

# NN Group Company profile

August 2023



# International financial services company, with a strong presence in Europe and Japan

## Some facts and figures

- History dating back to 1845
- Strong business positions
- Active in 11 countries
- Unified international culture with shared best practices
- Approx. 20 million customers served by around 16,000 employees
- Shareholders' equity of EUR 19.4bn at 30 June 2023
- Credit ratings<sup>1</sup>: A/positive (S&P), AA-/stable (Fitch)

## Our main brands



## Recognition for our contribution to our Customers, People and Society



1. Financial Strength Ratings

# Leading positions in the Netherlands, diversified businesses in Europe and Japan

## Banking

- #5 bank in the Netherlands
- Complementary product range, offering mortgages and savings in the Netherlands

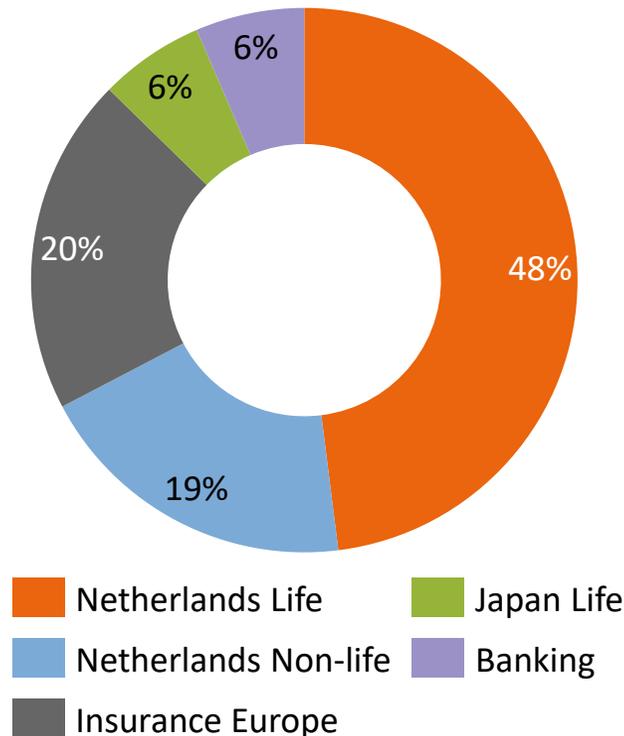
## Japan Life

- Leading player in SME life insurance products in Japan
- Serving the needs of SMEs with financial solution and protection products

## Insurance Europe

- Top 3 player in CEE focused on life and voluntary pensions
- Serving 13m customers in 9 countries
- High market share and strong growth in protection markets

**NN Group**  
Operating capital generation<sup>1</sup>



## Netherlands Life

- #1 position: market share<sup>2</sup> of ~40% in group pensions
- Offers a range of pension and individual life insurance products in the Netherlands

## Netherlands Non-life

- Leading position in Non-life: market share<sup>3</sup> of 28% in D&A (#2) and 22% in P&C (#2)
- Offers a broad range of non-life insurance products in the Netherlands, including income protection, fire and motor

# Experienced and diverse Management Board

## Management Board



**David Knibbe (NL)**  
Chief Executive Officer<sup>1</sup>



**Annemiek van Melick (NL)**  
Chief Financial Officer<sup>1</sup>



**Bernhard Kaufmann (D)**  
Chief Risk Officer



**Frank Eijsink (NL)**  
CEO International Insurance<sup>2</sup>



**Janet Stuijt (NL)**  
General Counsel



**Leon van Riet (NL)**  
CEO Netherlands Life & Pensions



**Tjeerd Bosklopper (NL)**  
CEO Netherlands Non-life, Banking & Technology



**Dailah Nihot (NL)**  
Chief People, Communications, and Sustainability Officer

- Strong Management Board with the required skills and experience
- Average experience in the financial sector of over 20 years
- Diversity (age, gender, race and ethnicity) promoted throughout the organisation
  - Supervisory Board: 43% female, 57% male
  - Executive Board: 50% female, 50% male
  - Management Board: 38% female, 62% male<sup>2</sup>
  - 33% of Supervisory and Management Board members with non-Dutch nationality
- Executive variable remuneration linked to NN Group's medium-term strategic priorities and based on both financial and non-financial performance

1. Also member of the Executive Board

2. The appointment of Frank Eijsink is effective as from 1 September 2023; The percentages are included on a pro forma basis.

# Creating long-term value for our stakeholders

## Our purpose

**We help people care for what matters most to them**

## Our ambition

**We want to be an industry leader, known for our customer engagement, talented people, and contribution to society**

## Our values



Care



Clear



Commit

## Our brand promise

**You matter**



## Our strategic commitments



### Customers and distribution

We see our customers as the starting point of everything we do.



### Products and services

We develop and provide attractive products and services.



### People and organisation

We empower our colleagues to be their best.



### Financial strength

We are financially strong and seek solid long-term returns for shareholders.



### Society

We contribute to the well-being of people and the planet.

# An industry leader, known for customer engagement, talented people and contribution to society

NN Group can make a real difference by supporting our 20 million **customers** and contributing to the transition to a **sustainable economy**

It is also our ambition to be known for our talented **people** and contribution to **society**

We believe that this approach allows us to deliver solid long-term returns for **shareholders**

Embedding ESG throughout the organisation and **governance** structure is key to achieving our objectives

Providing relevant **products and services** to support **customers** through the challenges of today and tomorrow

Contributing to the transition to a sustainable economy by **investing our assets responsibly**

Inclusive and open working environment for 16,000 **employees**

Contributing to the **communities** in which we live and operate

Maintaining a strong balance sheet

Embedding ESG in the organisation

## Contributing to the SDGs

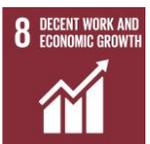
### Healthy living



### Sustainable planet



### Inclusive economy

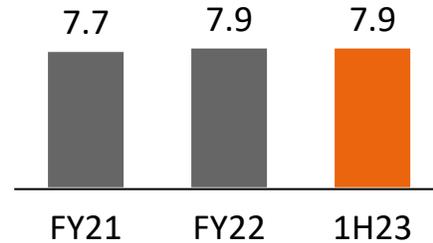


# Good progress on strategic targets for Customers, Employees and Society

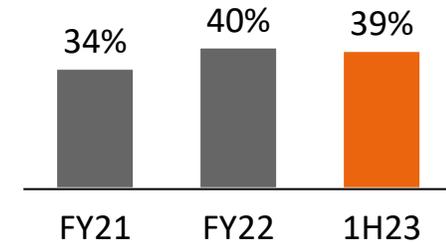
Above market average Net Promoter Score (NPS-r) of Netherlands and International<sup>1</sup> by 2025

**Netherlands: on par**  
**International: on par**

Employee engagement<sup>2</sup> of  $\geq 8.0$  by 2025



Diversity: Women in senior management positions<sup>3</sup> of  $\geq 40\%$  by 2025



New targets: reduction of carbon emissions for insurance underwriting<sup>4</sup>

**26%** by 2030

Dutch residential mortgages<sup>5</sup>

**34%** by 2030

More than double investments in climate solutions<sup>6</sup> by +EUR 6bn to EUR 11bn by 2030

**EUR ~9bn invested**

Reaching 1m people in supporting financial, physical and/or mental well-being<sup>7</sup> by 2025

**>293,000 people reached**



1. Net Promoter Score (NPS-r) is measured for the retail business line in the Netherlands and for the 10 International business units based on a quarterly score; 2. The target score is related to the benchmark. The target of at least 8.0 reflects a score above the current benchmark of 7.9; The metric indicates on a scale from 0 to 10 how likely it is that someone will recommend NN as an employer; 3. Includes all managerial positions reporting directly to the CEOs of our business units in addition to the Management Board and managerial positions reporting directly to a Management Board member; 4. Reduction of insurance-associated emissions (IAE) of the NL Non-life commercial lines portfolio compared with 2022; 5. Reduction in carbon emission intensity (kgCO<sub>2</sub>/m<sup>2</sup>) associated with residential mortgages originated and/or serviced by NN Bank compared with year-end 2021; 6. The amount invested in climate solutions for the proprietary portfolio reflects the nominal value for green bonds, and the market value for certified green buildings, renewable infrastructure and other investments; 7. Cumulative starting 2022

# Creating positive interactions with the NN brand

## Our partnerships

We help people care for what matters most to them by supporting them to face change with confidence and improve their financial, mental and physical wellbeing

### Art and culture

- We believe art and culture inspire, connect and improve your mental wellbeing; we therefore invest in long-term cultural partnerships with several Dutch museums and are title sponsor of the NN North Sea Jazz Festival
- Our goal is to help make art and culture more accessible for people of all ages and backgrounds



