

NN Group 2H22 results

16 February 2023



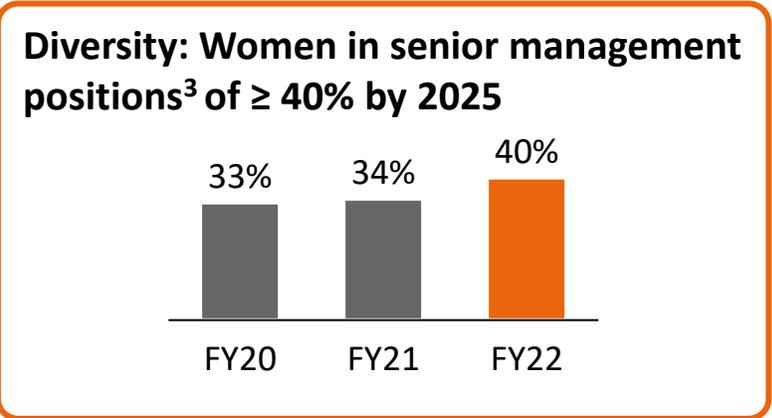
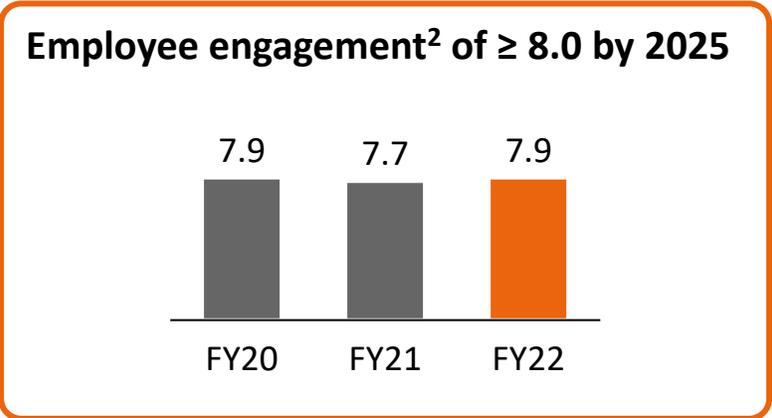
2H22 and FY22 highlights

David Knibbe, CEO

Good progress on strategic targets for Customers, Employees and Society

Above market average Net Promoter Score (NPS-r) of Netherlands and International¹ by 2025

Netherlands: on par
International: on par



Reduction GHG⁴ emissions of corporate investment portfolio by 25% by 2025

On track

More than double investments in climate solutions⁵ by +EUR 6bn by 2030

EUR ~3bn invested in 2022

Reaching 1m people in supporting financial, physical and/or mental well-being⁶ by 2025

>229,000 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. GHG = Greenhouse Gas; Reductions compared with portfolio financed emissions (in tCo2 per EUR million invested at year-end 2021, reflecting underlying emissions of 2019)
5. The amount invested in climate solutions reflects the nominal value for green bonds, and the market value for certified green buildings, renewable infrastructure and other investments
6. Cumulative starting 2022

Strong financial performance in 2022

Operating capital generation up 8% reflecting strong business performance ...

Operating capital generation

EUR 1,711m
2021: EUR 1,584m

Value of new business

EUR 431m
2021: EUR 428m

... while maintaining a robust balance sheet and capital position ...

Solvency ratio

197%
30 June 2022: 196%

Holding company cash capital

EUR 2.1bn
30 June 2022: EUR 2.5bn

... and continuing to deliver attractive capital returns to shareholders

Full-year 2022 dividend

EUR 2.79 per share
+12% on 2021

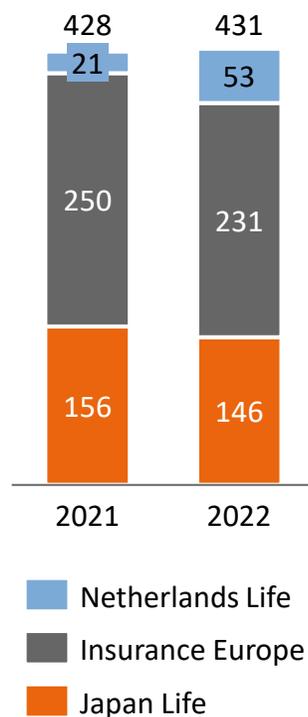
New share buyback

EUR 250m

Resilient commercial performance

Value of new business¹

(EURm)



