

NN Group N.V.
30 June 2023
Condensed
consolidated interim
financial information

Condensed consolidated interim financial information contents

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Financial developments

Overview

Founded in 1845, NN Group is a financial services company, active in Europe and Japan. For more than 175 years, our company has merged, grown and changed, but the core of who we are has remained the same. We are committed to creating long-term value for all our stakeholders.

Our purpose is to help people care for what matters most to them. It reflects the kind of company we aspire to be: one that delivers long-term value for all stakeholders by considering the interests of our customers, colleagues, shareholders and society at large. We do so guided by our values: care, clear, commit; and our brand promise: You matter. Our ambition for the coming years is to be an industry leader, known for our customer engagement, talented people, and contribution to society. Our strategy outlines how we are going to achieve this and how we bring our purpose to life.

Analysis of results

NN Group N.V.

Operating capital generation per segment

	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Netherlands Life	523	580
Netherlands Non-life	210	144
Insurance Europe	218	198
Japan Life	68	74
Banking	70	11
Other	-91	-140
Operating capital generation - excluding Asset Management	997	869
Asset Management ¹		31
Operating capital generation	997	899

1. Following the sale of NN Investment Partners (NN IP) on 11 April 2022, the 1H22 numbers reported for Asset Management reflect the results for the first quarter of 2022.

Analysis of results

amounts in millions of euros	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Netherlands Life	810	691
Netherlands Non-life	226	190
Insurance Europe	219	185
Japan Life	102	102
Banking	113	49
Other	-71	-94
Operating result	1,400	1,124
Non-operating items:	-602	-285
– of which gains/losses and impairments	-171	157
– of which revaluations	-330	-379
– of which market & other impacts	-101	-63
Special items	-44	-58
Acquisition intangibles and goodwill	-14	-16
Result on divestments	19	1,062
Result before tax	758	1,827
Taxation	166	127
Net result from discontinued operations		26
Minority interests	6	-14
Net result	586	1,741

Financial developments continue

Result before tax

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

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

Revaluations amounted to EUR -330 million versus EUR -379 million in the first half of 2022. The current period includes EUR 478 million negative revaluations on real estate, partly compensated by positive revaluations on derivatives used for hedging purposes and positive revaluations on private equity. The same period last year included EUR 788 million of negative revaluations on derivatives used for hedging purposes and EUR 383 million fair value related revaluations, partly offset by EUR 409 million positive revaluations on real estate and EUR 307 million positive other revaluations.

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

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

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

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

Net result

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

Sales and value of new business

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

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

Financial developments continue

Capital management

Solvency II

	30 June 2023	31 December 2022 (Restated)
Basic Own Funds	19,397	19,237
Non-available Own Funds	1,095	1,415
Non-eligible Own Funds		
Eligible Own Funds (a)	18,302	17,822
– of which Tier 1 unrestricted	11,515	10,904
– of which Tier 1 restricted	1,395	1,716
– of which Tier 2	2,494	2,189
– of which Tier 3	908	910
– of which non-Solvency II regulated entities	1,991	2,104
Solvency Capital Requirements (b)	9,090	9,040
– of which non-solvency II regulated entities	1,397	1,363
NN Group Solvency II ratio (a/b) ¹	201%	197%

1. The solvency ratios are not final until filed with the regulators. The Solvency II ratio for NN Group is based on the partial internal model.

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

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

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

Cash capital position at the holding company

	1 January to 30 June 2023	31 December 2022 (Restated)
Beginning of period	2,081	1,998
Remittances from subsidiaries ¹	1,023	1,753
Capital injections into subsidiaries ²	-18	-545
Other ³	-173	-315
Free cash flow to the holding⁴	832	893
Cash divestment proceeds		1,626
Acquisitions	-10	-524
Capital flow to shareholders	-478	-1,806
Increase/decrease in debt and loans	-507	-106
End of period	1,918	2,081

1. Includes interest on subordinated loans provided to subsidiaries by the holding company.

2. Includes the change of subordinated loans provided to subsidiaries by the holding company.

3. Includes interest on subordinated loans and debt, holding company expenses and other cash flows.

4. 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.

Financial developments continue

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

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

Financial leverage

	30 June 2023	31 December 2022 (Restated)
Shareholders' equity	19,374	19,265
Contractual service margin after tax ¹	4,909	4,858
Minority interests	76	73
Capital base for financial leverage (a)	24,360	24,196
- Undated subordinated notes ²	1,416	1,764
- Subordinated debt	2,663	2,334
Total subordinated debt	4,080	4,098
Debt securities issued	1,195	1,694
Financial leverage (b)	5,274	5,792
Financial leverage ratio (b/(a+b))	17.8%	19.3%
Fixed-cost coverage ratio ³	5.9x	9.5x

- Contractual service margin after tax is included in the capital base for financial leverage ratio in the calculation based on IFRS9/17.
- 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.
- 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. The fixed-cost coverage ratio measures the ability of NN Group to pay its fixed financing expenses and is defined as the earnings before interest and tax (EBIT) divided by interest before tax on financial leverage; calculated on a last 12-months basis. Special items, revaluations on derivatives that are non-eligible for hedge accounting, market and other impacts, amortisation of acquisition intangibles are excluded from EBIT.

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

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

Credit ratings

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

On 3 March 2023, Fitch Ratings published a report affirming NN Group's 'AA-' financial strength rating and 'A+' credit rating with a stable outlook.

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

Financial developments continue

Segments

Netherlands Life

Analysis of results

amounts in millions of euros	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Profit margin	94	64
Technical result	36	57
Service expense result	18	19
Other insurance and reinsurance result		1
Insurance and reinsurance result	147	140
Investment result	696	635
Other result	-38	-89
Operating result insurance businesses	805	686
Operating result non-insurance businesses	5	5
Total operating result	810	691
Non-operating items:	-428	-58
- of which gains/losses and impairments	-148	169
- of which revaluations	-286	-226
- of which market and other impacts	6	-1
Special items	-18	-14
Result on divestments	0	0
Result before tax	364	620
Taxation	68	54
Minority interests		-9
Net result	297	575

Key figures

amounts in millions of euros	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
New sales life insurance (APE)	276	290
Value of new business	40	44
Administrative expenses	212	215
	30 June 2023	31 December 2022 (Restated)
NN Life Solvency II ratio ¹	190%	191%

1. The solvency ratios are not final until filed with the regulators. The Solvency II ratio for NN Life is based on the partial internal model.

Financial developments continue

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial developments continue

Netherlands Non-life

Analysis of results

amounts in millions of euros	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Insurance revenue, net of reinsurance	1,853	1,853
Claims incurred, net of reinsurance	1,165	1,201
Commissions	331	364
Insurance expenses	119	110
Insurance and reinsurance result	239	178
Investment result	38	55
Other expenses not attributed to insurance result	56	58
Other result	-5	-1
Operating result insurance businesses	216	175
Operating result non-insurance businesses	10	16
Total operating result	226	190
Non-operating items:	-30	-41
- of which gains/losses and impairments	-14	-4
- of which revaluations	-12	-36
- of which market and other impacts	-5	-2
Special items	-4	-10
Result on divestments	0	0
Result before tax	192	139
Taxation	46	33
Minority interests	6	-5
Net result	140	111

Key figures

amounts in millions of euros	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Gross premiums written	2,399	2,326
Administrative expenses ¹	280	271
Combined ratio: ²	90.1%	93.5%
- of which Claims ratio	62.9%	64.8%
- of which Expense ratio	27.3%	28.7%

1. Including non-insurance businesses (health business and broker business).

2. Excluding non-insurance businesses (health business and broker business).

Financial developments continue

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

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

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

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

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

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

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

Financial developments continue

Insurance Europe

Analysis of results

amounts in millions of euros	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Profit margin	147	117
Technical result	3	7
Service expense result	-2	16
Other insurance and reinsurance result	1	2
Insurance and reinsurance result	148	142
Investment result	78	41
Other result	-39	-42
Operating result insurance businesses	187	141
Operating result non-insurance businesses	32	44
Total operating result	219	185
Non-operating items:	-104	-90
– of which gains/losses and impairments	-6	-8
– of which revaluations	-44	-55
– of which market & other impacts	-55	-27
Special items	-14	-13
Acquisition intangibles and goodwill	-1	-1
Result on divestments	19	
Result before tax	118	81
Taxation	24	21
Minority interests		
Net result	94	60

Key figures

amounts in millions of euros	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
New sales life insurance (APE)	393	365
Value of new business	114	127
Administrative expenses	283	232

Financial developments continue

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

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

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

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

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

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

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

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

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

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

Financial developments continue

Japan Life

Analysis of results

amounts in millions of euros	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Profit margin	88	85
Technical result	2	-1
Service expense result	7	8
Insurance and reinsurance result	96	92
Investment result	23	24
Other result	-17	-14
Operating result	102	102
Non-operating items:	-34	-52
– of which gains/losses and impairments	-2	-2
– of which revaluations	-31	-50
– of which market & other impacts		
Special items		-1
Result on divestments		
Result before tax	68	49
Taxation	19	13
Minority interests		
Net result	50	36

Key figures

amounts in millions of euros	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
New sales life insurance (APE)	74	163
Value of new business	41	86
Administrative expenses	57	61

Financial developments continue

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

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

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

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

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

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

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

Financial developments continue

Banking

Analysis of results

amounts in millions of euros	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Interest result	200	125
Commission income	25	26
Total investment and other income	18	18
Operating income	243	170
Operating expenses	118	105
Regulatory levies	14	18
Addition to loan loss provision	-3	-2
Total expenses	130	121
Operating result	113	49
Non-operating items:	-8	10
– of which gains/losses and impairments		
– of which revaluations		
– of which market & other impacts	-8	10
Special items		
Result on divestments		
Result before tax	105	59
Taxation	27	15
Minority interests		
Net result	78	44

Key figures

amounts in millions of euros	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Administrative expenses ¹	132	123
Cost/income ratio ²	48.7%	61.9%
Net operating ROE ³	20.3%	9.1%

amounts in billions of euros	30 June 2023	31 December 2022 (Restated)
Total assets (in EUR billion)	24	24

1. Operating expenses plus regulatory levies.

2. Cost/income ratio is calculated as Operating expenses divided by Operating income.

3. Net operating RoE is calculated as the (annualised) net operating result of the segment, divided by (average) allocated equity.

Financial developments continue

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

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

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

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

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

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

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

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

Financial developments continue

Other

Analysis of results

amounts in millions of euros	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Interest on hybrids and debt ¹	-69	-54
Investment income and fees	109	62
Holding expenses	-123	-105
Amortisation of intangible assets	0	0
Holding result	-82	-96
Operating result reinsurance business	11	4
Other result	0	-2
Operating result	-71	-94
Non-operating items:	2	-54
– of which gains/losses and impairments	-1	1
– of which revaluations	43	-13
– of which market & other impacts	-40	-43
Special items	-7	-19
Acquisition intangibles and goodwill	-13	-15
Result on divestments		1,062
Result before tax	-89	879
Taxation	-17	-10
Minority interests		
Net result	-72	890

Key figures

amounts in millions of euros	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Administrative expenses:	110	97
– of which reinsurance business	5	4
– of which corporate/holding	105	92

1. Does not include interest costs on subordinated debt treated as equity.

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

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

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

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

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

Financial developments continue

Consolidated balance sheet

Assets

Investments at fair value through other comprehensive income

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

Investments at fair value through profit or loss

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

Liabilities

Insurance, reinsurance and investment contracts

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

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

Debt instruments issued

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

Other borrowed funds

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

Derivatives

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

Conformity statement

Conformity statement

The Executive Board of NN Group N.V. is required to prepare the Interim report and Condensed consolidated interim accounts of NN Group N.V. in accordance with applicable Dutch law and International Financial Reporting Standards that are endorsed by the European Union (IFRS-EU).

Conformity statement pursuant to section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act (Wet op het financieel toezicht)

The Executive Board of NN Group N.V. is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates that are prudent and reasonable. It is also responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the Executive Board of NN Group N.V., so that the timeliness, completeness and correctness of the external financial reporting are ensured. As required by section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act, each of the signatories hereby confirms that to the best of his knowledge:

- The NN Group N.V. Condensed consolidated interim accounts for the period ended 30 June 2023 give a true and fair view of the assets, liabilities, financial position and profit or loss of NN Group N.V. and the enterprises included in the consolidation taken as a whole.
- The NN Group N.V. Condensed consolidated interim accounts for the period ended 30 June 2023 includes a fair review of the information required pursuant to article 5.25d, paragraph 8 and 9 of the Dutch Financial Supervision Act regarding NN Group N.V. and the enterprises included in the consolidation taken as a whole.

The Hague, 28 August 2023

David Knibbe

CEO, Chair of the Executive Board

Annemiek van Melick

CFO, Vice-chair of the Executive Board

Condensed consolidated balance sheet

Amounts in millions of euros, unless stated otherwise

Condensed consolidated balance sheet

	notes	30 June 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Assets				
Cash and cash equivalents		7,198	6,670	6,929
Investments at fair value through OCI	2	111,615	115,061	149,950
Investments at cost	3	20,825	20,291	21,376
Investments at fair value through profit or loss	4	45,552	43,162	47,587
Investments in real estate		2,686	2,754	2,719
Investments in associates and joint ventures	5	6,144	6,450	6,919
Derivatives		1,601	2,452	6,419
Investments		195,621	196,840	241,899
Insurance contracts	10	310	124	125
Reinsurance contracts		868	837	707
Insurance and reinsurance contracts		1,178	961	832
Property and equipment		378	399	414
Intangible assets	6	1,271	1,280	932
Deferred tax assets		146	131	31
Assets held for sale	7			4,135
Other assets	8	6,393	7,413	3,200
Other		8,188	9,223	8,712
Total assets		204,987	207,024	251,443
Equity				
Shareholders' equity		19,374	19,265	21,624
Minority interests		76	72	244
Undated subordinated notes		1,416	1,764	1,764
Total equity	9	20,866	21,101	23,632
Liabilities				
Insurance contracts	10	142,252	140,799	182,580
Investment contracts		3,581	3,421	2,698
Reinsurance contracts		196	223	325
Insurance, investment and reinsurance contracts		146,029	144,443	185,603
Debt instruments issued		1,195	1,694	2,292
Subordinated debt	11	2,663	2,334	2,356
Other borrowed funds		9,908	11,118	7,301
Customer deposits		16,304	16,235	15,945
Funding		30,070	31,381	27,894
Derivatives		4,670	6,461	1,904
Deferred tax liabilities		550	624	781
Liabilities held for sale	7			3,530
Other liabilities	12	2,802	3,014	8,099
Other		8,022	10,099	14,314
Total liabilities		184,121	185,923	227,811
Total equity and liabilities		204,987	207,024	251,443

References relate to the notes starting with Note 1 'Accounting policies'. These form an integral part of the Condensed consolidated interim accounts. Reference is made to Note 1 'Accounting policies' for the impact of the adoption of IFRS 9 and IFRS 17. Comparative information was restated accordingly, as explained in Note 1 'Accounting policies'.

Condensed consolidated profit and loss account

Condensed consolidated profit and loss account

	notes	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Release of contractual service margin		375	357
Release of risk adjustment		77	103
Expected claims and benefits		2,271	2,448
Expected attributable expenses		636	644
Recovery of acquisition costs		188	192
Experience adjustments for premiums		17	32
Insurance income Premium Allocation Approach		1,404	1,378
Insurance income	13	4,968	5,154
Incurred claims and benefits		2,268	2,484
Incurred attributable expenses		626	622
Amortisation of acquisition costs		188	192
Changes in incurred claims and benefits previous periods		5	-24
(Reversal of) losses on onerous contracts		44	81
Other insurance expenses			-2
Insurance expenses Premium Allocation Approach		1,192	1,316
Insurance expenses	14	4,323	4,669
Net insurance result		645	485
Net reinsurance result		-54	40
Insurance and reinsurance result		591	525
Interest income		1,991	1,696
Realised gains (losses) on investments at cost and at fair value through OCI		-131	219
Gains (losses) on investments at fair value through profit or loss		2,178	-5,549
Gains (losses) on investments in real estate		-82	187
Share of result of investments in associates and joint ventures		-241	388
Impairments on investments		-16	-37
Other		345	-489
Investment result	15	4,044	-3,585
Finance result on (re) insurance contracts	16	3,078	-4,519
Result on investment contracts		4	6
Other		440	280
Finance result		3,522	-4,233
Net investment result		522	648
Fee and commission result		183	162
Result on disposals of group companies		19	
Non-attributable operating expenses	17	-630	-609
Other		73	39
Other result		-355	-408
Result before tax from continuing operations		758	765
Taxation		166	127
Net result from continuing operations		592	638
Net result from discontinued operations			27
Net result from disposal of discontinued operations			1,062
Discontinued operations	18	0	1,089

Condensed consolidated profit and loss account continue

	notes	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Net result from continuing operations		592	638
Discontinued operations			1,089
Net result from continuing and discontinued operations		592	1,727

Net result from continuing and discontinued operations

	notes	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Net result from continuing and discontinued operations attributable to			
Shareholders of the parent		586	1,741
Minority interests		6	-14
Net result from continuing and discontinued operations		592	1,727

Net result from continuing operations

	notes	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Net result from continuing operations attributable to			
Shareholders of the parent		587	653
Minority interests		6	-16
Net result from continuing operations		593	637

Net result from discontinued operations

	notes	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Net result from discontinued operations attributable to			
Shareholders of the parent			1,087
Minority interests			2
Net result from discontinued operations		0	1,089

Earnings per ordinary share from continuing and discontinued operations

amounts in euros per ordinary share	notes	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Basic earnings from continuing and discontinued operations	19	2.01	5.64
Diluted earnings from continuing and discontinued operations	19	2.00	5.64

Earnings per ordinary share from continuing operations

amounts in euros per ordinary share	notes	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Basic earnings from continuing operations	19	2.01	2.06
Diluted earnings from continuing operations	19	2.00	2.05

Earnings per ordinary share from discontinued operations

amounts in euros per ordinary share	notes	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Basic earnings from discontinued operations	19		3.59
Diluted earnings from discontinued operations	19		3.58

Reference is made to Note 19 'Earnings per ordinary share' for the disclosure on the Earnings per ordinary share.