### Sports

- Our partnerships in running reflect our aim to contribute to people's general health and wellbeing
- Running attracts a diverse field of participants and spectators in terms of gender, age and nationality, which matches the diverse character of our customer base
- We established the NN Running Team in April 2017, the first professional running team with athletes and talents from 15 nations



# Our proposition to investors



**Resilient balance sheet**



**Strong cash flow in the Netherlands**



**Profitable growth in attractive markets**

## Our commitment

Long-term mid single-digit growth of OCG

## Strategic targets

- Excellent customer experience
- Engaged employees
- Positive contribution to society

## Financial targets

OCG<sup>1</sup>: **EUR 1.8bn<sup>2</sup> in 2025**

FCF<sup>3</sup>: **Mid single-digit growth**

## Capital return policy

Progressive dividend per share, annual share buyback of at least EUR 250m and additional excess capital to be returned to shareholders unless used for value-creating opportunities

1. Operating Capital Generation; defined as Own Funds generation (before eligibility) and SCR release (at 100%)  
2. Based on June 2022 markets  
3. Free Cash Flow

# Ongoing strong cash flow generation in the Netherlands

## Building on solid brand and market positions ...

- Top market positions in group pensions, individual life and non-life
- Serving 7.2m retail and SME customers
- Omnichannel insurance; exclusive bancassurance partnerships with 4 of top 5 banks



- High customer and advisor satisfaction scores

## ... and taking management actions to support strong cash flow generation ...

### Active in-force portfolio management and growth in DC

- Grow scale in DC market
- Pension buy-outs if economically attractive
- Leverage on increased scale from ABN AMRO Life acquisition
- Reduce expenses in line with Life portfolio run-off

### Optimise the Non-life business

- Target selective growth in existing broker network, absenteeism insurance and direct channel OHRA
- Strengthen distribution capabilities by building on the role in the value chain of Heinenoord and HCS

### Originate high-quality mortgages and drive customer interaction

- Further develop an efficient, digital and data-driven retail bank
- Moderate growth of NN Bank mortgage portfolio to increase net interest income
- Cross selling opportunities from growth of savings customers

## ... and targeting in 2025

**Netherlands Life**  
OCG of EUR 1.15bn

**Netherlands Non-life**  
OCG of EUR 325m

**Banking**  
OCG of EUR 80m

# Driving profitable growth in Europe and Japan

## Leading player with strength in distribution ...

- Leading positions in life protection in Europe
- Multi-distribution platforms: ~9,000 tied agents and >15 bank partnerships
- Strong VNB growth of 11%<sup>1</sup>
- Top 3 market position in Japan in high IRR SME life insurance market
- Large distribution access: 5,000 agencies, ~175 banks/security houses and Sumitomo Life

## ... active in attractive markets with strong growth prospects ...

### Offer excellent products in Europe and Japan

- Serve long-term protection needs, responding to increased awareness and demand for protection in Europe
- Invest in data to optimise pricing, underwriting and claims management
- Continue shifting towards growing protection segment in Japan with innovative products

### Leverage on strong multi-distribution network

- Use digital capabilities to increase productivity and retention of tied agent and broker network
- Leverage partnerships with third-party distributors
- Build on unique distribution support in Japan to accelerate SME customer base
- Increase customer interaction and digital lead volumes using engagement platforms

## ... and targeting in 2025

### Insurance Europe

OCG of EUR 450m

### Japan Life

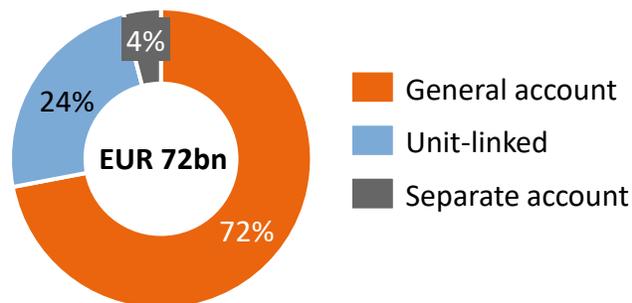
OCG of EUR 125m

1. CAGR 2019-2021 for Insurance Europe

# Netherlands Life

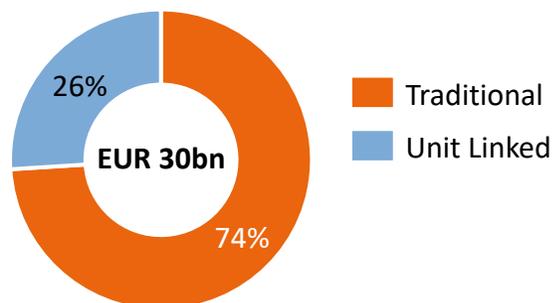
## Pensions

(Technical reserves, 30 June 2023)



## Individual Life Closed Blocks

(Technical reserves, 30 June 2023)



## Active in-force portfolio management

- Asset portfolio optimisation largely complete; focusing on refinement of portfolio going forward
- Leading investor with strong focus on ESG
- Growing scale in DC market and accelerate future profitability
- Expanding franchise via buyouts if economically attractive
- Reducing expenses in line with portfolio run-off

## Solid position to secure solid free cash flow generation

- Track record of stable and sustainable remittances
- Capturing opportunities in changing pension market
- Managing run-off of closed books
  - Expected SCR release of EUR ~1.8bn by 2032<sup>1</sup>
  - Transition from capital intense DB<sup>2</sup> to capital light DC<sup>2</sup> products creates flexibility to deploy capital for other purposes

**Target:** OCG of EUR 1.15bn in 2025

**Guidance:** Expenses to develop in line with portfolio run-off



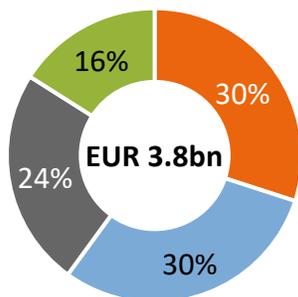
1. Projected run-off of SCR for NN Life based on PIM and assuming no investments in new business, market impacts, assumption changes, or management actions on hedging and asset mix at 1Q22. Excludes the acquired life insurance subsidiary of ABN AMRO Verzekeringen  
2. Defined Benefit (DB); Defined Contribution (DC)

# Netherlands Non-life

## Product mix

(GWP, FY22<sup>1</sup>)

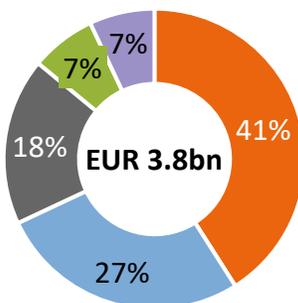
- D&A
- Fire
- Motor
- Other P&C



## Distribution channel

(GWP, FY22<sup>1</sup>)

- Regular brokers
- Mandated brokers
- Bancassurance
- Direct
- Other



## Breakdown of combined ratio

	1H23	FY22
Disability	90.8%	89.8%
Property & Casualty	89.8%	93.4%
<b>Combined ratio</b>	<b>90.1%</b>	<b>92.3%</b>

## Optimise the Non-life business

- OCG supported by long-term GDP growth, underwriting improvements and selective growth opportunities
- Digital transformation driving higher customer satisfaction and lower costs
- Targeting growth of attractive fee business
- Ongoing expense vigilance, allowing for strategic investments in digital initiatives
- Optimising risk return of asset portfolio

**Target:** OCG of EUR 325m in 2025

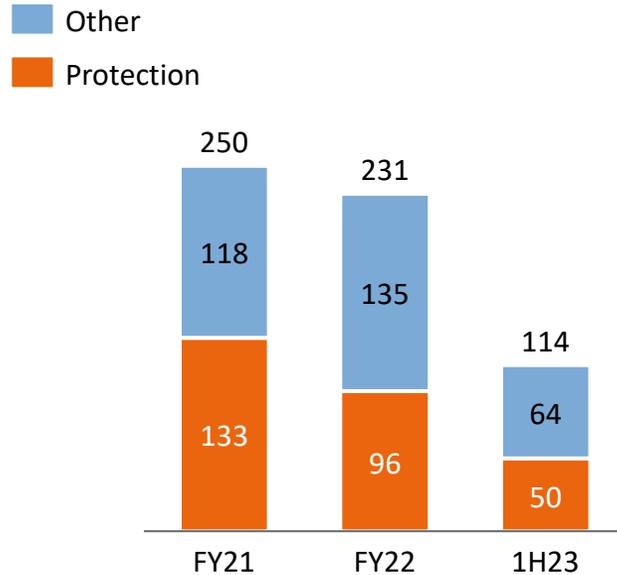
**Guidance:** Combined ratio of 91–93%<sup>1</sup>; Administrative expense ratio <10% in 2025<sup>1</sup>