- Total value of new business (VNB) up 1% on 2021 despite challenging market conditions
 - Higher VNB at Netherlands Life driven by higher sales volumes as well as higher profit margins
 - VNB at Insurance Europe down mainly due to discounting at higher interest rates, partly offset by the contribution from acquired MetLife businesses and improved business mix
 - Excluding currency effects, VNB at Japan Life was broadly stable as an improved margin was offset by lower sales
- Strong net inflows of EUR 2.0bn in Defined Contribution (DC) pension businesses in 2022
 - Total AuM of EUR 27.8bn versus EUR 29.9bn at year-end 2021 as net inflows were offset by negative market performance
- Total mortgage origination of EUR 8.7bn in 2022
 - NN Bank (including Woonnu) remains 5th largest mortgage originator in the Netherlands with a steady market share of ~7%

1. Value of new business (VNB) figures based on historical FX rates

Solid underlying performance at the business units

Netherlands Life

- Strong DC customer retention and new business supported by leading pension adviser satisfaction scores
- Continued focus on expense reduction in line with portfolio run-off
- Acquisition of ABN AMRO Life business closed, bringing additional economies of scale

Netherlands Non-life

- FY22 combined ratio of 95.8%, reflecting impact of large storm in February 2022
- Healthy underlying trend in D&A and P&C; impact of higher inflation expected to be absorbed by premium increases, additional reserving in 2H22 as well as improvements in data and underwriting capabilities

Insurance Europe

- Acquisition of MetLife businesses in Poland and Greece and Finportal in Slovakia completed, strengthening market positions and contributing to operating capital generation
- Strong growth of digitally generated leads and digital customers supporting tied agent sales effectiveness and client service efficiency

Japan Life

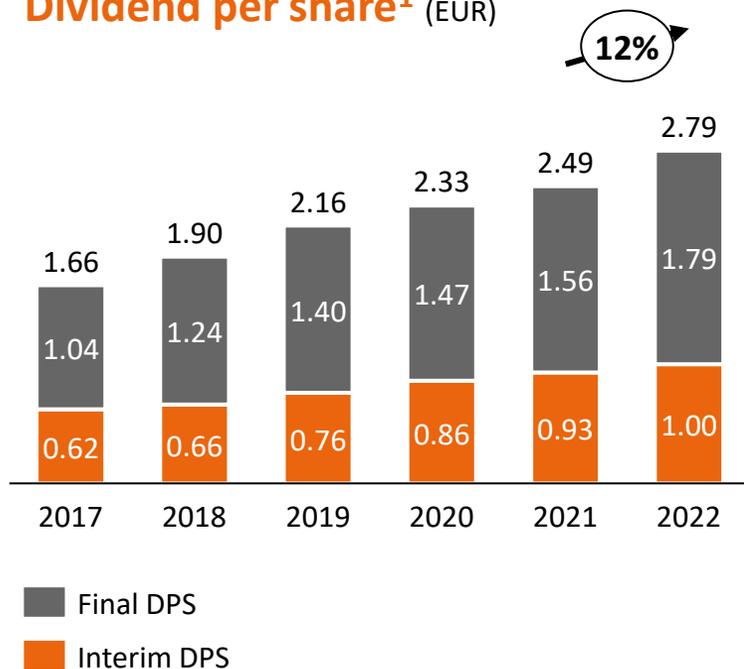
- Capturing opportunities in high-margin protection business by building on leading position and distribution strength in SME market
- Investing in product innovation and customer engagement; further increase in SME users of customer platforms from 11,000 in 2021 to 23,000 in 2022

Banking

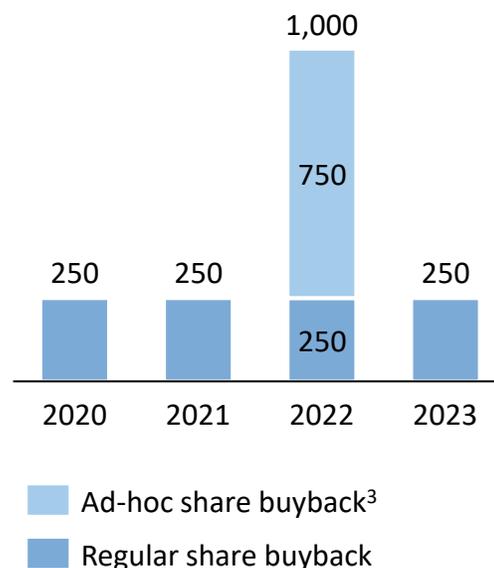
- Improved margins on customer deposits and mortgages supporting the net interest margin
- Ongoing investments in digital capabilities to become a highly efficient digital retail bank

