higher life and pension fees across the region, partly offset by higher administrative expenses.

The result before tax for full-year 2021 increased to EUR 396 million from EUR 234 million in 2020, mainly driven by the result on the sale of the Bulgarian business, positive real estate revaluations and a higher operating result.

Full-year 2021 new sales (APE) increased to EUR 727 million, up 16.4% on a constant currency basis from 2020, reflecting management actions and market recovery in sales from Covid-19 restrictions in 2020.

Value of new business for full-year 2021 increased to EUR 250 million, up 36.7% from EUR 183 million in 2020, driven by sales management actions on volume and business mix and recovery in sales from Covid-19 restrictions in 2020.

Japan Life

- Value of new business was EUR 64 million, up from EUR 46 million in the second half of 2020, reflecting higher sales and an improved margin as a result of management actions including repricing
- Operating capital generation increased to EUR 72 million from EUR 63 million in the second half of 2020, reflecting a higher in-force contribution, partly offset by a negative impact of a higher new business strain
- Operating result increased to EUR 107 million from EUR 102 million in the second half of 2020, mainly reflecting lower DAC amortisation and trail commissions and lower administrative expenses. Excluding currency effects, the operating result increased by 8.6%
- Full-year 2021 value of new business increased to EUR 156 million from EUR 75 million in 2020, reflecting the strong market recovery from low sales in 2020 and an improved margin as a result of management actions including repricing
- Full-year 2021 operating capital generation broadly stable at EUR 129 million, reflecting the negative impact of a higher new business strain, compensated by a higher in-force contribution
- Full-year 2021 operating result increased to EUR 263 million from EUR 240 million in 2020, mainly reflecting a higher technical margin and lower DAC amortisation and trail commissions. Excluding currency effects, the full-year operating result increased by 16.7%

In EUR million	2H21	2H20	Change	FY21	FY20	Change
Analysis of results						
Investment margin	-4	-6		-12	-14	
Fees and premium-based revenues	271	275	-1.6%	610	639	-4.5%
Technical margin	9	10	-5.5%	30	17	70.6%
Operating income non-modelled business	0	0		0	0	
Operating income	276	279	-0.9%	628	642	-2.2%
Administrative expenses	71	73	-3.7%	135	144	-6.5%
DAC amortisation and trail commissions	99	103	-4.1%	230	258	-10.6%
Total expenses	169	176	-3.9%	365	402	-9.2%
Operating result	107	102	4.3%	263	240	9.3%
Non-operating items	-1	5		2	-27	
of which gains/losses and impairments	0	10		4	-7	
of which revaluations	-1	-4		-2	-20	
of which market and other impacts	0	0		0	0	
Special items	-1	-1		-3	-3	
Result on divestments	0	0		0	0	
Result before tax	105	106	-1.3%	262	210	24.8%
Taxation	30	28	6.4%	74	57	28.7%
Minority interests	0	0		0	0	
Net result	74	78	-4.1%	188	152	23.3%
New business						
Single premiums	0	0		0	0	
Regular premiums	150	140	7.4%	345	263	30.9%
New sales life insurance (APE)	150	140	7.4%	345	263	30.9%
Value of new business	64	46	41.3%	156	75	109.2%
Key figures						
Operating capital generation ¹⁾	72	63	15.4%	129	133	-2.4%
Gross premium income	1,459	1,590	-8.2%	3,381	3,728	-9.3%
Administrative expenses	71	73	-3.7%	135	144	-6.5%
In EUR billion						
Key figures						
Life general account invested assets	17	17	0.6%	17	17	-1.3%
Total provisions for insurance and investment contracts	18	17	1.8%	18	17	1.3%
of which for risk policyholder	0	0	4.2%	0	0	7.0%
Employees (internal FTEs, end of period)	859	859	0.0%	859	855	0.5%

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 was EUR 64 million, up from EUR 46 million in the second half of 2020. The current period reflects higher sales and an improved margin as a result of management actions including repricing.

Operating capital generation increased to EUR 72 million from EUR 63 million in the second half of 2020, reflecting a higher in-force contribution, partly offset by a negative impact of a higher new business strain as a result of higher sales.

