



NN Group 2H21 results

17 February 2022

2H21 and FY21 highlights

David Knibbe, CEO

Focus on creating value for customers, employees and society

Delivering an excellent **customer** experience

- Customer satisfaction improved, with 5 units (1H21: 3 units) scoring above market average NPS¹
- Strong relationship with brokers and advisers reflected in high satisfaction scores

Maintaining high **employee** engagement

- Employee engagement remains broadly stable at a high level of 7.7
- All 10 business units in NN International Insurance again named Top Employer
- NN Group included in the 2022 Bloomberg Gender Equality Index for the 4th year in a row

Making a positive contribution to **society**

- Ambition to be carbon neutral across the business:
 - Interim targets² to reduce greenhouse gas emissions of corporate investments by 25% by 2025 and 45% by 2030, and own business operations by 35% by 2025 and 70% by 2030
- ESG-integrated Assets under Management increased to 91%
- Promoting sustainable solutions: EUR 1.4bn of sustainable mortgages originated in 2021
- NN Group Sustainability Bond Framework published in February 2022

1. Net Promoter Score (NPS-r)
2. Reductions compared with 2019

Strong performance in 2H21

Capital generation growth driven by strong business performance and commercial momentum ...

Operating capital generation

EUR 804m
2H20: EUR 450m

Value of new business

EUR 186m
2H20: EUR 144m

... supporting a robust balance sheet and capital position ...

Solvency ratio

213%
30 June 2021: 209%

Holding company cash capital

EUR 2.0bn
30 June 2021: EUR 1.5bn

... and allowing substantial capital returns to shareholders

Full-year dividend

EUR 2.49 per share
+7% on 2020

Share buyback

EUR 1.0bn

Growth driven by strong contribution from all units throughout 2021

Netherlands Life

- Assets under management DC increased to EUR 30bn from EUR 25bn, reflecting market growth and net inflows
- Buyout of Henkel pension fund in July with total assets of EUR 125m

Netherlands Non-life

- Vivat Non-life integration nearing completion and planned cost savings achieved ahead of plan, securing market leader position
- Positive portfolio development: good customer retention and improving margins

Insurance International

- VNB +37% at Insurance Europe and +109% at Japan Life driven by increasing demand for protection products, higher sales and improved margins

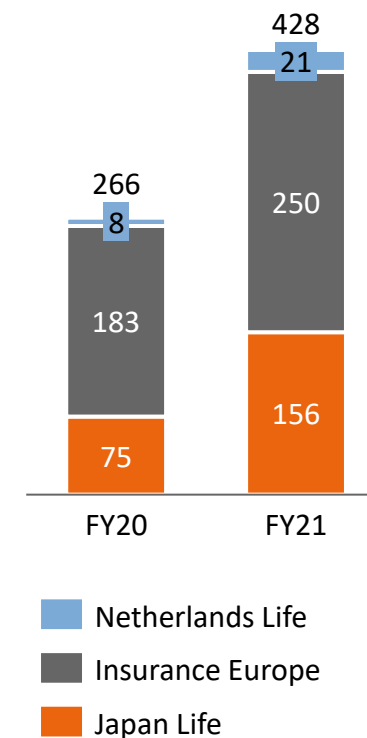
Banking

- Record level of mortgage origination of EUR 9.9bn

Asset Management

- Net inflows of Third-party AuM of EUR 5.2bn across investment strategies and segments

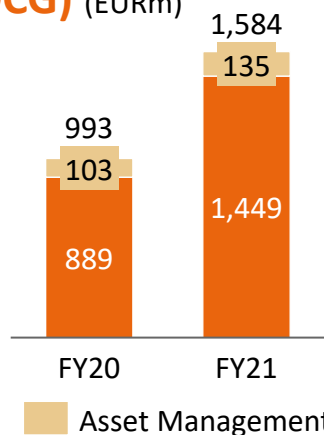
Value of new business¹ (EURm)



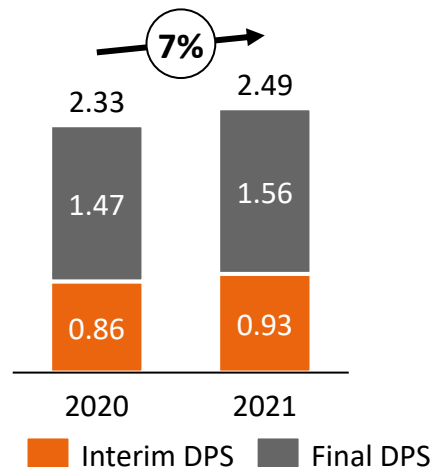
1. Value of new business figures based on historical currencies