Attractive capital returns to shareholders

Dividend per share¹ (EUR)



Share buybacks² (EURm)



2022 final dividend

- Proposed 2022 final dividend of EUR 1.79 per share, or EUR 504m based on current number of outstanding shares (net of treasury shares)
- Total 2022 dividend of EUR 2.79 per share (including 2022 interim dividend of EUR 1.00 per share paid in September 2022), representing an increase of 12% on 2021

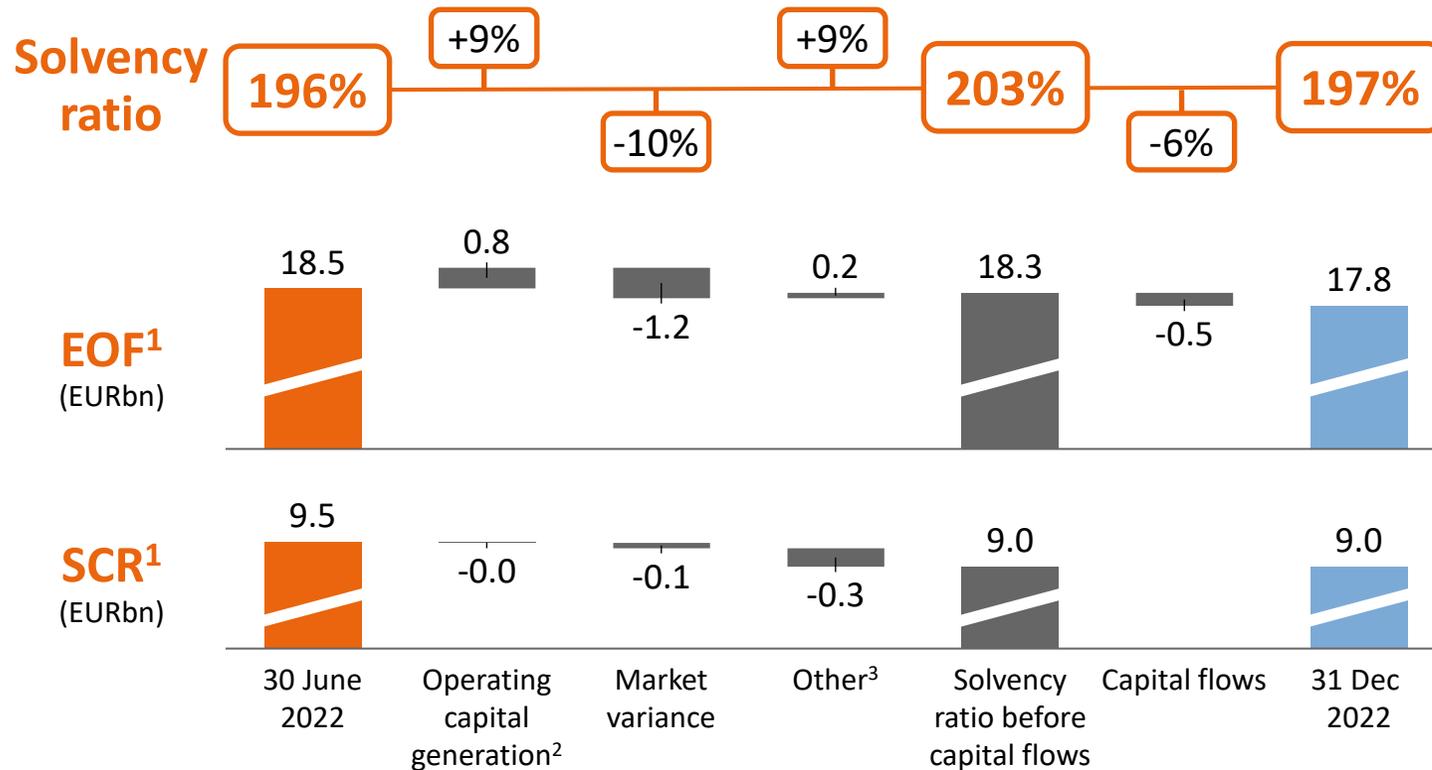
Share buyback programmes

- Total share buybacks of EUR 1.0bn completed in December 2022
- New share buyback programme of EUR 250m anticipated to commence on 1 March 2023