Operating result increased to EUR 107 million from EUR 102 million in the second half of 2020, mainly reflecting lower DAC amortisation and trail commissions and lower administrative expenses. Excluding currency effects, the operating result increased by 8.6%.

Fees and premium-based revenues were broadly stable at EUR 271 million.

The technical margin was stable at EUR 9 million.

Administrative expenses decreased to EUR 71 million from EUR 73 million in the second half of 2020.

DAC amortisation and trail commissions decreased to EUR 99 million from EUR 103 million in the second half of 2020 driven by continuous low surrenders reflecting the increased persistency partly offset by higher sales.

The result before tax was stable at EUR 105 million.

New sales (APE) increased to EUR 150 million from EUR 140 million in the second half of 2020, reflecting higher sales as a result of management actions. Excluding currency effects, new sales increased by 12.1%.

Full-year 2021 value of new business increased to EUR 156 million from EUR 75 million in 2020. The current period reflects the strong market recovery from low sales in 2020 and an improved margin as a result of management actions including repricing.

Full-year 2021 operating capital generation broadly stable at EUR 129 million, reflecting the negative impact of a higher new business strain as a result of higher sales, compensated by a higher in-force contribution.

Full-year 2021 operating result increased to EUR 263 million from EUR 240 million in 2020, mainly reflecting a higher technical margin and lower DAC amortisation and trail commissions. Excluding currency effects, the full-year operating result increased by 16.7%.

The result before tax for full-year 2021 increased to EUR 262 million from EUR 210 million, reflecting the higher operating result and higher non-operating items.

Full-year 2021 new sales (APE) increased to EUR 345 million from EUR 263 million in 2020, reflecting the strong market recovery from low sales in 2020 and the result of management actions. Excluding currency effects, new sales increased by 39.5%.

Asset Management

- Operating capital generation increased to EUR 68 million compared with EUR 53 million in the second half of 2020, mainly reflecting the higher net result
- Total Assets under Management (AuM) increased to EUR 301 billion compared with EUR 298 billion at the end of the first half of 2021 driven by positive market performance and net inflows
- Operating result increased to EUR 91 million compared with EUR 78 million in the second half of 2020 driven by higher fees, partly offset by higher administrative expenses
- Full-year 2021 operating capital generation was EUR 135 million compared with EUR 103 million in 2020, mainly reflecting the higher net result
- Full-year 2021 operating result increased to EUR 181 million from EUR 152 million in 2020 driven by higher fees, partly offset by higher administrative expenses

In EUR million	2H21	2H20	Change	FY21	FY20	Change
Analysis of results						
Investment income	-1	-2		-1	-3	
Fees	249	224	11.1%	482	440	9.6%
Operating income	248	222	11.5%	481	438	9.9%
Administrative expenses	157	144	8.9%	300	286	5.0%
Operating result	91	78	16.1%	181	152	19.1%
Non-operating items	0	0		0	0	
of which gains/losses and impairments	0	0		0	0	
of which revaluations	0	0		0	0	
of which market and other impacts	0	0		0	0	
Special items	-3	0		-4	0	
Result on divestments	0	0		0	0	
Result before tax	88	78	12.6%	178	152	16.9%
Taxation	22	18	20.3%	43	37	16.9%
Minority interests	4	2	97.2%	7	4	82.9%
Net result	62	58	7.1%	127	111	14.4%
Key figures						
Operating capital generation ¹⁾	68	53	27.5%	135	103	30.7%
Administrative expenses	157	144	8.9%	300	286	5.0%
Cost/income ratio (Administrative expenses/Operating income)	63.4%	64.9%		62.3%	65.2%	
Fees/average Assets under Management (bps) ²³⁾	17	15		16	15	

In EUR billion	31 Dec 21	30 Jun 21	Change	31 Dec 21	31 Dec 20	Change
Key figures						
Assets under Management	301	298	1.1%	301	300	0.4%
Employees (internal FTEs, end of period)	952	943	1.0%	952	955	-0.2%
AuM roll-forward						
Beginning of period	298	300	-0.7%	300	276	8.6%
Net inflow	1	2		3	7	
Acquisition / Divestments / Transfers	0	0		0	3	
Market performance (incl. FX impact) and other	3	-4		-2	14	
End of period	301	298	1.1%	301	300	0.4%

Operating capital generation of Asset Management increased to EUR 68 million compared with EUR 53 million in the second half of 2020, mainly reflecting the higher net result.