OCG and FCF growth translates into substantial capital returns to shareholders

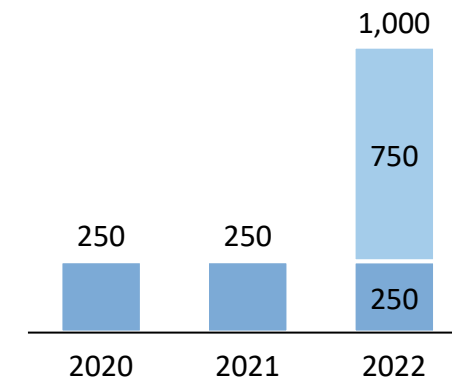
Operating capital generation (OCG) (EURm)



Dividends¹ (EUR, CAGR in %)



Share buybacks² (EURm)



- OCG includes Asset Management; sale of NNIP to be completed in coming months
- FY21 free cash flow (FCF) of EUR 1.5bn

- Proposed final 2021 dividend of EUR 1.56 per share bringing full-year 2021 dividend to EUR 2.49 per share, up 7% on 2020

- New total share buyback of EUR 1.0bn
 - EUR 250m programme expected to commence on 1 March 2022
 - Additional EUR 750m programme to commence following completion of the sale of NNIP

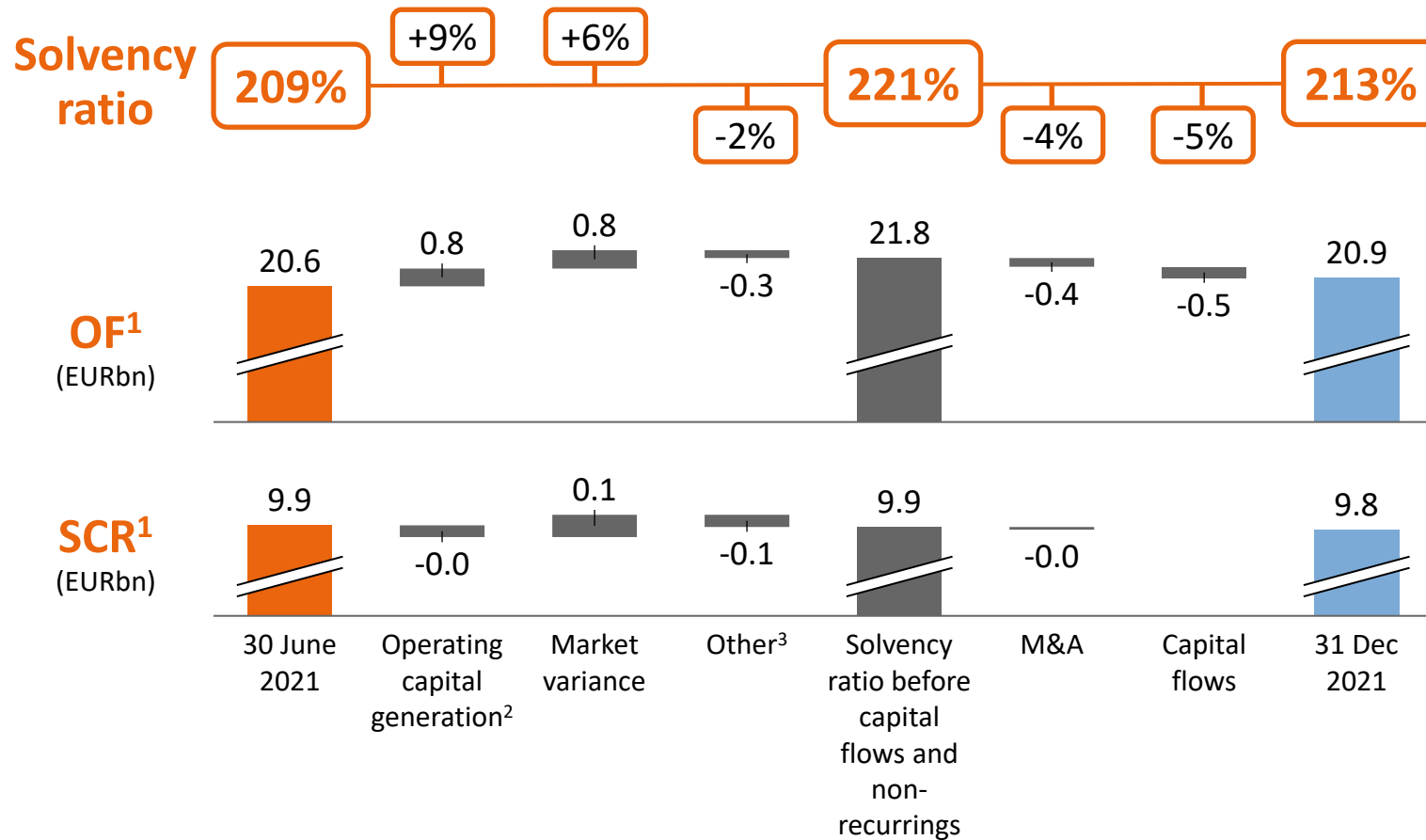
1. Pro-forma 2020 full-year dividend per share of EUR 2.33, comprising the regular 2020 interim dividend of EUR 0.86 plus the 2020 final dividend of EUR 1.47

