

## Strong financial and commercial performance across NN Group for the first half of 2021

### On track to deliver on financial targets

- Operating capital generation increased to EUR 780 million from EUR 543 million in the first half of 2020, mainly reflecting strong business performance at all segments
- Operating result increased to EUR 1,119 million from EUR 926 million in the first half of 2020, with almost all segments reporting higher results
- Net result of EUR 1,414 million compared with EUR 587 million in the first half of 2020

### Continued commercial momentum; sustained high employee engagement; improved ESG-integrated AuM

- Value of new business of EUR 242 million, up 98% on the first half of 2020, mainly driven by improved sales at Japan Life and Insurance Europe
- NN Bank originated EUR 4.4 billion of new mortgages in the first six months; Net third-party inflows at NN IP of almost EUR 4 billion
- Assets under Management DC business increased to EUR 27.4 billion from EUR 24.6 billion at 31 December 2020
- Implementing initiatives to enhance customer satisfaction, with 3 of our insurance businesses scoring an above market average Net Promotor Score
- Employee engagement remains high with an overall score of 7.8, progressing with hybrid way of working
- ESG-integrated Assets under Management up at 75%; continued progress implementing net-zero ambition

### Solid balance sheet; delivering on our commitment to attractive capital returns to shareholders

- NN Group Solvency II ratio of 209% versus 210% at 31 December 2020, mainly reflecting capital flows to shareholders and a reduction of the UFR, partly offset by operating capital generation and market variance
- Cash capital position at the holding increased to EUR 1,533 million in the first half 2021, mainly reflecting remittances from subsidiaries, partly offset by capital flows to shareholders
- 2021 interim dividend of EUR 0.93 per ordinary share<sup>1)</sup> or approximately EUR 287 million

## Statement of David Knibbe, CEO

‘We are reporting strong financial and commercial results for the first half of 2021 and we are making good progress in implementing our strategy to achieve resilient and growing long-term capital generation. We saw higher sales at Japan Life and Insurance Europe, with markets recovering as Covid-19 restrictions are easing and agents and brokers are moving sales online. The impact of the pandemic has also highlighted protection shortfalls that affect people’s livelihoods and health. Higher awareness of risk and vulnerability leads to an increased demand for such protection products. This has supported the increase in value of new business that almost doubled compared with the first six months in 2020. Our other units also continued to show commercial momentum. Our asset manager NN Investment Partners (NN IP) attracted new mandates, with net third-party inflows of almost EUR 4 billion. In addition, we saw a further growth of NN IP’s ESG-integrated, sustainable and impact strategies in the first half of the year. The Dutch housing market is still buoyant, which is driving the high volume of mortgage origination. In the first six months of the year, almost 17 thousand new mortgages for a total amount of EUR 4.4 billion were originated by NN Bank. At the same time, we are optimising our performance in Life and Non-life, for example by shifting to higher-yielding assets. The integration of VIVAT Non-life is well on track. In the first six months we migrated 90% of the EUR 800 million of VIVAT premiums to NN systems.

Our base case is organic growth, however we regularly assess our portfolio with the aim to strengthen market positions. In this context, the acquisition of MetLife’s businesses in Poland and Greece, which we announced in July, will reinforce our position in life and pensions in Poland and create the market leading life insurance company in Greece. We also reached an agreement to acquire a 70% stake in Heinenoord, one of the largest service providers and brokers in the Netherlands, through which we will secure our leading Non-life position by responding to the ongoing broker service consolidation. In February, we divested our company in Bulgaria, as the new owner is better positioned to further develop this pension and life business. For our asset manager NN IP, we are currently reviewing

options with the aim to broaden its platform and accelerate growth. We are making good progress with this strategic review and we will provide an update when appropriate.

Covid-19 continues to impact the lives of many and uncertainties remain. Since the outbreak, NN has put the health and well-being of customers and employees first and has adapted to the changing environment. Customer processes have been digitised and our offices are being reshaped for hybrid ways of working. Our purpose is to help people care for what matters most to them. In recent months, we put this into practice by supporting our customers, for example on the cancellation policies of their travel insurance. Also following the devastating floods in July, we opened mobile shops in the affected regions in the Netherlands and Belgium so customers could reach us more easily. Based on current claims estimates, the financial impact of the floods on our results is expected to be around EUR 70 million (pre-tax, net of external reinsurance) in the second half of the year.

As part of our commitment to contribute to the well-being of people and the planet, we are significantly upscaling our contribution to our communities. In the first half of 2021, we initiated new partnerships and successful volunteering activities, for example the 'Your community matters' week in which 1,599 colleagues participated. We continued implementing our net-zero ambition for NN's proprietary investment portfolio by developing and rolling out our Paris Alignment strategy for different asset classes. To underline our efforts we joined the new net-zero commitment platforms established by the Institutional Investors Group on Climate Change. With regards to our own operational carbon footprint we set a science-based target to reduce it by at least 70% by 2030. We will continue to offset the remainder of our emissions.'

## NN Group key figures

In EUR million	1H21	1H20	Change
Operating capital generation <sup>2)</sup>	780	543	43.7%
Value of new business	242	122	97.8%
Operating result <sup>3)</sup>	1,119	926	20.9%
Net result	1,414	587	140.9%
	<b>30 Jun 21</b>	<b>31 Dec 20</b>	<b>30 Jun 20</b>
Solvency II ratio <sup>4)29)</sup>	209%	210%	221%
	<b>30 Jun 21</b>	<b>31 Dec 20</b>	<b>Change</b>
No. of insurance businesses scoring above market average NPS <sup>5)</sup>	3	4	-1
Brand consideration <sup>6)</sup>	21%	21%	
Employee engagement <sup>7)</sup>	7.8	7.9	-1 pt
Women in senior management positions	34%	33%	+1 pt
ESG-integrated AuM <sup>8)</sup>	75%	74%	+1 pt
Contributions to our communities (EUR million) <sup>30)</sup>	2.4		

Note: All footnotes are included on page 27

'NN Group's operating result in the first half of the year was up 21% compared with the same period in 2020, with almost all business units reporting higher results. For example, in Netherlands Non-life we are pleased to see that the measures we have been taking to improve the results are starting to bear fruit, with the overall combined ratio improving to 92% for the first half of 2021. However the Non-life results are volatile by nature and we will continue to implement improvements to strengthen the results of this business.

Our capital position remains strong, with a Solvency II ratio of 209% at 30 June 2021. The increase of our operating capital generation mainly reflects improved underwriting results in Netherlands Non-life, the shift to higher-yielding assets, new business at Insurance Europe and the positive contribution from Banking following the change in methodology in 2021. Our resilient solvency position and capital generation support attractive returns to our shareholders, and we have announced today that we will pay an interim dividend of EUR 0.93 per ordinary share.

With our strategic commitments as a guiding principle, we will continue to work towards achieving both our financial and non-financial targets, while maintaining our strong position and remaining relevant to our stakeholders.'

## Delivering on our strategic commitments

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

### **Customers and distribution – New platforms and partnerships enhance customer engagement**

In the first half of 2021, we intensified our efforts to enhance customer engagement, by being an active participant in platforms on key themes such as Self-care and Carefree Retirement. We launched our first self-care platform in Turkey 'NN İyi Hayat' and are currently running pilots in other markets. NN İyi Hayat addresses Turkish families and individuals' needs to access high-quality healthcare professionals and services by combining telehealth services, tips and a dashboard for medical information storage.

Nationale-Nederlanden partnered with Indie Campers, Europe's largest motorhome rental platform, to offer insurance tailored to a traveller's specific trip. The insurance solution covers, for example, damage, theft and roadside assistance when not covered by the primary insurance, in the case of renting the campervan to another party. Furthermore, Nationale-Nederlanden partnered with VVCR Prodrive, a leading player in road safety solutions, to further grow our concept Hello Mobility. Hello Mobility offers entrepreneurs insights into their vehicle fleet, which combined with coaching, can improve driving behaviour and expands our services from risk protection to risk prevention.

HCS, Nationale-Nederlanden's label that focuses on occupational health and safety services in the Netherlands, acquired Qare. As a result, we are able to meet a growing need for innovative solutions in the field of risk and case management for absenteeism and disability. HCS also launched Veerkracht a new vitality platform and app that promotes mental, physical and social well-being. The app is developed for employees, but also offers employers insights enabling them to meet their workforce's needs. Veerkracht is an example of our efforts to shift our focus from cure and treatment to prevention.

NN in Japan has reached the milestone of 100,000 SME customers. We have been present in the Japanese market for 35 years, dedicated to helping SME business continuity through our products and services.