1. Based on IFRS 17

# Insurance Europe

## Focus on profitable new business

(VNB<sup>1</sup> by product line, EURm)



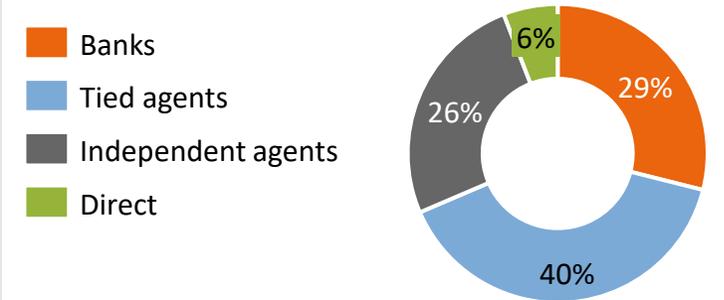
**Target:** OCG of EUR 450m in 2025

## Leading protection player

- Leveraging on leading market positions in attractive growth markets<sup>2</sup>
- Top 3 life player in most markets; #1 in pensions in Slovakia, Poland and Romania
- Focus on protection products, building on increased awareness and demand for protection
- Leveraging data to sustain high margins and customer relevancy by optimising pricing, underwriting and claims management

## Strong distribution network

(VNB by distribution channel, 1H23)



- Leveraging distribution strength
  - Using digital capabilities to increase productivity of tied agent and brokers
  - Being preferred partner for third-party distributors
  - Increase new business through digital sourcing of customers

1. Value of New Business

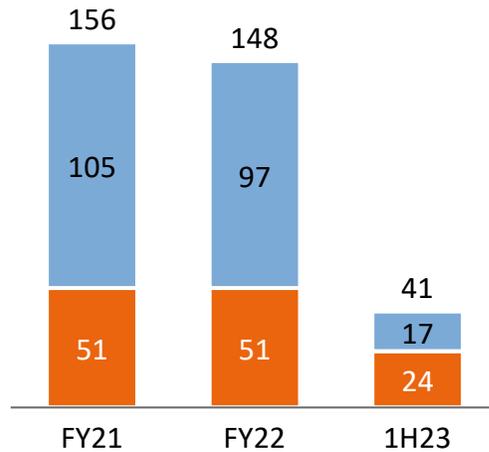
2. Active in 9 countries: Belgium, Poland, Spain, Greece, Romania, Hungary, Slovakia, Czech Republic and Turkey

# Japan Life

## Focus on profitable new business

(VNB<sup>1</sup> by product line, EURm)

■ Cash Value Insurance  
■ Protection

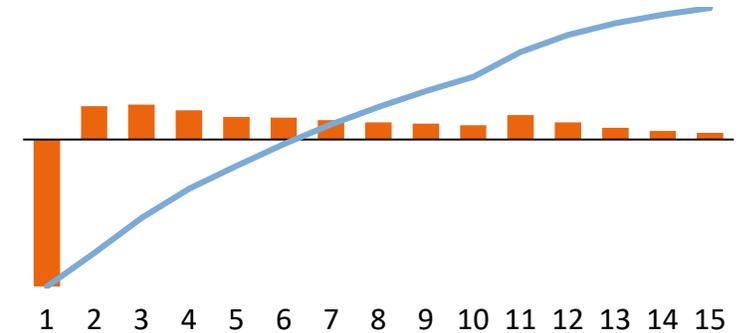


## Active in SME life insurance market

- Business started by NN in 1986 and organically built
- Leading position in SME life insurance segment
- SME specialist, with broad range of products and track record of innovation
- Focus on driving growth in protection segment
  - Attractive double-digit margins
  - Stable growth in new business volume given less exposure to tax regime changes
- Leading distribution support on protection advice

## VNB translates into OCG in the longer term

— Cumulative OCG ■ OCG



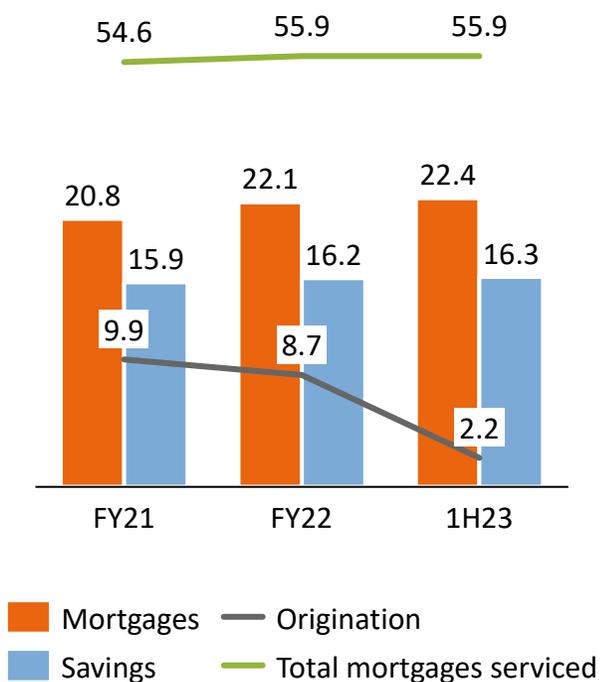
- New sales<sup>2</sup> result in a high new business strain on JGAAP basis, therefore higher sales lead to
  - Lower OCG in the short term (NB strain)
  - Higher OCG in the medium term (increasing in-force profits)

**Target:** OCG of EUR 125m in 2025

1. Value of New Business; VNB by product line has been restated for all years following the reclassification of several Protection products to Cash Value Insurance (formerly Financial solutions); total VNB unchanged  
 2. New sales (APE) of EUR 272m at FY22 by distribution channel: independent agents (77%), Bank (15%) and Sumitomo (8%)

# Banking

## Steady growth in mortgages and savings (EURbn)



## Key figures

	1H23	FY22
Operating result	113	96
Net operating RoE <sup>1</sup>	20.3%	9.1%
CET1 ratio	15.8%	15.3% <sup>2</sup>

- #5 retail bank in the Netherlands
- Serving 1 million retail customers with mortgages and saving products
- Mortgage origination at attractive spreads and historically low defaults
- Major part of mortgages allocated to group entities and external mortgage fund

## Efficient digital retail bank drives customer interaction

- Distribution through intermediaries and direct channel; no branch network
- High rate of digital interaction with customers
- Growth of number of savings customers offers frequent point of contact and cross-selling opportunities
- Complementary products to NN's insurance offering