Total Assets under Management (AuM) increased to EUR 301 billion at 31 December 2021 compared with EUR 298 billion at 30 June 2021, driven by positive market performance of EUR 2.7 billion, mainly as a result of higher equity markets, and net inflows of EUR 0.7 billion. Net inflows of Third Party assets of EUR 1.3 billion across investment strategies and segments, specifically Fixed Income, were partly offset by net outflows of EUR 0.7 billion in Affiliates.

The operating result increased to EUR 91 million compared with EUR 78 million in the second half of 2020 driven by higher fees, partly offset by higher administrative expenses.

Fees increased to EUR 249 million from EUR 224 million in the second half of 2020, mainly reflecting higher average AuM and a more favourable asset mix.

Administrative expenses increased to EUR 157 million compared with EUR 144 million in the second half of 2020, primarily due to higher staff-related costs.

The result before tax increased to EUR 88 million compared with EUR 78 million in the second half of 2020 mainly driven by the higher operating result.

Full-year 2021 operating capital generation was EUR 135 million compared with EUR 103 million in 2020, mainly reflecting the higher net result.

The full-year 2021 operating result increased to EUR 181 million compared with EUR 152 million in 2020 driven by higher fees reflecting higher average AuM and a more favourable asset mix, partly offset by higher administrative expenses.

The result before tax in 2021 increased to EUR 178 million compared with EUR 152 million in 2020 mainly driven by the higher operating result.

Banking

- Net Operating Return on Equity (RoE) decreased to 9.2% from 12.8% in the second half of 2020, reflecting a lower net operating result as well as higher average equity
- Operating capital generation was EUR 49 million in the second half of 2021, mainly reflecting the statutory net result adjusted for non-recurring items, partly offset by the increase of the risk weighted assets
- Operating result decreased to EUR 55 million from EUR 74 million in the second half of 2020, reflecting higher total expenses and lower operating income
- Full-year 2021 net operating RoE decreased to 11.0% compared with 13.8% for 2020, reflecting a lower net operating result and higher average equity
- Full-year 2021 operating capital generation was EUR 104 million, mainly reflecting the statutory net result adjusted for non-recurring items, partly offset by the increase of the risk weighted assets
- Full-year 2021 operating result decreased to EUR 134 million from EUR 154 million in 2020, mainly due to higher operating expenses

In EUR million	2H21	2H20	Change	FY21	FY20	Change
Analysis of results						
Interest result	141	141	0.3%	280	280	-0.2%
Commission income	25	30	-16.9%	59	48	22.8%
Total investment and other income	17	17	1.6%	33	45	-24.9%
Operating income	183	187	-2.3%	372	373	-0.2%
Operating expenses	121	103	18.3%	219	195	12.3%
Regulatory levies	11	8	36.7%	27	20	33.3%
Addition to loan loss provision	-5	3		-8	3	
Total expenses	128	114	12.6%	239	219	8.8%
Operating result	55	74	-25.3%	134	154	-13.1%
Non-operating items	-25	27		-27	27	
of which gains/losses and impairments	1	8	-83.3%	2	11	-84.6%
of which revaluations	0	0		0	0	
of which market and other impacts	-27	19		-28	17	
Special items	0	-7		0	-14	
Result before tax	29	93	-68.5%	106	167	-36.1%
Taxation	5	16	-67.5%	25	35	-29.8%
Minority interests	0	0		0	0	
Net result	24	77	-68.7%	82	132	-37.8%
Key figures						
Operating capital generation ¹⁾	49	0		104	0	
Total administrative expenses ²⁴⁾	133	111	19.7%	247	216	14.3%
Cost/income ratio ²⁵⁾	66.3%	54.7%		59.0%	52.4%	
Net Interest Margin (NIM) ²⁶⁾	1.13%	1.13%				
Net operating RoE ²⁷⁾	9.2%	12.8%		11.0%	13.8%	