### **Products and services – New protection products and responsible investment funds**

In our efforts to meet our customers' evolving needs, we launched several protection and living benefit products. In Japan, we launched an income protection insurance which safeguards SME CEOs and their employees against the risk of not being able to work due to sudden illness or accident, and supports business continuity. In Spain, we introduced a payment protection product offered to our ING customers who have a personal loan, protecting them against loss of income. In Hungary, we won a tender with Raiffeisen Bank allowing for the launch of our first payment protection insurance product in the country, which supports the bank's personal loan customers if they cannot pay their debt. We also partnered with Bank360, one of the largest retail loan aggregators in Hungary, to promote an income protection insurance.

NN Bank renewed its retail app improving customer experience and providing the basis for future functionality. The new app is easy to use and allows customers to view their products and manage their finances. Its data-driven architecture allows for targeted customer contact.

In July, Nationale-Nederlanden announced the buyout of the pension obligations and assets amounting to around EUR 125 million of Stichting Pensioenfonds Henkel Nederland B.V. This agreement relates to approximately 750 (former) employees of Henkel.

NN IP added the first sovereign bond fund to its green bond offering which aims at a positive environmental impact through the projects it finances. Five years after launching the first green bond fund, NN IP has reached the EUR 4 billion milestone in assets under management in green bond strategies. NN IP also launched its first fully-adaptive equity fund which invests in US stocks, using an adaptive process to capture investment opportunities as they emerge. In June, NN IP announced it will increase its focus on responsible investing in Asia. As part of this, it will establish a responsible investing hub in Singapore and further develop its product offering in ESG-integrated Asian solutions.

## **People and organisation – Well on our way with preparations for the hybrid way of working**

In our efforts to realise our ambition with regard to our people agenda, we are measuring our employee engagement in our (semi) annual employee survey. For the first half of 2021, our score remained high at 7.8 (from 7.9 in the same period in 2020). The survey results show that colleagues work well together remotely, although being able to connect in person continues to be important for people's well-being. Therefore, we are preparing for the mix of working from home and in the office when the Covid-19 restrictions are lifted.

At NN, our approach to diversity is about embracing everyone. Together we build an environment in which people feel welcome, valued, and respected. As part of European Diversity Month in May, we were proud to sign the Dutch Diversity Charter which shows our commitment to promote and increase diversity and inclusion in our workplace. NN Slovakia also became an ambassador of the Slovakian Diversity Charter and alongside other companies, actively supports a diverse work environment based on openness, fairness, and trust.

As a step to support flexibility and a healthy work-life balance, NN Slovakia has been the first company in the country to introduce a four-day working week scheme. The scheme was launched as a pilot in the beginning of the year and so far 20% of employees have joined stating that they experience a positive impact on their well-being.

Testament to our efforts is the certification of our Insurance International business units as Top Employer 2021. For the third year in a row, our International businesses received this recognition which stands for excellence in HR practices and distinctive work conditions. Japan has been certified for the second time.

## **Financial strength – Maintaining a strong balance sheet**

We aim to maintain a strong balance sheet and generate attractive and growing capital returns for shareholders. NN Group has a strong capital position with a Solvency II ratio at 209% and cash capital at the holding of EUR 1.5 billion at 30 June 2021. The leverage position is comfortable with a financial leverage ratio of 22.2% and NN Group has been awarded financial strength credit ratings from S&P (A, stable) and an upgrade from Fitch (AA-, stable).

NN Bank published its newly established Green Bond Framework in June 2021. NN Bank aims at issuing Green Bonds under the Framework in order to finance and/or refinance mortgages for energy efficient residential properties in the Netherlands. The Green Bond Framework supports NN Bank's ambition to help clients make their homes more sustainable, and it stimulates further disclosure and transparency of energy efficiency data.

## **Society – Continued climate change efforts and successful volunteer week to support local communities**

During the first half of 2021, we rolled out our Paris Alignment strategy for government bonds and developed a similar strategy for equity and corporate bonds. Furthermore, NN IP recently became a supporter of the Partnership for Biodiversity Accounting Financials (PFAB), a partnership of financial institutions that work together to explore opportunities and challenges on the impact of biodiversity associated with their loans and investments. 75% of NN IP's assets under management are now ESG-integrated.

At NN, being a good corporate citizen means we want to put our resources, expertise, and networks to use to maximise positive change in society. In June 2021, NN Group organised 'Your community matters week', engaging colleagues to volunteer with our community partners. Overall, NN Group organised 44 volunteering activities in 10 countries and 1,599 colleagues dedicated their time and energy to support inclusive economies, healthy and safe living, and a sustainable planet. Our activities reached 1,558 people and supported 36 charities. During the volunteer week, we organised our first NN Charity Run, where 811 colleagues across our markets ran a total of 4,985 km together, raising almost EUR 40,000 for local charities.

In Greece, in collaboration with the South Aegean Region, we provide, for free, the Dr Online health services to more than 10,000 inhabitants of the 15 islands in the Regional Unit of the Dodecanese, also including the smallest and most remote ones. Dr Online teleconference application allows users to receive medical recommendations via video call or chat and can schedule doctors' appointments.

Nationale-Nederlanden and BeFrank, which have a leading position in the Dutch group pensions market have introduced a number of initiatives and partnerships to raise awareness on the new Pension Agreement. Nationale-Nederlanden launched Pension TV, a live streaming television that informs Dutch citizens about their pension schemes and keeps them updated on developments. Nationale-Nederlanden and AZL joined a partnership with stakeholders in the Dutch pension field to make information about pensions more accessible and to help prepare Dutch citizens for their future financial well-being.

## Consolidated results

In EUR million	1H21	1H20	Change
<b>Operating capital generation<sup>2)</sup></b>			
Netherlands Life	395	376	4.9%
Netherlands Non-life	162	61	164.0%
Insurance Europe	182	119	53.0%
Japan Life	57	70	-18.3%
Asset Management	67	50	34.2%
Banking	55	0	
Other	-136	-133	
<b>Operating capital generation</b>	<b>780</b>	<b>543</b>	<b>43.7%</b>

In EUR million	1H21	1H20	Change
<b>Analysis of results<sup>3)</sup></b>			
Netherlands Life	520	494	5.2%
Netherlands Non-life	189	111	70.0%
Insurance Europe	161	133	21.7%
Japan Life	156	138	13.1%
Asset Management	91	74	22.3%
Banking	79	80	-1.9%
Other	-76	-104	
<b>Operating result</b>	<b>1,119</b>	<b>926</b>	<b>20.9%</b>
Non-operating items	719	57	
of which gains/losses and impairments	684	168	307.0%
of which revaluations	40	167	-75.7%
of which market and other impacts	-6	-278	
Special items	-47	-123	
Acquisition intangibles and goodwill	-11	-13	
Result on divestments	0	0	
<b>Result before tax</b>	<b>1,780</b>	<b>846</b>	<b>110.3%</b>
Taxation	355	250	42.0%
Minority interests	11	9	13.2%
<b>Net result</b>	<b>1,414</b>	<b>587</b>	<b>140.9%</b>
Basic earnings per ordinary share in EUR <sup>9)</sup>	4.47	1.77	153.0%

### Key figures

Gross premium income	8,070	7,751	4.1%
New sales life insurance (APE)	743	620	19.9%
Value of new business	242	122	97.8%
Total administrative expenses	1,079	1,043	3.4%
Combined ratio (Netherlands Non-life) <sup>10)</sup>	92.0%	94.9%	

In EUR billion	30 Jun 21	31 Dec 20	Change
<b>Key figures</b>			
Asset Management Assets under Management	298	300	-0.7%
Life general account invested assets	146	149	-1.4%
Total provisions for insurance and investment contracts	171	171	0.2%
of which for risk policyholder	37	35	6.8%
Solvency II ratio <sup>4)29)</sup>	209%	210%	
NN Life Solvency II ratio <sup>4)</sup>	213%	220%	
CET1 ratio <sup>11)</sup>	18.6%	17.4%	
Total assets	250	264	-5.1%
Employees (internal FTEs, end of period)	14,787	14,845	-0.4%

- Operating capital generation increased to EUR 780 million from EUR 543 million in the first half of 2020, mainly reflecting strong business performance at all segments
- Operating result increased to EUR 1,119 million from EUR 926 million in the first half of 2020, reflecting improved results at almost all segments
- Value of new business increased to EUR 242 million from EUR 122 million in the first half of 2020, driven by the recovery in sales and an improved margin at Japan Life as well as higher sales across the region and an improved life insurance business mix towards protection products in Insurance Europe

### **Operating capital generation**

NN Group's operating capital generation increased to EUR 780 million from EUR 543 million in the first half of 2020. The increase reflects the improved Netherlands Non-life underwriting result in both Property & Casualty (P&C) and Disability & Accident (D&A), higher investment return as a result of the shift to higher-yielding assets and higher equity valuations, as well as higher new business contribution in Insurance Europe and a higher contribution from Asset Management. It also reflects a positive contribution from Banking of EUR 55 million in the first half of 2021, mainly reflecting the statutory net result, compared with nil in the same period in 2020 under the former methodology based on dividends remitted to the holding. Under the new methodology, operating capital generation in the first half of 2020 would have been EUR 64 million for Banking and EUR 607 million for NN Group.