2. Total share buyback amount shown in the year that the programme commences

2H21 and FY21 results

Delfin Rueda, CFO

Robust solvency ratio at 213%

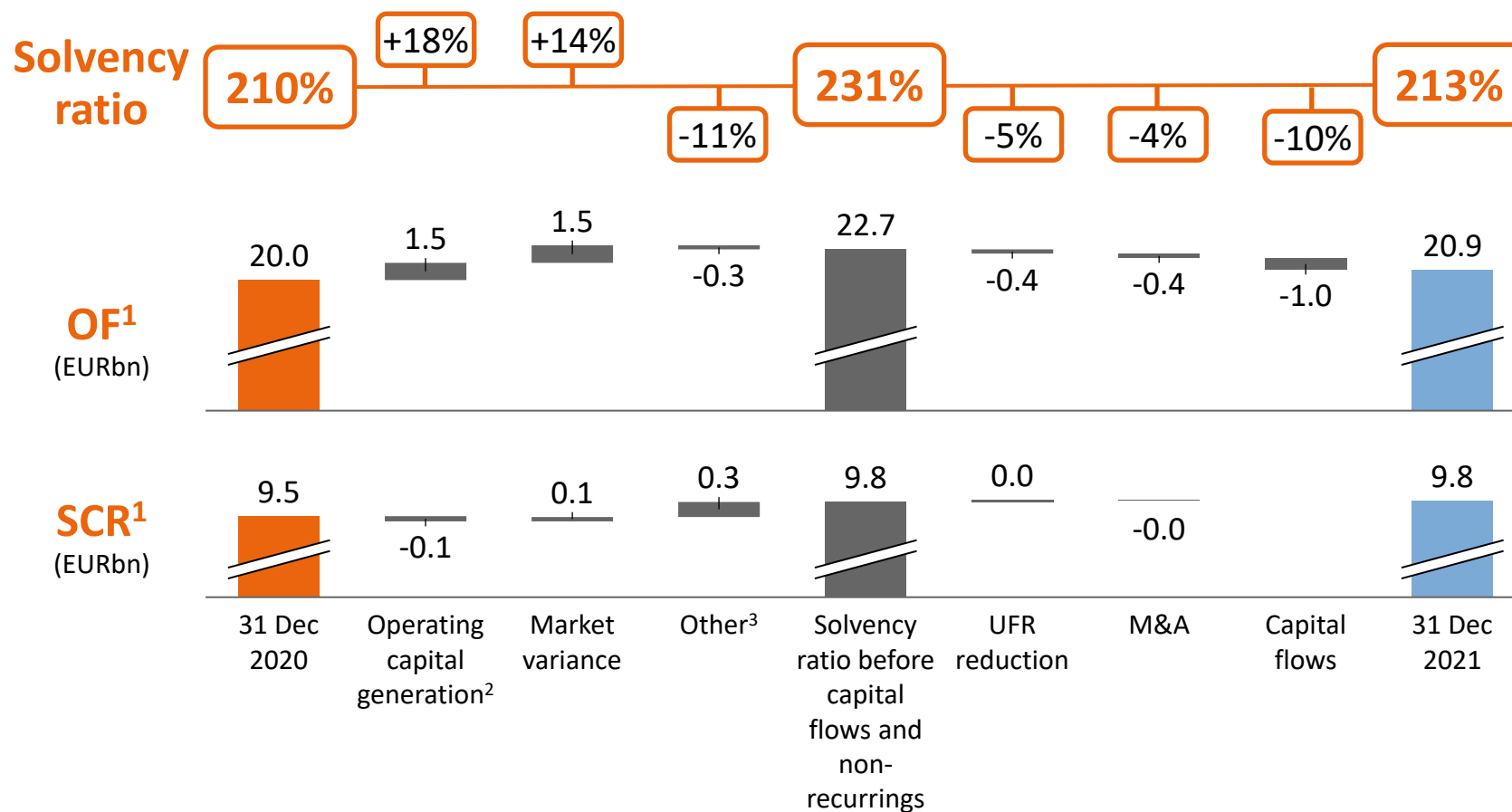


- Solvency ratio increased to 213% driven by operating capital generation and favourable market impacts, partly offset by capital flows to shareholders and the acquisition of Heinenoord
- Market impacts mainly reflect positive real estate revaluations and changes in interest rates
- Capital flows reflect the proposed 2021 final dividend of EUR 476m to be paid in June



1. Eligible Own Funds and Solvency Capital Requirement; Includes available and required regulatory capital for Solvency II entities, Japan Life, Asset Management, Banking and CEE pension funds
 2. Operating capital generation (OCG) includes Solvency II entities, Japan Life, Asset Management, Banking and CEE pension funds, as well as the accruals of the qualifying debt and holding expenses
 3. Other includes model and assumption changes, the change of non-available Own Funds and non-eligible Own Funds and special items related to non-Solvency II regulated entities and the holding company, as well as the change in SCR as a result of asset portfolio changes

Solvency ratio supported by strong OCG in 2021



- Positive impact on the solvency ratio mainly reflecting operating capital generation and favourable market impacts, partly offset by capital flows to shareholders
- Market impacts reflects the positive impact of spread tightening and real estate revaluations
- Other includes the impact of model and assumption changes as well as asset portfolio changes
- Capital flows reflect the full-year 2021 dividend and EUR 250m share buyback programme commenced on 1 March 2021

Strong OCG in 2H21 across all segments

OCG¹ by segment (EURm)	2H21	2H20	FY21	FY20	Developments 2H21 versus 2H20
Netherlands Life	451	266	846	642	• Higher investment return as a result of changes in the asset portfolio and higher equity and real estate valuations
Netherlands Non-life	163	14	325	76	• Higher underwriting result in P&C, including a positive impact from Covid-19, while 2H20 was negatively impacted by a higher SCR
Insurance Europe	137	135	318	253	• Broadly stable reflecting higher pension fees in Romania, Slovakia and Poland, offset by a non-recurring item in Greece
Japan Life	72	63	129	133	• Higher in-force contribution, partly offset by negative impact of a higher new business strain
Asset Management	68	53	135	103	• Higher net result
Banking ²	49	0	104	0	• Reflecting the statutory net result, partly offset by increase of RWA
Other	-136	-81	-272	-214	• Lower results from the reinsurance business, while 2H20 benefited from a release of SCR
Operating capital generation	804	450	1,584	993	