In EUR billion	31 Dec 21	30 Jun 21	Change	31 Dec 21	31 Dec 20	Change
Key figures						
CET1 ratio ¹¹⁾	17.4%	18.6%		17.4%	17.4%	
Total capital ratio ¹¹⁾	18.8%	20.0%		18.8%	18.9%	
Risk Weighted Assets (RWA) ¹¹⁾	6	6	1.6%	6	6	2.0%
Savings and deposits	16	16	-1.4%	16	16	1.0%
Mortgages	21	21	1.4%	21	20	3.8%
Total assets	24	25	-2.0%	24	25	-4.7%
Employees (internal FTEs, end of period)	944	937	0.7%	944	919	2.6%

Net Operating Return on Equity (RoE) of Banking decreased to 9.2% from 12.8% in the second half of 2020, reflecting a lower net operating result as well as higher average equity.

Operating capital generation was EUR 49 million in the second half of 2021, mainly reflecting the statutory net result adjusted for non-recurring items. This is partly offset by the increase of the risk weighted assets (RWA) reflecting growth of the mortgage portfolio, partly compensated by higher house prices. Operating capital generation in the second half of 2020 was EUR 0 million under the former methodology based on dividends remitted to the holding, which were suspended in 2020 in accordance with the recommendation of the Dutch regulator. On a comparable basis, operating capital generation in the second half of 2020 would have been EUR 37 million.

The operating result decreased to EUR 55 million from EUR 74 million in the second half of 2020, reflecting higher total expenses and lower operating income.

The interest result was stable at EUR 141 million in the second half of 2021, mainly reflecting lower average mortgage rates offset by lower funding costs and higher prepayment penalties. The net interest margin (NIM), calculated on a four-quarter rolling average, remained stable at 1.1%.

Commission income decreased to EUR 25 million from EUR 30 million in the second half of 2020, mainly reflecting lower origination fees on a lower volume of mortgages transferred to the NN Dutch Residential Mortgage Fund following the higher volume transferred in the first half of the year.

Total investment and other income was stable at EUR 17 million.

Operating expenses were EUR 121 million compared with EUR 103 million in the second half of 2020, mainly due to higher project expenses as well as expenses supporting an increase in mortgage origination.

Regulatory levies increased to EUR 11 million from EUR 8 million in the second half of 2020, mainly reflecting higher contributions to the Deposit Guarantee Scheme.

The release of the loan loss provision was EUR 5 million in the second half of 2021 compared with an addition to the provision of EUR 3 million in the second half of 2020 which reflected the revised definition of default, while the current period reflects the positive impact of rising house prices.

The result before tax decreased to EUR 29 million from EUR 93 million in the second half of 2020, mainly reflecting lower non-operating items and the lower operating result. Non-operating items include a EUR 23 million provision for compensating consumer credit customers for excess interest paid.

The full-year 2021 net operating RoE of Banking decreased to 11.0% compared with 13.8% for 2020, reflecting a lower net operating result and higher average equity.

Full-year 2021 operating capital generation was EUR 104 million, mainly reflecting the statutory net result adjusted for non-recurring items, partly offset by the increase of the RWA. Operating capital generation in 2020 was EUR 0 million under the former methodology based on dividends remitted to the holding. Under the new methodology operating capital generation in 2020 would have been EUR 101 million.

The full-year 2021 operating result decreased to EUR 134 million from EUR 154 million in 2020, mainly due to higher operating expenses reflecting an increase in mortgage origination and higher project expenses.

The full-year 2021 result before tax decreased to EUR 106 million from EUR 167 million in 2020, mainly due to lower non-operating items and the lower operating result, partly offset by lower special items.