### **Operating result**

NN Group's operating result increased to EUR 1,119 million from EUR 926 million in the first half of 2020. The increase in the operating result mainly reflects higher Netherlands Non-life underwriting results in both P&C and D&A, a higher investment margin at Netherlands Life, improved operating result at the reinsurance business and higher sales in Insurance Europe. The current period benefited from EUR 24 million of private equity dividends, while the first half of 2020 included EUR 16 million of private equity dividends and non-recurring benefits.

The operating result of Netherlands Life was EUR 520 million compared with EUR 494 million in the first half of 2020, mainly reflecting a higher investment margin, partly offset by a lower technical margin and lower fees and premium-based revenues.

The operating result of Netherlands Non-life increased to EUR 189 million from EUR 111 million in the first half of 2020, reflecting higher underwriting results in both P&C and D&A and higher investment income following the shift to higher yielding assets. The combined ratio was 92.0% versus 94.9% in the first half of 2020.

The operating result of Insurance Europe increased to EUR 161 million from EUR 133 million in the first half of 2020, mainly driven by higher life and pension fees across the region on the back of higher sales and market recovery as Covid-19 restrictions are eased.

The operating result of Japan Life was EUR 156 million, up 23.4% from the first half of 2020, excluding currency effects, reflecting a higher technical margin, lower DAC amortisation and trail commissions and higher fees and premium-based revenues.

The operating result of Asset Management increased to EUR 91 million from EUR 74 million in the first half of 2020, driven by higher fees.

The operating result of Banking was broadly stable at EUR 79 million in the first half of 2021, as higher operating income was offset by higher total expenses.

The operating result of the segment Other improved to EUR -76 million from EUR -104 million in the first half of 2020, mainly driven by the higher operating result of the reinsurance business, partly offset by a lower holding result.

### **Result before tax**

The result before tax increased to EUR 1,780 million from EUR 846 million in the first half of 2020, primarily driven by higher non-operating items, the higher operating result and lower special items.

Gains/losses and impairments were EUR 684 million compared with EUR 168 million in the first half of 2020, mainly reflecting capital gains on the sale of public equities and government bonds.

Revaluations amounted to EUR 40 million versus EUR 167 million in the first half of 2020. The first half of 2021 includes positive revaluations of EUR 215 million on real estate and EUR 53 million on private equity, partly offset

by negative revaluations of derivatives used for hedging purposes mainly reflecting accounting asymmetries of EUR 255 million.

Market and other impacts amounted to EUR -6 million compared with EUR -278 million in the first half of 2020. This line item mainly reflects movements in the provision for guarantees on unit-linked, separate account pension contracts and inflation-linked liabilities (all net of hedging) at Netherlands Life.

Special items amounted to EUR -47 million compared with EUR -123 million in the first half of 2020, mainly reflecting lower restructuring expenses incurred.

Acquisition intangibles and goodwill amounted to EUR -11 million versus EUR -13 million in the first half of 2020.

### **Net result**

The net result in the first half of 2021 increased to EUR 1,414 million from EUR 587 million in the first half of 2020. The effective tax rate in the first half of 2021 was 19.9%, reflecting a relatively low tax charge on the investment income, mainly due to tax-exempt dividends, capital gains and revaluations in the Netherlands.

### **Sales and value of new business**

Total new sales (APE) were EUR 743 million, up 24.2% from the first half of 2020 on a constant currency basis. New sales at Netherlands Life were EUR 168 million compared with EUR 178 million in the first half of 2020, reflecting a lower volume of group pension contracts. New sales at Insurance Europe were up 23.5% on a constant currency basis, mainly driven by higher life and pension sales across the region following the easing of Covid-19 restrictions. At Japan Life, new sales were up 72.1% from the first half of 2020, excluding currency effects, reflecting the recovery in sales of COLI products from low sales following the revised tax regulations and despite Covid-19 restrictions.

Value of new business was EUR 242 million, up from EUR 122 million in the first half of 2020, driven by the recovery in sales of COLI products and an improved margin at Japan Life, as well as higher sales across the region and an improved life insurance business mix towards protection products at Insurance Europe.

## Capital Management

- Solvency II ratio of NN Group of 209% versus 210% at the end of 2020, mainly reflecting the deduction of the 2021 interim dividend and the EUR 250 million share buyback programme as well as the reduction of the Ultimate Forward Rate (UFR), partly offset by operating capital generation and the positive impact of credit spread tightening
- Operating capital generation increased to EUR 780 million from EUR 543 million in the first half of 2020, mainly reflecting strong business performance at all segments
- Cash capital position at the holding increased to EUR 1,533 million from EUR 1,170 million at the end of 2020, driven by free cash flow to the holding of EUR 779 million, partly offset by capital flows to shareholders of EUR 416 million
- Free cash flow to the holding in the first half of 2021 reflects EUR 978 million of remittances from subsidiaries, partly offset by other holding company cash flows
- 2021 interim dividend of EUR 0.93 per ordinary share or approximately EUR 287 million

## Solvency II

In EUR million	30 Jun 21	31 Dec 20
Basic Own Funds	21,620	21,228
Non-available Own Funds	1,049	1,200
Non-eligible Own Funds	0	0
<b>Eligible Own Funds (a)</b>	<b>20,571</b>	<b>20,028</b>
of which Tier 1 Unrestricted	12,985	12,484
of which Tier 1 Restricted	1,908	1,927
of which Tier 2	2,432	2,484
of which Tier 3	899	733
of which non-solvency II regulated entities	2,347	2,400
<b>Solvency Capital Requirements (b)</b>	<b>9,858</b>	<b>9,534</b>
of which non-solvency II regulated entities	1,387	1,368
<b>NN Group Solvency II ratio (a/b)<sup>4)29)</sup></b>	<b>209%</b>	<b>210%</b>
<b>NN Life Solvency II ratio<sup>4)</sup></b>	<b>213%</b>	<b>220%</b>

The NN Group Solvency II ratio decreased to 209% from 210% at the end of 2020, mainly reflecting the deduction of the 2021 interim dividend and the EUR 250 million share buyback programme as well as the impact of the UFR reduction from 3.75% to 3.60%. These items were largely offset by operating capital generation and the positive impact of credit spread tightening.

The NN Life Solvency II ratio decreased to 213% from 220% at the end of 2020, due to the EUR 490 million dividend payments to the holding company and the impact of the UFR reduction, partly offset by operating capital generation and the positive impact of credit spread tightening.

## Operating capital generation

In EUR million	1H21	1H20	Change
Investment return	647	569	13.8%
Life - UFR drag	-431	-421	
Life - Risk margin release	204	215	-5.0%
Life - Experience variance	3	37	-91.7%
Life - New business	79	53	48.0%
Non-life underwriting	129	43	196.6%
Non-Solvency II entities (Asset Management, Japan, Bank, Other <sup>12)</sup> )	234	152	53.4%
Holding expenses and debt costs	-140	-141	
Change in SCR	55	35	59.7%
<b>Operating capital generation</b>	<b>780</b>	<b>543</b>	<b>43.7%</b>

NN Group's operating capital generation increased to EUR 780 million from EUR 543 million in the first half of 2020. The increase reflects the improved Netherlands Non-life underwriting result in both Property & Casualty (P&C) and Disability & Accident (D&A), higher investment return as a result of the shift to higher-yielding assets and higher equity valuations, as well as higher new business contribution in Insurance Europe and a higher contribution from Asset Management. It also reflects a positive contribution from Banking of EUR 55 million in the first half of 2021, mainly reflecting the statutory net result, compared with nil in the same period in 2020 under the former methodology based on dividends remitted to the holding. Under the new methodology, operating capital generation in the first half of 2020 would have been EUR 64 million for Banking and EUR 607 million for NN Group.