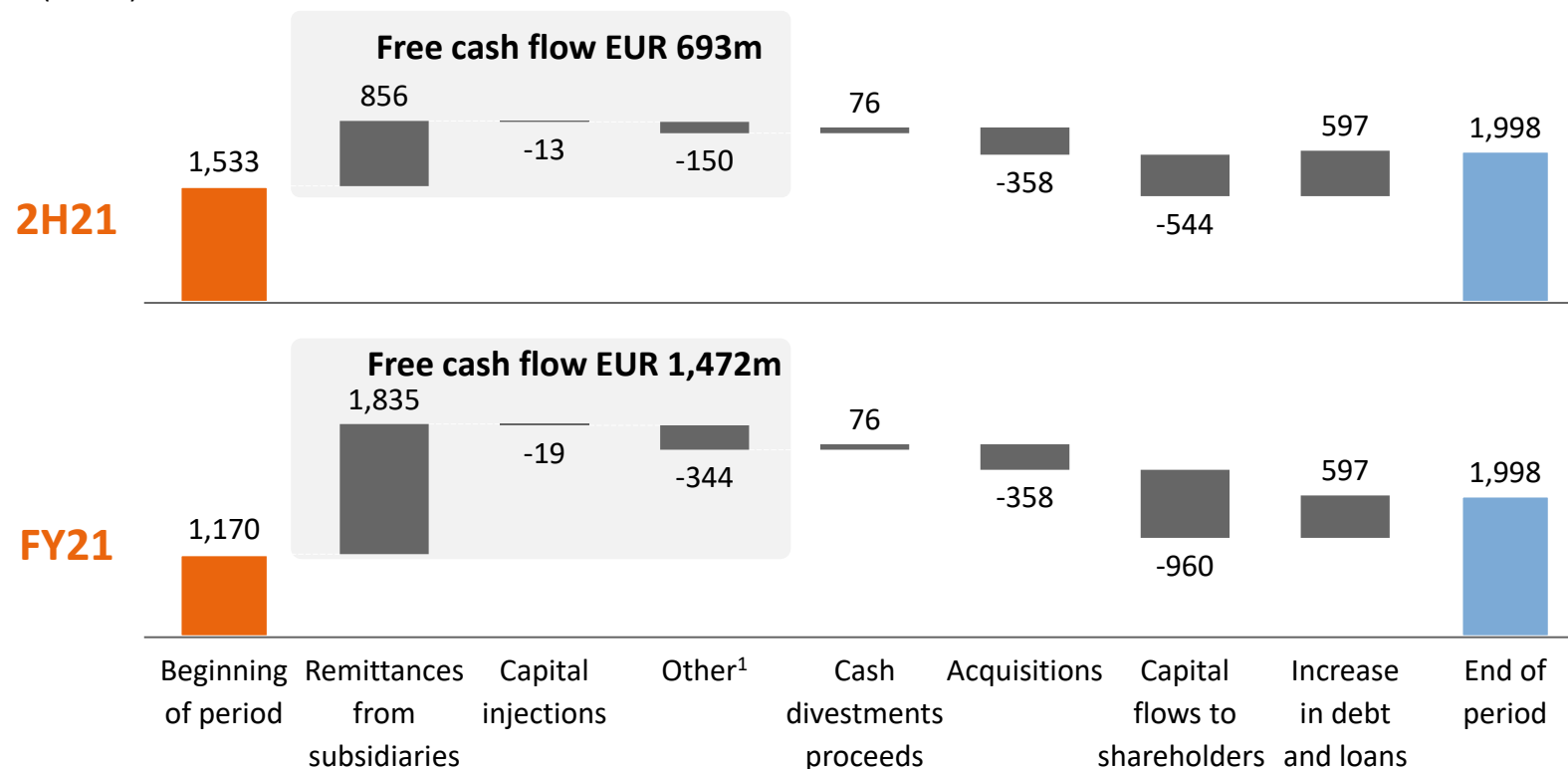


1. Operating Capital Generation is the movement in the solvency surplus (Own Funds before eligibility constraints over SCR at 100%) in the period due to operating items, including the impact of new business, expected investment returns in excess of the unwind of liabilities, release of the risk margin, operating variances, non-life underwriting result, contribution of non-Solvency II entities and holding expenses and debt costs and the change in the SCR. It excludes economic variances, economic assumption changes and non-operating expenses.
2. As from 31 December 2020, NN Group is required to include NN Bank in its Solvency II calculations. Under the former methodology, NN Bank's Operating Capital Generation was based on remittances to the holding which were zero in 2020 following the suspension of dividend payments in line with the recommendation of the Dutch regulator.