Other

- Operating capital generation was EUR -136 million compared with EUR -81 million in the second half of 2020 which benefited from a release of the SCR, while the current half year reflects the lower results of the reinsurance business
- Operating result of EUR -81 million versus EUR -47 million in the second half of 2020, mainly reflecting the lower operating result of the reinsurance business as well as a lower holding result
- Operating result of the reinsurance business decreased to EUR -7 million from EUR 17 million in the second half of 2020, as the current period reflects a EUR 9 million claim from a legacy portfolio and EUR 8 million of claims related to the floods in July 2021, while the same period in 2020 included a EUR 8 million release of the claims reserve related to Netherlands Non-life's Disability portfolio
- Full-year 2021 operating capital generation was EUR -272 million compared with EUR -214 million in 2020, mainly reflects the benefit of a release of SCR
- Full-year 2021 operating result was EUR -157 million compared with EUR -151 million in 2020, which included a provision release of EUR 7 million related to a legacy entity
- Full-year 2021 operating result of the reinsurance business was EUR 11 million compared with EUR -8 million in 2020, as the current period includes a EUR 9 million claim from a legacy portfolio and EUR 8 million of claims related to the floods in July 2021, while 2020 included EUR 31 million of claims related to Netherlands Non-life's Disability portfolio

In EUR million	2H21	2H20	Change	FY21	FY20	Change
Analysis of results						
Interest on hybrids and debt ²⁸⁾	-55	-54		-108	-108	
Investment income and fees	52	52	-0.0%	103	107	-3.8%
Holding expenses	-72	-63		-161	-142	
Amortisation of intangible assets	0	0		0	0	
Holding result	-75	-65		-166	-143	
Operating result reinsurance business	-7	17		11	-8	
Other results	1	1	-18.8%	-3	0	
Operating result	-81	-47		-157	-151	
Non-operating items	-10	-8		25	-10	
of which gains/losses and impairments	3	17	-80.7%	12	12	2.7%
of which revaluations	-1	6		39	7	443.2%
of which market and other impacts	-12	-31		-26	-29	
Special items	-18	-40		-30	-75	
Acquisition intangibles and goodwill	-11	-11		-21	-24	
Result on divestments	0	111		0	111	
Result before tax	-119	6		-184	-149	
Taxation	0	-88		-11	-131	
Minority interests	0	0		0	0	
Net result	-118	94		-172	-18	
Key figures						
Operating capital generation ¹⁾	-136	-81		-272	-214	
Total administrative expenses	78	70	12.6%	172	153	12.2%
of which reinsurance business	5	5	-0.7%	8	8	-3.0%
of which corporate/holding	74	65	13.5%	163	144	13.1%
Key figures						
Employees (internal FTEs, end of period)	1,840	1,832	0.4%	1,840	1,794	2.5%
Key figures Japan Closed Block VA						
Account value	1,591	1,633	-2.6%	1,591	1,691	-5.9%
Net Amount at Risk	9	10	-4.4%	9	20	-53.3%
Number of policies	15,615	16,686	-6.4%	15,615	17,888	-12.7%

Operating capital generation of the segment Other was EUR -136 million compared with EUR -81 million in the second half of 2020 which benefited from a release of the SCR following the termination of an internal reinsurance agreement with Netherlands Non-life, while the current half year reflects the lower results of the reinsurance business.

The operating result was EUR -81 million versus EUR -47 million in the second half of 2020, mainly reflecting the lower operating result of the reinsurance business as well as a lower holding result.

The holding result decreased to EUR -75 million from EUR -65 million in the second half of 2020, due to higher holding expenses partly reflecting project expenses related to acquisitions.

The operating result of the reinsurance business decreased to EUR -7 million from EUR 17 million in the second half of 2020. The current period reflects a EUR 9 million claim from a legacy portfolio and EUR 8 million of claims related to the floods in July 2021, while the same period in 2020 included an EUR 8 million release of the claims reserve related to Netherlands Non-life's Disability portfolio.

The result before tax of the segment Other decreased to EUR -119 million from EUR 6 million in the second half of 2020, which included a result on divestments relating to a provision release from a legacy entity.

Full-year 2021 operating capital generation was EUR -272 million compared with EUR -214 million in 2020. The decrease mainly reflects the benefit of a release of SCR following the termination of an internal reinsurance agreement with Netherlands Non-life in 2020.

The full-year 2021 operating result of the segment Other was EUR -157 million compared with EUR -151 million in 2020, which included a provision release of EUR 7 million related to a legacy entity. The lower holding result in 2021 was partly offset by the improved operating result of the reinsurance business.