## Cash capital position at the holding company

In EUR million	1H21	FY20
<b>Beginning of period</b>	<b>1,170</b>	1,989
Cash divestment proceeds	0	0
Remittances from subsidiaries <sup>13)</sup>	978	1,310
Capital injections into subsidiaries <sup>14)</sup>	-6	-56
Other <sup>15)</sup>	-194	-183
<b>Free cash flow to the holding<sup>16)</sup></b>	<b>779</b>	1,070
Acquisitions	0	-572
Capital flow from / (to) shareholders	-416	-1,017
Increase / (decrease) in debt and loans	0	-300
<b>End of period</b>	<b>1,533</b>	1,170

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

The cash capital position at the holding company increased to EUR 1,533 million from EUR 1,170 million at the end of 2020. The increase mainly reflects EUR 978 million of remittances from subsidiaries, partly offset by EUR 416 million of capital flows to shareholders as well as other movements including EUR 194 million of holding company expenses, interest on loans and debt and other holding company cash flows. Capital flows to shareholders reflect the 2020 final cash dividend of EUR 252 million and the repurchase of own shares for an amount of EUR 165 million.

## Financial leverage

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

The financial leverage ratio of NN Group improved to 22.2% at the end of the first half of 2021 compared with 23.3% at the end of 2020. This reflects an increase of the capital base for financial leverage driven by the first half-year net result of EUR 1,414 million and positive revaluations of equity investments, partly offset by capital flows to shareholders for an amount of EUR 416 million.

The fixed-cost coverage ratio was 16.6x at the end of the first half of 2021 versus 11.9x at the end of 2020 (on a last 12-months basis).

## Dividend

NN Group announced today that it will pay an interim dividend of EUR 0.93 per ordinary share, or approximately EUR 287 million in total based on the current number of outstanding shares (net of treasury shares), calculated as 40% of the pro forma 2020 full-year dividend per ordinary share<sup>1)</sup> in accordance with the NN Group dividend policy. The interim dividend will be paid either fully in cash, after deduction of withholding tax if applicable, or fully in ordinary shares, at the election of the shareholders. Dividends paid in the form of ordinary shares will be delivered from NN Group treasury shares or issued from the share premium reserve. To neutralise the dilutive effect of the stock dividend, NN Group will repurchase ordinary shares for an amount equivalent to the value of the stock dividend.

NN Group ordinary shares will be quoted ex-dividend on 16 August 2021. The record date for the dividend will be 17 August 2021. The election period will run from 18 August up to and including 1 September 2021. The stock fraction for the stock dividend will be based on the volume weighted average price of NN Group ordinary shares on Euronext Amsterdam for the five trading days from 26 August through 1 September 2021. The dividend will be payable on 8 September 2021. (For more information: [www.nn-group.com/investors/share-information/dividend-policy-and-dividend-history.htm](http://www.nn-group.com/investors/share-information/dividend-policy-and-dividend-history.htm))

## Share buyback

On 18 February 2021, NN Group announced an open market share buyback programme for an amount of EUR 250 million within 12 months, commencing on 1 March 2021.

Following the payment of the 2020 final dividend, NN Group announced that it would repurchase ordinary shares for a total amount of EUR 202 million, equivalent to the value of the stock dividend, to neutralise the dilutive effect. This share buyback programme commenced on 11 June 2021 and is expected to end no later than 22 September 2021.

The share buyback programmes are executed within the limitations of the existing authority granted by the General Meeting on 20 May 2021. The shares are repurchased at a price that does not exceed the last independent trade or the highest current independent bid on the relevant trading platform. The programmes are executed by financial intermediaries and are performed in compliance with the safe harbour provisions for share buybacks.

Up to 6 August 2021, shares for a total amount of EUR 235 million were repurchased, representing 52% of the total share buyback amount under both programmes.

NN Group reports on the progress of the share buyback programmes on its corporate website ([www.nn-group.com/investors](http://www.nn-group.com/investors)) on a weekly basis.

## Share capital

The total number of NN Group shares outstanding (net of 8,503,748 treasury shares) on 6 August 2021 was 309,374,462.

## Credit ratings

On 10 June 2021, Standard & Poor's published a report affirming NN Group's 'A' financial strength rating and 'BBB+' credit rating with a stable outlook.

On 12 April 2021, Fitch Ratings upgraded NN Group's financial strength rating to 'AA-' and its credit rating to 'A+'. The rating outlook is stable.

Credit ratings of NN Group on 11 August 2021	Financial Strength Rating	NN Group N.V. Counterparty Credit Rating
Standard & Poor's	A Stable	BBB+ Stable
Fitch	AA- Stable	A+ Stable

## Netherlands Life

- Operating capital generation increased to EUR 395 million from EUR 376 million in the first half of 2020, reflecting higher investment returns
- Operating result of EUR 520 million compared with EUR 494 million in the first half of 2020, mainly reflecting a higher investment margin, partly offset by a lower technical margin and lower fees and premium-based revenues

In EUR million	1H21	1H20	Change
<b>Analysis of results</b>			
Investment margin	494	433	14.2%
Fees and premium-based revenues	192	201	-4.5%
Technical margin	74	98	-23.9%
Operating income non-modelled business	0	0	
<b>Operating income</b>	<b>760</b>	<b>731</b>	<b>4.0%</b>
Administrative expenses	225	221	1.8%
DAC amortisation and trail commissions	16	17	-4.5%
<b>Total expenses</b>	<b>241</b>	<b>237</b>	<b>1.4%</b>
<b>Operating result</b>	<b>520</b>	<b>494</b>	<b>5.2%</b>
Non-operating items	661	149	342.0%
of which gains/losses and impairments	661	211	212.4%
of which revaluations	-7	212	
of which market and other impacts	7	-274	
Special items	-6	-32	
Result on divestments	0	0	
<b>Result before tax</b>	<b>1,174</b>	<b>612</b>	<b>91.9%</b>
Taxation	204	192	6.5%
Minority interests	-2	7	
<b>Net result</b>	<b>972</b>	<b>413</b>	<b>135.4%</b>
<b>New business</b>			
Single premiums	411	241	70.5%
Regular premiums	127	153	-17.0%
New sales life insurance (APE)	168	178	-5.1%
Value of new business	15	9	66.4%
<b>Key figures</b>			
Operating capital generation <sup>2)</sup>	395	376	4.9%
Gross premium income	2,256	1,993	13.2%
Administrative expenses	225	221	1.8%

In EUR billion	30 Jun 21	31 Dec 20	Change
<b>Key figures</b>			
Life general account invested assets	112	113	-0.9%
Assets under Management DC business total <sup>20)</sup>	27	25	11.3%
Total provisions for insurance and investment contracts	117	117	0.1%
of which for risk policyholder	26	24	7.3%
NN Life Solvency II ratio <sup>4)</sup>	213%	220%	
Employees (internal FTEs, end of period)	2,089	2,172	-3.8%

Operating capital generation of Netherlands Life increased to EUR 395 million from EUR 376 million in the first half of 2020. The increase is driven by higher investment returns reflecting the shift to higher-yielding assets and higher equity valuations.

The operating result was EUR 520 million compared with EUR 494 million in the first half of 2020, mainly reflecting a higher investment margin, partly offset by a lower technical margin and lower fees and premium-based revenues.

The investment margin increased to EUR 494 million compared with EUR 433 million in the first half of 2020, which benefited from EUR 9 million of private equity dividends, while the current period includes EUR 24 million of private equity dividends. The investment margin in the current period reflects the impact of the shift to higher-yielding assets as well as higher dividends following the postponement of dividends in the same period last year due to Covid-19.

Fees and premium-based revenues decreased to EUR 192 million from EUR 201 million in the first half of 2020, due to the run-off of the individual life closed book as well as lower margins in the pension business.

The technical margin decreased to EUR 74 million from EUR 98 million in the first half of 2020, which included favourable longevity results.

Administrative expenses increased to EUR 225 million from EUR 221 million in the first half of 2020, reflecting a reclassification of specific expenses from special items to administrative expenses as from 2021. On a comparable basis, administrative expenses decreased compared with the same period last year mainly driven by lower staff expenses.

DAC amortisation and trail commissions amounted to EUR 16 million compared with EUR 17 million in the first half of 2020.

The result before tax increased to EUR 1,174 million from EUR 612 million in the first half of 2020 driven by higher gains/losses and impairments, higher market and other impacts and a higher operating result, partly offset by lower revaluations.

Gains/losses and impairments increased to EUR 661 million in the first half of 2021 from EUR 211 million in the same period last year. The current half-year mainly reflects capital gains on the sale of public equities and government bonds.

Revaluations decreased to EUR -7 million compared with EUR 212 million in the first half of 2020. The current half-year mainly reflects negative revaluations on derivatives used for hedging purposes reflecting accounting asymmetries, partly compensated by positive revaluations on real estate and private equity.

Market and other impacts were EUR 7 million versus EUR -274 million in the first half of 2020, mainly reflecting movements in the provisions for guarantees on unit-linked, separate account pension contracts and inflation-linked liabilities (all net of hedging).

New sales (APE) were EUR 168 million compared with EUR 178 million in the first half of 2020. The current half year reflects lower new sales due to a lower volume of group pension contracts.