**Target:** OCG of EUR 80m in 2025

**Guidance:** Net Operating RoE  $\geq 12\%$ ; Cost/income ratio  $< 55\%$

# Ambitious financial targets for 2025

## **NN Group**

**OCG<sup>1</sup>** in 2025

**EUR 1.8bn**

**Free cash flow**

**Mid single-digit growth**

**Dividend policy**

**Progressive DPS**

**Annual share buyback of at least EUR 250m**

## **Netherlands Life**

**OCG** in 2025

**EUR 1.15bn**

Expense development in line with portfolio run-off

## **Netherlands Non-life**

**OCG** in 2025

**EUR 325m**

Combined ratio 91-93%<sup>2</sup>  
Admin expenses <10%

## **Insurance Europe**

**OCG** in 2025

**EUR 450m**

Invest for profitable growth

## **Japan Life**

**OCG** in 2025

**EUR 125m**

Invest for profitable growth

## **Banking**

**OCG** in 2025

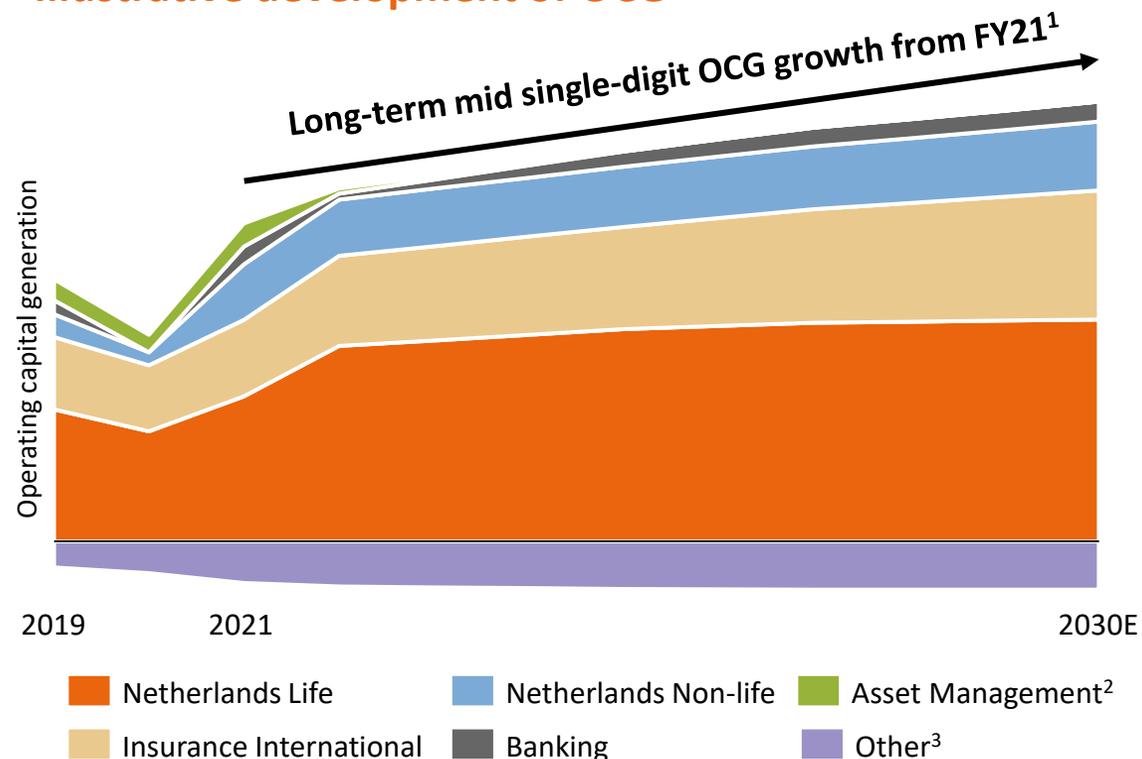
**EUR 80m**

Net operating RoE  $\geq$  12%  
Cost/income ratio <55%

1. Operating Capital Generation (OCG) is defined as Own Funds generation (before eligibility) and SCR release (at 100%). NN Group's OCG target is based on all operating units as well as segment Other (EUR ~-300m in 2025) which includes holding expenses, debt costs and contribution of NN Re; Based on June 2022 markets
2. Based on IFRS 17

# Organic growth drivers and business performance support long-term OCG growth

## Illustrative development of OCG<sup>1</sup>



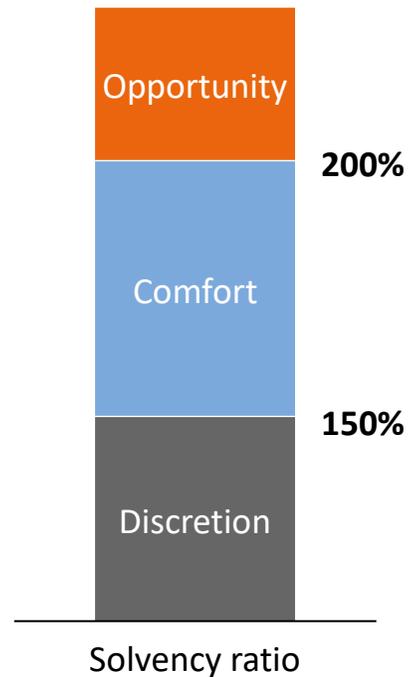
## Long-term OCG growth drivers

- Netherlands Life**
  - Long-term sustainable OCG from in-force capital release and growth in DC
- Insurance International**
  - In Europe, higher VNB driven by GDP growth, protection underpenetration, and distribution capabilities
  - In Japan, ongoing shift to protection and unique sales support
- Netherlands Non-life**
  - Supported by long-term GDP growth, underwriting improvements and selective growth opportunities
- Banking**
  - Gradual NIM<sup>4</sup> expansion and moderate increase of mortgages

# Three-pillar capital framework

1

## Solvency



- Approach, based on risk appetite; markets and macro economic outlook, OCG expectations and upcoming regulatory and model changes taken into account
- In the case of a solvency ratio sustainably >200% opportunity for additional share buyback above EUR 250m
- In comfort zone focus on organic growth, potential re-risking, progressive dividend per share and annual share buyback of up to EUR 250m
- Operating units managed at commercial capital target levels
- Netherlands Life managed on stable and sustainable remittances

2

## Cash capital at holding

- Cash capital held at Holding to cover at least 1-in-20 shocks of the underlying entities and to fund holding costs

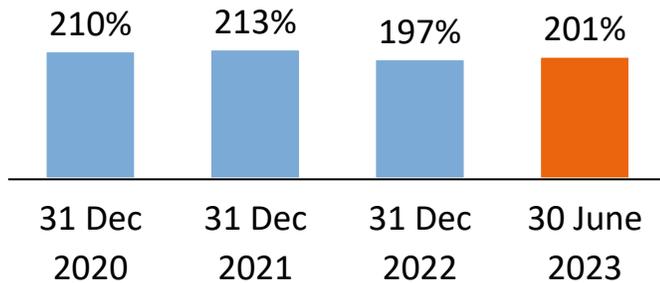
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## Financial leverage

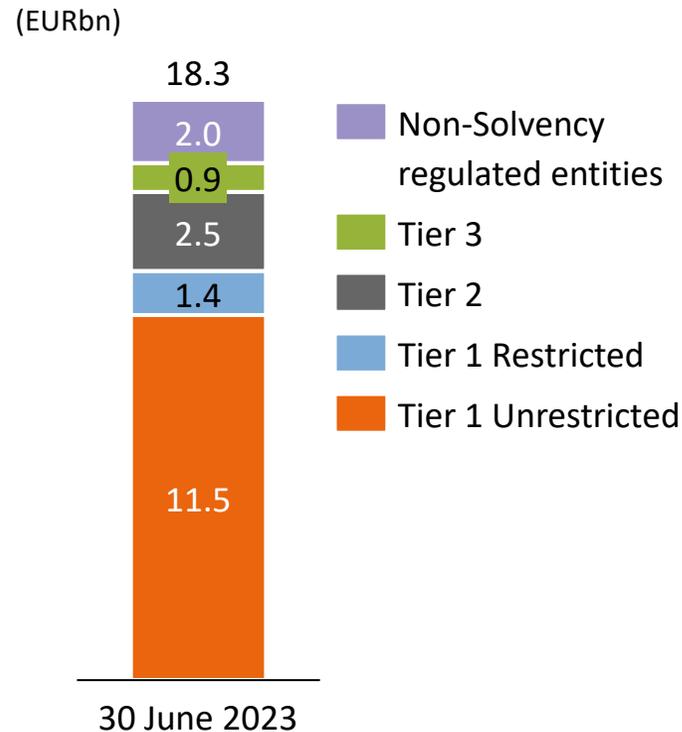
- Maintain financial leverage and fixed-cost cover ratio consistent with a Single 'A' financial strength rating

# Strong balance sheet and financial flexibility

## Strong solvency levels



## High-quality Solvency II capital (EURbn)



- Prioritise strong and resilient balance sheet in current volatile market
- IFRS leverage ratio of 17.8%<sup>1</sup>
- Ample financial flexibility; tiering headroom<sup>1</sup>:
  - Restricted Tier 1 of EUR 1.5bn
  - Tier 2 + Tier 3 of EUR 0.5bn
- Robust and prudent liquidity framework in place consisting of available cash in the units and Group, (committed) repo facilities, ample liquid assets and a Group Revolving Credit Facility