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of comprehensive income

	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Net result	592	1,727
- finance result on (re) insurance contracts, recognised in OCI	-1,002	21,826
- revaluations on debt securities and loans at fair value through OCI	1,122	-16,720
- realised gains (losses) transferred to the profit and loss account	116	-109
- changes in cash flow hedge reserve	-173	-5,190
- share of OCI of investments in associates and joint ventures	-3	4
- foreign currency exchange differences	-110	-135
Items that may be reclassified subsequently to the profit and loss account	-50	-324
- revaluations on equity securities at fair value through OCI	122	-1,588
- revaluations on property in own use		2
- remeasurement of the net defined benefit asset/liability	-14	72
Items that will not be reclassified to the profit and loss account	108	-1,514
Total other comprehensive income	58	-1,838
Total comprehensive income	650	-111
Comprehensive income attributable to		
Shareholders of the parent	644	-97
Minority interests	6	-14
Total comprehensive income	650	-111

Reference is made to Note 21 'Taxation' for the disclosure on the income tax effects on each component of comprehensive income.

Condensed consolidated statement of cash flows

Condensed consolidated statement of cash flows

	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Result before tax	758	1,863
Adjusted for		
– depreciation and amortisation	75	73
– changes in (re) insurance and investment contracts	280	278
– realised results and impairments on investments	154	236
– other	421	-709
Net premiums, claims, and attributable expenses on (re) insurance contracts	-1,047	-842
Tax paid (received)	-162	-130
Changes in		
– derivatives	-1,220	918
– investments at cost	-361	-244
– other assets	1,121	-4,250
– customer deposits	-11	174
– other liabilities	-173	-4,340
Net cash flow from operating activities	-165	-6,973
Investments and advances		
– group companies, net of cash acquired		-580
– investments at fair value through OCI	-10,252	-13,105
– investments at cost	-46	
– investments at fair value through profit or loss	-642	-1,193
– investments in associates and joint ventures	-253	-485
– investments in real estate	-119	-108
– investments for risk of policyholders	-4,957	-4,330
– other investments	-31	-65
Disposals and redemptions		
– group companies	19	1,355
– investments at fair value through OCI	13,704	17,781
– investments at cost	10	
– investments at fair value through profit or loss	711	751
– investments in associates and joint ventures	209	449
– investments in real estate	47	82
– investments for risk of policyholders	4,639	4,619
– other investments	3	
Net cash flow from investing activities	3,042	5,171
Repayments of undated subordinated loans	-333	
Proceeds from issuance of subordinated loans	993	
Repayments of subordinated loans	-667	
Repayments of debt instruments issued	-500	-600
Proceeds from other borrowed funds	4,743	4,791
Repayments of other borrowed funds	-5,989	-2,407
Dividend paid	-261	-253
Purchase/sale of treasury shares	-219	-512
Coupon on undated subordinated notes	-31	-33
Net cash flow from financing activities	-2,264	986
Net cash flow	613	-816

Condensed consolidated statement of cash flows continue

Included in Net cash flow from operating activities

	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Interest received	2,226	2,346
Interest paid	-373	-326
Dividend received	327	287

Cash and cash equivalents

	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Cash and cash equivalents at beginning of the period	6,670	7,155
Net cash flow	613	-816
Effect of exchange rate changes on cash and cash equivalents	-85	-105
Cash and cash equivalents at end of the period	7,198	6,234

Condensed consolidated statement of changes in equity

Condensed consolidated statement of changes in equity (2023)

	Share capital	Share premium	Reserves	Total Shareholders' equity (parent)	Minority interest	Undated subordinated notes	Total equity
Balance at 1 January 2023 (Restated)	35	12,578	6,652	19,265	73	1,764	21,102
Finance result on (re) insurance contracts recognised in OCI			-1,002	-1,002			-1,002
Revaluations on debt securities and loans at fair value through OCI			1,122	1,122			1,122
Revaluations on equity securities at fair value through OCI			122	122			122
Realised gains (losses) transferred to the profit and loss account			116	116			116
Changes in cash flow hedge reserve			-173	-173			-173
Share of OCI of investments in associates and joint ventures			-3	-3			-3
Foreign currency exchange differences			-110	-110			-110
Remeasurement of the net defined benefit asset/liability			-14	-14			-14
Total amount recognised directly in equity (OCI)	0	0	58	58	0	0	58
Net result for the period			586	586	6		592
Total comprehensive income	0	0	644	644	6	0	650
Dividend			-258	-258	-3		-261
Purchase/sale of treasury shares			-219	-219			-219
Employee stock option and share plans			-1	-1			-1
Coupon on undated subordinated notes			-57	-57			-57
Changes in composition of the group and other changes				0		-348	-348
Balance at 30 June 2023	35	12,578	6,761	19,374	76	1,416	20,866

Refer to Note 26 'Other IFRS 9 and IFRS 17 transition disclosures' for the restated condensed consolidated statement of equity as from 1 January 2022 to 31 December 2022.

Condensed consolidated statement of changes in equity continue

Condensed consolidated statement of changes in equity (2022) (Restated)

	Share capital	Share premium	Reserves	Total Shareholders' equity (parent)	Minority interest	Undated subordinated notes	Total equity
Balance as reported at 31 December 2021	38	12,575	20,275	32,888	266	1,764	34,918
Impact (net of tax) of IFRS 9			2,623	2,623			2,623
Impact (net of tax) of IFRS 17			-13,887	-13,887	-22		-13,909
Balance at 1 January 2022 (Restated)	38	12,575	9,011	21,624	244	1,764	23,632
Finance result on (re) insurance contracts recognised in OCI			21,727	21,727	99		21,826
Revaluations on debt securities and loans at fair value through OCI			-16,621	-16,621	-99		-16,720
Revaluations on equity securities at fair value through OCI			-1,588	-1,588			-1,588
Realised gains (losses) transferred to the profit and loss account			-109	-109			-109
Changes in cash flow hedge reserve			-5,190	-5,190			-5,190
Share of OCI of investments in associates and joint ventures			4	4			4
Foreign currency exchange differences			-135	-135			-135
Remeasurement of the net defined benefit asset/liability			72	72			72
Revaluations property in own use			2	2			2
Total amount recognised directly in equity (OCI)	0	0	-1,838	-1,838	0	0	-1,838
Net result for the period			1,741	1,741	-14		1,727
Total comprehensive income	0	0	-97	-97	-14	0	-111
Changes in share capital	-1	1		0			0
Dividend			-251	-251	-2		-253
Purchase/sale of treasury shares			-512	-512			-512
Employee stock option and share plans			-7	-7			-7
Coupon on undated subordinated notes			-58	-58			-58
Changes in composition of the group and other changes			250	250	-14		236
Balance at 30 June 2022	37	12,576	8,336	20,949	214	1,764	22,927

Notes to the Condensed consolidated interim accounts

1 Accounting policies

The accounting principles used to prepare these Condensed consolidated interim accounts comply with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and are consistent with those set out in the notes to the 2022 NN Group Consolidated annual accounts, except as set out below.

In these Condensed consolidated interim accounts, 'NN Group' refers to NN Group N.V. (the parent company) and/or NN Group N.V. together with its consolidated subsidiaries (the consolidated group). These Condensed consolidated interim accounts should be read in conjunction with the 2022 NN Group Consolidated annual accounts.

IFRS-EU provides a number of options in accounting policies. NN Group's accounting policies under IFRS-EU and its decision on the options available are set out in Note 1 'Accounting policies' of the 2022 NN Group Consolidated annual accounts and below where different. Significant judgements are included within the relevant notes.

Certain amounts recorded in the Condensed consolidated interim accounts reflect estimates and assumptions made by management. Actual results may differ from the estimates made. Interim results are not necessarily indicative of full-year results.

Changes in IFRS-EU effective in 2023

IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' was issued in 2014. IFRS 9 replaces most of IAS 39 'Financial Instruments: Recognition and Measurement' and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Main features of IFRS 9

The **classification and measurement** of financial assets under IFRS 9 depends on NN Group's business model and the instrument's contractual cash flow characteristics. This results in financial assets being recognised at amortised cost, at fair value through other comprehensive income (equity) or at fair value through profit or loss. In many instances, the classification and measurement under IFRS 9 is similar to IAS 39, although changes in classification occur. For equity securities accounted for at fair value through other comprehensive income, realised gains and losses are no longer recognised in the profit and loss account but reclassified within equity and impairments are also no longer recognised. The classification and measurement of financial liabilities remains unchanged.

The recognition and measurement of **impairment** under IFRS 9 is intended to be more forward-looking than under IAS 39. The impairment requirements of IFRS 9 apply to all financial assets measured at amortised cost and at fair value through other comprehensive income, except for equity securities. Initially, a provision is required for expected credit losses resulting from default events that are expected within the next twelve months. In the event of a significant increase in credit risk, a provision is required for expected credit losses resulting from all possible default events over the expected life of the financial assets.

The **hedge accounting** requirements of IFRS 9 aim to simplify hedge accounting. IFRS 9 includes the option to continue applying IAS 39 for hedge accounting.

Effective date of IFRS 9 and comparative information

IFRS 9 is effective as of 2018. However, for entities with activities that are predominantly connected with insurance, amongst which NN Group qualified, there was a temporary exemption to align the effective date with that of IFRS 17, i.e. 1 January 2023. NN Group applied this temporary exemption. IFRS 9 includes an option to restate the comparative information for the financial year 2022, except for assets that have been disposed of in 2022. IFRS 17 includes an option to apply a 'classification overlay approach' for assets of entities of which the activities are predominantly connected with insurance, amongst which NN Group qualifies. Based on this overlay approach in IFRS 17, also the comparative information for assets that were disposed of in 2022 may be restated. NN Group applied both options, resulting in comparative information for 2022 as if IFRS 9 had always been applied. As a result, the transition date for IFRS 9 for NN Group was 1 January 2022.

NN Group's implementation of IFRS 9

For **classification and measurement**, NN Group aligned the accounting for financial assets under IFRS 9 as much as possible to the accounting for insurance liabilities under IFRS 17. As a result, NN Group accounts for financial assets of the insurance operations at fair value through other comprehensive income (equity) where allowed under IFRS 9. This mainly impacted the accounting for (mortgage) loans in the insurance operations (which were accounted for at amortised cost). Accounting for (mortgage) loans in the banking operations remained unchanged at amortised cost. Measurement of investments in equity securities remained unchanged at fair value through other comprehensive income, but realised gains and losses and impairments are no longer recognised in the profit and loss account.

For **hedge accounting**, NN Group continues applying the hedge accounting requirements in IAS 39.

Reference is made to Note 2 'Investments at fair value through other comprehensive income', Note 3 'Investments at cost' and Note 4 'Investments at fair value through profit or loss' for more information on the accounting policies used under IFRS 9.

Notes to the Condensed consolidated interim accounts continue

IFRS 17 'Insurance Contracts'

IFRS 17 'Insurance Contracts' was issued in 2017 and revised in 2020. IFRS 17 covers the recognition and measurement, presentation and disclosure of insurance contracts and replaces IFRS 4. IFRS 17 fundamentally changed the accounting for insurance liabilities and deferred acquisition costs (DAC) for all insurance companies, including NN Group and its subsidiaries. IFRS 17 is endorsed in the EU and is effective as of 1 January 2023.

Main features of IFRS 17

The main features of IFRS 17 are:

- Measurement of the insurance liabilities in the balance sheet at current fulfilment value, being the sum of the present value of estimated future cash flows and a risk adjustment.
- Remeasurement of the current fulfilment value every reporting period using current assumptions and discount rates.
- A contractual service margin ('CSM') is recognised in the balance sheet, which is equal to the unearned expected profit in a group of insurance contracts at issue date and which is subsequently recognised in the profit and loss account over the remaining coverage period of the group of contracts. Losses on onerous contracts are recognised immediately in the profit and loss account.
- Insurance contracts are aggregated per CSM group under IFRS 17. A CSM group consists of contracts within the same portfolio, the same profitability bucket and issued in the same annual period. Contracts are in the same portfolio if these are managed together and have similar risks. NN Group uses at least three profitability buckets: onerous contracts, contracts that have no possibility of becoming onerous and remaining contracts. Contracts issued in the same annual period are referred to as an annual cohort.
- Certain changes in the insurance liability are adjusted against the contractual service margin and thereby recognised in the profit and loss account over the remaining coverage period of the group of contracts.
- The effect of changes in discount rates is, depending on the choice made per portfolio of insurance contracts measured under the General Model or Premium Allocation Approach, recognised either in the profit and loss account or in other comprehensive income ('OCI') in equity. When recognised in other comprehensive income, the effect of these changes is recognised in the profit and loss account over the coverage period of the portfolio.
- The presentation of the balance sheet, profit and loss account, other primary statements and the disclosures in the notes changed fundamentally. The profit and loss account will have a margin-type of presentation (with insurance result, investment result and other result). Premium income will no longer be used to determine revenue under the General Model and the Variable Fee Approach.
- IFRS 17 is implemented retrospectively with amendment of comparative figures.

Key measurement differences between IFRS 17 and NN Group's previous IFRS accounting

The main differences for measuring the insurance liability between the requirements in IFRS 17 and the previously applicable IFRS 4 relate to the following:

- IFRS 17 requires insurance liabilities to be measured using current best estimate assumptions and current market data for all actuarial and financial assumptions. IFRS 4 allowed the use of locked-in assumptions that are set at issue of the policies, in combination with a reserve adequacy test at current assumptions.
- The insurance liability under IFRS 17 includes an explicit risk adjustment for non-financial risk and an explicit contractual service margin, representing the unamortised part of the updated profit margin. These elements were not explicitly recognised under IFRS 4.
- IFRS 17 allows certain changes in assumptions to be absorbed in the contractual service margin or in other comprehensive income in equity. Under IFRS 4, changes in assumptions were, to the extent relevant, recognised in the profit and loss account.
- In applying IFRS 4, directly attributable acquisition costs (Deferred Acquisition Costs, DAC) and the Value Of Business Acquired (VOBA) were recognised as assets which were amortised in the profit and loss account over time. In applying IFRS 17, DAC and VOBA are (implicitly) accounted for as part of the insurance liability.
- Deferred interest credited to policyholders is no longer separately accounted for but is (implicitly) part of the insurance liability under IFRS 17.

Key measurement differences between IFRS 17 and Solvency II

Both IFRS 17 and Solvency II require insurance liabilities to be measured on the basis of the net present value of the best estimate of future expected cash flows and an explicit allowance for non-financial risk. There are however significant differences in the following areas:

- In Solvency II, the initial margin in the premium over the insurance liability is recognised immediately in Own Funds. In IFRS 17, such initial margin (when positive) is recognised as contractual service margin in the insurance liability and amortised and adjusted over time.
- In Solvency II the discount rate is prescribed by the prudential regulator, whereas the discount rate under IFRS 17 is set by NN Group taking into account the specific characteristics of NN Group's portfolios.
- In Solvency II the cost of capital rate and the level of diversification in determining the risk adjustment is prescribed by the regulator, whereas under IFRS 17 these are set by NN Group taking into account the specific characteristics of NN Group's portfolios.
- There are differences in the best estimate of future cash flows, for example, caused by different requirements for contract boundaries and expense allocation in Solvency II and IFRS 17.

Notes to the Condensed consolidated interim accounts continue

NN Group's implementation of IFRS 17

IFRS 17 allows certain accounting policy choices and requires judgment in setting certain assumptions. The most important choices and assumptions that are relevant to NN Group are set out below.