The value of new business was EUR 15 million in the first half of 2021 compared with EUR 9 million in the same period last year.

Assets under management DC increased to EUR 27.4 billion at 30 June 2021, from EUR 24.6 billion at 31 December 2020.

## Netherlands Non-life

- Operating capital generation increased to EUR 162 million from EUR 61 million in the first half of 2020 reflecting higher underwriting results, while the first half of last year was negatively impacted by a higher SCR
- Operating result increased to EUR 189 million from EUR 111 million in the first half of 2020, reflecting higher underwriting results in both P&C and D&A, and a higher investment income
- Combined ratio improved to 92.0% versus 94.9% in the first half of 2020

In EUR million	1H21	1H20	Change
<b>Analysis of results</b>			
Earned premiums	1,819	1,638	11.0%
Investment income	64	50	27.3%
Other income	0	-2	
<b>Operating income</b>	<b>1,882</b>	<b>1,686</b>	<b>11.6%</b>
<b>Claims incurred, net of reinsurance</b>	<b>1,205</b>	<b>1,137</b>	<b>6.0%</b>
Acquisition costs	330	291	13.2%
Administrative expenses	168	157	7.0%
<b>Acquisition costs and administrative expenses</b>	<b>498</b>	<b>448</b>	<b>11.0%</b>
<b>Expenditure</b>	<b>1,703</b>	<b>1,585</b>	<b>7.4%</b>
<b>Operating result insurance businesses</b>	<b>180</b>	<b>101</b>	<b>78.6%</b>
Operating result non-insurance businesses	10	11	-11.2%
<b>Total operating result</b>	<b>189</b>	<b>111</b>	<b>70.0%</b>
Non-operating items	4	-36	
of which gains/losses and impairments	9	-24	
of which revaluations	-5	-16	
of which market and other impacts	0	4	
Special items	-21	-35	
Result on divestments	0	0	
<b>Result before tax</b>	<b>172</b>	<b>40</b>	<b>327.0%</b>
Taxation	37	10	273.6%
Minority interests	9	0	
<b>Net result</b>	<b>126</b>	<b>30</b>	<b>315.2%</b>
<b>Key figures</b>			
Operating capital generation <sup>2)</sup>	162	61	164.0%
Gross premium income	2,307	2,093	10.2%
Total administrative expenses <sup>21)</sup>	224	202	10.9%
Combined ratio <sup>10)</sup>	92.0%	94.9%	
of which Claims ratio <sup>10)</sup>	64.6%	67.5%	
of which Expense ratio <sup>10)</sup>	27.4%	27.4%	

In EUR billion	30 Jun 21	31 Dec 20	Change
<b>Key figures</b>			
Total insurance provisions	8	7	6.2%
Employees (internal FTEs, end of period)	3,281	3,330	-1.5%

Operating capital generation of Netherlands Non-life increased to EUR 162 million from EUR 61 million in the first half of 2020 reflecting higher underwriting results in Property & Casualty (P&C) and Disability & Accident (D&A), while the first half of last year was negatively impacted by a higher SCR following the termination of an internal reinsurance agreement in the Individual Disability portfolio.

The operating result increased to EUR 189 million from EUR 111 million in the first half of 2020, reflecting higher underwriting results in both P&C and D&A and higher investment income following the shift to higher yielding assets. The combined ratio was 92.0% versus 94.9% in the first half of 2020.

The operating result in P&C increased to EUR 138 million from EUR 120 million in the first half of 2020. The current half-year mainly reflects favourable claims development in the Fire portfolio including a positive impact from Covid-19, partly offset by a negative impact from discount rate adjustments for bodily injury claims in the Motor and Miscellaneous portfolios. The P&C combined ratio was 90.8%, in line with the first half of 2020.

The operating result in D&A increased to EUR 42 million from EUR -20 million in the first half of 2020, mainly driven by favourable claims development in the Individual Disability portfolio, as well as a higher underwriting result in the Accident & Travel portfolio. The D&A combined ratio was 94.6% versus 103.1% in the first half of 2020.

The increase in administrative expenses to EUR 168 million from EUR 157 million in the first half of 2020 reflects higher project expenses and the impact of the VIVAT Non-life acquisition, partly offset by expense reductions.

The operating result of the non-insurance businesses was broadly stable at EUR 10 million.

The result before tax of Netherlands Non-life increased to EUR 172 million from EUR 40 million in the first half of 2020, reflecting the higher operating result, higher non-operating items and lower special items. Non-operating items in the first half of 2020 included impairments on public equity and negative revaluations on private equity and real estate reflecting the volatile markets as a result of Covid-19.

## Insurance Europe

- Operating capital generation increased to EUR 182 million from EUR 119 million in the first half of 2020, mainly driven by a higher new business contribution and higher pension fees
- Value of new business increased to EUR 135 million, up from EUR 84 million in the first half of 2020, reflecting higher sales across the region and an improved life insurance business mix towards protection products
- Operating result increased to EUR 161 million from EUR 133 million in the first half of 2020, mainly driven by higher life and pension fees across the region on the back of higher sales and market recovery as Covid-19 restrictions are eased

In EUR million	1H21	1H20	Change
<b>Analysis of results</b>			
Investment margin	57	48	18.7%
Fees and premium-based revenues	393	367	6.9%
Technical margin	119	125	-4.2%
Operating income non-modelled business	0	1	-91.6%
<b>Operating income Life Insurance</b>	<b>569</b>	<b>541</b>	<b>5.2%</b>
Administrative expenses	210	214	-1.7%
DAC amortisation and trail commissions	197	196	0.5%
<b>Expenses Life Insurance</b>	<b>407</b>	<b>410</b>	<b>-0.7%</b>
<b>Operating result Life Insurance</b>	<b>162</b>	<b>131</b>	<b>23.8%</b>
Operating result Non-life	-1	2	
<b>Total operating result</b>	<b>161</b>	<b>133</b>	<b>21.7%</b>
Non-operating items	19	-22	
of which gains/losses and impairments	1	-1	
of which revaluations	15	-14	
of which market and other impacts	2	-7	
Special items	-5	-13	
Acquisition intangibles and goodwill	0	0	
Result on divestments	0	0	
<b>Result before tax</b>	<b>175</b>	<b>98</b>	<b>78.3%</b>
Taxation	40	24	63.7%
Minority interests	0	0	
<b>Net result</b>	<b>135</b>	<b>74</b>	<b>83.1%</b>
<b>New business</b>			
Single premiums	659	554	19.1%
Regular premiums	314	263	19.3%
New sales life insurance (APE)	380	319	19.3%
Value of new business	135	84	60.5%
<b>Key figures</b>			
Operating capital generation <sup>2)</sup>	182	119	53.0%
Gross premium income	1,569	1,512	3.8%
Total administrative expenses (Life and Non-life)	216	220	-1.8%

In EUR billion	30 Jun 21	31 Dec 20	Change
<b>Key figures</b>			
Life general account invested assets	17	18	-4.5%
Total provisions for insurance and investment contracts	27	27	0.1%
of which for risk policyholder	9	9	7.5%
Assets under management pensions <sup>22)</sup>	25	22	13.2%
Employees (internal FTEs, end of period)	4,846	4,820	0.5%

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

Operating capital generation of Insurance Europe increased to EUR 182 million from EUR 119 million in the first half of 2020, mainly driven by a higher new business contribution from higher sales across the region and higher pension fees in Romania and Slovakia.

The operating result increased to EUR 161 million from EUR 133 million in the first half of 2020, mainly driven by higher life and pension fees across the region on the back of higher sales and market recovery as Covid-19 restrictions are eased.

The investment margin increased to EUR 57 million from EUR 48 million in the first half of 2020, mainly driven by a higher investment margin in Belgium.

Fees and premium-based revenues increased to EUR 393 million from EUR 367 million in the first half of 2020. This mainly reflects higher life fees across the region and higher pension fees in Romania and Slovakia.

The technical margin decreased to EUR 119 million from EUR 125 million in the first half of 2020, mainly due to a lower mortality margin.

Administrative expenses decreased to EUR 210 million from EUR 214 million in the first half of 2020, mainly reflecting currency impacts in Turkey and Poland.

DAC amortisation and trail commissions was broadly stable at EUR 197 million.

The Non-life operating result decreased to EUR -1 million from EUR 2 million in the first half of 2020, mainly due to higher weather-related claims in Spain.

The result before tax increased to EUR 175 million from EUR 98 million in the first half of 2020, mainly reflecting positive revaluations on real estate, a higher operating result and lower special items.

New sales (APE) at Insurance Europe increased to EUR 380 million from EUR 319 million in the first half of 2020, mainly driven by higher life and pension sales across the region reflecting the recovery in sales following the easing of Covid-19 restrictions.