## Comfortable cash capital (EURbn)

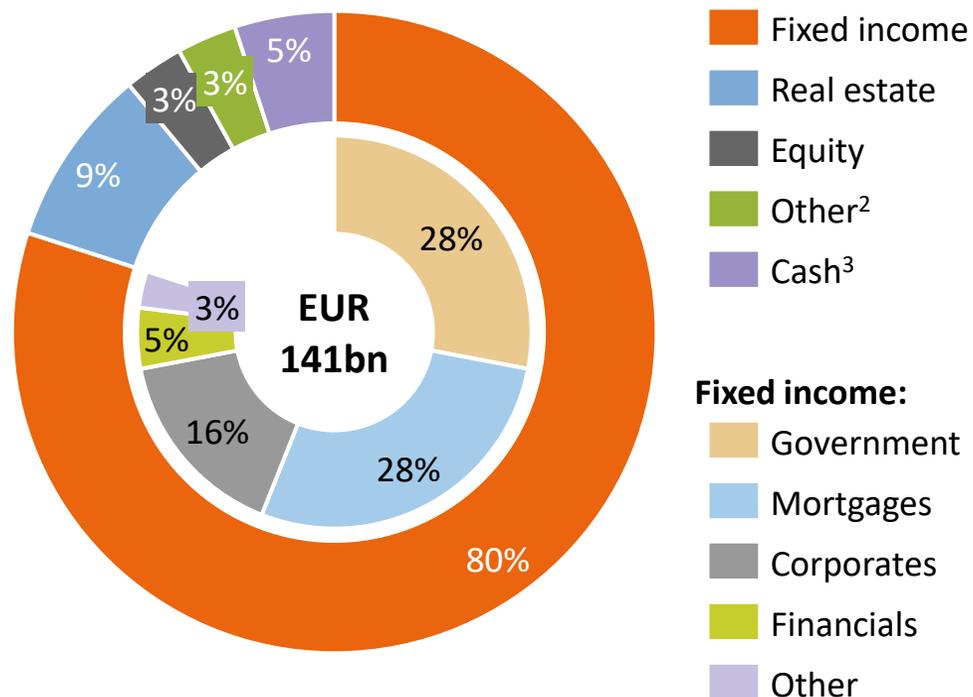


1. At 30 June 2023

# High-quality investment portfolio

## Investment portfolio (NN Group excluding banking)<sup>1</sup>

(30 June 2023)

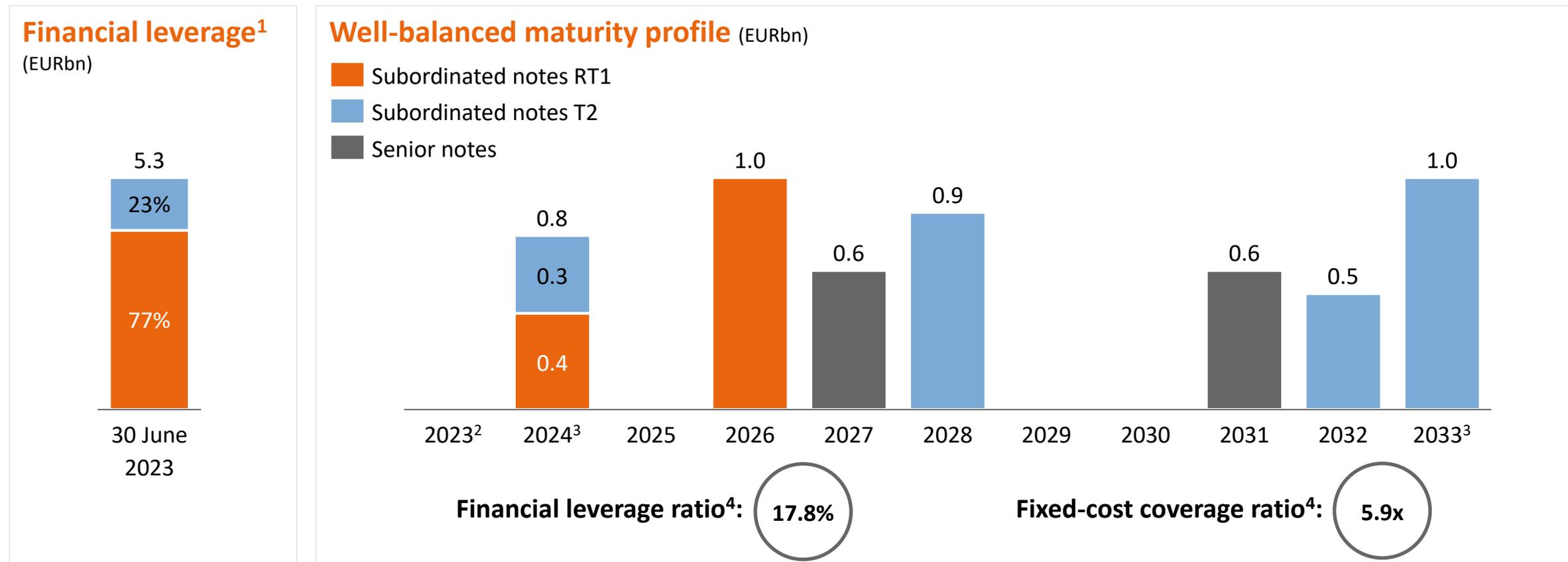


- High-quality and conservative investment portfolio
- Diversified real estate exposure across segments and regions
  - Core profile and strong occupancy rate >95%
  - Ability to price in inflation through rental income
  - Low leverage of ~18%
- Strong credit quality mortgage portfolio
  - Strict personal bankruptcy laws in the Netherlands
  - ~25% are guaranteed, mainly by the Dutch state (NHG)<sup>4</sup>
  - Average loan to value of 55%<sup>5</sup>, with only ~10% LTV>80%
  - ~76%<sup>6</sup> has a fixed rate period >10 years
  - Credit losses in own portfolio close to zero
- Close to strategic asset allocation target and gradual optimisation of investment portfolio

All figures at 30 June 2023

1. Market value, excluding separate account assets; NN Group excluding NN Bank; mortgages are on amortised cost value; 2. Includes fixed income and equity mutual funds; excludes money market mutual funds; 3. Cash includes money market mutual funds; 4. The National Mortgage Guarantee is referred to in Dutch as 'NHG' or 'Nationale Hypotheek Garantie'; Includes EUR ~1.5bn mortgages that are guaranteed by third-party providers; Note that this number is closer to 30% when including the mortgages that are on the balance sheet of NN Bank; 5. Weighted net loan to indexed market value based on mortgages sourced by NN Bank for insurance entities; 6. Remaining fixed interest rate period based on mortgages sourced by NN Bank for insurance entities

# Financial leverage position and maturity profile



# We remain disciplined on capital deployment

## Capital deployed first for

### Investments in organic growth

- Hurdle rates and pay-back period
- Market and business position

### Dividends and share buybacks

- Progressive ordinary dividend per share
- Annual share buyback of at least EUR 250m

## Options for deployment of excess capital

### Management of financial leverage

- Aim to keep financial leverage consistent with Single A credit rating

### Inorganic growth opportunities

- Strategic and cultural fit
- Existing markets
- Financial discipline in M&A

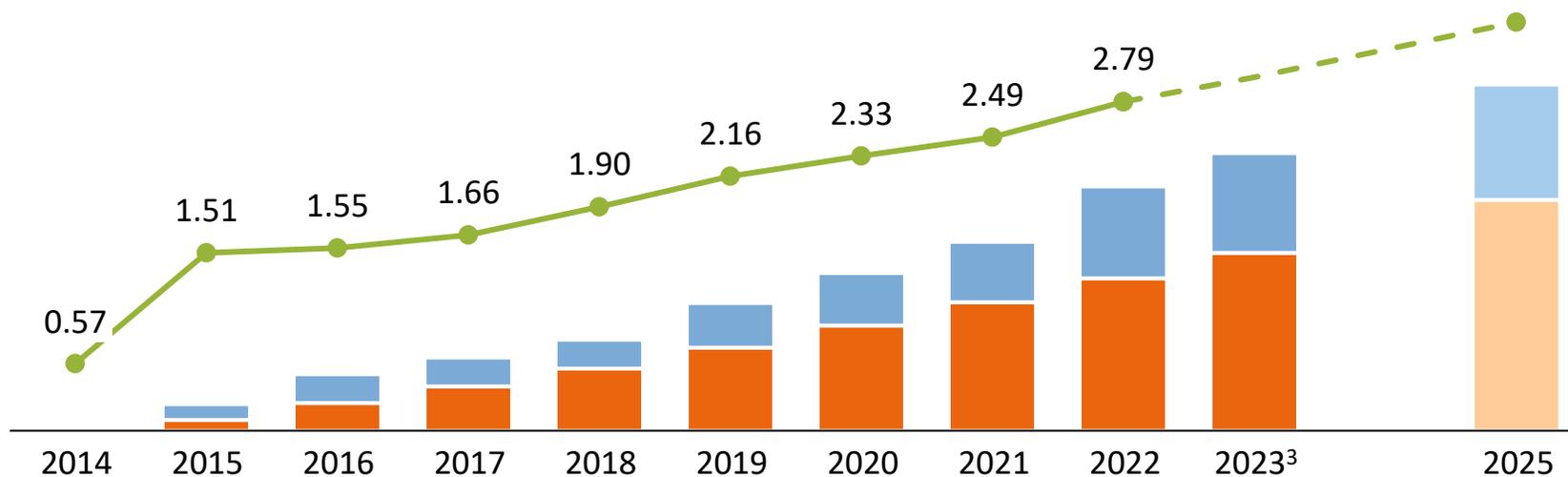
### Additional return to shareholders

- Additional excess capital to be returned to shareholders unless used for value-creating opportunities