2H22 and FY22 results

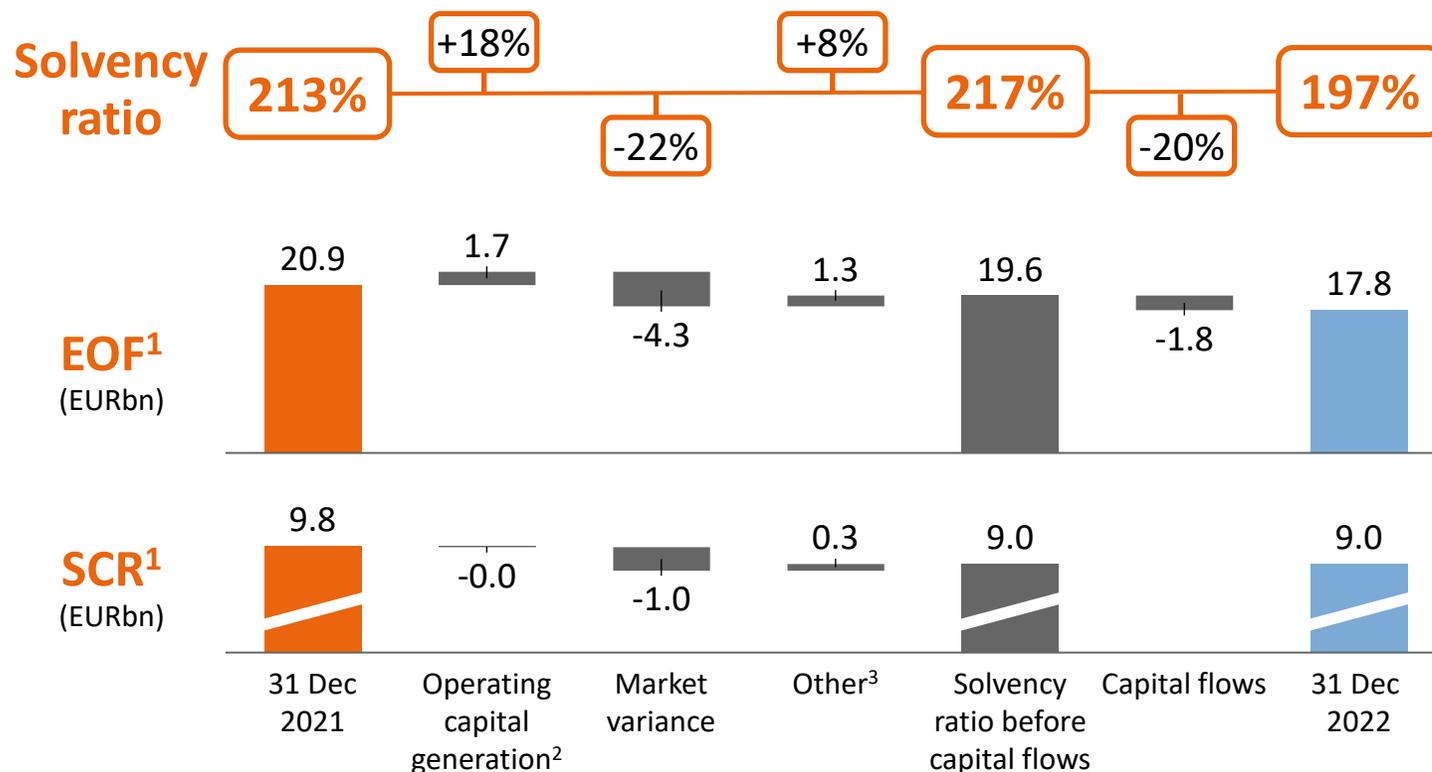
Annemiek van Melick, CFO

Solvency ratio stable at 197%



- Stable Solvency ratio at 197%
- 2H22 operating capital generation of EUR 0.8bn adding 9%-points to the solvency ratio
- Market variance mainly reflects credit spread changes and negative real estate revaluations, partly offset by changes in interest rates
- Other includes various items including asset and liability management transactions
- Capital flows reflect the proposed 2022 final dividend of EUR 504m to be paid in June 2023
- Ample financial flexibility with Tier 1 headroom over EUR 1bn and Tier 2 + Tier 3 headroom of EUR 0.8bn