- NN Group applies each of the three **accounting models** in IFRS 17. The General Model is the default model and is applied to traditional life insurance portfolios. The Variable Fee Approach is applied to most unit-linked portfolios, except for unit linked portfolio's for which the guarantees were in the money at the date of the Variable Fee Approach assessment. The Premium Allocation Approach is applied to the P&C contracts in Netherlands Non-life with a coverage period of 12 months or less.
- NN Group determines per portfolio of insurance contracts whether changes in financial assumptions are reflected in other comprehensive income (**the 'OCI option'**) or directly in the profit and loss account. For contracts accounted for under the General Model and Premium Allocation Approach, in principle the OCI option is used, unless accounting for the impact of changes in financial assumptions directly in the profit and loss account resolves accounting mismatches or is otherwise preferred. For contracts accounted for under the Variable Fee Approach, the OCI option is, in principle, not applied.
- For the **level of aggregation**, under the EU-endorsed version of IFRS 17 (IFRS-EU), certain specific insurance contracts may be aggregated on the level of a profitability group within a portfolio and do not need to be further disaggregated by the year in which these contracts were issued ('annual cohorts'). NN Group does currently not apply this IFRS-EU exemption.
- **Estimates of future cash flows** reflect mortality rate assumptions that are derived from recent credible national mortality tables published by relevant actuarial or statistical bodies; where needed, these tables are adjusted so as to reflect NN Group's experience of its own portfolio. Lapse rates are set by major product line based on NN Group's own experience. Estimates of future cashflows include NN Group's projection of future expenses to the extent that these are attributable to the fulfilment of contracts.
- **Discount rates** to discount the expected future fulfilment cash flows are determined using a liquid risk free curve to which an illiquidity premium is added. For the Euro currency, the most prominent currency within the group, the risk-free curve is based on the swap rate and includes a last liquid point (LLP) of 30 years and a long-term forward rate (LTFR) of 3.35%. The illiquidity premium is derived from NN Group's own asset portfolio, where the asset yield is adjusted for expected and unexpected credit losses.
- The **risk adjustment** for non-financial risk is determined using the Cost of Capital methodology based on the Solvency II internal model or standard formula, depending on the entity within the Group. The risk adjustment reflects diversification with market risks within the entity and diversification with other entities within NN Group ('Group diversification'). The Cost of Capital rate represents NN Group's view on the compensation required for bearing risk; the rate used in the fulfilment value of insurance liabilities is 4%.
- NN Group used each of the **transition approaches** in IFRS 17. In the modified retrospective transition approach, NN Group used mainly the modifications for historical cash flows and the historical release of the risk adjustment. The modified retrospective approach was applied for certain portfolios in the Insurance Europe segment. In the fair value transition approach, the contractual service margin was determined by reference to the fair value of insurance liabilities. Fair value was determined similar to fulfilment value, except that no group diversification was reflected in the risk adjustment, the cost of capital rate in the risk adjustment was set at 6% and expenses also included non-directly attributable expenses. The fair value transition approach was, amongst others, applied to portfolios in Netherlands Life.

Reference is made to Note 10 'Insurance contracts' for more information on the accounting policies used under IFRS 17.

Impact of IFRS 9 and IFRS 17 on NN Group

NN Group implemented IFRS 17 together with IFRS 9. The implementation of IFRS 9 and IFRS 17 resulted in significant changes to NN Group's accounting policies and had a significant impact on shareholders' equity, net result, presentation and disclosures. Shareholders' equity under IFRS 9 and IFRS 17 was significantly lower at the 1 January 2022 transition date as a result of the measurement of insurance liabilities at current assumptions (including a current discount rate).

Notes to the Condensed consolidated interim accounts continue

The table below provides a reconciliation between shareholders' equity at 31 December 2021 as previously reported to shareholders' equity in the Restated balance sheet at 1 January 2022 (the 'Transition date') after implementation of IFRS 9 and IFRS 17.

Impact of IFRS 9 and IFRS 17 on Shareholders' Equity

31 December 2021/ 1 January 2022	Share capital and premium	Revaluation reserves	Other reserves	Minority interests	Undated subordinated notes	Total equity
Total equity as reported at 31 December 2021	12,613	14,422	5,853	266	1,764	34,918
Impact (net of tax) of IFRS 9:						
- Loans to fair value through OCI		2,607	38			2,645
- Available-for-sale to fair value through profit or loss		-680	680			
- Impairments		-511	489			-22
Impact (net of tax) of IFRS 17:						
- Remeasurement of (re) insurance contracts		-4,658	-9,229			-13,887
Impact (net of tax) on minority interests						
				-22		-22
Restated total equity at 1 January 2022	12,613	11,180	-2,169	244	1,764	23,632

The decrease in equity at the transition date mainly reflects the remeasurement of insurance liabilities to current discount rates and other current assumptions. Under the IFRS accounting policies applied by NN Group until 1 January 2023, only the revaluation of assets was recognised in equity, whilst the offsetting effect of revaluation on insurance liabilities was not recognised.

Under IFRS 9 and IFRS 17 the revaluation on both assets and liabilities is recognised in equity. Shareholders' equity under IFRS 9 and IFRS 17 at the 1 January 2022 transition date was significantly lower (decrease from EUR 32,888 million to EUR 21,624 million) as a result of the measurement of insurance liabilities at current assumptions. However, with the increase of market interest rates during 2022, the shareholders' equity under the IFRS accounting policies applied by NN Group until 1 January 2023 decreased from EUR 32,888 million at 31 December 2021 to EUR 16,005 million at 31 December 2022, and, therefore, the difference with shareholders' equity under IFRS 9 and IFRS 17 largely reversed in 2022.

The table below provides a reconciliation between the carrying amounts at 31 December 2021 as reported under IAS 39 and IFRS 4 to the restated amounts in the balance sheet at 1 January 2022 (the 'transition date') after implementation of IFRS 9 and IFRS 17.

Notes to the Condensed consolidated interim accounts continue

Reconciliation of balance sheet 31 December 2021/ 1 January 2022 ('transition date')

Balance sheet item	IFRS 9				IFRS 17		Restated balance sheet item
	Reported amount	1. Remeasurement	2. Reclassification	3. Reclassification	4. Remeasurement	Adjusted amount	
- balance sheet IAS 39 and IFRS 4							- with IFRS 9 and IFRS 17
Cash and cash equivalents	6,929					6,929	Cash and cash equivalents
Available-for-sale investments	107,883	49,279	-7,212			149,950	Investments at fair value through OCI
Loans	68,200	-45,880		-944		21,376	Investments at cost
Financial assets designated at fair value through profit or loss	991	123	46,473			47,587	Investments at fair value through profit or loss
Real estate investments	2,719					2,719	Investments in real estate
Associates and joint ventures	6,919					6,919	Investment in associates and joint ventures
Investments for risk of policyholders	39,261		-39,261				
Reinsurance contracts	954				125	125	Insurance contracts
Non-trading derivatives	6,419				-247	707	Reinsurance contracts
Property and equipment	414					6,419	Derivatives
Intangible assets	1,129			-197		414	Property and equipment
Deferred acquisition costs	1,893			-1,893		932	Intangible assets
Deferred tax assets	47	-60			44	31	Deferred tax assets
Assets held for sale	4,121				14	4,135	Assets held for sale
Other assets	3,706			-506		3,200	Other assets
Total assets	251,585	3,462	0	-3,540	-64	251,443	Total assets
Insurance and investment contracts	168,812			-1,863	15,631	182,580	Insurance contracts
					2,698	2,698	Investment contracts
					325	325	Reinsurance contracts
Debt securities issued	2,292					2,292	Debt instruments issued
Subordinated debt	2,356					2,356	Subordinated debt
Other borrowed funds	7,301					7,301	Other borrowed funds
Customer deposits and other funds on deposit	15,945					15,945	Customer deposits
Non-trading derivatives	1,904					1,904	Derivatives
Deferred tax liabilities	4,817	839			-4,875	781	Deferred tax liabilities
Liabilities held for sale	3,464				66	3,530	Liabilities held for sale
Other liabilities	9,776			-1,677		8,099	Other liabilities
Total liabilities	216,667	839	0	-3,540	13,845	227,811	Total liabilities
Total equity	34,918	2,623	0	0	-13,909	23,632	Total equity

The references in the columns above are explained as follows:

- Loans held by insurance entities within NN Group are remeasured from amortised cost to fair value and mostly presented and measured as Investments at fair value through other comprehensive income; these are subject to an expected credit loss provision.
- Available-for-sale investments that do not qualify for measurement at fair value through other comprehensive income are presented as Investments at fair value through profit or loss. Investments for risk of policyholders are presented as Investments at fair value through profit or loss.
- Deferred acquisition costs, value of business acquired, policy loans and insurance receivables and payables are derecognised and form part of the liability for insurance contracts.
- Measurement differences on (re) insurance assets and liabilities; Reinsurance and Investment contracts are presented separately.

Notes to the Condensed consolidated interim accounts continue

Further details on Insurance contracts under IFRS 17 are presented below and in the relevant note:

	1 January 2022 (Restated)
Insurance contracts (IFRS 17) by component	
Premium Allocation Approach	2,872
General Model and Variable Fee Approach:	
- Estimates of the present value of future cash flows	170,499
- risk adjustment	2,857
- contractual service margin	
- determined retrospectively	1,098
- determined under the modified retrospective approach	1,194
- determined under the fair value approach	3,935
Total Insurance contracts	182,455
Insurance contracts, presented as assets	125
Insurance contracts, presented as liabilities	182,580
Total Insurance contracts	182,455

Approximately 90% of the Total insurance contracts was determined using the fair value transition approach.

NN Group continues using Operating result as an Alternative Performance Measure. The definition of Operating result was amended to reflect the impact of IFRS 9 and IFRS 17. NN Group also continues using the financial leverage ratio. The leverage ratio was based on equity excluding the revaluation on (only) assets; NN Group amended the leverage ratio by including net revaluations and contractual service margin. Reference is made to Note 20 'Segments' and Note 24 'Capital and liquidity management'.

The implementation of IFRS 9 and IFRS 17 did not impact NN Group's Own Funds and the Solvency Capital Requirement under Solvency II, nor its Operating Capital Generation (OCG).

Reference is made to Note 26 'Other IFRS 9 and IFRS 17 transition disclosures' for further details.

In the Notes below, all references to 'Opening balance' refer to the restated balances for IFRS 9 and IFRS 17 at 31 December 2021 and 1 January 2022. References to '2022', '31 December 2022' and '1 January to 30 June 2022' refer to the restated balances for those periods.

2 Investments at fair value through other comprehensive income

Investments at fair value through other comprehensive income include debt securities and loans that are held in a business model 'held to collect and sell' and of which the cash flows are considered solely payments of principal and interest on the principal amount outstanding. The objective of this business model 'held to collect and sell' is to fund the insurance contracts. To achieve this objective, NN Group collects contractual cash flows as they come due and sells financial assets to maintain the desired profile of the asset portfolio. Investments at fair value through other comprehensive income also include equity securities held by insurance entities within the Group so as to align the accounting for financial assets under IFRS 9 as much as possible to the accounting for insurance liabilities under IFRS 17.

Investments at fair value through other comprehensive income are initially recognised at fair value plus transaction costs. For debt securities and loans, the difference between cost and redemption value is amortised through the effective yield in the profit and loss account. Interest income on debt securities and loans is recognised in the profit and loss account in 'Investment result' using the effective interest method. Dividend income from equity securities classified as Investments at fair value through other comprehensive income is recognised in the profit and loss account in 'Investment result' when the dividend has been declared. Investments at fair value through other comprehensive income are subsequently measured at fair value. Unrealised gains and losses arising from changes in the fair value are recognised in other comprehensive income (equity). For debt securities and loans, realised gains and losses on disposal, are recognised in the profit and loss account in 'Investment result'.

Impairments

Impairment applies to all debt securities and loans measured at amortised cost and at fair value through other comprehensive income. Initially, a provision is recognised for credit losses expected within the next 12 months. This is referred to as 'Stage 1'. If there is a significant increase in credit risk between the moment of initial recognition and the reporting date, but the exposure is not in default, the exposure is classified in 'Stage 2'. If the exposure is in default (i.e. credit impaired), it is classified in 'Stage 3'. For both 'Stage 2' and 'Stage 3', a provision is required for expected credit losses over the remaining lifetime of the financial asset.

Notes to the Condensed consolidated interim accounts continue

The significance of increased credit risk is determined by considering the risk of a default occurring over the expected life of the financial asset. Default risk is individually assessed for assets that are individually significant, were previously in default or by choice. Other assets are assessed collectively per group of financial assets with similar credit risk characteristics. An asset is in default if it is probable that NN Group will not be able to collect all amounts due (principal and interest) according to the contractual terms. Default risk is determined by considering credit risk and transfer risk. NN Group uses external and internal credit ratings as primary driver in determining whether credit risk has increased significantly together with other qualitative factors (such as market value indicators and portfolio manager assessments). If, at initial recognition, an asset is deemed to have low credit risk (i.e. for all financial assets with an internal or external rating of 'investment grade'), a significant increase in credit risk will occur when the asset's credit rating falls below 'investment grade'. NN Group will, in principle, not rebut the presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, except in specific cases if qualitative factors indicate there has not been a significant increase in credit risk.

The lifetime expected credit losses are calculated based on probability weighted macro-economic scenarios. The impairment for assets classified in stage 1 and stage 2 is determined by using Probability of Default, Loss Given Default and Exposure at Default parameters. Impairment on assets classified in stage 3 is determined by assessing the expected recoverable amount.

Determining impairments is an inherently uncertain process involving various assumptions and factors including condition of the counterparty, assessment of credit risk, statistical loss data, and discount rates. Estimates and assumptions are based on management's judgement and other information available. Significantly different results can occur as circumstances change and additional information becomes known.

In certain circumstances NN Group may grant borrowers postponement and/or reduction of loan principal and/or interest payments for a temporary period of time to maximise collection opportunities and, if possible, avoid default, foreclosure or repossession. When such postponement and/or reduction of loan principal and/or interest payments is executed based on credit concerns it is also referred to as 'forbearance'. If the forbearance results in a substantial modification of the terms of the loan, the original loan is derecognised and a new loan is recognised at its fair value at the modification date whereas the significance of increases in credit risk is determined as set out above. If the forbearance did not result in a substantial modification, the significance of an increase in the credit risk is determined by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed. The amount of the reversal is recognised in the profit and loss account. NN Group writes-off (part of) the gross carrying amount of a financial asset when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Reference is made to Note 52 'Risk management' in the 2022 Annual report for more information on credit risk.

Investments at fair value through other comprehensive income

	30 June 2023	31 December 2022 (Restated)
Debt securities	66,393	69,684
Equity securities	3,988	4,106
Loans	41,234	41,271
Investments at fair value through OCI	111,615	115,061

Changes in investments at fair value through other comprehensive income (2023)

30 June 2023	Debt securities	Equity securities	Loans	Total
Opening balance	69,684	4,106	41,271	115,061
Additions	8,901	300	1,051	10,252
Disposals and redemptions	-11,856	-546	-1,302	-13,704
Revaluations	1,254	132	274	1,660
Impairments	-34		18	-16
Amortisation	-48		-52	-100
Transfers and reclassifications			-23	-23
Changes in the composition of the group and other			-7	-7
Foreign currency exchange differences	-1,508	-4	4	-1,508
Closing balance	66,393	3,988	41,234	111,615

Notes to the Condensed consolidated interim accounts continue

Changes in investments at fair value through other comprehensive income (2022) (Restated)

31 December 2022 (Restated)	Debt securities	Equity securities	Loans	Total
Opening balance	94,710	5,984	49,256	149,950
Additions	22,303	549	5,324	28,176
Disposals and redemptions	-29,208	-1,038	-3,924	-34,170
Revaluations	-19,072	-1,344	-9,103	-29,519
Impairments	-34		12	-22
Amortisation	-206		-130	-336
Transfers and reclassifications			-101	-101
Changes in the composition of the group and other	1,674	1	-68	1,607
Foreign currency exchange differences	-483	-46	5	-524
Closing balance	69,684	4,106	41,271	115,061

The loss allowance for debt securities and loans at fair value through other comprehensive income of EUR 169 million (2022: EUR 196 million) does not reduce the carrying amount of these investments (which are measured at fair value) but gives rise to an equal and opposite gain in other comprehensive income and is included in the line 'Revaluations' in the table of Changes in investments at fair value through other comprehensive income.

Impairment – debt securities and loans (2023)

	Stage 1	Stage 2	Stage 3	Total
	12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	
30 June 2023				
Opening balance	-46	-22	-128	-196
Transfers between stage 1,2 and 3	1	2	-3	0
Additions	-22	-1	-18	-41
Disposals	6	2	58	66
Foreign currency exchange differences	1		1	2
Closing balance	-60	-19	-90	-169

Impairment – debt securities and loans (2022) (Restated)

	Stage 1	Stage 2	Stage 3	Total
	12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	
31 December 2022 (Restated)				
Opening balance	-23	-30	-121	-174
Transfers between stage 1,2 and 3	1	8	-9	0
Additions	-27	-2	-55	-84
Disposals	3	2	57	62
Closing balance	-46	-22	-128	-196

3 Investments at cost

Investments at cost consist of loans that are held in a business model 'held to collect' and of which the cash flows are considered solely payments of principal and interest on the principal amount outstanding.

Investments at cost are initially recognised at fair value plus transaction costs. Subsequently, these are carried at amortised cost using the effective interest method less any impairment losses. Interest income is recognised in the profit and loss account in 'Investment result' using the effective interest method. Reference is made to Note 2 'Investments at fair value through other comprehensive income' for more information on impairment.

Notes to the Condensed consolidated interim accounts continue

Investments at cost

	30 June 2023	31 December 2022 (Restated)
Mortgage loans	20,608	20,034
Other	226	268
Impairment	-9	-11
Investments at cost - net of impairment	20,825	20,291

Changes in investments at cost (2023)

30 June 2023	Mortgage loans	Other	Total
Opening balance	20,028	263	20,291
Additions	1,356	51	1,407
Disposals and redemptions	-931	-79	-1,010
Fair value changes recognised on hedged items	143		143
Amortisation	-15		-15
Transfers and reclassifications	23	-14	9
Closing balance	20,604	221	20,825

Changes in investments at cost (2022) (Restated)

31 December 2022 (Restated)	Mortgage loans	Other	Total
Opening balance	20,841	535	21,376
Additions	3,790	18	3,808
Disposals and redemptions	-2,682	-266	-2,948
Fair value changes recognised on hedged items	-1,948	2	-1,946
Impairment	1	1	2
Amortisation	-49	-2	-51
Transfers and reclassifications	75	-84	-9
Changes in the composition of the group and other		59	59
Closing balance	20,028	263	20,291

Impairment – investments at cost (2023)

30 June 2023	Stage 1 12 month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
Opening balance	-1	-5	-5	-11
Disposals		3		3
Changes in the composition of the group and other		-1		-1
Closing balance	-1	-3	-5	-9

Impairment – investments at cost (2022) (Restated)

31 December 2022 (Restated)	Stage 1 12 month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
Opening balance	-2	-2	-8	-12
Transfers between stage 1, 2 and 3			1	1
Disposals	1	-3	3	1
Changes in the composition of the group and other			-1	-1
Closing balance	-1	-5	-5	-11

Notes to the Condensed consolidated interim accounts continue

4 Investments at fair value through profit or loss**Financial assets at fair value through profit or loss**

A financial asset is measured at fair value through profit or loss if it is not measured at amortised cost or at fair value through other comprehensive income. Financial assets at fair value through profit or loss include debt securities and loans of which the cash flows are not considered solely payments of principal and interest on the principal amount outstanding, investments in investment funds, and investments held for risk of policyholders.