Holding company cash capital of EUR 2.0bn

Movement in holding company cash capital

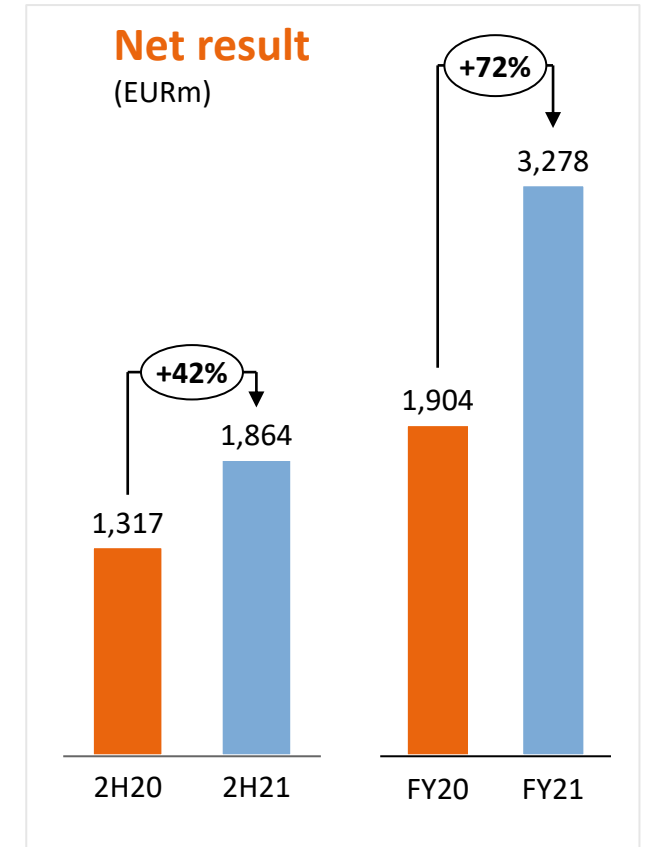