Solvency ratio supported by strong OCG in volatile markets



- FY22 operating capital generation up 8% to EUR 1.7bn, adding 18%-points to the solvency ratio
- Market variance mainly reflects changes in credit spreads and lower equity markets, partly offset by changes in interest rates
- Other includes the positive impact from the sale of NN IP, partly offset by the acquisition of MetLife Poland and Greece and the UFR reduction
- Capital flows reflect the regular EUR 250m and additional EUR 750m buyback programmes completed in December 2022, as well as the full-year 2022 dividend

Strong operating capital generation in 2H22 and FY22

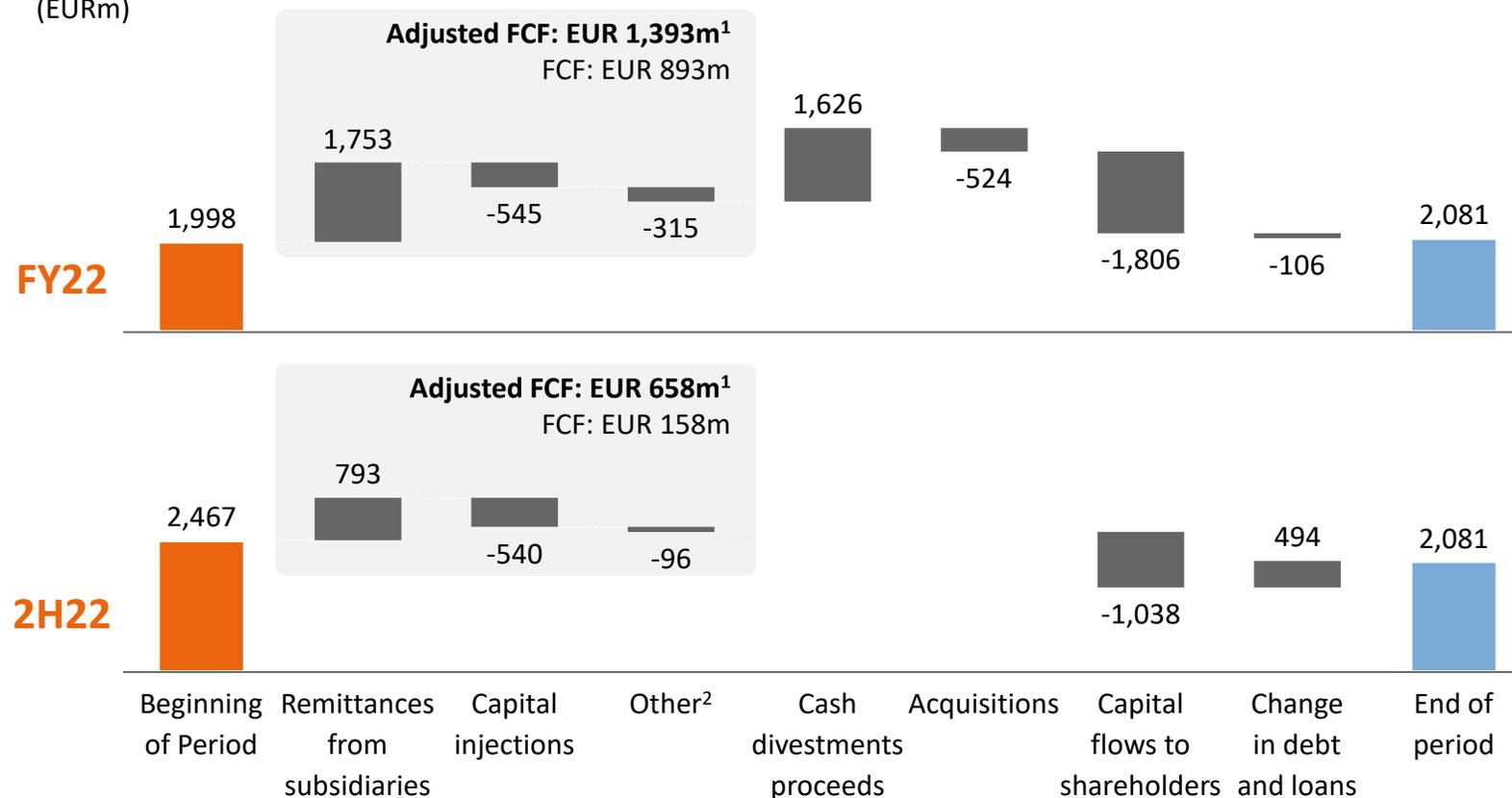
OCG¹ by segment (EURm)	2H22	2H21	FY22	FY21	Developments 2H22 versus 2H21
Netherlands Life	561	451	1,142	846	Mainly driven by lower net negative impact of UFR drag and risk margin release as a result of higher interest rates
Netherlands Non-life	136	163	280	325	Underlying portfolio performance is strong; results impacted by an increase in capital requirements following a hardening of the reinsurance market
Insurance Europe	190	137	388	318	Driven by positive contribution from acquired MetLife businesses and higher investment return, partly offset by lower pension fees
Japan Life	41	72	115	129	Mainly reflecting the impact of reinsurance transaction, higher hedge costs, lower mortality results and currency impacts
Banking	24	49	35	104	Reflecting a lower statutory net result partly offset by a lower RWA increase
Other	-140	-136	-280	-272	Lower OCG of the reinsurance business due to hardening of the reinsurance market, partly offset by lower debt servicing expenses
OCG excl. Asset Management	812	736	1,681	1,449	
Asset Management	0	68	31	135	Sale of NN IP completed in April 2022
Operating capital generation	812	804	1,711	1,584	