Transaction costs on initial recognition are expensed as incurred. Interest income from debt securities and loans classified as investments at fair value through profit or loss is recognised in the profit and loss account in 'Investment result' using the effective interest method. Dividend income from equity securities classified as investments at fair value through profit or loss is recognised in the profit and loss account in 'Investment result' when the dividend has been declared.

Investments at fair value through profit or loss

	30 June 2023	31 December 2022 (Restated)
For risk of policyholders		
- debt securities	1,784	1,694
- equity securities and investment funds	34,243	31,700
- loans and other	1,017	1,165
Total for risk of policyholders	37,044	34,559
For risk of company		
- debt securities	468	899
- equity securities and investment funds	7,687	7,374
- loans and other	353	330
Total for risk of company	8,508	8,603
Investments at fair value through profit or loss	45,552	43,162

Notes to the Condensed consolidated interim accounts continue

5 Investments in associates and joint ventures

Investments in associates and joint ventures

	Interest held	Balance sheet value	Interest held	Balance sheet value
				31 December 2022 (Restated)
		30 June 2023		
Vesteda Residential Fund FGR	24%	1,578	24%	1,771
Macquarie European Infrastructure Debt Fund	50%	312	48%	322
CBRE Dutch Office Fund FGR	19%	304	19%	364
Rivage Euro Debt infrastructure 3	34%	263	34%	247
Lazora S.I.I. S.A.	23%	263	22%	241
Ardstone Residential Partners III	31%	223	33%	226
CBRE Retail Property Fund Iberica L.P.	50%	222	50%	221
CBRE Dutch Residential Fund I FGR	8%	213	8%	238
NRP Nordic Logistic Fund SA	42%	186	42%	201
Healthcare Activos SOCIMI S.A.	38%	167	38%	164
Hayfin Amber GP S.A R.L.	100%	166	100%	105
CBRE Dutch Retail Fund FGR	21%	159	20%	170
Dutch Urban Living Venture FGR	49%	136	45%	142
Dutch Student and Young Professional Housing Fund FGR	49%	131	49%	143
Allee center Kft	50%	122	50%	117
CBRE UK Property Fund PAIF	8%	119	10%	174
Fiumaranuova s.r.l.	50%	101	50%	105
Rivage Hopitaux Publics Euro	34%	99	34%	62
Delta Mainlog Holding GmbH & Co. KG	50%	82	50%	79
Octopus Commercial Real Estate Debt Fund III LP	50%	81	46%	78
Rivage Euro Debt Infrastructure High return 2	34%	78	34%	60
Parquest Capital II B FPCI	26%	77	29%	71
Prime Ventures V C.V.	20%	74	20%	69
Parcom Buy-Out Fund V CV	21%	74	21%	88
Boccaccio - Closed-end Real Estate Mutual Investment Fund	50%	71	50%	69
DPE Deutschland III (Parallel) GmbH & Co	17%	65	17%	74
NL Boompjes Property 5 C.V.	50%	61	50%	68
CBRE Property Fund Central and Eastern Europe FGR	50%	61	50%	59
Robeco Bedrijfsleningen FGR	26%	58	26%	80
CBRE Dutch Retail Fund II FGR	10%	56	10%	57
Other		542		585
Investments in associates and joint ventures		6,144		6,450

The above investments in associates and joint ventures mainly consist of non-listed investment entities investing in real estate and private equity.

Significant influence exists for certain associates in which the interest held is below 20%, based on the combination of NN Group's financial interest for own risk and other arrangements, such as participation in the relevant boards.

NN Group holds associates over which it cannot exercise control despite holding more than 50% of the share capital. For this reason, these are classified as associates and are not consolidated.

Other includes EUR 457 million of associates and joint ventures with an individual balance sheet value of less than EUR 50 million and EUR 85 million of receivables from associates and joint ventures.

The amounts presented in the table above could differ from the individual annual accounts of the associates due to the fact that the individual amounts have been brought in line with NN Group's accounting principles.

The reporting dates of all significant associates and joint ventures are consistent with the reporting date of NN Group.

Notes to the Condensed consolidated interim accounts continue

The associates and joint ventures of NN Group are subject to legal and regulatory restrictions regarding the amount of dividends that can be paid to NN Group. These restrictions are, for example, dependent on the laws in the country of incorporation for declaring dividends or as a result of minimum capital requirements imposed by industry regulators in the countries in which the associates and joint ventures operate. In addition, the associates and joint ventures also consider other factors in determining the appropriate levels of equity needed. These factors and limitations include, but are not limited to, rating agency and regulatory views, which can change over time.

6 Intangible assets

Intangible assets

	30 June 2023	31 December 2022 (Restated)
Goodwill	873	871
Software	84	91
Other	314	319
Total	1,271	1,281

7 Assets and liabilities held for sale

As at 1 January 2022, assets and liabilities held for sale relate to NN Group's asset management activities executed by NN Investment Partners (NN IP) and a closed book life insurance portfolio in NN Belgium.

8 Other assets

Other assets

	30 June 2023	31 December 2022 (Restated)
Income tax receivable	274	351
Accrued interest and rents	1,112	1,234
Other accrued assets	310	211
Cash collateral amounts paid	4,047	5,001
Other	650	616
Other assets	6,393	7,413

9 Equity

Total equity

	30 June 2023	31 December 2022 (Restated)
Share capital	35	35
Share premium	12,578	12,578
Accumulated revaluation investments	-5,950	-7,132
Accumulated revaluation (re)insurance contracts	14,960	15,962
Foreign currency translation reserve	-451	-338
Net defined benefit asset/liability remeasurement reserve	-64	-51
Other reserves	-1,734	-1,789
Shareholders' equity	19,374	19,265
Minority interests	76	72
Undated subordinated notes	1,416	1,764
Total equity	20,866	21,101

Notes to the Condensed consolidated interim accounts continue

Changes in equity (2023)

	Share capital	Share premium	Reserves	Total shareholders' equity (parent)
30 June 2023				
Equity – opening balance	35	12,578	6,652	19,265
Total amount recognised directly in equity (OCI)			58	58
Net result for the period			586	586
Dividend			-258	-258
Purchase/sale of treasury shares			-219	-219
Employee stock option and share plans			-1	-1
Coupon on undated subordinated notes			-57	-57
Equity – closing balance	35	12,578	6,761	19,374

Interim dividend 2023

NN Group will pay an interim dividend of EUR 1.12 per ordinary share, or approximately EUR 309 million in total based on the current number of outstanding shares (net of treasury shares), calculated as 40% of the 2022 full-year dividend per ordinary share in accordance with the NN Group dividend policy. The interim dividend will be paid either fully in cash, after deduction of withholding tax if applicable, or fully in ordinary shares, at the election of the shareholders. Dividends paid in the form of ordinary shares will be delivered from NN Group treasury shares or issued at the expense of the share premium reserve. To neutralise the dilutive effect of the stock dividend, NN Group will repurchase ordinary shares for an amount equivalent to the value of the stock dividend.

Purchase/sale of treasury shares (2023)

During 2023, treasury shares for a total amount of EUR 3 million were delivered under Employee share plans and 6,495,141 ordinary shares for a total amount of EUR 219 million were repurchased under the open market share buyback programme, including repurchases to neutralise the dilutive effect of stock dividends. The repurchased shares are held by NN Group and the amount was deducted from Other reserves (Purchase/sale of treasury shares). In 2023, 7,289,612 NN Group shares were delivered for the final dividend 2022.

In the first six months of 2023, no NN Group treasury shares were cancelled.

As at 30 June 2023, 12,694,032 treasury shares were held by NN Group.

Realised gains/losses on investments in equity securities (2023)

In 2023 NN Group sold equity securities with a fair value of EUR 546 million, resulting in a realised gain (after tax) of EUR 8 million, which amount was transferred from the investment revaluation reserves to other reserves.

Coupon paid on undated subordinated notes (2023)

The undated subordinated notes have optional annual coupon payments in June. The annual coupons resulted in a deduction of EUR 57 million (net of tax) from equity.

Undated subordinated notes (2023)

In April 2023 NN Group announced a tender for purchase by NN Group for cash of outstanding subordinated notes. The tender was completed in May 2023 and NN Group accepted the purchase of EUR 1 billion in nominal amount. This includes EUR 665 million of subordinated notes previously classified as liabilities in the balance sheet and EUR 335 million previously classified in equity (also refer to Note 11 'Subordinated debt').

Changes in equity (2022) (Restated)

	Share capital	Share premium	Reserves	Total shareholders' equity (parent)
31 December 2022 (Restated)				
Equity – opening balance	38	12,575	9,011	21,624
Total amount recognised directly in equity (OCI)			-2,385	-2,385
Net result for the period			1,634	1,634
Changes in share capital	-3	3		0
Dividend			-413	-413
Purchase/sale of treasury shares			-1,391	-1,391
Employee stock option and share plans			-6	-6
Coupon on undated subordinated notes			-58	-58
Changes in the composition of the group and other			260	260
Equity – closing balance	35	12,578	6,652	19,265

Notes to the Condensed consolidated interim accounts continue

Purchase/sale of treasury shares (2022)

In 2022, 32,439,329 ordinary shares for a total amount of EUR 1,391 million were repurchased under an open market share buyback programme, including repurchases to neutralise the dilutive effect of stock dividends. Treasury shares for an amount of EUR 6 million were delivered under Employee share plans. The repurchased shares are held by NN Group and the amount was deducted from Other reserves (Purchase/sale of treasury shares).

In 2022, 22,878,210 NN Group treasury shares were cancelled.

As at 31 December 2022, 13,608,384 treasury shares were held by NN Group.

Coupon paid on undated subordinated notes (2022)

The undated subordinated notes have optional annual coupon payments in June and July. The annual coupons resulted in a deduction of EUR 58 million (net of tax) from equity.

Final dividend 2022

On 2 June 2023, the General Meeting adopted the proposed final dividend of EUR 1.79 per ordinary share, or approximately EUR 504 million in total. Together with the 2022 interim dividend of EUR 1.00 per ordinary share paid in September 2022, NN Group's total dividend for 2022 was EUR 2.79 per ordinary share. The final dividend was paid in cash, after deduction of withholding tax if applicable, or in ordinary shares, at the election of the shareholders. Dividends paid in the form of ordinary shares were delivered from NN Group treasury shares or issued at the expense of the share premium reserve. To neutralise the dilutive effect of the stock dividend, NN Group repurchases ordinary shares for an amount equivalent to the stock dividend. The cash dividend was distributed out of Other reserves.

Minority interests

NN Group owns 51% of the shares of ABN AMRO Verzekeringen Holding B.V. (ABN AMRO Verzekeringen). ABN AMRO Verzekeringen's principal place of business is Zwolle, the Netherlands. ABN AMRO Verzekeringen is fully consolidated by NN Group, with a minority interest recognised of 49%.

At 30 June 2023, the minority interest relating to ABN AMRO Verzekeringen recognised in equity was EUR 69 million (31 December 2022: EUR 64 million).

10 Insurance contracts

Insurance contracts

IFRS 17 allows certain accounting policy choices and requires judgment in setting certain assumptions. The most important accounting policies and assumptions that are relevant to NN Group are set out below.

Key accounting policies

Accounting models

NN Group applies each of the three accounting models in IFRS 17. The General Model is the default model and is applied to traditional life insurance portfolios. The Variable Fee Approach is applied to most unit-linked portfolios, except for unit linked contracts for which the guarantees were in the money at the date of the Variable Fee Approach assessment. The Premium Allocation Approach is applied to non-life insurance contracts in Netherlands Non-life with a coverage period of 12 months or less. NN Group's insurance contracts include investment contracts with discretionary participation features.

Finance result on (re) insurance contracts and 'OCI option'

NN Group determines per portfolio of insurance contracts whether the effect of changes in financial assumptions, including changes in discount rates, are reflected either fully in the profit and loss account or partially in other comprehensive income ('OCI') in equity and partially in the profit and loss account based on a systematic allocation of the expected total net finance result over the duration of the group of contracts (the 'OCI option'). Under the OCI option, amounts recognised in other comprehensive income are recycled through profit or loss so that the amount in other comprehensive income will be nil at the end of the duration of the portfolio of insurance contracts. This recycling is done by accreting interest on the insurance liability through profit or loss using a locked-in discount rate at initial recognition of the contract, which is unlocked for changes in financial assumption after initial recognition, if any. This interest accretion is presented in 'Finance result on (re) insurance contracts'.

For contracts accounted for under the General Model and Premium Allocation Approach, in principle the OCI option is used, unless accounting for the impact of changes in financial assumptions directly in the profit and loss account resolves accounting mismatches or is otherwise preferred. For contracts accounted for under the Variable Fee Approach, the OCI option is, in principle, not applied.

Level of aggregation

Insurance contracts are aggregated per 'CSM group' under IFRS 17. A CSM group consists of contracts within the same portfolio, the same profitability bucket and issued in the same annual period. Contracts are in the same portfolio if these are managed together and have similar risks. NN Group uses at least three profitability buckets: onerous contracts, contracts that have no possibility of becoming onerous and remaining contracts. Groups of contracts issued in the same annual period are referred to as an annual cohort. In certain portfolios additional disaggregation is applied.

Notes to the Condensed consolidated interim accounts continue

Under the EU-endorsed version of IFRS 17 (IFRS-EU), certain specific insurance contracts do not need to be disaggregated by the year in which these contracts were issued (no annual cohorts). NN Group does not apply this IFRS-EU exemption.

If a contract would fall into a different group only because law or regulation specifically constrains NN Group's practical ability to set a different price or level of benefits for policyholders with different characteristics, NN Group includes those contracts in the same group.

Uncertainty on the settlement of the claim amount

For insurance products where there is uncertainty on the settlement of the claim amount, NN Group accounts for the uncertain claim amounts, as part of the liability for incurred claims (mostly for fire and motor insurance contracts) or as part of the liability for remaining coverage (mostly for Dutch disability and other insurance contracts).

Investment components excluded from insurance income and expenses

Insurance income and expenses in the profit and loss account exclude any (non-distinct) investment components. An investment component is the amount that an insurance contract requires NN Group to repay to a policyholder in all circumstances, regardless whether an insured event occurs. For products containing a surrender option for the client, the non-distinct investment component is normally based on the contractual surrender value after deduction of surrender charges.

Financial and non-financial assumptions

Under the General Model, NN Group specifies at inception of the insurance contract the basis on which it expects to determine its commitment under the contract; for example, based on a fixed interest rate, or on returns that vary based on specified asset returns. That specification is then used to distinguish between the effect of changes in assumptions that relate to financial variables (that do not adjust the contractual service margin but are recognised as 'Finance result on (re) insurance contracts' in the profit or loss account or in other comprehensive income) and non-financial variables and discretionary changes to that commitment (that do adjust the contractual service margin).

Under the Variable Fee Approach, the effect of changes in financial and non-financial assumptions on the net present value of future cash flows (not stemming from changes in the policyholders' share of the underlying items) adjust the contractual service margin using current discount rates. Changes in the policyholders' share of the underlying items are included in 'Finance result on (re) insurance contracts' in the profit and loss account.

Amortisation of acquisition costs

For traditional life insurance contracts, certain types of flexible life insurance contracts and non-life insurance contracts with a coverage period of over one year, the amortisation of acquisition costs takes place over the premium payment period in proportion to the revenue recognised. For other types of flexible life insurance contracts, the acquisition costs are amortised over the duration of the policies in relation to the emergence of estimated profits. Amortisation is adjusted when estimates of current or future profits, to be realised from a group of insurance contracts, are revised.

Transition approach

NN Group used each of the transition approaches in IFRS 17. In the modified retrospective transition approach, NN Group used mainly the modifications for historical cash flows and the historical release of the risk adjustment. The modified retrospective approach is applied to certain portfolios in the Insurance Europe segment. In the fair value transition approach, the contractual service margin is determined by reference to the fair value of insurance liabilities. Fair value is determined similar to fulfilment value, except that no group diversification is reflected in the risk adjustment, the cost of capital rate in the risk adjustment is set at 6% and expenses also include non-directly attributable expenses. The fair value transition approach is applied to, amongst others, portfolios in Netherlands Life.

NN Group uses the OCI option as described above, but set the amount in other comprehensive income at transition date (1-1-2022) to nil under the modified or fair value transition approach for certain portfolios (i.e. for which it was not practicable to determine the amount in other comprehensive income retrospectively). General account assets are considered to be one pool of assets, backing (part of some and all of other) insurance contracts and NN Group equity. Consequentially, the investment revaluation reserve of those assets can not be allocated specifically to insurance contracts for which the amount in other comprehensive income was set to nil at the transition date.