The full-year 2021 holding result decreased to EUR -166 million from EUR -143 million in 2020 mainly due to higher holding expenses.

The full-year 2021 operating result of the reinsurance business was EUR 11 million compared with EUR -8 million in 2020. The 2021 operating result includes a EUR 9 million claim from a legacy portfolio and EUR 8 million of claims related to the floods in July 2021, while 2020 included EUR 31 million of claims related to Netherlands Non-life's Disability portfolio.

Other results in 2021 were EUR -3 million compared with EUR 0 million in 2020, which included a net release of provisions of EUR 7 million related to a legacy entity.

The full-year 2021 result before tax of the segment Other was EUR -184 million compared with EUR -149 million in 2020, which included a result on divestments relating to a provision release from a legacy entity, while the current period reflects lower special items and higher non-operating items.

Consolidated Balance Sheet

- Total assets of NN Group was broadly stable at EUR 251.6 billion
- Shareholders' equity remained stable at EUR 32.9 billion, reflecting the net result offset by lower revaluation reserves as a result of higher interest rates

In EUR million	31 Dec.21	30 Jun.21	31 Dec.20		31 Dec.21	30 Jun.21	31 Dec.20
Assets				Equity and liabilities			
Cash and cash equivalents	6,929	7,122	12,382	Shareholders' equity (parent)	32,888	32,863	36,731
Financial assets at fair value through profit or loss				Minority interests	266	286	277
- investments for risk of policyholders	39,261	37,191	34,797	Undated subordinated notes	1,764	1,764	1,764
- non-trading derivatives	6,419	6,900	14,833	Total equity	34,918	34,913	38,772
- designated as at fair value through profit or loss	991	782	1,336	Subordinated debt	2,356	2,370	2,383
Available-for-sale investments	107,883	115,427	118,175	Debt securities issued	2,292	1,695	1,694
Loans	68,200	65,870	65,428	Other borrowed funds	7,301	6,832	7,542
Reinsurance contracts	954	767	1,063	Insurance and investment contracts	168,812	171,072	170,672
Associates and joint ventures	6,919	6,120	5,673	Customer deposits and other funds on deposit	15,945	16,182	15,803
Real estate investments	2,719	2,672	2,444	Financial liabilities at fair value through profit or loss			
Property and equipment	414	430	448	- non-trading derivatives	1,904	1,962	4,012
Intangible assets	1,129	1,043	1,063	Liabilities held for sale	3,464	96	93
Deferred acquisition costs	1,893	1,908	1,871	Deferred tax liabilities	4,817	4,712	6,329
Assets held for sale	4,121	119	113	Other liabilities	9,776	10,381	16,438
Deferred tax assets	47	63	73	Total liabilities	216,667	215,302	224,966
Other assets	3,706	3,801	4,039	Total equity and liabilities	251,585	250,215	263,738
Total assets	251,585	250,215	263,738				

Assets

Investments for risk of policyholders

Investments for risk of policyholders increased by EUR 2.1 billion to EUR 39.3 billion in the second half of 2021, driven by higher equity markets.

Available-for-sale investments

Available-for-sale investments decreased by EUR 7.5 billion in the second half of 2021, mainly reflecting the sale of government bonds. In addition, the investments of the NN Belgium portfolio which is intended to be sold to Athora Belgium are reclassified as 'Assets held for sale'.

Loans

Loans increased by EUR 2.3 billion to EUR 68.2 billion in the second half of 2021, mainly driven by an increase of the mortgage portfolio.

Assets held for sale

Assets held for sale increased by EUR 4.0 billion in the second half of 2021, reflecting the aforementioned intended sale of a closed book life portfolio as well as the sale of NN Investment Partners (NN IP) to Goldman Sachs.

Liabilities

Insurance and investment contracts

Insurance and investment contracts decreased by EUR 2.3 billion to EUR 168.8 billion in the second half of 2021 mainly driven by the decrease in life insurance liabilities for risk of the company and the intended sale of a closed book portfolio by NN Belgium to Athora Belgium. This was partly offset by an increase in liabilities for life insurance for risk of policyholders driven by higher equity markets.