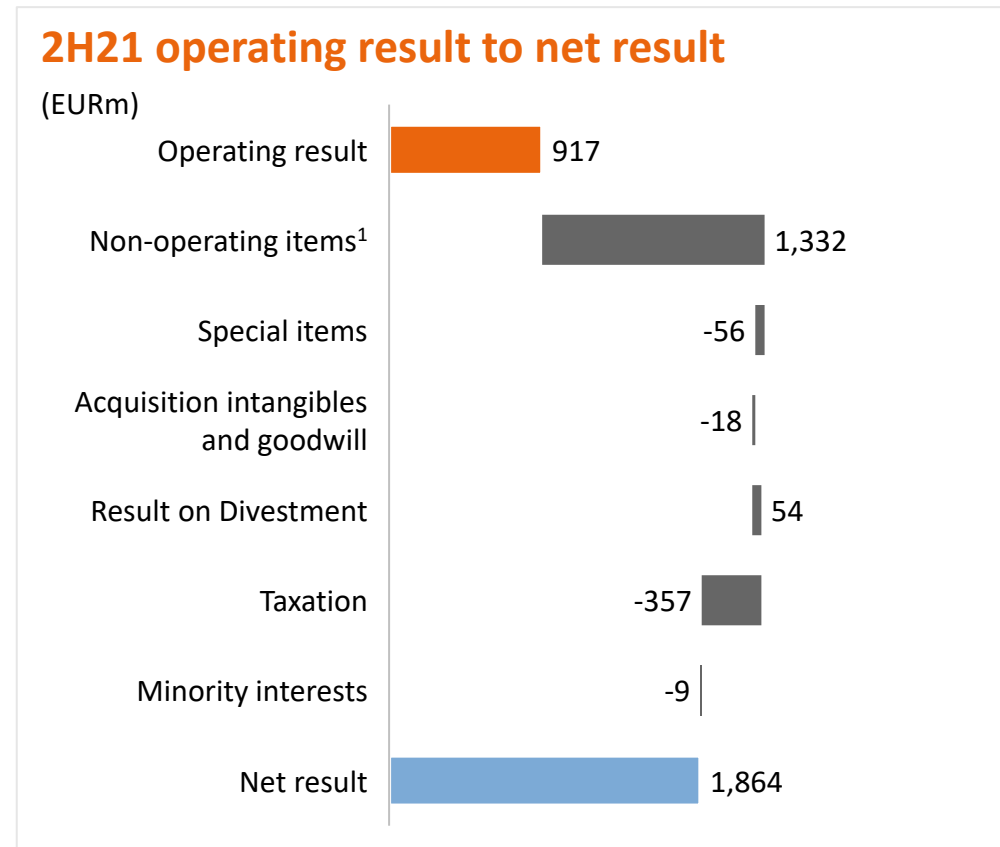
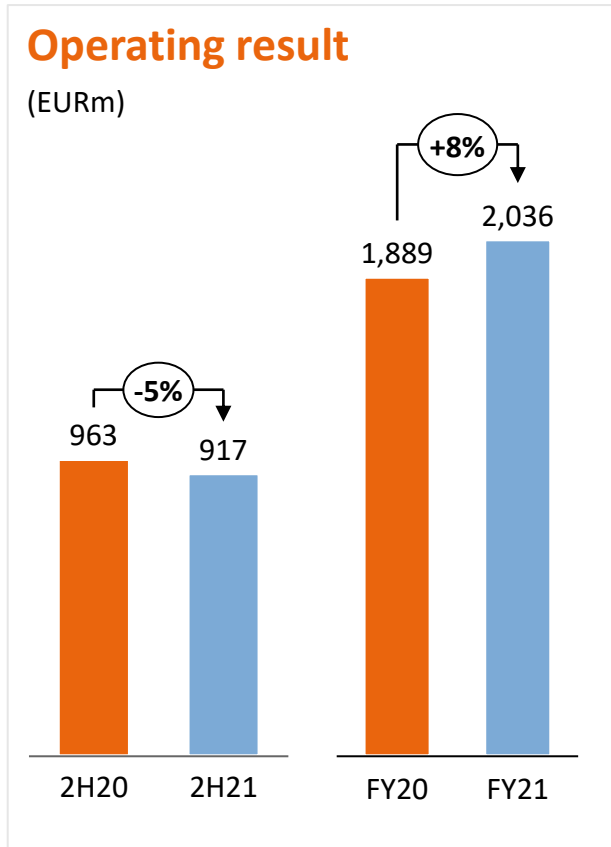
(EURm)