# Continued delivery on capital return to shareholders

## Dividend per share<sup>1</sup> (EUR)

## Accumulated payout to shareholders<sup>1,2</sup>



Dividend (EURm)

Share buyback (EURm)

Payout to shareholders since IPO to 31 Dec 22

EUR 7.8bn

Interim dividend 2023

EUR 1.12 per share

Share buyback (ongoing)

EUR 250m  
~78% completed

As of 2020, the capital return policy reflects an annual recurring share buyback of at least EUR 250m

—●— Dividend per share<sup>1</sup> (lhs)   ■ Dividend<sup>3</sup> (rhs)   ■ Share buyback<sup>4</sup> (rhs)



1. Dividend per share based on declared amounts in book year; 2023-2025 dividends on this graph are purely indicative and not based on realisations; 2. Total share buyback amount shown in the year that the programme commences; 2024-2025 buyback is based on the minimum of the at least EUR 250m annual share buyback policy; 3. Includes interim dividend 2023; 4. Acquisition of MetLife Greece & Poland and Heinenoord in 2021 funded by sale NNIP; net proceeds deployed for additional share buyback of EUR 750m in 2022. This additional share buyback programme commenced on 13 April 2022 and was finalized on 20 December 2022

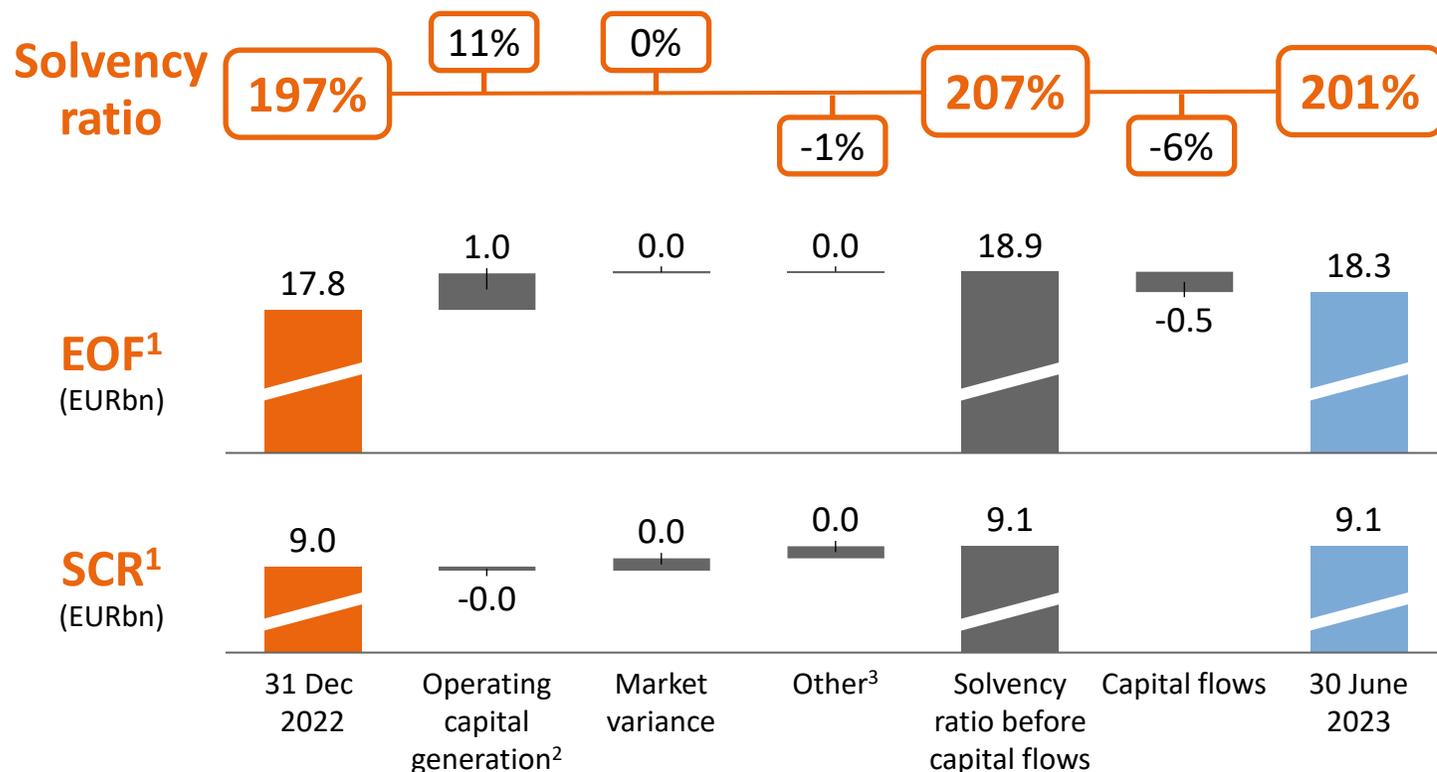
# APPENDICES

# Remittances from subsidiaries

Remittances from subsidiaries (EURm)	1H23	1H22	FY22	FY21 <sup>3</sup>
Netherlands Life <sup>1</sup>	529	520	1,171	1,048
Netherlands Non-life <sup>1</sup>	106	74	176	123
Insurance Europe <sup>1,2</sup>	319	133	172	192
Japan Life	68	75	75	146
Banking <sup>1</sup>	1	112	113	138
Reinsurance business	-	45	45	60
Other	-	-	1	18
<b>Total</b>	<b>1,023</b>	<b>960</b>	<b>1,753</b>	<b>1,725</b>

- Remittances from Insurance Europe in 1H23 include a non-recurring dividend from NN Belgium Life following the sale of the closed book life portfolio in 2H22
- Remittances from Netherlands Life in 2H22 include a non-recurring dividend of EUR 124m following the closing of the acquisition of the ABN AMRO Life business

# Solvency ratio at 201% despite real estate revaluations



- Solid solvency ratio at 201%
- 1H23 operating capital generation of EUR 997m added 11%-points to the solvency ratio
- Market impact was broadly neutral, mainly reflecting credit spread changes, offset by negative real estate revaluations and steepening at the longer end of the interest rate curve
- Management action taken reduced sensitivity to steepening of the interest rate curve
- Capital flows reflect the regular EUR 250m share buyback programme announced in February 2023 and the EUR 309m interim 2023 dividend
- Ample financial flexibility with Tier 1 headroom over EUR 1.5bn and Tier 2 + Tier 3 headroom of EUR 0.5bn<sup>4</sup>

1. Eligible Own Funds and Solvency Capital Requirement; Includes available and required regulatory capital for Solvency II entities, Japan Life, Banking and CEE pension funds  
 2. Operating capital generation (OCG) includes Solvency II entities, Japan Life, 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 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  
 4. In May 2023, NN Group issued EUR 1bn Tier 2 dated subordinated notes and used the proceeds to repurchase EUR 665m of Tier 2 dated subordinated notes and EUR 335m of undated restricted Tier 1 subordinated notes callable in 2024. The transactions had no material impact on total tiering capacity, but temporarily increase Tier 1 restricted headroom and decrease Tier 2 headroom.

# Solid OCG delivery with favourable business mix effects

<b>OCG<sup>1</sup> by segment</b> (EURm)	<b>1H23</b>	<b>1H22</b>	<b>Developments 1H23 versus 1H22</b>
Netherlands Life	523	580	Lower investment return and SCR release, less positive experience variance and a lower new business contribution were partly offset by a lower net negative impact of UFR drag and risk margin release as a result of higher interest rates
Netherlands Non-life	210	144	Strong underlying business performance while last year was negatively impacted by the February storm
Insurance Europe	218	198	Strong business performance as well as a positive contribution from acquired MetLife businesses
Japan Life	68	74	Broadly stable excluding currency impacts; lower new business strain as a result of lower sales was offset by higher hedge costs due to higher USD rates and lower surrender profit
Banking	70	11	Higher statutory net result and a lower RWA increase
Other	-91	-140	Higher OCG of internal reinsurance business reflecting a favourable experience variance and a lower capital consumption at both the reinsurance business and the holding
<b>Operating capital generation excl AM<sup>2</sup></b>	<b>997</b>	<b>869</b>	