Value of new business increased to EUR 135 million, up 60.5% from EUR 84 million in the first half of 2020, reflecting higher sales across the region and an improved life insurance business mix towards protection products.

## Japan Life

- Value of new business was EUR 92 million, up from EUR 29 million in the first half of 2020, driven by the recovery in sales of COLI products and an improved margin
- Operating capital generation decreased to EUR 57 million from EUR 70 million in the first half of 2020 reflecting the negative impact of a higher new business strain as a result of higher sales, partly compensated by a higher in-force contribution
- Operating result was EUR 156 million, up 23.4% from the first half of 2020, excluding currency effects, reflecting a higher technical margin, lower DAC amortisation and trail commissions and higher fees and premium-based revenues

In EUR million	1H21	1H20	Change
<b>Analysis of results</b>			
Investment margin	-8	-8	
Fees and premium-based revenues	339	364	-6.8%
Technical margin	21	8	166.8%
Operating income non-modelled business	0	0	
<b>Operating income</b>	<b>352</b>	<b>364</b>	<b>-3.2%</b>
Administrative expenses	64	71	-9.4%
DAC amortisation and trail commissions	132	155	-15.0%
<b>Total expenses</b>	<b>196</b>	<b>226</b>	<b>-13.2%</b>
<b>Operating result</b>	<b>156</b>	<b>138</b>	<b>13.1%</b>
Non-operating items	2	-32	
of which gains/losses and impairments	4	-17	
of which revaluations	-2	-16	
of which market and other impacts	0	0	
Special items	-1	-2	
Result on divestments	0	0	
<b>Result before tax</b>	<b>157</b>	<b>104</b>	<b>51.4%</b>
Taxation	44	29	50.4%
Minority interests	0	0	
<b>Net result</b>	<b>113</b>	<b>75</b>	<b>51.7%</b>
<b>New business</b>			
Single premiums	0	0	
Regular premiums	195	123	57.7%
New sales life insurance (APE)	195	123	57.7%
Value of new business	92	29	214.8%
<b>Key figures</b>			
Operating capital generation <sup>2)</sup>	57	70	-18.3%
Gross premium income	1,921	2,138	-10.2%
Administrative expenses	64	71	-9.4%

In EUR billion	30 Jun 21	31 Dec 20	Change
<b>Key figures</b>			
Life general account invested assets	17	17	-1.9%
Total provisions for insurance and investment contracts	17	17	-0.4%
of which for risk policyholder	0	0	2.7%
Employees (internal FTEs, end of period)	859	855	0.5%

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

Value of new business of Japan Life was EUR 92 million, up from EUR 29 million in the first half of 2020, driven by the recovery in sales of COLI products and an improved margin as a result of management actions including repricing.

Operating capital generation decreased to EUR 57 million from EUR 70 million in the first half of 2020. This reflects the negative impact of a higher new business strain as a result of higher sales following the recovery in sales of COLI products, partly compensated by a higher in-force contribution from lower mortality claims.

The operating result was EUR 156 million, up 23.4% from the first half of 2020, excluding currency effects, reflecting a higher technical margin, lower DAC amortisation and trail commissions and higher fees and premium-based revenues.

Fees and premium-based revenues were EUR 339 million, up 1.6% from the first half of 2020, excluding currency effects, driven by higher in-force premium as a result of increased persistency, as well as higher new business sales.

The technical margin was EUR 21 million, up from EUR 7 million in the first half of 2020, excluding currency effects, mainly driven by a higher mortality margin.

Administrative expenses were EUR 64 million, down 1.1% from the first half of 2020, excluding currency effects.

DAC amortisation and trail commissions amounted to EUR 132 million, down 7.4% from the first half of 2020, excluding currency effects, driven by lower surrenders reflecting the increased persistency.

The result before tax was EUR 157 million, up by EUR 62 million compared with the first half of 2020, excluding currency effects. The first half of 2020 reflects impairments due to volatile markets as a result of Covid-19, while the current period reflects a higher operating result.

New sales (APE) increased to EUR 195 million from EUR 113 million in the first half of 2020, excluding currency effects, reflecting the recovery in sales of COLI products from low sales following the revised tax regulations and despite Covid-19 restrictions.

## Asset Management

- Operating capital generation increased to EUR 67 million compared with EUR 50 million in the first half of 2020 mainly reflecting the higher net result
- Total Assets under Management (AuM) decreased to EUR 298 billion compared with EUR 300 billion at the end of 2020 due to negative market performance, partly compensated by net inflows
- Operating result increased to EUR 91 million from EUR 74 million in the first half of 2020, driven by higher fees

In EUR million	1H21	1H20	Change
<b>Analysis of results</b>			
Investment income	0	-1	
Fees	234	216	8.0%
<b>Operating income</b>	<b>233</b>	<b>215</b>	<b>8.3%</b>
<b>Administrative expenses</b>	<b>143</b>	<b>141</b>	<b>1.0%</b>
<b>Operating result</b>	<b>91</b>	<b>74</b>	<b>22.3%</b>
Non-operating items	0	0	
of which gains/losses and impairments	0	0	
of which revaluations	0	0	
of which market and other impacts	0	0	
Special items	-1	0	
Result on divestments	0	0	
<b>Result before tax</b>	<b>90</b>	<b>74</b>	<b>21.4%</b>
Taxation	22	19	13.7%
Minority interests	3	2	67.6%
<b>Net result</b>	<b>65</b>	<b>53</b>	<b>22.4%</b>
<b>Key figures</b>			
Operating capital generation <sup>2)</sup>	67	50	34.2%
Administrative expenses	143	141	1.0%
Cost/income ratio (Administrative expenses/Operating income)	61.2%	65.6%	
Fees/average Assets under Management (bps) <sup>23)</sup>	16	15	

In EUR billion	30 Jun 21	31 Dec 20	Change
<b>Key figures</b>			
Assets under Management	298	300	-0.7%
Employees (internal FTEs, end of period)	943	955	-1.3%
<b>AuM roll-forward</b>			
<b>Beginning of period</b>	<b>300</b>	<b>285</b>	<b>5.2%</b>
Net inflow	2	6	
Acquisition / Divestments / Transfers	0	0	
Market performance (incl. FX impact) and other	-4	9	
<b>End of period</b>	<b>298</b>	<b>300</b>	<b>-0.7%</b>

Operating capital generation of Asset Management increased to EUR 67 million compared with EUR 50 million in the first half of 2020 mainly reflecting the higher net result.

Total Assets under Management (AuM) decreased to EUR 298 billion at 30 June 2021 compared with EUR 300 billion at the end of 2020, due to negative market performance of EUR 4.5 billion, partly compensated by net inflows of EUR 2.2 billion. Negative market performance mainly reflects the impact of higher interest rates, partly offset by higher equity markets. Net inflows in Third Party (EUR 3.9 billion) across investment strategies and segments were partly offset by net outflows in Affiliates (EUR 1.6 billion), mainly due to the run-off of the NN Life book.

The operating result increased to EUR 91 million from EUR 74 million in the first half of 2020 driven by higher fees, partly offset by higher administrative expenses.

Fees increased to EUR 234 million from EUR 216 million in the first half of 2020, mainly reflecting higher average AuM and a more favourable asset mix.

Administrative expenses increased to EUR 143 million compared with EUR 141 million in the first half of 2020, primarily due to higher staff-related costs.

The result before tax increased to EUR 90 million compared with EUR 74 million in the first half of 2020 driven by the higher operating result.