Liabilities held for sale

Liabilities held for sale increased by EUR 3.4 billion in the second half of 2021, reflecting the intended sale of a closed book portfolio by NN Belgium to Athora Belgium as well as the sale of NN IP to Goldman Sachs.

Equity

Shareholders' equity remained stable at EUR 32.9 billion in the second half of 2021, reflecting the positive net result offset by lower revaluation reserves as a result of higher interest rates.

In EUR million	2H21	FY21	FY20
Movement in shareholders' equity			
Shareholders' equity beginning of period	32,863	36,731	30,768
Net result for the period	1,864	3,278	1,904
Unrealised revaluations available-for-sale investments and other	-644	-3,101	3,106
Realised gains/losses transferred to the profit and loss account	-828	-1,431	-574
Change in cash flow hedge reserve	-311	-3,383	3,422
Deferred interest credited to policyholders	489	1,861	-750
Share of other comprehensive income of associates and joint ventures	-1	-2	5
Exchange rate differences	1	-66	-110
Remeasurement of the net defined benefit asset/liability	0	19	6
Dividend	-160	-412	-394
Purchase/sale treasury shares	-384	-545	-622
Employee stock option & share plans	-1	-2	1
Coupon on undated subordinated notes	0	-59	-59
Other	0	0	28
Total changes	25	-3,843	5,963
Shareholders' equity end of period	32,888	32,888	36,731

In EUR million	31 Dec 21	30 Jun 21	31 Dec 20
Composition of total equity			
Share capital	38	38	39
Share premium	12,575	12,575	12,574
Revaluation reserve available-for-sale investments and other	5,585	6,573	8,248
Cash flow hedge reserve	8,837	9,148	12,220
Currency translation reserve	-181	-173	-97
Net defined benefit asset/liability remeasurement reserve	-119	-119	-138
Retained earnings and other reserves	6,153	4,821	3,885
Shareholders' equity (parent)	32,888	32,863	36,731
Minority interests	266	286	277
Undated subordinated notes	1,764	1,764	1,764
Total equity	34,918	34,913	38,772

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 2021 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.
- 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) Indicates the percentage of AuM where environmental, social and governance (ESG) factors are integrated in the investment process in a documented and consistent way.
- 8) Contributions to our communities in 2021, 1H21, and 2020 respectively, including cash donations, and as of 2021 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, amortization 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) Fees/average Assets under Management (bps) is calculated as the (annualised) fees, divided by average AuM at the beginning and end of the half-year reporting period.
- 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 2021 Condensed consolidated interim financial information.
- 28) Does not include interest costs on subordinated debt treated as equity.
- 29) NN Bank is included in the calculation of the NN Group Solvency II ratio as of the end of 2020.

NN Group profile

NN Group is an international financial services company, active in 19 countries, with a strong presence in a number of European countries and Japan. With all its employees, the Group provides retirement services, pensions, insurance, investments and banking to approximately 18 million customers. NN Group includes Nationale-Nederlanden, NN, NN Investment Partners, ABN AMRO Insurance, Movir, AZL, BeFrank and OHRA. NN Group is listed on Euronext Amsterdam (NN).

Press call

David Knibbe (CEO), Delfin Rueda (CFO) and Bernhard Kaufmann (CRO) will host a press call to discuss the 2H21 results at 07:45 am CET on Thursday 17 February 2022. Journalists can join the press call at +31 20 531 5863 (NL).

Analyst and investor call

David Knibbe (CEO), Delfin Rueda (CFO) and Bernhard Kaufmann (CRO) will host an analyst and investor conference call to discuss the 2H21 results at 10:00 am CET on Thursday 17 February 2022. Members of the investment community can follow the live audio webcast on [NN Group - Investors \(nn-group.com\)](https://www.nn-group.com).

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

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

Financial calendar

- AGM: 19 May 2022
- Investor Update: 17 November 2022
- Publication 1H22 results: 11 August 2022

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Additional information on www.nn-group.com

- NN Group 2H21 Financial Supplement, NN Group 2H21 Analyst Presentation, NN Group Company Profile and NN Group ESG presentation
- 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 2021. The Annual Accounts for 2021 are in progress and may be subject to adjustments from subsequent events.

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.