Coverage units

Coverage units are determined based on the expected insurance contract services. The insurance contract services are determined considering the (weighted) quantity of the benefits provided from insurance and investment services and the expected duration of the insurance contracts. For insurance services, the quantity of benefits can, amongst others, be based on the insurance liability using assumptions set at initial recognition or the maximum amount a policyholder might validly claim during a certain period. For investment services, the quantity of benefits can, amongst others, be based on the account value of underlying assets. The total amount of coverage units for a group of insurance contracts is the probability weighted present value of the insurance contract services.

Notes to the Condensed consolidated interim accounts continue

Premium Allocation Approach

In the segment Netherlands Non-life qualifying insurance contracts are measured and reported under the Premium Allocation Approach. When using the Premium Allocation Approach, future cash flows related to the Liability for Remaining Coverage (i.e. the unearned premium reserve) are not adjusted for the time value of money and the effect of financial risk if at initial recognition, it is expected that the time between providing each part of the coverage and the related premium due date is no more than one year. NN Group adjusts future cash flows related to the liability for incurred claims for the time value of money and the effect of financial risk. NN Group accounts for the acquisition costs directly in the profit and loss account when incurred, if the coverage period is no more than one year.

Key assumptions

Mortality and morbidity assumptions

Estimates of future cash flows reflect mortality and morbidity assumptions that are internally developed and calibrated to NN Group's own experience, reflecting the characteristics of the relevant portfolio. National mortality tables published by relevant actuarial or statistical bodies are used as benchmarks. Future projected mortality improvements (generation mortality tables) are also reflected in the assumption tables and are determined internally. Mortality and morbidity assumptions are country, age, gender and sometimes product group specific.

Expense assumptions

Expenses that are considered directly attributable are allocated to groups of insurance contracts, and estimates of these expected future expense cashflows are included in the insurance liability as a component of the fulfilment value. Non-attributable expenses are recognised directly in the profit and loss account when incurred. In principle, expenses that are necessary to serve the policyholder (including expenses to meet regulatory requirements as insurance company) are directly attributable whereas other expenses (i.e. corporate expenses) are not.

Lapse and surrender rates

Lapse, cancellation and surrender assumptions reflect the expected policyholder behaviour. As such the rates usually depend on issue year, policy year, major product lines and sales channels. Such granularity is usually enough to capture how the product terms and conditions as well as regulations can influence the timing and volume of lapse and surrenders. Calendar year based adjustments and dynamic policyholder behaviour are considered when needed in specific circumstances.

Discount rates

Discount rates are determined using a liquid risk-free curve to which an illiquidity premium is added. The liquid risk-free curve is set per currency, while the illiquidity premium is determined per entity using an approach that, reflects the characteristics of the current assets of that entity. In the second half of 2022 the assumption for spreads used in the illiquidity premium was updated and spreads are derived from fixed income assets using Z-spreads. The total asset spread is adjusted for expected and unexpected credit losses.

For the Euro currency, the risk-free curve is based on the swap rate and includes a last liquid point (LLP) of 30 years and a long-term forward rate (LTFR). At 30 June 2023 and 31 December 2022 the LTFR was 3.25%.

The table below sets out the yield curves used to discount the cash flows of insurance contracts for NN Group's most important segment, Netherlands Life, as at 30 June 2023 and 31 December 2022.

Range of yield curves

	Insurance contracts without direct participation (General Model)		Direct participating contracts (Variable Fee Approach)	
	31 December 2022		31 December 2022	
	30 June 2023	(Restated)	30 June 2023	(Restated)
1 year	4.6%	3.8%	4.0%	3.2%
5 years	3.8%	3.8%	3.2%	3.1%
10 years	3.5%	3.7%	2.9%	3.1%
20 years	3.3%	3.4%	2.7%	2.8%
30 years	3.0%	2.9%	2.4%	2.3%
40 years	2.9%	2.8%	2.4%	2.3%

For the other insurance segments within the group, the same risk-free curve is used, but the illiquidity premium is derived from the asset portfolios of the specific entities, resulting in a (wide) range of yield curves used.

Notes to the Condensed consolidated interim accounts continue

Risk adjustment

The risk adjustment for non-financial risk is determined using the cost of capital methodology based on the Solvency II internal model or standard formula for Solvency II entities and an own (internal) model for economic capital for non-solvency II insurance entities within the Group. The risk adjustment reflects diversification among non-market risks and with market risks within the entity as well as diversification with other entities within NN Group ('Group diversification'). The cost of capital rate represents NN Group's view on the compensation required for bearing non-financial risk; the cost of capital rate used in the fulfilment value of insurance liabilities was 4%. Changes in the risk adjustment related to changes in estimates of financial risk are disaggregated to other comprehensive income if the OCI option is applied to the specific portfolio. The risk adjustment used by NN Group corresponds with a range of confidence levels as set out below. In this, the implied confidence levels are determined both for a one-year and an ultimate view, gross of reinsurance.

Corresponding confidence levels risk adjustment

	30 June 2023		31 December 2022	
	1 year view	Ultimate view	1 year view	Ultimate view
Life	85%-95%	65%-75%	85%-95%	65%-75%
Non-life	70%-80%	60%-70%	70%-80%	60%-70%

Insurance contracts (2023)

30 June 2023	General Model	Variable Fee Approach	Total General Model and Variable Fee Approach	Premium Allocation Approach	Total
Life Insurance contracts for risk of company	101,344	55	101,399		101,399
Life Insurance contracts for risk of policyholders	2,543	31,371	33,914		33,914
Life insurance contracts	103,887	31,426	135,313	0	135,313
Non-life contracts for remaining coverage	3,748		3,748	356	4,104
Non-life contracts for incurred claims and benefits	51		51	2,474	2,525
Non-life insurance contracts	3,799	0	3,799	2,830	6,629
Insurance contracts	107,686	31,426	139,112	2,830	141,942
- of which presented as assets	310		310		310
- of which presented as liabilities	107,996	31,426	139,422	2,830	142,252
Insurance contracts	107,686	31,426	139,112	2,830	141,942

Notes to the Condensed consolidated interim accounts continue

Insurance contracts (2022) (Restated)

31 December 2022 (Restated)	General Model	Variable Fee Approach	Total General Model and Variable Fee Approach	Premium Allocation Approach	Total
Life Insurance contracts for risk of company	98,104	92	98,196	6	98,202
Life Insurance contracts for risk of policyholders	7,249	29,084	36,333		36,333
Life insurance contracts	105,353	29,176	134,529	6	134,535
Non-life contracts for remaining coverage	3,357		3,357	212	3,569
Non-life contracts for incurred claims and benefits	99		99	2,472	2,571
Non-life insurance contracts	3,456	0	3,456	2,684	6,140
Insurance contracts	108,809	29,176	137,985	2,690	140,675
- of which presented as assets	124		124		124
- of which presented as liabilities	108,933	29,176	138,109	2,690	140,799
Insurance contracts	108,809	29,176	137,985	2,690	140,675

Notes to the Condensed consolidated interim accounts continue

General Model and Variable Fee Approach

Insurance contracts under General Model and Variable Fee Approach (2023)

30 June 2023	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total General Model and Variable Fee Approach
- opening balance presented as assets	348	-26	-198	124
- opening balance presented as liabilities	129,854	1,603	6,652	138,109
Net opening balance	129,506	1,629	6,850	137,985
- insurance contracts initially recognised in the period	-451	40	431	20
- changes in estimates that adjust the contractual service margin	-50	50		0
- changes in estimates that do not adjust the contractual service margin	30	7		37
Changes that relate to future service	-471	97	431	57
- release to profit or loss		-77	-375	-452
- experience adjustments not adjusting the contractual service margin	-43			-43
Changes that relate to current service	-43	-77	-375	-495
- changes in incurred claims and benefits previous periods	6	-1		5
Changes that relate to past service	6	-1	0	5
- finance result through profit or loss	3,035	19	32	3,086
- finance result recognised in OCI	1,311	-8		1,303
Finance result on insurance contracts	4,346	11	32	4,389
- premiums received	5,465			5,465
- acquisition costs paid	-303			-303
- claims, benefits and attributable expenses paid	-6,386			-6,386
Cash flows	-1,224	0	0	-1,224
Other movements	-2	1	41	40
Foreign currency exchange differences	-1,546	-11	-88	-1,645
Net closing balance	130,572	1,649	6,891	139,112
- closing balance presented as assets	744	-69	-365	310
- closing balance presented as liabilities	131,316	1,580	6,526	139,422
Net closing balance	130,572	1,649	6,891	139,112

Notes to the Condensed consolidated interim accounts continue

Insurance contracts under General Model and Variable Fee Approach (2022) (Restated)

	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total General Model and Variable Fee Approach
31 December 2022 (Restated)				
- opening balance presented as assets	328	-24	-179	125
- opening balance presented as liabilities	170,826	2,833	6,049	179,708
Net opening balance	170,498	2,857	6,228	179,583
- insurance contracts initially recognised in the period	-870	118	803	51
- changes in estimates that adjust the contractual service margin	-417	-246	663	0
- changes in estimates that do not adjust the contractual service margin	67	-5		62
Changes that relate to future service	-1,220	-133	1,466	113
- release to profit or loss		-181	-771	-952
- experience adjustments not adjusting the contractual service margin	-16			-16
Changes that relate to current service	-16	-181	-771	-968
- changes in incurred claims and benefits previous periods	-51	-2		-53
Changes that relate to past service	-51	-2	0	-53
- finance result through profit or loss	-4,047	6	62	-3,979
- finance result recognised in OCI	-33,352	-907		-34,259
Finance result on insurance contracts	-37,399	-901	62	-38,238
- premiums received	10,801			10,801
- acquisition costs paid	-596			-596
- claims, benefits and attributable expenses paid	-12,796			-12,796
- changes in the composition of the group - contracts acquired	1,608			1,608
Cash flows	-983	0	0	-983
Other movements	-33			-33
Foreign currency exchange differences	-1,290	-11	-135	-1,436
Net closing balance	129,506	1,629	6,850	137,985
- closing balance presented as assets	348	-26	-198	124
- closing balance presented as liabilities	129,855	1,602	6,652	138,109
Net closing balance	129,507	1,628	6,850	137,985

Insurance contracts recognised in the period (2023)

	Onerous insurance contracts issued	Other insurance contracts issued	Insurance contracts acquired	Total insurance contracts initially recognised in the period
30 June 2023				
Estimates of the present value of future cash inflows	-409	-3,638		-4,047
- acquisition costs	29	227		256
- claims, benefits and attributable expenses	397	2,943		3,340
Estimates of the present value of future cash outflows	426	3,170	0	3,596
Risk adjustment	3	37		40
Contractual service margin		431		431
Total insurance contracts initially recognised in the period	20	0	0	20

Notes to the Condensed consolidated interim accounts continue

Insurance contracts recognised in the period (2022) (Restated)

31 December 2022 (Restated)	Onerous insurance contracts issued	Other insurance contracts issued	Insurance contracts acquired	Total insurance contracts initially recognised in the period
Estimates of the present value of future cash inflows	-1,015	-6,479	-2,708	-10,202
- acquisition costs	52	460		512
- claims, benefits and attributable expenses	1,004	5,213	2,603	8,820
Estimates of the present value of future cash outflows	1,056	5,673	2,603	9,332
Risk adjustment	10	72	36	118
Contractual service margin		734	69	803
Total insurance contracts initially recognised in the period	51	0	0	51

Contractual service margin

Disaggregation of the contractual service margin by transition approach (2023)

30 June 2023	Contract issued after transition and retrospective approach	Modified retrospective approach	Fair value approach	Total General Model and Variable Fee Approach
Opening balance	1,707	977	4,166	6,850
- insurance contracts initially recognised in the period	431			431
- changes in estimates that adjust the contractual service margin	-38	9	29	0
Changes that relate to future service	393	9	29	431
- release to profit or loss	-139	-83	-153	-375
Changes that relate to current service	-139	-83	-153	-375
Finance result through profit or loss	12	5	15	32
Other movements	-9		50	41
Foreign currency exchange differences	-47	-27	-14	-88
Closing balance	1,917	881	4,093	6,891

Disaggregation of contractual service margin by transition approach (2022) (Restated)

31 December 2022 (Restated)	Contract issued after transition and retrospective approach	Modified retrospective approach	Fair value approach	Total General Model and Variable Fee Approach
Opening balance	1,099	1,194	3,935	6,228
- insurance contracts initially recognised in the period	803			803
- changes in estimates that adjust the contractual service margin	94		569	663
Changes that relate to future service	897	0	569	1,466
- release to profit or loss	-231	-188	-352	-771
Changes that relate to current service	-231	-188	-352	-771
Finance result through profit or loss	14	12	36	62
Foreign currency exchange differences	-70	-41	-24	-135
Closing balance	1,709	977	4,164	6,850

Changes in estimate that adjust the contractual service margin in 2022 mainly reflect changes in financial risk on the non-varying part of the contracts accounted for under the Variable Fee Approach.

Notes to the Condensed consolidated interim accounts continue

Changes in estimates that adjust the contractual service margin exclude the changes in value of options and guarantees of contracts accounted for under the Variable Fee Approach that are hedged and for which the Risk mitigation option is applied. These are reflected in 'Finance result on (re) insurance contracts' in the profit and loss account.

Liabilities for remaining coverage and incurred claims and benefits (2023)

30 June 2023	Net liability for remaining coverage		Liability for incurred claims and benefits	Total General Model and Variable Fee Approach
	Remaining coverage (excluding loss component)	Loss component	Estimates of the present value of future cash flows	
Opening balance presented as assets	135	-1	-10	124
Opening balance presented as liabilities	136,143	111	1,855	138,109
Net opening balance	136,008	112	1,865	137,985
- release of contractual service margin	-375			-375
- release of risk adjustment	-77			-77
- expected claims and benefits	-2,271			-2,271
- expected attributable expenses	-636			-636
- recovery of acquisition costs	-188			-188
- experience adjustments for premiums relating to current or past service	-17			-17
Insurance income	-3,564	0	0	-3,564
- incurred claims and benefits			2,268	2,268
- incurred attributable expenses			626	626
- amortisation of acquisition costs	188			188
- changes in incurred claims and benefits previous periods			5	5
- (reversal of) losses on onerous contracts		44		44
Insurance expenses	188	44	2,899	3,131
Investment components excluded from insurance expenses and insurance income	-3,480		3,480	0
- finance result through profit or loss	3,086			3,086
- finance result recognised in OCI	1,281		22	1,303
Finance result on insurance contracts	4,367	0	22	4,389
- premiums received	5,465			5,465
- acquisition costs paid	-303			-303
- claims, benefits and attributable expenses paid			-6,386	-6,386
Cash flows	5,162	0	-6,386	-1,224
Other movements	220		-180	40
Foreign currency exchange differences	-1,573	-1	-71	-1,645
Net closing balance	137,328	155	1,629	139,112
Closing balance presented as assets	342	-5	-27	310
Closing balance presented as liabilities	137,670	150	1,602	139,422
Net closing balance	137,328	155	1,629	139,112

Notes to the Condensed consolidated interim accounts continue

Liabilities for remaining coverage and incurred claims and benefits (2022) (Restated)

31 December 2022 (Restated)	Net liability for remaining coverage	Liability for incurred claims and benefits	Total General Model and Variable Fee Approach	
	Remaining coverage (excluding loss component)	Loss component	Estimates of the present value of future cash flows	
Opening balance presented as assets	135	-1	-9	125
Opening balance presented as liabilities	178,141	21	1,546	179,708
Net opening balance	178,006	22	1,555	179,583
- release of contractual service margin	-771			-771
- release of risk adjustment	-181			-181
- expected claims and benefits	-4,943			-4,943
- expected attributable expenses	-1,178			-1,178
- recovery of acquisition costs	-360			-360
- experience adjustments for premiums relating to current or past service	-20			-20
Insurance income	-7,453	0	0	-7,453
- incurred claims and benefits			4,932	4,932
- incurred attributable expenses			1,216	1,216
- amortisation of acquisition costs	361			361
- changes in incurred claims and benefits previous periods			-53	-53
- (reversal of) losses on onerous contracts		90		90
- other insurance expenses	2		-3	-1
Insurance expenses	363	90	6,092	6,545
Investment components excluded from insurance expenses and insurance income	-6,962		6,962	0
- finance result through profit or loss	-3,979			-3,979
- finance result recognised in OCI	-34,342		83	-34,259
Finance result on insurance contracts	-38,321	0	83	-38,238
- premiums received	10,801			10,801
- acquisition costs paid	-596			-596
- claims, benefits and attributable expenses paid			-12,796	-12,796
- changes in the composition of the group - contracts acquired	1,603		5	1,608
Cash flows	11,808	0	-12,791	-983
Other movements	-33			-33
Foreign currency exchange differences	-1,400		-36	-1,436
Net closing balance	136,008	112	1,865	137,985
Closing balance presented as assets	135	-1	-10	124
Closing balance presented as liabilities	136,143	111	1,855	138,109
Net closing balance	136,008	112	1,865	137,985

Notes to the Condensed consolidated interim accounts continue

Premium Allocation Approach

Liabilities for remaining coverage and incurred claims and benefits Premium Allocation Approach (2023)

	Liability for remaining coverage		Liability for incurred claims and benefits		Total Premium Allocation Approach
	Remaining coverage (excluding loss component)	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
30 June 2023					
Opening balance presented as assets					0
Opening balance presented as liabilities	192	9	2,421	68	2,690
Net opening balance	192	9	2,421	68	2,690
Insurance income	-1,404				-1,404
- incurred claims and benefits			725	2	727
- incurred attributable expenses			462		462
- amortisation of acquisition costs	3				3
- changes in incurred claims and benefits previous periods			2	-4	-2
- (reversal of) losses on onerous contracts		-7			-7
- other insurance expenses	1				1
Insurance expenses	4	-7	1,189	-2	1,184
- finance result through profit or loss			10		10
- finance result recognised in OCI			27		27
Finance result on insurance contracts	0	0	37	0	37
- premiums received	1,561				1,561
- acquisition costs paid	-2				-2
- claims, benefits and attributable expenses paid			-1,235		-1,235
Cash flows	1,559	0	-1,235	0	324
Foreign currency exchange differences				-1	-1
Net closing balance	351	2	2,412	65	2,830
Closing balance presented as assets					0
Closing balance presented as liabilities	351	2	2,412	65	2,830
Net closing balance	351	2	2,412	65	2,830

Notes to the Condensed consolidated interim accounts continue

Liabilities for remaining coverage and incurred claims and benefits Premium Allocation Approach (2022)
(Restated)

	Liability for remaining coverage		Liability for incurred claims and benefits		Total Premium Allocation Approach
	Remaining coverage (excluding loss component)	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
31 December 2022 (Restated)					
Opening balance presented as assets					0
Opening balance presented as liabilities	141	3	2,666	62	2,872
Net opening balance	141	3	2,666	62	2,872
Insurance income		-2,787			-2,787
- incurred claims and benefits			1,559	4	1,563
- incurred attributable expenses			900		900
- amortisation of acquisition costs	6				6
- changes in incurred claims and benefits previous periods			39	2	41
- (reversal of) losses on onerous contracts		6			6
Insurance expenses	6	6	2,498	6	2,516
- finance result through profit or loss			-7	-1	-8
- finance result recognised in OCI			-204	-2	-206
Finance result on insurance contracts	0	0	-211	-3	-214
- premiums received	2,838				2,838
- acquisition costs paid	-6				-6
- claims, benefits and attributable expenses paid			-2,532		-2,532
Cash flows	2,832	0	-2,532	0	300
Foreign currency exchange differences	1			2	3
Net closing balance	193	9	2,421	67	2,690
Closing balance presented as assets					0
Closing balance presented as liabilities	193	9	2,421	67	2,690
Net closing balance	193	9	2,421	67	2,690

11 Subordinated debt

In April 2023 NN Group announced the issue of EUR 1 billion subordinated notes issued under NN Group's 'green bond framework' with a maturity of 20.5 years and which are first callable after 10.5 years, subject to redemption conditions. The coupon is fixed at 6.00% per annum until the first reset date on 3 November 2033 and will be floating thereafter. The Notes qualify as Tier 2 regulatory capital.