- Full-year 2021 free cash flow of EUR 1.5bn driven by remittances received from subsidiaries
- EUR 1.0bn of capital flows to shareholders in 2021 representing cash dividends paid and own shares repurchased
- Increase in debt and loans reflects the issue of senior debt that will be used to repay existing EUR 600m of senior notes maturing in March 2022

1. Other includes interest on subordinated loans and debt, holding company expenses and other cash flows

Strong financial performance across NN Group



1. Includes realised capital gains/losses and impairments, revaluations and market & other impacts

Operating result by segment

Operating result (EURm)	2H21	2H20	FY21	FY20	Developments 2H21 versus 2H20
Netherlands Life	466	500	986	994	• Lower technical margin and higher expenses, partly compensated by a higher investment margin and higher fees and premium-based revenues
Netherlands Non-life	125	103	314	215	• Higher underwriting results in P&C and higher investment income; combined ratio of 95.1%
Insurance Europe	154	152	315	285	• Broadly stable, reflecting higher life and pension fees across the region, offset by higher administrative expenses, lower technical margin as well as DAC amortisation and trail commissions
Japan Life	107	102	263	240	• Mainly reflecting lower DAC amortisation and trail commissions and lower administrative expenses
Asset Management	91	78	181	152	• Higher fees, partly offset by higher administrative expenses
Banking	55	74	134	154	• Higher total expenses and lower operating income
Other	-81	-47	-157	-151	• Lower operating result of the reinsurance business and lower holding result
Operating result	917	963	2,036	1,889	

Key takeaways

David Knibbe, CEO

Key takeaways

- ▶ Focus on creating value for customers, employees and society
- ▶ Capital generation growth driven by strong business performance and commercial momentum
- ▶ Robust balance sheet and capital position: Solvency II ratio at 213%, holding company cash capital at EUR 2.0bn
- ▶ Sustainable and growing capital returns: proposed final 2021 dividend of EUR 1.56 per share; full-year dividend of EUR 2.49 per share up 7% on 2020
- ▶ Total share buyback of EUR 1.0bn, of which EUR 250m commencing in March 2022 and additional EUR 750m following completion of sale of NNIP

Q&A

David Knibbe, Delfin Rueda, Bernhard Kaufmann

Appendices

Creating value for all stakeholders

KPIs and targets		31 Dec 21	30 Jun 21	31 Dec 20
Excellent customer experience	Customer engagement All insurance business units scoring above market average NPS ¹ by 2023	5 units	3 units	4 units
	Brand consideration² 28% by 2023	23%	21%	21%
Engaged employees	Employee engagement ≥ 7.8 by 2023	7.7	7.8	7.9
	Women in senior management positions ≥ 40% by 2023	34%	34%	33%
Positive contribution to society	ESG-integrated AuM 80% by 2023	91%	75%	74%
	Acceleration of the transition to a low-carbon economy Net-zero carbon proprietary investment portfolio by 2050			
	Contribution to our communities³ 1% of operating result ⁴ by 2023	EUR 8.0m	EUR 2.4m	EUR 4.7m <i>in charitable donations in 2020</i>

1. Net Promoter Score (NPS-r) measured for 11 of NN's business units

2. Measured by GBHM (Global Brand Health Monitor)

3. Contributions to our communities in 2021, 1H21, and 2020 respectively, including cash donations, and as of 2021 hours of volunteering and in-kind giving (both monetised), in line with B4SI standards

