NN Group semi-annual pre-close note for 1H25

NN Group Investor Relations

7 July 2025

The note is primarily intended to assist the sell side analyst community covering NN Group, and may be useful for their analysis. NN Group will aggregate estimates received by sell side analysts and publish a consensus estimate. The document does not contain inside information or current trading comments. Unless stated otherwise, the guidance and outlook comments come from the FY24 results on 20 Feb 2025 or the Capital Markets Day on 27 May 2025, and as such should be considered a reiteration rather than a confirmation.

Capital

- As disclosed during the NN Group Capital Markets day, the NN Group Pro-forma solvency II ratio as of 30 April 2025 was 195%.
- The Operating Capital Generation (OCG) earned over May and June contributed to the ratio. Guidance on OCG is provided in a separate section of this document.
- The accrual of the remaining portion of the anticipated interim dividend will be deducted from the ratio. The interim dividend per share is calculated as approximately 40% of the prior year full-year dividend per share. The full year 2024 dividend was EUR 3.44 per share.
- From the end of April until the end of June, estimates based on observable market movements and our most recently disclosed solvency sensitivities (published as part of FY24 results) would suggest a small net positive impact from markets.
  - Our disclosed sensitivities (link, page 19) are high-level point-in-time estimates based on specific shocks and, therefore, may not fully reflect our underlying portfolio movements.
  - NN Group's government bond and corporate bond portfolio compositions are disclosed (link, page 28 and 31).
  - NN Group's equity portfolio is a more concentrated midcap portfolio, making it challenging to model the equity portfolio based on an index. The portfolio is underweight to tech and financials.
  - To avoid double-counting when estimating market impacts for equity and real estate, the total return assumptions for equity and real estate should be deducted as this is included in OCG.
- Notable macroeconomic movements over May and June 2025 are:
  - AAA-rated government bonds narrowed slightly during the period (c.3bps[1] narrowing)
  - AA and lower rated government bonds narrowed slightly during the period (c.7bps[2] narrowing).
  - Our through the cycle average mortgage spread expectation is around 100bps. As per end of April, the mortgage spread was marginally wider than the through the cycle expectation. Between end of April and end of June the mortgage spread tightened by c.10-15bps.
  - Higher interest rates (c.26bps[3]).
  - The risk free curve steepened slightly between the 20 and 30 year point during the period (c.8bps steepening)
  - Corporate spreads have narrowed during the period (c.18bps[4] narrowing)
  - Most European equity indices performed positively over the period.
- In the pro-forma Solvency II ratio of April 2025, provided during the CMD, we corrected for the untendered grandfathered RT1 regulatory capital of EUR 237m that will become ineligible as of 1 January 2026. Note that our reported solvency II ratio will not be corrected for this item.

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[1] Proxy based on the movements in spreads of Dutch and German government bonds (at the 10yr point).
[2] Proxy based on the weighted movements in spreads for the top 5 Euro denominated AA and lower rated government bonds (France, Belgium, Austria, Spain and Finland) during the period. Spreads are taken at the 10yr point, with the exception of French government bonds that are taken at the 20yr point.
[3] 20yr EUR swap rate.
[4] Proxy based on the movements in spreads of A Financial Corporate Bonds and BBB Non-financial Corporate Bonds (at the 5yr point).

Operating capital generation

- The last guidance for the Group included a relatively flat trajectory for OCG from EUR 1.9bn in 2024 to 2025. This included the following guidance per segment:

Segment	Reported 1H24	Reported FY24	Guidance
Netherlands Life	EUR 536m	EUR 1049m	2025 OCG was expected to be broadly flat versus 2024 levels, due to the following offsetting items: • Unfavourable experience variances occurred in 2024 which were not expected to be structural; • OCG from new business was high in 2024, given higher defined benefit renewals stemming from delays in the pension buyouts market • Investment return OCG expected to be a few 10s of millions lower in 2025 due to the acceleration of the move to SAA, which was expected to be recouped in subsequent years.
Netherlands Non-life	EUR 153m	EUR 406m	Non-life OCG was expected to remain strong and to grow with GDP from a 2024 run-rate of EUR c.385m. OCG is typically seasonally skewed towards 2H (in OCG, group disability new business is recognised in 2H).
Insurance Europe	EUR 229m	EUR 461m	Continued strong business performance expected after hitting the EUR 450m target one year early.
Japan	EUR 65m	EUR 108m	On track to grow towards its OCG target of EUR 125m in 2025, barring further Japanese Yen depreciation versus the Euro.
Banking	EUR 79m	EUR 119m	2025 OCG from the bank was expected to be lower than 2024 due to ongoing NIM normalisation. Expected to outperform its EUR 80m target in 2025.
Other	EUR -103m	EUR -211m	Lower OCG from Other was expected compared to 2024, which benefited from a positive reinsurance result, although it can sustain a better run-rate than the previous ~EUR -300m target.

Free Cash Flow[5]

- The last guidance was that NN Group is on track to reach its 2025 FCF target of EUR 1.6bn.
- The following guidance applies per segment:

Segment	Guidance
Netherlands Life	Stable and predictable remittances until 2040
Netherlands Non-life	Continued strong FCF/OCG conversion rate >80%.
International units	Remittance growth at least in line with OCG. Most international units typically pay dividends in the first half of the year. Belgium is not expected to pay a dividend in FY25.
Japan	Remittances remain restricted by local GAAP however are expected to grow in line with OCG.
Banking	FCF/OCG conversion rate equal or above the group, with additional capital expected to be upstreamed following the move to Basel IV, exact timing to be seen.

Cash capital position at the holding company

- NN Group's holding company cash capital at the end of December 2024 was EUR 1,271m.
- Apart from Free Cash Flow, capital flows to shareholders impacted the cash position by EUR 713m during 1H25:
  - Deduction of the 2025 full year dividend (paid solely in cash) of approximately EUR 574m
  - Deduction for the repurchase of NN Group shares for a total amount of EUR 139m
- Other items that could impact the cash capital position include changes in debts and loans, divestment proceeds and acquisitions. Changes in debt and loans for 1H25 contains an increase of EUR 237m (gross of issue and tender costs) due to the untendered grandfathered RT1 regulatory capital.

Closed period

Please note that the closed period commences on 9 July 2025.

Important legal information

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) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro or European Union countries leaving the European Union, (4) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (5) the frequency and severity of insured loss events, (6) changes affecting mortality and morbidity levels and trends, (7) changes affecting persistency levels, (8) changes affecting interest rate levels, (9) changes affecting currency exchange rates, (10) changes in investor, customer and policyholder behaviour, (11) changes in general competitive factors, (12) changes in laws and regulations and the interpretation and application thereof, (13) changes in the policies and actions of governments and/or regulatory authorities, (14) conclusions with regard to accounting assumptions and methodologies, (15) changes in ownership that could affect the future availability to NN Group of net operating loss, net capital and built-in loss carry forwards, (16) changes in credit and financial strength ratings, (17) NN Group's ability to achieve projected operational synergies, (18) catastrophes and terrorist-related events, (19) operational and IT risks, such as system disruptions or failures, breaches of security, cyber-attacks, human error, changes in operational practices or inadequate controls including in respect of third parties with which we do business, (20) risks and challenges related to cybercrime including the effects of cyberattacks and changes in legislation and regulation related to cybersecurity and data privacy, (21) business, operational, regulatory, reputation and other risks and challenges in connection with Sustainability Matters (please see the link to our sustainability matters definition www.nn-group.com/sustainability/policies-reports-and-memberships/policy-and-reportlibrary.htm) (22) the inability to retain key personnel, (23) adverse developments in legal and other proceedings and (24) 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.

[5] Free Cash Flow is defined as remittances from subsidiares, capital injections into subsidiaries, and other movements including holding company expenses and interest on loans and debt and other holding company cash flows.