In April 2023 NN Group also announced a tender for purchase by NN Group for cash of outstanding subordinated notes. The tender was completed in May 2023 and NN Group accepted the purchase of EUR 1 billion in nominal amount. This includes EUR 665 million of subordinated notes previously classified as liabilities in the balance sheet and EUR 335 million previously classified in equity (also refer to Note 9 'Equity').

Notes to the Condensed consolidated interim accounts continue

12 Other liabilities

Other liabilities

	30 June 2023	31 December 2022 (Restated)
Income tax payable	27	67
Net defined benefit liability	50	40
Other post-employment benefits	3	4
Other staff-related liabilities	77	78
Other taxation and social security contributions	105	101
Lease liabilities	255	255
Accrued interest	319	242
Costs payable	343	298
Provisions	175	199
Amounts to be settled	42	461
Cash collateral amounts received	688	681
Other	718	588
Other liabilities	2,802	3,014

13 Insurance income

Insurance income (2023)

1 January to 30 June 2023	Contracts issued after transition and retrospective approach	Modified retrospective approach	Fair value approach	Total
Release of contractual service margin	140	83	152	375
Release of risk adjustment	15	7	55	77
Expected claims and benefits	296	47	1,928	2,271
Expected attributable expenses	218	77	341	636
Recovery of acquisition costs	131	57		188
Experience adjustments for premiums that relate to current or past service	-3		20	17
Insurance income General Model and Variable Fee Approach	797	271	2,496	3,564
Insurance income Premium Allocation Approach				1,404
Total insurance income				4,968

Insurance income (2022) (Restated)

1 January to 30 June 2022 (Restated)	Contracts issued after transition and retrospective approach	Modified retrospective approach	Fair value approach	Total
Release of contractual service margin	93	99	165	357
Release of risk adjustment	35	8	60	103
Expected claims and benefits	136	55	2,257	2,448
Expected attributable expenses	174	94	376	644
Recovery of acquisition costs	120	72		192
Experience adjustments for premiums that relate to current or past service	10	-1	23	32
Insurance income General Model and Variable Fee Approach	568	327	2,881	3,776
Insurance income Premium Allocation Approach				1,378
Total insurance income				5,154

Notes to the Condensed consolidated interim accounts continue

14 Insurance expenses**Insurance expenses General Model and Variable Fee Approach**

	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Incurring claims and benefits	2,268	2,484
Incurring attributable expenses	626	622
Amortisation of acquisition costs	188	192
Changes in incurred claims and benefits previous periods	5	-24
(Reversal of) losses on onerous contracts	44	81
Other		-2
Insurance expenses General Model and Variable Fee Approach	3,131	3,353

(Reversal of) losses on onerous contracts General Model and Variable Fee Approach

	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Losses on onerous contracts initially recognised in the period	20	37
Changes in estimates not adjusting the contractual service margin	37	54
Release of risk adjustment attributed to the loss component	-1	
Expected claims and benefits attributed to the loss component	-5	-6
Expected attributable insurance expenses attributed to the loss component	-7	-4
(Reversal of) losses on onerous contracts General Model and Variable Fee Approach	44	81

Insurance expenses Premium Allocation Approach

	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Incurring claims and benefits	727	891
Incurring attributable expenses	462	449
Amortisation of acquisition costs	3	1
Changes in incurred claims and benefits previous periods	-2	-44
(Reversal of) losses on onerous contracts	-7	3
Other	9	16
Insurance expenses Premium Allocation Approach	1,192	1,316

(Reversal of) losses on onerous contracts Premium Allocation Approach

	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Losses on onerous contracts initially recognised in the period	1	3
Changes in estimates	-4	3
Reversal of the loss component	-4	-3
(Reversal of) losses on onerous contracts Premium Allocation Approach	-7	3

15 Investment result**Interest income and expenses**

Interest income and expenses are recognised in the profit and loss account using the effective interest method. When calculating the effective interest rate, NN Group estimates cash flows considering all contractual terms of the financial instrument (for example prepayment options), but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset, or a group of similar financial assets is in default (Stage 3), interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income and expenses from derivatives are classified as interest income and interest expenses in the profit and loss, except for interest income and expenses on derivatives for which no hedge accounting is applied. The latter is classified in 'Result on derivatives and hedging', together with the changes in the (clean) fair value of these derivatives.

Notes to the Condensed consolidated interim accounts continue

In recent periods, the number of transactions in relevant real estate markets has decreased, resulting in larger uncertainties around the inputs to the valuations and, therefore, increased uncertainty in the fair value of real estate investments.

Investment result

	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Interest income from investments in debt securities	858	879
Interest income from mortgage loans	625	544
Interest income from other loans	201	132
Interest income on (hedging) derivatives	221	95
Other interest income	86	46
Interest income	1,991	1,696
Realised gains (losses) on investments at cost and at fair value through other comprehensive income	-131	219
Gains (losses) on investments at fair value through profit or loss	2,178	-5,549
Gains (losses) on investments at cost, at fair value through OCI and at fair value through profit and loss	2,047	-5,330
Income from investments in real estate	57	56
Change in fair value of investments in real estate	-139	131
Gains (losses) on investments in real estate	-82	187
Share of result of investments in associates and joint ventures	-241	388
Impairments	-63	-76
Reversal of impairments	47	39
Impairments on investments	-16	-37
Result on derivatives and hedging	43	-1,621
Foreign currency exchange result	88	937
Dividend income on equity securities	207	189
Other investment income	7	6
Total investment result	4,044	-3,585

Gains (losses) on investments at fair value through profit or loss include gains (losses) related to investments held for risk of policyholders for EUR 2,177 million (1 January to 30 June 2022: EUR -5,218 million). These gains (losses) are mostly offset by changes in fair value of underlying items as presented in 'Finance result on (re)insurance contracts'.

Impairments on investments by segment

	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Netherlands Life	16	30
Netherlands Non-life	1	
Insurance Europe	-1	8
Japan Life	3	1
Banking	-3	-2
Total	16	37

Notes to the Condensed consolidated interim accounts continue

16 Finance result on (re) insurance contracts

Finance result on (re) insurance contracts

	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Change in fair value of underlying items	2,166	-5,166
Interest accreted	915	649
Changes in value of options and guarantees for which the risk mitigation solution is used	-3	-2
Finance result on (re) insurance contracts	3,078	-4,519

17 Non-attributable operating expenses

Non-attributable operating expenses

	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Salaries	492	441
Variable salaries	20	18
Pension costs	68	60
Social security costs	78	67
Share-based compensation arrangements	3	3
External staff costs	132	136
Education	7	6
Other staff costs	35	29
Staff expenses	835	760
Operating expenses	1,237	1,220
Staff and operating expenses	2,072	1,980
Of which attributed to		
- incurred acquisition costs	-294	-287
- incurred insurance expenses	-1,148	-1,084
Attributable expenses	-1,442	-1,372
Non-attributable operating expenses	630	609

18 Discontinued operations

As of 2021, NN Group's asset management activities executed by NN Investment Partners (NN IP) are classified as discontinued operations. Reference is made to Note 23 'Companies and businesses acquired and divested'. Net result from discontinued operations consists of the net result (after tax) of the businesses classified as discontinued operations and is presented separately in the profit and loss account for the first half year of 2022. No gain or loss has been recognised in the profit and loss account upon the classification as held for sale and discontinued operations; upon closing of the transaction a gain of EUR 1.1 billion was recognised.

Net result from discontinued operations

	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Total income		110
Total expenses		74
Net result from disposal of discontinued operations		1,062
Result before tax from discontinued operations	0	1,098
Taxation		9
Net result from discontinued operations	0	1,089

Notes to the Condensed consolidated interim accounts continue

The activities of NN Investment Partners (NN IP) were reported in the segment Asset Management before these were classified as discontinued operations and held for sale. The segment Asset Management ceased to exist in 2021, following the classification as discontinued operations, as all activities previously included in this segment became discontinued operations. The sale of NN Investment Partners (NN IP) was completed in April 2022. Reference is made to Note 46 'Companies and businesses acquired and divested' in the NN Group 2022 Annual report.

Net cash flow from discontinued operations

	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Operating cash flow		94
Investing cash flow		-2
Net cash flow from discontinued operations	0	92

19 Earnings per ordinary share

Earnings per ordinary share shows earnings per share amounts for profit or loss attributable to shareholders of the parent. Earnings per ordinary share is calculated on the basis of the weighted average number of ordinary shares outstanding. In calculating the weighted average number of ordinary shares outstanding, own shares held by group companies are deducted from the total number of ordinary shares in issue.

Earnings per ordinary share from continuing and discontinued operations

	Amount (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
	Net result from continuing and discontinued operations	586	1,741			
Coupon on undated subordinated notes	-27	-29				
Basic earnings from continuing and discontinued operations	559	1,712	278.7	303.3	2.01	5.64
Dilutive instruments						
- Share plans			0.2	0.4		
Dilutive instruments			0.2	0.4		
Diluted earnings from continuing and discontinued operations	559	1,712	278.9	303.7	2.00	5.64

Earnings per ordinary share from continuing operations

	Amount (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
	Net result from continuing operations	587	653			
Coupon on undated subordinated notes	-27	-29				
Basic earnings from continuing operations	560	624	278.7	303.3	2.01	2.06
Dilutive instruments						
- Share plans			0.2	0.4		
Dilutive instruments			0.2	0.4		
Diluted earnings from continuing operations	560	624	278.9	303.7	2.00	2.05

Notes to the Condensed consolidated interim accounts continue

Earnings per ordinary share from discontinued operations

	Amount (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	1 January to 30		1 January to 30		1 January to 30	
	1 January to 30 June 2023	June 2022 (Restated)	1 January to 30 June 2023	June 2022 (Restated)	1 January to 30 June 2023	June 2022 (Restated)
Net result from discontinued operations		1,087				
Basic earnings from discontinued operations	0	1,087	278.7	303.4		3.59
Dilutive instruments						
– Share plans			0.2	0.4		
Dilutive instruments			0.2	0.4		
Diluted earnings from discontinued operations	0	1,087	278.9	303.8		3.58

Diluted earnings per share is calculated as if the share plans had been exercised at the beginning of the period and assuming that the cash received from exercised share plans was used to buy own shares against the average market price during the period. The net increase in the number of shares resulting from exercising share plans is added to the average number of shares used for the calculation of diluted earnings per share.

20 Segments

A segment is a distinguishable component of NN Group, engaged in providing products or services, subject to risks and returns that are different from those of other segments. A geographical area is a distinguishable component of NN Group engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments. The geographical analysis is based on the location of the business unit from which the transactions are originated.

The reporting segments for NN Group, based on the internal reporting structure, are as follows:

- Netherlands Life (Group life and individual life insurance products in the Netherlands)
- Netherlands Non-life (Non-life insurance in the Netherlands including disability and accident, fire, motor and transport insurance)
- Insurance Europe (Life insurance, pension products and to a small extent non-life insurance and retirement services in Central and Rest of Europe)
- Japan Life (Life insurance primarily Corporate Owned Life Insurance (COLI) business)
- Banking
- Other (Operating segments that have been aggregated due to their respective size; including Japan Closed Block VA (Closed block single premium variable annuity individual life insurance portfolio in Japan, including the internally reinsured minimum guarantee risk, which has been closed to new business and which is being managed in run-off), reinsurance and items related to capital management and the head office)

The Executive Board and the Management Board set the performance targets and approve and monitor the budgets prepared by the reporting segments. The segments formulate strategic, commercial and financial policies in conformity with the strategy and performance targets set by the Executive Board and the Management Board.

The accounting policies of the segments are the same as those described in the relevant notes. Transfer prices for inter-segment transactions are set at arm's length. Corporate expenses are allocated to segments based on time spent by head office personnel, the relative number of staff, or on the basis of income and/or assets of the segment. Intercompany loans that qualify as equity securities under IFRS-EU are presented in the segment reporting as debt; related coupon payments are presented as income and expenses in the respective segments.

Operating result as presented below is an Alternative Performance Measure (non-GAAP financial measure) and is not a measure of financial performance under IFRS-EU. Because it is not determined in accordance with IFRS-EU, operating result as presented by NN Group may not be comparable to other similarly titled measures of performance of other companies. The net result on transactions between segments is eliminated in the net result of the relevant segment. Operating result is calculated as explained in the section 'Alternative Performance Measures'.

Notes to the Condensed consolidated interim accounts continue

Result by segment (2023)

1 January to 30 June 2023	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	Banking	Other	Total
Profit margin	94		147	88			328
Technical result	36		3	2			40
Service expense result	18		-2	7			23
Other (re) insurance result			1				1
(Re) insurance result	147	0	148	96	0	0	392
Investment result	696		78	23			798
Other results - insurance businesses	-38		-39	-17			-94
Operating result insurance businesses	805	0	187	102	0	0	1,095
Operating result non-insurance businesses	5		32				35
Operating result non-life		226					226
Operating result banking					113		113
Operating result other						-71	-71
Total operating result	810	226	219	102	113	-71	1,400
Non-operating items of which:							
– gains (losses) and impairments	-148	-14	-6	-2		-1	-171
– revaluations	-286	-12	-44	-31		43	-330
– market and other impacts	6	-5	-55		-8	-40	-101
Special items	-18	-4	-14			-7	-44
Acquisition intangibles and goodwill			-1			-13	-14
Result on divestments			19				19
Result before tax	364	192	118	68	105	-89	758
Taxation	68	46	24	19	27	-17	166
Minority interests		6					6
Net result	297	140	94	50	78	-72	586

Special items in 2023 mainly reflect integration and IFRS 9 and IFRS 17 project expenses.

Notes to the Condensed consolidated interim accounts continue

Result by segment (2022) (Restated)

1 January to 30 June 2022 (Restated)	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	Banking	Other	Total
Profit margin	64		117	85			266
Technical result	57		7	-1			63
Service expense result	19		16	8			43
Other (re) insurance result	1		2				2
(Re) insurance result	140	0	142	92	0	0	374
Investment result	635		41	24			700
Other results - insurance businesses	-89		-42	-14			-144
Operating result insurance businesses	686	0	141	102	0	0	929
Operating result non-insurance businesses	5		44				50
Operating result non-life		190					190
Operating result banking					49		49
Operating result other						-94	-94
Total operating result	691	190	185	102	49	-94	1,124
Non-operating items of which:							
- gains (losses) and impairments	169	-4	-8	-2		1	157
- revaluations	-226	-36	-55	-50		-13	-379
- market and other impacts	-1	-2	-27		10	-43	-63
Special items	-14	-10	-13	-1		-19	-58
Acquisition intangibles and goodwill			-1			-15	-16
Result on divestments						1,062	1,062
Result before tax	620	139	81	49	59	879	1,827
Taxation	54	33	21	13	15	-10	127
Minority interests	-9	-5					-14
Net result	575	111	60	36	44	890	1,715

Special items in 2022 mainly reflect integration and IFRS 9 and IFRS 17 project expenses.