4. 3-year average

Operating capital generation by source

OCG¹ by source (EURm)	2H21	2H20	FY21	FY20
Investment return	688	654	1,335	1,223
Life – UFR drag	-394	-557	-825	-978
Life – Risk margin release	196	225	400	440
Life – Experience variance	-21	-42	-18	-5
Life – New business	59	39	138	92
Non-life underwriting	125	49	254	92
OF Generation – SII entities	653	367	1,284	864
Asset Management, Japan, Bank, Other ²	246	146	479	298
Holding expenses and debt costs	-143	-136	-283	-277
OF Generation – Total	756	377	1,481	885
Change in SCR	48	73	103	108
Operating capital generation	804	450	1,584	993

1. Operating Capital Generation is the movement in the solvency surplus (Own Funds before eligibility constraints over SCR at 100%) in the period due to operating items, including the impact of new business, expected investment returns in excess of the unwind of liabilities, release of the risk margin, operating variances, non-life underwriting result, contribution of non-Solvency II entities and holding expenses and debt costs and the change in the SCR. It excludes economic variances, economic assumption changes and non-operating expenses.
2. Other comprises CEE pension funds as well as broker and service companies

Solvency sensitivities

Sensitivities to shocks at 31 December 2021¹	Δ OF (EURbn)	Δ SCR (EURbn)	Δ Solvency ratio (%-points)
Interest rate: Parallel shock +50bps	-0.6	-0.1	-4%
Interest rate: Parallel shock -50bps	+0.8	+0.2	+5%
Interest rate: 10bps steepening between 20y–30y	-0.6	+0.1	-8%
Credit spread: Parallel shock for AAA-rated government bonds +50bps	-0.6	+0.1	-8%
Credit spread: Parallel shock for AA and lower-rated government bonds +50bps	-0.9	+0.1	-12%
Credit spread: Parallel shock corporate bonds +50bps	+0.7	-0.2	+12%
Credit spread: Parallel shock mortgages +50bps	-1.1	+0.0	-12%
Equity: Downward shock -25%	-1.8	-0.5	-9%
Real estate: Downward shock -10%	-0.9	-0.1	-8%
UFR: Downward adjustment by 15bps	-0.3	+0.1	-4%

1. Sensitivities are performed for Solvency II entities, NN Life Japan and NN Bank

Remittances from subsidiaries

Remittances from subsidiaries (EURm)	2H21	1H21	FY21	FY20	FY19
Netherlands Life ¹	528	520	1,048	930	814
Netherlands Non-life ¹	38	85	123	62	85
Insurance Europe ^{1,2}	67	125	192	77	148
Japan Life	0	146	146	119	79
Asset Management	50	60	110	81	195
Banking ¹	125	13	138	1	107
Reinsurance business	30	30	60	30	10
Other	18	-	18	9	21
Total	856	978	1,835	1,310	1,459

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

2. Refers to Insurance Europe entities' consolidated totals excluding NN Czech Life insurance business (branch of NN Life)

Important legal information

NN Group's Consolidated Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and with Part 9 of Book 2 of the Dutch Civil Code. In preparing the financial information in this document, the same accounting principles are applied as in the NN Group N.V. Condensed consolidated interim financial information for the period ended 30 June 2021. The Annual Accounts for 2021 are in progress and may be subject to adjustments from subsequent events.

All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) the effects of the Covid-19 pandemic and related response measures, including lockdowns and travel restrictions, on economic conditions in countries in which NN Group operates, on NN Group's business and operations and on NN Group's employees, customers and counterparties (3) changes in performance of financial markets, including developing markets, (4) consequences of a potential (partial) break-up of the euro or European Union countries leaving the European Union, (5) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (6) the frequency and severity of insured loss events, (7) changes affecting mortality and morbidity levels and trends, (8) changes affecting persistency levels, (9) changes affecting interest rate levels, (10) changes affecting currency exchange rates, (11) changes in investor, customer and policyholder behaviour, (12) changes in general competitive factors, (13) changes in laws and regulations and the interpretation and application thereof, (14) changes in the policies and actions of governments and/or regulatory authorities, (15) conclusions with regard to accounting assumptions and methodologies, (16) changes in ownership that could affect the future availability to NN Group of net operating loss, net capital and built-in loss carry forwards, (17) changes in credit and financial strength ratings, (18) NN Group's ability to achieve projected operational synergies, (19) catastrophes and terrorist-related events, (20) adverse developments in legal and other proceedings and (21) the other risks and uncertainties contained in recent public disclosures made by NN Group.

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