# Solvency sensitivities

Solvency ratio sensitivities to market shocks at 30 June 2023 <sup>1,2</sup>	Δ EOF (EURbn)	Δ SCR (EURbn)	Δ SII ratio (%-points)
<b>Interest rate:</b> Parallel shock +50bps	-0.3	-0.2	+2%
<b>Interest rate:</b> Parallel shock -50bps	+0.3	+0.2	-1%
<b>Interest rate:</b> 10bps steepening between 20y–30y	-0.1	+0.0	-2%
<b>Credit spread:</b> Parallel shock for AAA-rated government bonds +50bps	-0.3	+0.1	-5%
<b>Credit spread:</b> Parallel shock for AA and lower-rated government bonds +50bps	-0.5	+0.1	-7%
<b>Credit spread:</b> Parallel shock corporate bonds +50bps	+0.2	-0.1	+6%
<b>Credit spread:</b> Parallel shock mortgages +50bps	-0.9	+0.0	-10%
<b>Equity:</b> Downward shock -25%	-1.4	-0.3	-8%
<b>Real estate:</b> Downward shock -10%	-1.0	-0.1	-9%
<b>UFR:</b> Downward adjustment by 15bps <sup>3</sup>	-0.1	0.1	-3%

1. Sensitivities are performed for Solvency II entities, NN Life Japan and NN Bank
2. Note that if Tier 3 capital becomes ineligible (Tier 3 eligible capital is maximized at 15% of SCR), the sensitivities increase as there is no offset from tax.
3. According to the latest publication by EIOPA, the UFR level for 2024 is expected to decrease by 15bps to 3.30% from its current level of 3.45%

# Investment portfolio

Investment portfolio (NN Group excl banking) <sup>1</sup> (EURbn)	30 June 2023	31 Dec 2022	Change	% of total
Fixed income (excl. mortgages <sup>2</sup> )	73.7	76.7	-3.0	52%
Mortgages <sup>2</sup>	39.8	40.2	-0.4	28%
Real Estate	12.4	12.9	-0.5	9%
Equity	3.7	3.8	-0.1	3%
Other <sup>3</sup>	4.4	4.0	0.4	3%
Cash <sup>4</sup>	7.2	7.1	0.1	5%
<b>Total general account assets</b>	<b>141.2</b>	<b>144.8</b>	<b>-3.5</b>	<b>100%</b>

- Total investment exposure decreased mainly due to a decrease in the fixed income portfolio
  - Decrease in fixed income portfolio was mainly due to the sale of government bonds
  - Mortgage exposure decreased, mainly reflecting lower production as well as redemptions
  - Real estate exposure decreased as a result of negative revaluations
  - Equity decreased reflecting the sale of equities partly offset by higher equity markets
  - Mutual funds increased, mainly reflecting new investments in EMD, high-yield and equity mutual funds

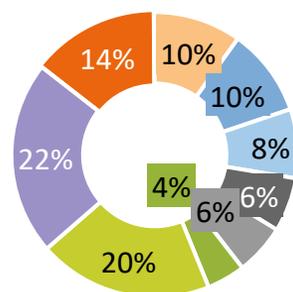
# Details of fixed income portfolio

Fixed income <sup>1</sup> (EURm)	30 June 2023	31 Dec 2022	Change	% of total
Government bonds <sup>2</sup>	39.6	42.0	-2.4	28%
Corporates <sup>2</sup>	23.0	23.1	-0.0	16%
Financials <sup>2</sup>	7.3	7.4	-0.2	5%
ABS	2.8	3.2	-0.4	2%
Other loans	1.0	1.1	-0.0	1%
<b>Total</b>	<b>73.7</b>	<b>76.7</b>	<b>-3.0</b>	<b>52%</b>

- Core of fixed income portfolio consists of AAA-A rated government bonds
- A decrease in the value of the fixed income portfolio was mainly due to the sale of government bonds
- ABS decreased due to redemptions that were not replaced
- Exposure to financials is limited representing ~5% of total investment portfolio, of which ~1% US financials
  - Well-diversified portfolio, skewed to the larger high-quality institutions
  - Exposure to AT1s is negligible and we have no equity exposure to banks

## Government bonds and loans by country

(28% of investment portfolio, at 30 June 2023)



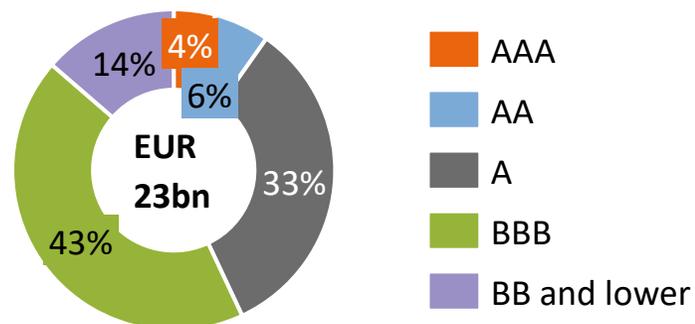
1. Excluding mortgages; Market value, excluding separate account assets; NN Group excluding NN Bank

2. Bonds and loans

# Details of corporate bond and equity portfolio

## Corporate bonds and loans by rating

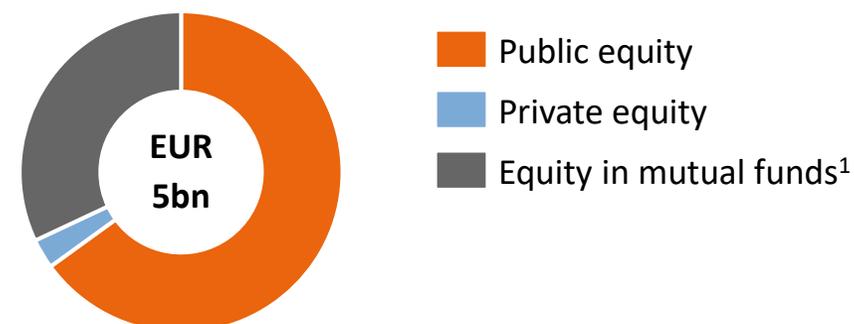
(16% of investment portfolio, at 30 June 2023)



- Robust approach towards credit risk management
  - Well-diversified portfolio to sector and region
  - Bottom-up selection; ESG-driven, high-quality portfolio with aim to mitigate downgrade risk and preserve capital
- >85% of corporates rated BBB or higher
- Underweight corporate bonds vs EIOPA reference portfolio

## Equity exposure including mutual funds

(4% of investment portfolio, at 30 June 2023)



- Geographic focus on Western and Northern Europe
- Active portfolio management and strong company engagement
- Well-diversified private equity portfolio across funds, investment styles, market segments and vintages with low leverage

1. The equity exposure in mutual funds mainly reflects private equity

# Well-collateralised Dutch mortgage portfolio

<b>Mortgages (excl Banking)</b> (EURbn)	<b>30 June 2023</b>	<b>31 Dec 2022</b>	<b>Change</b>	<b>% of total</b>
NHG and other guaranteed <sup>1</sup>	9.9	10.1	-0.2	25%
LTV ≤ 80%	25.7	26.8	-1.1	66%
LTV 80%-90%	2.0	1.6	0.4	5%
LTV 90%-100%	0.9	0.6	0.3	2%
LTV > 100%	0.4	0.1	0.2	1%
<b>Subtotal</b>	<b>38.9</b>	<b>39.3</b>	<b>-0.4</b>	<b>100%</b>
Other mortgage funds	0.9	0.9	0.0	
<b>Total</b>	<b>39.8</b>	<b>40.2</b>	<b>-0.4</b>	
<b>Risk measures<sup>2</sup></b>				
Net loan to indexed MV <sup>3</sup>	56%	54%		
% Non-performing loans <sup>4</sup>	0.4%	0.4%		