Insurance contracts by segment 2023

30 June 2023	General Model and Variable Fee Approach	Premium Allocation Approach	Total
Netherlands Life	101,500		101,500
Netherlands Non-life	3,750	2,762	6,512
Insurance Europe	18,498		18,498
Japan Life	14,121		14,121
Other	1,243	68	1,311
Insurance contracts	139,112	2,830	141,942

Insurance contracts by segment 2022 (Restated)

31 December 2022 (Restated)	General Model and Variable Fee Approach	Premium Allocation Approach	Total
Netherlands Life	100,125		100,125
Netherlands Non-life	3,410	2,615	6,025
Insurance Europe	17,848		17,848
Japan Life	15,276		15,276
Other	1,326	75	1,401
Insurance contracts	137,985	2,690	140,675

Notes to the Condensed consolidated interim accounts continue

Alternative Performance Measures (Non-GAAP measures)

NN Group uses the following Alternative Performance Measures (APMs, also referred to as Non-GAAP measures) in its external financial reporting: Operating result and Administrative expenses. The definition of these Alternative Performance Measures changed as a result of the introduction of IFRS 9 and IFRS 17. Further details are set out below.

Operating result

Operating result (before tax) is used by NN Group to evaluate the financial performance of its segments. The objective of the Operating result is to provide a better understanding of the underlying business performance by eliminating non-operating volatility from the result before tax. The Group operating result is the sum of the operating results for each segment in the Group. The result on transactions between segments is eliminated in the result of the relevant segment. Each segment's operating result is calculated by adjusting the reported result before tax for the following items:

- Non-operating items:
 - Gains/losses and impairments on financial assets: realised gains and impairments on financial assets that are classified as Investments at amortised cost and Investments at fair value through other comprehensive income. This relates mainly to debt securities and loans.
 - Revaluations: revaluations (changes in fair value) on Investments at fair value through profit or loss that are held in the general account. This relates mainly to private equity and real estate and loans, debt securities and equity securities accounted for at fair value through profit or loss and derivatives for which no hedge accounting is applied.
 - Market & other impacts: other items that are not representative of the underlying business performance of the segment. This may include (changes in) losses from onerous contracts due to assumption changes, impairments on intangible assets and specific one-off expenses.
- Special items: items of income or expense before tax that are significant and arise from events or transactions that are clearly distinct from the ordinary business activities and therefore are not expected to recur frequently or regularly. This includes restructuring expenses, rebranding costs, results related to early redemption of debt and gains/losses from employee pension plan amendments or curtailments.
- Result on divestments: realised gains/losses on the divestment of entities or businesses.
- Acquisition intangibles and goodwill: amortisation and impairment on acquisition related intangible assets and impairment of goodwill.

The operating result for the life insurance business is analysed through a margin analysis, which includes the insurance and reinsurance result, investment result and other result. The insurance and reinsurance result represents the sum of the profit margin (including release of the CSM), the technical result (including release of the risk adjustment), service expense result, and other insurance and reinsurance result. The investment result reflects that difference between the investment income (on operating basis) and the finance result (on operating basis).

Operating result as presented above is an Alternative Performance Measure (non-GAAP financial measure) and is not a measure of financial performance under IFRS-EU. Because it is not determined in accordance with IFRS-EU, operating result as presented by NN Group may not be comparable to other similarly titled measures of performance of other companies.

Administrative expenses

NN Group monitors the level of expenses through the administrative expenses. Administrative expenses are calculated as the total of IFRS Staff and Other operating expenses excluding non-operating items, claims handling expenses and, expenses related to investment and insurance commissions and fees.

Administrative expenses

	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Staff expenses	835	760
Other operating expenses	1,237	1,221
Total IFRS operating expenses (before attribution)	2,072	1,981
Presented in Insurance expenses and commissions	644	650
Presented in Insurance acquisition expenses	276	276
Presented in non-operating items (including special items)	53	62
Other adjustments	26	-5
Administrative expenses continuing operations	1,073	998

Administrative expenses as presented above is an Alternative Performance Measure (non-GAAP financial measure) and is not a measure of financial performance under IFRS-EU. Because it is not determined in accordance with IFRS-EU, administrative expenses as presented by NN Group may not be comparable to other similarly titled measures of performance of other companies.

Notes to the Condensed consolidated interim accounts continue

Other metrics

In addition, NN Group discloses a number of other metrics (that are not defined in IFRS and/or not defined in regulatory capital legislation). As these are not derived from comparable metrics under IFRS, these cannot be reconciled to an IFRS equivalent. These include the following:

- Operating Capital Generation (OCG): 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 II surplus (Own Funds before eligibility 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.
- Gross premiums written: premiums written in the reporting period. Premiums written plus or minus the change in premiums receivables equals premiums received as recorded in the cash flow sections on insurance contracts.
- New sales (Annual Premium Equivalent, APE) represents annualised premium equivalents sold in the period, with single premiums calculated at 1/10th of the single premium amounts.
- Combined ratio: the sum of the claims ratio (claims incurred, net of reinsurance, excluding unwind of interest accrual, divided by net earned premiums) and the expense ratio (sum of acquisition costs and administrative expenses, divided by net earned premiums).
- Financial leverage ratio: the percentage of financial leverage in the total of financial leverage and equity.
- Fixed cost coverage ratio: the ability of Earnings Before Interest and Tax (EBIT) to cover funding costs on financial leverage; calculated on a last 12-months basis.
- Free cash flow: the change in the cash capital position at the holding company over the period, excluding acquisitions and capital transactions with shareholders and debtholders.
- Cash capital position at the holding company: net current assets available at the holding company.
- Net interest margin (NIM): interest result of the banking operations divided by the average total interest bearing assets of the banking operations.

Gross premium

Premiums written (2023)

1 January to 30 June 2023	Life	Non-life	Total
Gross premiums written	4,800	2,444	7,244
Reinsurance ceded	-642	-90	-732
Premiums written net of reinsurance	4,158	2,354	6,512

Premiums written (2022) (Restated)

1 January to 30 June 2022 (Restated)	Life	Non-life	Total
Gross premiums written	5,153	2,364	7,517
Reinsurance ceded	-616	-78	-694
Premiums written net of reinsurance	4,537	2,286	6,823

21 Taxation

Taxation on components of other comprehensive income

	1 January to 30 June 2023	1 January to 30 June 2022 (Restated)
Finance result on (re) insurance contracts recognised in other comprehensive income	347	-7,544
Revaluations investments at fair value through other comprehensive income	-332	5,810
Realised gains (losses) transferred to the profit and loss account	-40	38
Changes in cash flow hedge reserve	57	1,801
Remeasurement of the net defined benefit asset/liability	5	-24
Foreign currency exchange differences	-1	-1
Income tax	36	80

Notes to the Condensed consolidated interim accounts continue

22 Fair value of financial assets and liabilities

The following table presents the estimated fair value of NN Group's financial assets and liabilities. Certain balance sheet items are not included in the table, as they do not meet the definition of a financial asset or liability or are (re) insurance contracts. The aggregation of the fair value presented below does not represent and should not be construed as representing, the underlying value of NN Group.

Fair value of financial assets and liabilities

	Estimated fair value		Balance sheet value	
	30 June 2023	31 December 2022 (Restated)	30 June 2023	31 December 2022 (Restated)
Financial assets				
Cash and cash equivalents	7,198	6,670	7,198	6,670
Investments at fair value through other comprehensive income	111,615	115,061	111,615	115,061
Investments at cost	19,931	19,412	20,825	20,291
Investments at fair value through profit or loss	45,552	43,162	45,552	43,162
Derivatives	1,601	2,452	1,601	2,452
Financial assets	185,897	186,757	186,791	187,636
Financial liabilities				
Investment contracts for risk of company	997	1,020	1,073	1,104
Investment contracts for risk of policyholders	2,508	2,317	2,508	2,317
Debt instruments issued	1,041	1,498	1,195	1,694
Subordinated debt	2,643	2,287	2,663	2,334
Other borrowed funds	9,496	10,683	9,908	11,118
Customer deposits	15,712	15,619	16,304	16,235
Derivatives	4,670	6,461	4,670	6,461
Financial liabilities	37,067	39,885	38,321	41,263

For the other financial assets and financial liabilities not included in the table above, including short-term receivables and payables, the carrying amount is a reasonable approximation of fair value.

The estimated fair value represents the price at which an orderly transaction to sell the financial asset or to transfer the financial liability would take place between market participants at the balance sheet date (exit price).

The fair value of financial assets and liabilities is based on unadjusted quoted market prices at the balance sheet date where available. Such quoted market prices are primarily obtained from exchange prices for listed instruments. Where an exchange price is not available, market prices may be obtained from external market vendors, brokers or market makers. In general, positions are valued taking the bid price for a long position and the offer price for a short position and financial liabilities. In some cases, positions are marked at mid-market prices. When markets are less liquid there may be a range of prices for the same security from different price sources; selecting the most appropriate price requires judgement and could result in different estimates of the fair value.

Further information on the methods and assumptions that were used by NN Group to estimate the fair value of the financial instruments and the sensitivities for changes in these assumptions is disclosed in Note 36 'Fair value of financial assets and liabilities' of the 2022 NN Group Consolidated annual accounts.

Notes to the Condensed consolidated interim accounts continue

Financial assets and liabilities at fair value

The fair value of the financial instruments carried at fair value was determined as follows:

Methods applied in determining the fair value of financial assets and liabilities at fair value (2023)

30 June 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives	2	1,599		1,601
Investments at fair value through other comprehensive income	45,086	25,851	40,678	111,615
Investments at fair value through profit or loss	38,142	1,565	5,845	45,552
Financial assets	83,230	29,015	46,523	158,768
Financial liabilities				
Investment contracts (for contracts at fair value)	2,508			2,508
Derivatives	23	4,630	17	4,670
Financial liabilities	2,531	4,630	17	7,178

Methods applied in determining the fair value of financial assets and liabilities at fair value (2022) (Restated)

31 December 2022 (Restated)	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives	131	2,321		2,452
Investments at fair value through other comprehensive income	47,409	26,904	40,748	115,061
Investments at fair value through profit or loss	35,870	1,679	5,613	43,162
Financial assets	83,410	30,904	46,361	160,675
Financial liabilities				
Investment contracts (for contracts at fair value)	2,317			2,317
Derivatives	2	6,440	19	6,461
Financial liabilities	2,319	6,440	19	8,778

Level 1 – (Unadjusted) Quoted prices in active markets

This category includes financial instruments whose fair value is determined directly by reference to published quotes in an active market that NN Group can access. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions with sufficient frequency and volume to provide reliable pricing information on an ongoing basis.

Level 2 – Valuation technique supported by observable inputs

This category includes financial instruments whose fair value is determined using a valuation technique (e.g. a model), where inputs in the model are taken from an active market or are observable. If certain inputs in the model are unobservable the instrument is still classified in this category, provided that the impact of those unobservable inputs elements on the overall valuation is insignificant. Included in this category are items whose value is derived from quoted prices of similar instruments, but for which the prices are modified based on other market observable external data and items whose value is derived from quoted prices but for which there was insufficient evidence of an active market.

Level 3 – Valuation technique supported by unobservable inputs

This category includes financial instruments whose fair value is determined using a valuation technique (e.g. a model) for which more than an insignificant part of the inputs in terms of the overall valuation are not market observable. This category also includes financial assets and liabilities whose fair value is determined by reference to price quotes but for which the market is considered inactive. An instrument is classified in its entirety as Level 3 if a significant portion of the instrument's fair value is driven by unobservable inputs. Unobservable in this context means that there is little or no current market data available from which the price at which an orderly transaction would likely occur can be derived.

Notes to the Condensed consolidated interim accounts continue

Changes in Level 3 financial assets (2023)

30 June 2023	Investments at fair value through other comprehensive income	Investments at fair value through profit or loss	Total
Level 3 Financial assets – opening balance	40,748	5,613	46,361
Amounts recognised in the profit and loss account	-35	-39	-74
Revaluations recognised in other comprehensive income (equity)	242		242
Purchase	1,081	383	1,464
Sale	-155	-96	-251
Maturity/settlement	-1,205	-5	-1,210
Transfers out of Level 3	-3	-15	-18
Foreign currency exchange differences	5	4	9
Level 3 Financial assets – closing balance	40,678	5,845	46,523

Changes in Level 3 financial assets (2022) Restated

31 December 2022 (Restated)	Investments at fair value through other comprehensive income	Investments at fair value through profit or loss	Total
Level 3 Financial assets – opening balance	48,107	4,260	52,367
Amounts recognised in the profit and loss account	-199	-101	-300
Revaluations recognised in other comprehensive income (equity)	-8,800		-8,800
Purchase	5,309	1,563	6,872
Sale	-318	-213	-531
Maturity/settlement	-3,638	-2	-3,640
Other transfers and reclassifications	-19	130	111
Transfers into Level 3	319		319
Changes in the composition of the group	-18	1	-17
Foreign currency exchange differences	5	-25	-20
Level 3 Financial assets – closing balance	40,748	5,613	46,361

Changes in Level 3 financial liabilities

	30 June 2023	31 December 2022 (Restated)
Level 3 Financial liabilities – opening balance	19	23
Amounts recognised in the profit and loss account	-2	-4
Level 3 Financial liabilities – closing balance	17	19

Level 3 – Amounts recognised in the profit and loss account during the year (2023)

30 June 2023	Held at balance sheet date	Derecognised during the period	Total
Financial assets			
Investments at fair value through other comprehensive income	-48	13	-35
Investments at fair value through profit or loss	-39		-39
Level 3 Amounts recognised in the profit and loss account during the year	-87	13	-74
Financial liabilities			
Derivatives	-2		-2
Level 3 Amounts recognised in the profit and loss account during the year	-2	0	-2

Notes to the Condensed consolidated interim accounts continue

Level 3 – Amounts recognised in the profit and loss account during the year (2022) (Restated)

31 December 2022 (Restated)	Held at balance sheet date	Derecognised during the period	Total
Financial assets			
Investments at fair value through other comprehensive income	-199		-199
Investments at fair value through profit or loss	-101		-101
Financial assets	-300	0	-300
Financial liabilities			
Derivatives	-4		-4
Financial liabilities	-4	0	-4

23 Companies and businesses acquired and divested

Acquisitions (2022)

MetLife's businesses in Poland and Greece

In July 2021, NN Group announced it had reached agreement to acquire 100% of MetLife's businesses in Poland and Greece as part of the strategy to strengthen NN Group's position in these growth markets. The acquisition was completed in the first half of 2022: Greece in January 2022 and Poland in April 2022. The amount of revenue and profit of MetLife Greece and Poland since acquisition date and if the acquisition date had been at the start of 2022 are not significant.

MetLife's businesses in Poland and Greece

	MetLife Greece	MetLife Poland	Total
Consideration paid	-123	-427	-550
Fair value of net assets acquired	73	208	281
Goodwill	50	219	269

ABN AMRO Levensverzekering

In February 2022 NN Group, ABN AMRO Bank and their joint venture ABN AMRO Verzekeringen announced that they had reached an agreement to sell the life insurance subsidiary of ABN AMRO Verzekeringen to Nationale-Nederlanden Levensverzekering Maatschappij N.V. (NN Life). This transaction was completed in July 2022. ABN AMRO Verzekeringen is a joint venture between NN Group (51%) and ABN AMRO Bank (49%). The life insurance subsidiary of ABN AMRO Verzekeringen was already consolidated by NN Group and, therefore, this transaction did not have significant impact on NN Group.

Divestments (2022)

NN Investment Partners (NN IP)

In August 2021, NN Group announced that it had reached an agreement to sell its asset management activities executed by NN Investment Partners (NN IP) to Goldman Sachs for total cash proceeds of EUR 1.7 billion closed in April 2022 resulting in a gain of EUR 1,062 million.

Following the announced disposal, the asset management activities were classified as Held for sale in 2021. Reference is made to Note 7 'Assets and liabilities held for sale'. The results from NN Investment Partners (NN IP) and the divestment result are presented as Result from discontinued operations. Reference is made to Note 18 'Discontinued operations'.

Closed book portfolio NN Belgium

In November 2021, NN Group's subsidiary NN Insurance Belgium sold a closed book life portfolio to Athora Belgium. The closed book portfolio, comprising life insurance policies that are no longer being sold, reflected approximately EUR 3.3 billion of assets and liabilities. The transaction was completed on 4 October 2022.

Following the announced disposal, the closed book life portfolio was classified as Held for sale. Therefore, the assets and liabilities of the closed book life portfolio were presented in 'Assets held for sale' and 'Liabilities held for sale' in the balance sheet as at 30 June 2022.

Notes to the Condensed consolidated interim accounts continue

24 Capital and liquidity management**Eligible Own Funds and Solvency Capital Requirements**

	30 June 2023	31 December 2022 (Restated)
Basic Own Funds	19,397	19,237
Non-available Own Funds	1,095	1,415
Non-eligible Own Funds		
Eligible Own Funds (a)	18,302	17,822
– of which Tier 1 unrestricted	11,515	10,904
– of which Tier 1 restricted	1,395	1,716
– of which Tier 2	2,494	2,189
– of which Tier 3	908	910
– of which non-Solvency II regulated entities	1,991	2,104
Solvency Capital Requirements (b)	9,090	9,040
– of which non-solvency II regulated entities	1,397	1,363
NN Group Solvency II ratio (a/b) ¹	201%	197%

1. The solvency ratios are not final until filed with the regulators. The Solvency II ratio for NN Group is based on the partial internal model.