## Banking

- Net Operating Return on Equity (RoE) decreased to 12.7% from 15.0% in the first half of 2020, reflecting higher average equity following the suspension of dividend payments in 2020
- Operating capital generation was EUR 55 million in the first half of 2021 mainly reflecting the statutory net result
- Operating result broadly stable at EUR 79 million compared with the first half of 2020, as higher operating income was offset by higher total expenses

In EUR million	1H21	1H20	Change
<b>Analysis of results</b>			
Interest result	139	140	-0.8%
Commission income	34	18	88.6%
Total investment and other income	16	27	-41.3%
<b>Operating income</b>	<b>189</b>	<b>185</b>	<b>1.9%</b>
Operating expenses	98	93	5.6%
Regulatory levies	16	12	31.0%
Addition to loan loss provision	-4	0	
<b>Total expenses</b>	<b>110</b>	<b>105</b>	<b>4.8%</b>
<b>Operating result</b>	<b>79</b>	<b>80</b>	<b>-1.9%</b>
Non-operating items	-1	1	
of which gains/losses and impairments	0	3	-87.8%
of which revaluations	0	0	
of which market and other impacts	-2	-2	
Special items	0	-7	
<b>Result before tax</b>	<b>77</b>	<b>73</b>	<b>5.2%</b>
Taxation	19	19	2.3%
Minority interests	0	0	
<b>Net result</b>	<b>58</b>	<b>54</b>	<b>6.3%</b>
<b>Key figures</b>			
Operating capital generation <sup>2)</sup>	55	0	
Total administrative expenses <sup>24)</sup>	114	105	8.5%
Cost/income ratio <sup>25)</sup>	51.9%	50.1%	
Net Interest Margin (NIM) <sup>26)</sup>	1.12%	1.11%	
Net operating RoE <sup>27)</sup>	12.7%	15.0%	

In EUR billion	30 Jun 21	31 Dec 20	Change
<b>Key figures</b>			
CET1 ratio <sup>11)</sup>	18.6%	17.4%	
Total capital ratio <sup>11)</sup>	20.0%	18.9%	
Risk Weighted Assets (RWA) <sup>11)</sup>	6	6	0.4%
Savings and deposits	16	16	2.5%
Mortgages	21	20	2.4%
Total assets	25	25	-2.7%
Employees (internal FTEs, end of period)	937	919	1.9%

Net Operating Return on Equity (RoE) of Banking decreased to 12.7% from 15.0% in the first half of 2020, reflecting higher average equity following the suspension of dividend payments in 2020 in accordance with the recommendation of the Dutch regulator.

Operating capital generation was EUR 55 million in the first half of 2021, mainly reflecting the statutory net result while the increase of the risk weighted assets (RWA) was limited on the back of a strong increase of house prices. Operating capital generation in the first half of 2020 was EUR 0 million under the former methodology based on dividends remitted to the holding, which were suspended in 2020 in accordance with the recommendation of the Dutch regulator. The change in methodology follows the change in Solvency II requirements that became effective prospectively as of 31 December 2020. Under the new methodology operating capital generation in the first half of 2020 would have been EUR 64 million.

The operating result was broadly stable at EUR 79 million in the first half of 2021, as higher operating income was offset by higher total expenses.

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

Commission income increased to EUR 34 million from EUR 18 million in the first half of 2020. The current period reflects higher origination fees on a larger volume of mortgages transferred to the NN IP Dutch Residential Mortgage Fund and higher fees on the larger serviced mortgage portfolio, as well as a reclassification of EUR 5 million relating to mortgage origination fees previously reported under Investment and other income.

Total investment and other income decreased to EUR 16 million from EUR 27 million in the first half of 2020, which included EUR 7 million of non-recurring benefits relating to premiums on mortgage sales to the NN IP Dutch Residential Mortgage Fund, while the current period reflects the EUR 5 million reclassification of mortgage origination fees now reported under Commission income.

Operating expenses were EUR 98 million compared with EUR 93 million in the first half of 2020, mainly due to expenses supporting an increase in mortgage origination, as well as project expenses.

Regulatory levies increased to EUR 16 million from EUR 12 million in the first half of 2020, mainly reflecting higher contributions to the European Single Resolution Fund.

The release of the loan loss provision was EUR 4 million in the first half of 2021 compared with EUR 0 million in the first half of 2020, mainly reflecting a strong increase in house prices, while the first half of 2020 included additions to provisions relating to the impact of Covid-19.

The result before tax increased to EUR 77 million from EUR 73 million in the first half of 2020, mainly driven by lower special items.

## Other

- Operating capital generation was stable at EUR -136 as the first half of 2020 included claims related to the reinsured Netherlands Non-life's Disability portfolio which was compensated by a release of the SCR following the termination of an internal reinsurance agreement with Netherlands Non-life
- Operating result improved to EUR -76 million from EUR -104 million in the first half of 2020, mainly driven by a higher operating result of the reinsurance business partly offset by a lower holding result
- Operating result of the reinsurance business increased to EUR 18 million from EUR -25 million in the first half of 2020, which included EUR 39 million of claims related to Netherlands Non-life's Disability portfolio

In EUR million	1H21	1H20	Change
<b>Analysis of results</b>			
Interest on hybrids and debt <sup>28)</sup>	-53	-54	
Investment income and fees	51	55	-7.3%
Holding expenses	-89	-79	
Amortisation of intangible assets	0	0	
<b>Holding result</b>	<b>-91</b>	<b>-78</b>	
Operating result reinsurance business	18	-25	
Other results	-4	-1	
<b>Operating result</b>	<b>-76</b>	<b>-104</b>	
Non-operating items	35	-2	
of which gains/losses and impairments	9	-5	
of which revaluations	40	1	
of which market and other impacts	-14	1	
Special items	-13	-35	
Acquisition intangibles and goodwill	-11	-13	
Result on divestments	0	0	
<b>Result before tax</b>	<b>-65</b>	<b>-155</b>	
Taxation	-11	-43	
Minority interests	0	0	
<b>Net result</b>	<b>-54</b>	<b>-112</b>	
<b>Key figures</b>			
Operating capital generation <sup>2)</sup>	-136	-133	
Total administrative expenses	93	83	11.9%
of which reinsurance business	4	4	-5.8%
of which corporate/holding	90	79	12.8%

	30 Jun 21	31 Dec 20	Change
<b>Key figures</b>			
Employees (internal FTEs, end of period)	1,832	1,794	2.1%
<b>Key figures Japan Closed Block VA</b>			
Account value	1,633	1,691	-3.4%
Net Amount at Risk	10	20	-51.2%
Number of policies	16,686	17,888	-6.7%

Operating capital generation of the segment Other was stable at EUR -136 million as the first half of 2020 included claims related to the reinsured Netherlands Non-life's Disability portfolio which was compensated by a release of the SCR following the termination of an internal reinsurance agreement with Netherlands Non-life.

The operating result improved to EUR -76 million from EUR -104 million in the first half of 2020, mainly driven by the higher operating result of the reinsurance business, partly offset by a lower holding result.

The holding result decreased to EUR -91 million from EUR -78 million in the first half of 2020, reflecting higher holding expenses and lower investment and interest income.

The operating result of the reinsurance business increased to EUR 18 million from EUR -25 million in the first half of 2020, which included EUR 39 million of claims related to Netherlands Non-life's Disability portfolio.

The result before tax of the segment Other improved to EUR -65 million from EUR -155 million in the first half of 2020, mainly reflecting higher non-operating items, lower special items related to restructuring expenses, and the improved operating result.

## Consolidated Balance Sheet

- Total assets of NN Group decreased by EUR 13.5 billion in the first half of 2021 to EUR 250.2 billion, reflecting the impact of higher interest rates and higher equity markets
- Shareholders' equity decreased by EUR 3.9 billion to EUR 32.9 billion, reflecting lower revaluation reserves as a result of higher interest rates

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

## Assets

### Cash and cash equivalents

Cash and cash equivalents decreased by EUR 5.3 billion in the first half of 2021 to EUR 7.1 billion due to lower cash collateral as interest rates increased.

### Investments for risk of policyholders

The investments for risk of policyholders increased by EUR 2.4 billion in the first half of 2021 to EUR 37.2 billion, driven by higher equity markets.

### Non-trading derivatives

Non-trading derivatives decreased by EUR 7.9 billion in the first half of 2021 to EUR 6.9 billion due to higher interest rates.

### Available-for-sale investments

The Available-for-sale investments decreased by EUR 2.7 billion in the first half of 2021 to EUR 115.4 billion due to a decrease in market value as a result of higher interest rates, partly offset by reinvestments and higher equity markets.

## Liabilities

### Insurance and investment contracts

Insurance and investment contracts increased by EUR 0.4 billion in the first half of 2021 to EUR 171.1 billion, mainly reflecting an increase in liabilities for life insurance for risk of policyholder, partly offset by a decrease in life insurance liabilities for risk of the company driven by portfolio movements.

### Other liabilities

The decrease of Other liabilities of EUR 6.1 billion in the first half of 2021 to EUR 10.4 billion mainly reflects lower cash collateral due to higher interest rates.

## Equity

Shareholders' equity decreased by EUR 3.9 billion in the first half of 2021 to EUR 32.9 billion, reflecting the positive net result for the period and lower revaluation reserves as a result of higher interest rates.