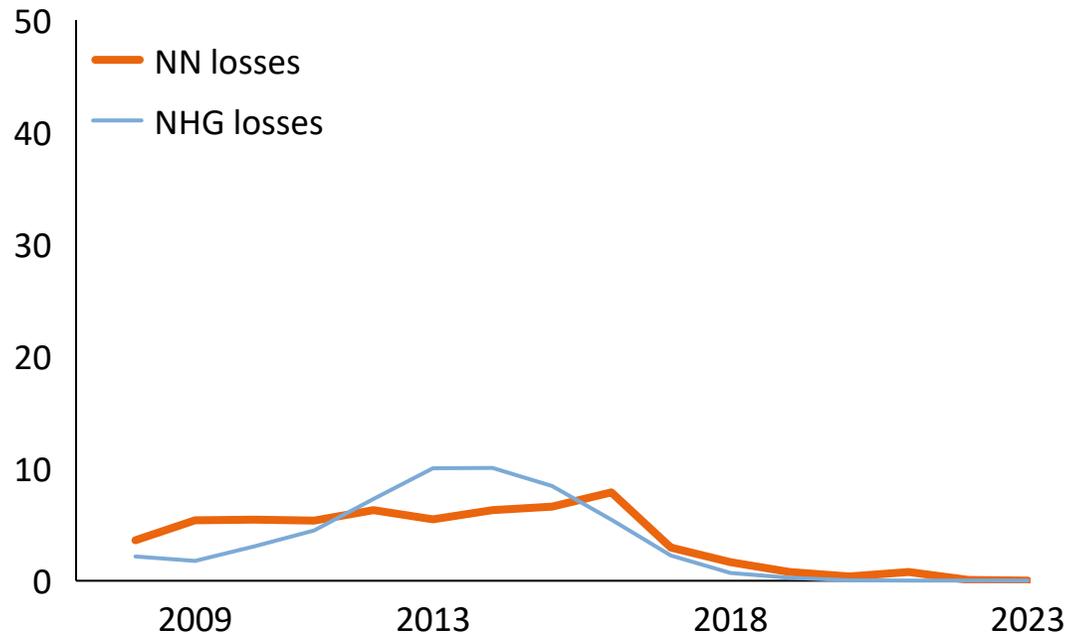
- ~25% guaranteed, mainly by the Dutch state (NHG<sup>1</sup>)
- Very comfortable average loan to value of 55%<sup>3</sup>, with the vast majority reflecting LTV <80%
- ~76%<sup>5</sup> of the portfolio has a fixed rate period >10 years
- Disciplined underwriting criteria
- Mortgage exposure of EUR 40bn in the insurance entities and another EUR 22bn in the banking business at 30 June 2023
- Mortgages valued at market rates and reflecting pre-payment behaviour
- Majority of mortgages originated by NN Bank; total origination of EUR 2.2bn in 1H23
- Woonnu, a label of NN Bank, focuses on sustainable living

1. The National Mortgage Guarantee is referred to in Dutch as 'NHG' or 'Nationale Hypotheek Garantie'; Includes EUR ~1.5bn mortgages that are guaranteed by third-party providers; Note that this number is closer to 30% when including the mortgages that are on the balance sheet of NN Bank; 2. Does not include third party originated mortgage and collateralised mortgages; 3. Weighted net loan to indexed market value based on mortgages sourced by NN Bank for insurance entities; 4. A loan is categorized as a non-performing loan if the loan is 90 days past due, or the client was in default the previous month, and the minimum holding period is active or the loan is classified as Unlikely To Pay (UTP) by the problem loans department. A loan is re-categorized as a performing loan again when the amount past due has been paid in full (and the UTP-status is withdrawn); 5. Remaining fixed interest rate period based on mortgages sourced by NN Bank for insurance entities

# Actual losses in our Dutch mortgage portfolio very limited

## Low historical losses in NN Group mortgage portfolio<sup>1</sup>

(in bps)



- NN Group mortgage portfolio experienced very limited losses <10bps during and after financial crisis in line with market
- Mortgage losses in Dutch market are low
  - Recourse to all assets and earnings of borrowers
  - Strong social security and adequate unemployment benefits
  - As a result, home-owners usually continue paying their mortgages during unemployment
  - Restrictions for high-risk mortgages tightened past years
- Strict personal bankruptcy laws in the Netherlands; property may be sold if unable to pay off debts while remaining responsible for any remaining debt
- Unemployment in the Netherlands at historical low levels and therefore impact of expected rise manageable

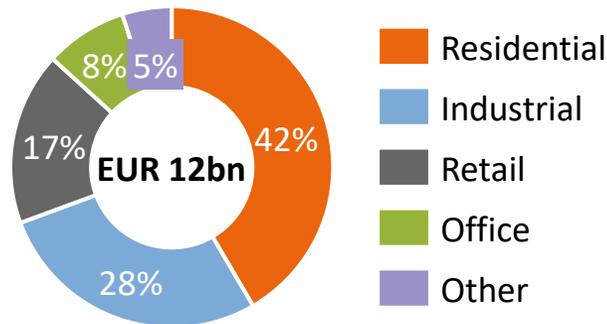
1. Losses remaining after recovery measures; mortgages on the NN Group balance sheet

2. Mortgage losses are taken from the NHG annual reports for relevant years

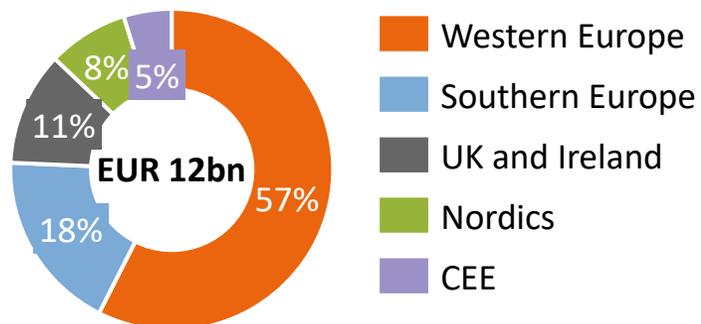
# Well-diversified and high-quality real estate portfolio

## Real estate exposure by segment<sup>1</sup>

(9% of investment portfolio, 30 June 2023)

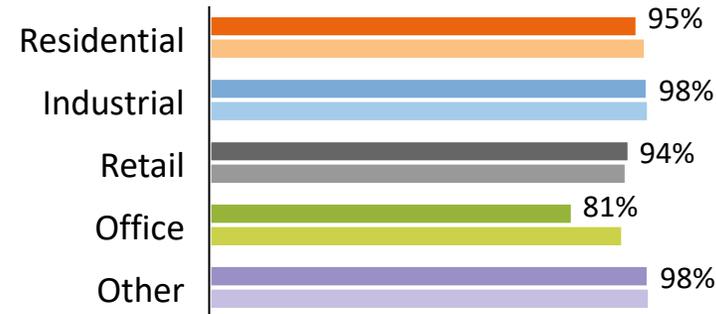


## Real estate exposure by geography<sup>1</sup>



## Occupancy rate by segment

(30 June 2023 upper line versus 31 December 2022)



## Inflation indexation through rent

- **Industrial:** mainly logistics, full indexation
- **Residential:** typically capped by the state
- **Retail:** full indexation, revert at renewal
- **Office:** majority, depends on location
- **Other:** mainly healthcare; partly full indexation, partly capped at 4-5%

- Actively managed portfolio; well-diversified across segments, geographies and investment types<sup>2</sup>
- Low leverage of ~18%; diversified refinancing risk
- Portfolio has a core profile and strong occupancy rate >95%
- Office occupancy rate decreased to 81% in 1H23 reflecting a new building in the portfolio on prime location; we expect recovery to previous levels
- Ability to price in inflation through rental income

1. Breakdown is based on invested capital; Real estate at fair value based on regular appraisals by independent qualified valuers; For more details, please refer to page 181 of NN Group's 2022 annual report  
 2. Investment types include joint-ventures, mutual funds and direct holdings

# 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. 2022 Annual Accounts, except for the impact of IFRS 9 and 17 which became effective in 2023 and for which the 2022 comparatives are restated. Details on (the impact of) IFRS 9 and 17 are disclosed in Note 1 'Accounting policies' in the NN Group N.V. 2022 Annual Accounts.

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) operational and IT risks, such as system disruptions or failures, breaches of security, cyber-attacks, human error, changes in operational practices or inadequate controls including in respect of third parties with which we do business, (21) risks and challenges related to cybercrime including the effects of cyberattacks and changes in legislation and regulation related to cybersecurity and data privacy, (22) business, operational, regulatory, reputation and other risks and challenges in connection with ESG related matters and/or driven by ESG factors including climate change, (23) the inability to retain key personnel, (24) adverse developments in legal and other proceedings and (25) the other risks and uncertainties contained in recent public disclosures made by NN Group.

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# NN Group Investor Relations | Contact details



**Robin van den Broek**

Head of Investor Relations

**M:** +31 6 1615 5564

**E:** robin.van.den.broek@nn-group.com



**Lianne Westinga**

Investor Relations Officer

**M:** +31 6 3066 1628

**E:** lianne.westinga@nn-group.com



**Sander Komijn**

Investor Relations Officer

**M:** +31 6 2389 7533

**E:** sander.komijn@nn-group.com



**Dorianne van Dijk**

Investor Relations Officer

**M:** +31 6 1143 5892

**E:** dorianne.van.dijk@nn-group.com



**Stephany van Drielen-Pang**

Roadshow Manager

**M:** +31 6 2927 6520

**E:** stephany.van.drielen-pang@nn-group.com

## General Investor Relations

 [www.nn-group.com/investors](http://www.nn-group.com/investors)

**T:** +31 88 6706 647

**E:** investor.relations@nn-group.com



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