25 Other events**Unit-linked products in the Netherlands**

Reference is made to Note 45 'Legal proceedings' of the 2022 NN Group Annual Accounts for a description of legal proceedings with respect to unit-linked products in the Netherlands. With respect to the collective proceedings initiated by Woekerpolis.nl against Nationale-Nederlanden, it is noted that a judgment in appeal is now expected late September 2023.

Notes to the Condensed consolidated interim accounts continue

26 Other IFRS 9 and IFRS 17 transition disclosures

Reconciliation condensed consolidated balance sheet 31 December 2022

Balance sheet item				Restated balance sheet item
- as reported under IAS 39 and IFRS 4	Reported amount	Adjustment	Adjusted amount	- with IFRS 9 and IFRS 17
Cash and cash equivalents	6,670		6,670	Cash and cash equivalents
Available-for-sale investments	81,610	33,451	115,061	Investments at fair value through OCI
Loans	68,044	-47,753	20,291	Investments at cost
Financial assets designated at fair value through profit or loss	681	42,481	43,162	Investments at fair value through profit or loss
Real estate investments	2,754		2,754	Investments in real estate
Associates and joint ventures	6,556	-106	6,450	Investment in associates and joint ventures
Investments for risk of policyholders	34,562	-34,562		
		124	124	Insurance contracts
Reinsurance contracts	1,019	-182	837	Reinsurance contracts
Non-trading derivatives	2,452		2,452	Derivatives
Property and equipment	399		399	Property and equipment
Intangible assets	1,624	-344	1,280	Intangible assets
Deferred acquisition costs	1,858	-1,858		
Deferred tax assets	904	-773	131	Deferred tax assets
Other assets	7,977	-564	7,413	Other assets
Total assets	217,110	-10,086	207,024	Total assets
Insurance and investment contracts	156,378	-15,579	140,799	Insurance contracts
		223	223	Reinsurance contracts
		3,421	3,421	Investment contracts
Debt securities issued	1,694		1,694	Debt instruments issued
Subordinated debt	2,334		2,334	Subordinated debt
Other borrowed funds	11,118		11,118	Other borrowed funds
Customer deposits and other funds on deposit	16,235		16,235	Customer deposits
Non-trading derivatives	6,462		6,462	Derivatives
Deferred tax liabilities	423	201	624	Deferred tax liabilities
Other liabilities	4,634	-1,621	3,013	Other liabilities
Total liabilities	199,278	-13,355	185,923	Total liabilities
Total equity	17,832	3,269	21,101	Total equity

Notes to the Condensed consolidated interim accounts continue

Reconciliation of Condensed consolidated profit and loss account 1 January 2022 to 30 June 2022

Main profit and loss accounts item				Restated profit and loss account item
- as reported under IAS 39 and IFRS 4	Reported amount	Adjustment	Adjusted amount	- with IFRS 9 and IFRS 17
Total income	10,077	-10,077		
Total expenses	8,928	-8,928		
		525	525	Insurance and reinsurance result
		648	648	Net investment result
		-408	-408	Other result
Result before tax from continuing operations	1,149	-384	765	Result before tax from continuing operations
Taxation	225	-98	127	Taxation
Net result from continuing operations	924	-286	638	Net result from continuing operations
Net result from discontinued operations	27		27	Net result from discontinued operations
Net result from disposal of discontinued operations	1,062		1,062	Net result from disposal of discontinued operations
Net result from discontinued operations	1,089		1,089	Net result from discontinued operations
Net result from continuing and discontinued operations	2,013	-286	1,727	Net result from continuing and discontinued operations

The line items as included above represent the line items in the condensed consolidated statement of profit and loss for which it was practicable to make a reconciliation between amounts as published and the restated amounts after implementation of IFRS 9 and IFRS 17.

Notes to the Condensed consolidated interim accounts continue

Reconciliation of Condensed consolidated statement of comprehensive income 1 January to 30 June 2022

Comprehensive income item				Restated Comprehensive income item
- as reported under IAS 39 and IFRS 4	Reported amount	Adjustment	Adjusted amount	- with IFRS 9 and IFRS 17
Net result from continuing and discontinued operations	2,013	-286	1,727	Net result from continuing and discontinued operations
-		21,826	21,826	- finance result on (re)insurance contracts recognised in OCI
- unrealised revaluations available-for-sale investments and other	-12,114	-4,606	-16,720	- revaluations on Investments at fair value through OCI
- realised gains/losses transferred to the profit and loss account	-292	183	-109	- realised gains/losses transferred to the profit and loss account
- changes in cash flow hedge reserve	-5,189	-1	-5,190	- changes in cash flow hedge reserve
- deferred interest credited to policyholders	3,488	-3,488		
- share of OCI of associates and joint ventures	4		4	- share of OCI of associates and joint ventures
- exchange rate differences	-173	38	-135	- foreign currency exchange differences
Items that may be reclassified subsequently to the profit and loss account:	-14,276	13,952	-324	Items that may be reclassified subsequently to the profit and loss account:
-		-1,588	-1,588	- revaluations on equity securities at fair value through OCI
- unrealised revaluations property in own use	2		2	- unrealised revaluations property in own use
- remeasurement of the net defined benefit asset/liability	72		72	- remeasurement of the net defined benefit asset/liability
Items that will not be reclassified to the profit and loss account:	74	-1,588	-1,514	Items that will not be reclassified to the profit and loss account:
Total other comprehensive income	-14,202	12,364	-1,838	Total other comprehensive income
Total comprehensive income	-12,189	12,078	-111	Total comprehensive income
Comprehensive income attributable to:				Comprehensive income attributable to:
Shareholders of the parent	-12,140	12,043	-97	Shareholders of the parent
Minority interests	-49	35	-14	Minority interests
Total comprehensive income	-12,189	12,078	-111	Total comprehensive income

Notes to the Condensed consolidated interim accounts continue

Reconciliation of Condensed consolidated statement of cash flows 1 January to 30 June 2022

Statement of cash flows item				Restated cash flow item
- as reported under IAS 39 and IFRS 4	Reported amount	Adjustment	Adjusted amount	- with IFRS 9 and IFRS 17
Result before tax	2,248	-385	1,863	Result before tax
Adjusted for:				Adjusted for:
- depreciation and amortisation	73		73	- depreciation and amortisation
- deferred acquisition costs and value of business acquired	-52	52		
- underwriting expenditure (change in insurance liabilities)	-384	662	278	- change in insurance contracts and investment contracts
- realised results and impairments of available-for-sale investments	-302	538	236	- realised results and impairments on investments
- other	-1,342	633	-709	- other
				- net premiums, claims and attributable expenses on (re) insurance contracts
Tax paid (received)	-130		-130	Tax paid (received)
Changes in:				Changes in:
- loans	498	-742	-244	- investments at cost (retail mortgages)
- other financial assets at fair value through profit or loss	306	-306		- investments at fair value through profit or loss
- non-trading derivatives	-357	1,275	918	- derivatives
- other assets	-4,316	66	-4,250	- other assets
- customer deposits and other funds on deposit	174		174	- customer deposits
- financial liabilities at fair value through profit or loss	420	-420		
- other liabilities	-3,826	-514	-4,340	- other liabilities
Net cash flow from operating activities	-6,990	17	-6,973	Net cash flow from operating activities
Investments and advances:				Investments and advances:
- group companies, net of cash acquired	-580		-580	- group companies, net of cash acquired
				- investments at fair value through comprehensive income
- available-for-sale investments	-10,757	-2,348	-13,105	
- loans	-3,509	3,509		- investments at cost
		-1,193	-1,193	- investments at fair value through profit or loss
- associates and joint ventures	-485		-485	- investments in associates and joint ventures
- real estate investments	-108		-108	- investments in real estate
- property and equipment	-29	29		- property and equipment
- investments for risk of policyholders	-4,331	1	-4,330	- investments for risk of policyholders
- other investments	-44	-21	-65	- other investments
Disposals and redemptions:				Disposals and redemptions:
- group companies	1,355		1,355	- group companies
				- investments at fair value through comprehensive income
- available-for-sale investments	15,980	1,801	17,781	
- loans	2,531	-2,531		- investments at amortised cost
		751	751	- investments at fair value through profit or loss
- associates and joint ventures	449		449	- investments in associates and joint ventures
- real estate investments	82		82	- investments in real estate
- property and equipment	8	-8		- property and equipment
- investments for risk of policyholders	4,626	-7	4,619	- investments for risk of policyholders
Net cash flow from investing activities	5,188	-17	5,171	Net cash flow from investing activities
Repayments of debt instruments issued	-600		-600	Repayments of debt instruments issued
Proceeds from other borrowed funds	4,791		4,791	Proceeds from other borrowed funds
Repayments of other borrowed funds	-2,407		-2,407	Repayments of other borrowed funds
Dividend paid	-253		-253	Dividend paid
Purchase/sale of treasury shares	-512		-512	Purchase/sale of treasury shares
Coupon on undated subordinated notes	-33		-33	Coupon on undated subordinated notes
Net cash flow from financing activities	986		986	Net cash flow from financing activities
Net cash flow	-816		-816	Net cash flow

Notes to the Condensed consolidated interim accounts continue

Reconciliation of condensed consolidated statement of changes in equity 1 January to 30 June 2022

Statement of changes in equity item				Restated changes in equity item
- as reported under IAS 39 and IFRS 4	Reported amount	Adjustment	Adjusted amount	- with IFRS 9 and IFRS 17
Balance at 1 January 2022	34,918	-11,292	23,626	Balance at 1 January 2022
-		21,826	21,826	Finance result on (re) insurance contracts recognised in OCI
Unrealised revaluations available-for-sale investments and other	-12,114	-4,606	-16,720	Revaluations on debt securities at fair value through OCI
-		-1,588	-1,588	Revaluations on loans at fair value through OCI
Realised gains/losses transferred to the profit and loss account	-292	183	-109	Realised gains/losses transferred to the profit and loss account
Changes in cash flow hedge reserve	-5,189	-1	-5,190	Changes in cash flow hedge reserve
Deferred interest credited to policyholders	3,488	-3,488		-
Share of OCI of associates and joint ventures	4		4	Share of OCI of investments in associates and joint ventures
Exchange rate differences	-173	38	-135	Foreign currency exchange difference
Remeasurement of the net defined benefit asset/liability	72		72	Remeasurement of the net defined benefit asset/liability
Unrealised revaluations property in own use	2		2	Unrealised revaluations property in own use
Total amount recognised directly in equity (OCI)	-14,202	12,364	-1,838	Total amount recognised directly in equity (OCI)
Net result from continuing and discontinued operations	2,013	-286	1,727	Net result for the period
Total comprehensive income	-12,189	12,078	-111	Total comprehensive income
Dividend	-253		-253	Dividend
Purchase/sale of treasury shares	-512		-512	Purchase/sale of treasury shares
Employee stock option and share plans	-7		-7	Employee stock option and share plans
Coupon on undated subordinated notes	-58		-58	Coupon on undated subordinated notes
		236	236	Changes in the composition of the group and other changes
Balance at 30 June 2022	21,899	1,028	22,927	Balance at 30 June 2022

Notes to the Condensed consolidated interim accounts continue

Reconciliation of condensed consolidated statement of changes in equity 1 January to 31 December 2022

Statement of changes in equity item				Restated changes in equity item
- as reported under IAS 39 and IFRS 4	Reported amount	Adjustment	Adjusted amount	- with IFRS 9 and IFRS 17
Balance at 1 January 2022	34,918	-11,292	23,626	Balance at 1 January 2022
-		25,881	25,881	Finance result on (re) insurance contracts recognised in OCI
Unrealised revaluations available-for-sale investments and other	-15,705	1,681	-14,024	Revaluations on debt securities at fair value through OCI
-		-6,694	-6,694	Revaluations on loans at fair value through OCI
Realised gains/losses transferred to the profit and loss account	112	-133	-21	Realised gains/losses transferred to the profit and loss account
Changes in cash flow hedge reserve	-5,942	-1	-5,943	Changes in cash flow hedge reserve
Deferred interest credited to policyholders	4,986	-4,986		
Share of OCI of associates and joint ventures	9		9	Share of OCI of investments in associates and joint ventures
Exchange rate differences	-164	59	-105	Foreign currency exchange difference
-		-1,596	-1,596	Revaluations on equity securities at fair value through OCI
Remeasurement of the net defined benefit asset/liability	68		68	Remeasurement of the net defined benefit asset/liability
Unrealised revaluations property in own use	3		3	Unrealised revaluations property in own use
Total amount recognised directly in equity (OCI)	-16,633	14,210	-2,423	Total amount recognised directly in equity (OCI)
Net result from continuing and discontinued operations	1,566	63	1,629	Net result for the period
Total comprehensive income	-15,067	14,273	-794	Total comprehensive income
Dividend	-535		-535	Dividend
Purchase/sale of treasury shares	-1,392		-1,392	Purchase/sale of treasury shares
Employee stock option and share plans	-6		-6	Employee stock option and share plans
Coupon on undated subordinated notes	-58		-58	Coupon on undated subordinated notes
Changes in the composition of the group and other changes	-28	288	260	Changes in the composition of the group and other changes
Balance at 31 December 2022	17,832	3,269	21,101	Balance at 31 December 2022

Authorisation of the Condensed consolidated interim accounts

The Hague, 28 August 2023

The Supervisory Board

D.A. (David) Cole, chair

P.F.M. (Pauline) van der Meer Mohr, vice-chair

I.K. (Inga) Beale

R.W. (Robert) Jenkins

R.J.W. (Rob) Lelieveld

C.G. (Cecilia) Reyes

J.W. (Hans) Schoen

The Executive Board

D.E. (David) Knibbe, CEO, chair

A.T.J. (Annemiek) van Melick, CFO, vice-chair

Independent auditor's review report

Auditors review



Independent auditor's review report

To: the Shareholders and the Supervisory Board of NN Group N.V.

Our conclusion

We have reviewed the accompanying condensed consolidated interim accounts as at 30 June 2023 of NN Group N.V. (or hereafter: the "Company") based in The Hague, as included on pages 20 to 74 of the NN Group N.V. 30 June 2023 condensed consolidated interim financial information. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim accounts are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The condensed consolidated interim accounts comprise:

- 1 the condensed consolidated balance sheet as at 30 June 2023;
- 2 the condensed consolidated profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity for the six-month period ended 30 June 2023; and
- 3 the notes to the condensed consolidated interim accounts.

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, 'Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit' (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the interim accounts' section of our report.

We are independent of NN Group N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the Executive Board and the Supervisory Board for the condensed consolidated interim accounts

The Executive Board is responsible for the preparation and presentation of the condensed consolidated interim accounts in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the condensed consolidated interim accounts that are free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

***Our responsibilities for the review of the condensed consolidated interim accounts***

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a limited assurance engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

- updating our understanding of the entity and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim accounts where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- obtaining an understanding of internal control, as it relates to the preparation of the condensed consolidated interim accounts;
- making inquiries of management and others within the entity;
- applying analytical procedures with respect to information included in the condensed consolidated interim accounts;
- obtaining assurance evidence that the condensed consolidated interim accounts agrees with, or reconciles to the entity's underlying accounting records;
- evaluating the assurance evidence obtained;
- considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle;
- considering whether management has identified all events that may require adjustment to or disclosure in the condensed consolidated interim accounts; and
- considering whether the condensed consolidated interim accounts have been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

Amstelveen, 28 August 2023

KPMG Accountants N.V.

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Prepared by

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Design

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For further information on NN Group's sustainability strategy, policies and performance, please visit www.nn-group.com/in-society.htm or contact us via sustainability@nn-group.com

Disclaimer

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

NN Group's Consolidated Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU') and with Part 9 of Book 2 of the Dutch Civil Code. In preparing the financial information in this document, the same accounting principles are applied as in the NN Group N.V. 2022 Annual Accounts, unless indicated otherwise in the notes included in this Condensed consolidated financial information for the period ended 30 June 2023.

Small differences are possible in the tables due to rounding.

Certain of the statements in this report are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) the effects of the Covid-19 pandemic and related response measures, including lockdowns and travel restrictions, on economic conditions in countries in which NN Group operates, on NN Group's business and operations and on NN Group's employees, customers and counterparties (3) changes in performance of financial markets, including developing markets, (4) consequences of a potential (partial) break-up of the euro or European Union countries leaving the European Union, (5) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (6) the frequency and severity of insured loss events, (7) changes affecting mortality and morbidity levels and trends, (8) changes affecting persistency levels, (9) changes affecting interest rate levels, (10) changes affecting currency exchange rates, (11) changes in investor, customer and policyholder behaviour, (12) changes in general competitive factors, (13) changes in laws and regulations and the interpretation and application thereof, (14) changes in the policies and actions of governments and/or regulatory authorities, (15) conclusions with regard to accounting assumptions and methodologies, (16) changes in ownership that could affect the future availability to NN Group of net operating loss, net capital and built-in loss carry forwards, (17) changes in credit and financial strength ratings, (18) NN Group's ability to achieve projected operational synergies, (19) catastrophes and terrorist-related events, (20) operational and IT risks, such as system disruptions or failures, breaches of security, cyber-attacks, human error, changes in operational practices or inadequate controls including in respect of third parties with which we do business, (21) risks and challenges related to cybercrime including the effects of cyberattacks and changes in legislation and regulation related to cybersecurity and data privacy, (22) business, operational, regulatory, reputation and other risks and challenges in connection with ESG related matters and/or driven by ESG factors including climate change, (23) the inability to retain key personnel, (24) adverse developments in legal and other proceedings and (25) the other risks and uncertainties contained in recent public disclosures made by NN Group.

Any forward-looking statements made by or on behalf of NN Group in this report 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.

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