Changes in Shareholders' equity for the first half year of 2021 and the previous full year were as follows:

In EUR million	1H21	FY20
<b>Shareholders' equity beginning of period</b>	<b>36,731</b>	30,768
Net result for the period	1,414	1,904
Unrealised revaluations available-for-sale investments and other	-2,457	3,106
Realised gains/losses transferred to the profit and loss account	-603	-574
Change in cash flow hedge reserve	-3,072	3,422
Deferred interest credited to policyholders	1,372	-750
Share of other comprehensive income of associates and joint ventures	-1	5
Exchange rate differences	-67	-110
Remeasurement of the net defined benefit asset/liability	19	6
Dividend	-252	-394
Purchase/sale treasury shares	-161	-622
Employee stock option & share plans	-1	1
Coupon on undated subordinated notes	-59	-59
Other	0	28
<b>Total changes</b>	<b>-3,868</b>	5,963
<b>Shareholders' equity end of period</b>	<b>32,863</b>	36,731

The composition of Total equity at 30 June 2021 and 31 December 2020 was as follows:

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

## Footnotes reference page

- 1) The pro forma full-year dividend for 2020 of EUR 2.33 per ordinary share comprises the 2020 final dividend of EUR 1.47 per ordinary share plus the regular 2020 interim dividend of EUR 0.86 per ordinary share. The 2021 interim dividend of EUR 0.93 per ordinary share is calculated as 40% of the pro forma 2020 full-year dividend per ordinary share in accordance with the NN Group dividend policy.
- 2) NN Group analyses the change in the excess of Solvency II Own Funds over the Solvency Capital Requirement ('SCR') in the following components: Operating Capital Generation, Market variance, Capital flows and Other. Operating Capital Generation is the movement in the solvency surplus (Own Funds before eligibility constraints over SCR at 100%) in the period due to operating items, including the impact of new business, expected investment returns in excess of the unwind of liabilities, release of the risk margin, operating variances, non-life underwriting result, contribution of non-Solvency II entities and holding expenses and debt costs and the change in the SCR. It excludes economic variances, economic assumption changes and non-operating expenses.
- 3) Operating result is an Alternative Performance Measure. This measure is derived from figures according to IFRS-EU. The operating result is derived by adjusting the reported result before tax to exclude the impact of result on divestments, the amortisation of acquisition intangibles, discontinued operations and special items, gains/losses and impairments, revaluations and market and other impacts. Alternative Performance Measures are non-IFRS-EU measures that have a relevant IFRS-EU equivalent. For definitions and explanations of the Alternative Performance Measures reference is made to the section 'Alternative Performance measures (Non-GAAP measures)' in the NN Group N.V. 30 June 2021 Condensed consolidated interim financial information.
- 4) The solvency ratios are not final until filed with the regulators. The Solvency II ratios for NN Group and NN Life are based on the partial internal model.
- 5) The target indicates the number of our insurance business units scoring above the NPS market average. Numbers are based on the Net Promoter Score (NPS), an internationally used method that measures customer satisfaction. It specifically assesses whether customers would recommend the company to friends or colleagues.
- 6) Both Customer engagement and Brand consideration metrics are part of the broader research called Global Brand Health Monitor, which provide a general overview of the NN brand and its position in all of its markets. The question posed to calculate the brand consideration rate is: 'If you were to take out a life insurance for yourself, which of the companies below would you consider?'
- 7) We measure our employee engagement in our (semi) annual employee survey in which we want to hear views of our employees on how we are doing as a company, how they feel about working at NN, and how we can make our company an even better place to work. The metric indicates on a scale from 0 to 10 how likely it is that someone will recommend NN as an employer.
- 8) Indicates the percentage of AuM where environmental, social and governance (ESG) factors are integrated in the investment process in a documented and consistent way.
- 9) Basic earnings per ordinary share is calculated as the net result, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity, divided by the weighted average number of ordinary shares outstanding (net of treasury shares).
- 10) Excluding non-insurance businesses (health business and broker business).
- 11) The Common Equity Tier 1 (CET1) ratio, Total capital ratio and Risk Weighted Assets (RWA) are not final until filed with the regulators.
- 12) Other comprises CEE pension funds as well as broker and services companies.
- 13) Includes interest on subordinated loans provided to subsidiaries by the holding company.
- 14) Includes the change of subordinated loans provided to subsidiaries by the holding company.
- 15) Includes interest on subordinated loans and debt, holding company expenses and other cash flows.
- 16) Free cash flow to the holding company is defined as the change in cash capital position of the holding company over the period, excluding acquisitions, capital transactions with shareholders and debtholders.
- 17) Includes revaluations on debt securities, on the cash flow hedge reserve and on the reserves crediting to life policyholders.
- 18) The fixed-cost coverage ratio measures the ability of NN Group to pay its fixed financing expenses and is defined as the earnings before interest and tax (EBIT) divided by interest before tax on financial leverage; calculated on a last 12-months basis. Special items, revaluations on derivatives that are non-eligible for hedge accounting, market and other impacts, amortization of acquisition intangibles are excluded from EBIT.
- 19) The undated subordinated notes classified as equity are considered financial leverage in the calculation of the financial leverage ratio. The related interest is included on an accrual basis in the calculation of the fixed-cost coverage ratio.
- 20) Assets under Management (AuM) DC business total includes both the AuM DC business in accumulation phase and AuM DC business in decumulation phase. For the latter the IFRS insurance liabilities are used as a proxy for the AuM.
- 21) Including non-insurance businesses (health business and broker business).
- 22) The numbers shown under AuM are client balances which exclude IFRS shareholders' equity related to the respective pension businesses and include the assets under administration.
- 23) Fees/average Assets under Management (bps) is calculated as the (annualised) fees, divided by average AuM at the beginning and end of the half-year reporting period. The comparative figures have been restated accordingly.
- 24) Operating expenses plus regulatory levies.
- 25) Cost/income ratio is calculated as Operating expenses divided by Operating income.
- 26) Four-quarter rolling average.
- 27) Net operating RoE is calculated as the (annualised) net operating result of the segment, divided by (average) adjusted allocated equity. Adjusted allocated equity is an Alternative Performance Measure. It is derived from IFRS equity by excluding revaluation reserves. Reference is made to the section 'Alternative Performance measures (Non-GAAP measures)' in the NN Group N.V. 30 June 2021 Condensed consolidated interim financial information.
- 28) Does not include interest costs on subordinated debt treated as equity.
- 29) NN Bank is included in the calculation of the NN Group Solvency II ratio as of the end of 2020.
- 30) Contributions to our communities in 1H21, including cash donations, hours of volunteering and in-kind giving (both monetised), etc., in line with B4SI standards.

## NN Group profile

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

## Press call

David Knibbe (CEO), Delfin Rueda (CFO) and Bernhard Kaufmann (CRO) will host a press call to discuss the 1H21 results at 07:45 am CET on Thursday 12 August 2021. Journalists can join the press call at +31 20 531 5863 (NL).

## Analyst and investor call

David Knibbe (CEO) and Delfin Rueda (CFO) will host an analyst and investor conference call to discuss the 1H21 results at 10:30 am CET on Thursday 12 August 2021. Members of the investment community can follow the live audio webcast on [NN Group - Investors \(nn-group.com\)](https://www.nn-group.com).

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

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

## Financial calendar

- Publication 2H21 results: 17 February 2022
- Publication 1H22 results: 11 August 2022
- AGM: 19 May 2022

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## Additional information on [www.nn-group.com](http://www.nn-group.com)

- NN Group 1H21 Financial Supplement, NN Group 1H21 Analyst Presentation, NN Group Company Profile and NN Group ESG presentation
- NN Group 30 June 2021 Condensed consolidated interim financial information
- Photos of NN Group executives, buildings and events are available for download at [Flickr](#)

## Important legal information

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

NN Group's Consolidated Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and with Part 9 of Book 2 of the Dutch Civil Code. In preparing the financial information in this document, the same accounting principles are applied as in the NN Group N.V. Condensed consolidated interim financial information for the period ended 30 June 2021. All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results,



performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) the effects of the Covid-19 pandemic and related response measures, including lockdowns and travel restrictions, on economic conditions in countries in which NN Group operates, on NN Group's business and operations and on NN Group's employees, customers and counterparties (3) changes in performance of financial markets, including developing markets, (4) consequences of a potential (partial) break-up of the euro or European Union countries leaving the European Union, (5) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (6) the frequency and severity of insured loss events, (7) changes affecting mortality and morbidity levels and trends, (8) changes affecting persistency levels, (9) changes affecting interest rate levels, (10) changes affecting currency exchange rates, (11) changes in investor, customer and policyholder behaviour, (12) changes in general competitive factors, (13) changes in laws and regulations and the interpretation and application thereof, (14) changes in the policies and actions of governments and/or regulatory authorities, (15) conclusions with regard to accounting assumptions and methodologies, (16) changes in ownership that could affect the future availability to NN Group of net operating loss, net capital and built-in loss carry forwards, (17) changes in credit and financial strength ratings, (18) NN Group's ability to achieve projected operational synergies, (19) catastrophes and terrorist-related events, (20) adverse developments in legal and other proceedings and (21) the other risks and uncertainties contained in recent public disclosures made by NN Group.

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

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