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.

Holding company cash capital of EUR 2.1bn

Movement in holding company cash capital

(EURm)



- FY22 adjusted free cash flow of EUR 1,393m driven by remittances from subsidiaries
- Change in debt and loans reflects repayment of EUR 600m senior notes in March and issuance of EUR 500m subordinated notes in August 2022
- Proceeds of the issued subordinated notes used to provide a EUR 500m intercompany loan to NN Life (included in capital injections) to redeem NN Life's legacy external debt in August 2022
- Cash divestments proceeds reflect proceeds from the sale of NN IP
- Acquisitions mainly relate to MetLife Poland and Greece
- Capital flows to shareholders in 2022 reflect cash dividends paid and share buybacks

1. Free Cash Flow (FCF) is adjusted for the issuance of EUR 500m subordinated notes by the Holding, reflected in 'Change in debt and loans', the proceeds of which were used to provide an intercompany loan of EUR 500m to NN Life, reflected in 'Capital injections', which NN Life used to redeem an external legacy Tier 2 debt in August 2022

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

FY22 operating result of EUR 1.7bn

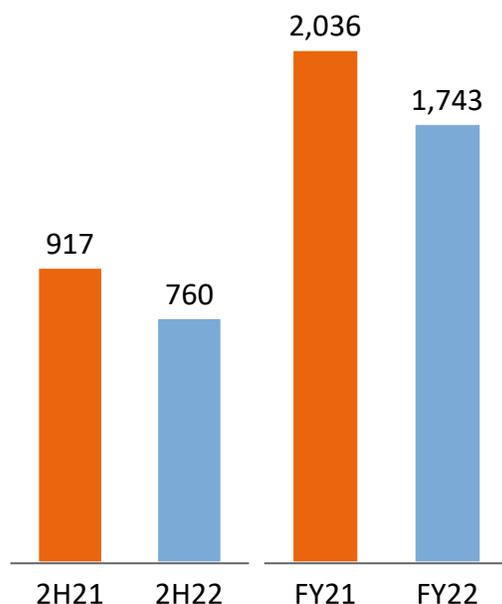
Operating result (EURm)	2H22	2H21	FY22	FY21	Developments 2H22 versus 2H21
Netherlands Life	447	466	999	986	Mainly reflecting lower investment margin as 2H21 included special dividends, while lower fees and premium-based revenues were offset by higher technical margin
Netherlands Non-life	127	125	255	314	D&A ¹ increased as the impact of higher minimum wage assumptions was partly offset by assumption updates for Group income, while 2H21 included Covid impacts. P&C ¹ decreased due to additional provisioning for the potential impact of higher inflation and for bodily injury claims, partly offset by favourable claims development in the Fire portfolio, while 2H21 included a net positive benefit of Covid and floods; combined ratio 95.4%
Insurance Europe	134	154	310	315	Higher technical margin and investment margin and positive contribution from MetLife, more than offset by lower life and pension fees, higher expenses and commissions
Japan Life	88	107	218	263	Mainly reflecting lower fees and premium-based revenues
Banking	49	55	97	134	Mainly reflecting higher total expenses
Other	-85	-81	-172	-157	Mainly reflecting lower other results, partly compensated by higher operating result of the reinsurance business
Operating result excl. AM	760	826	1,706	1,855	
Asset Management	-	91	38	181	Sale of NN IP completed in April 2022
Operating result	760	917	1,743	2,036	

1. D&A = Disability & Accident; P&C = Property & Casualty

Net result impacted by non-operating items

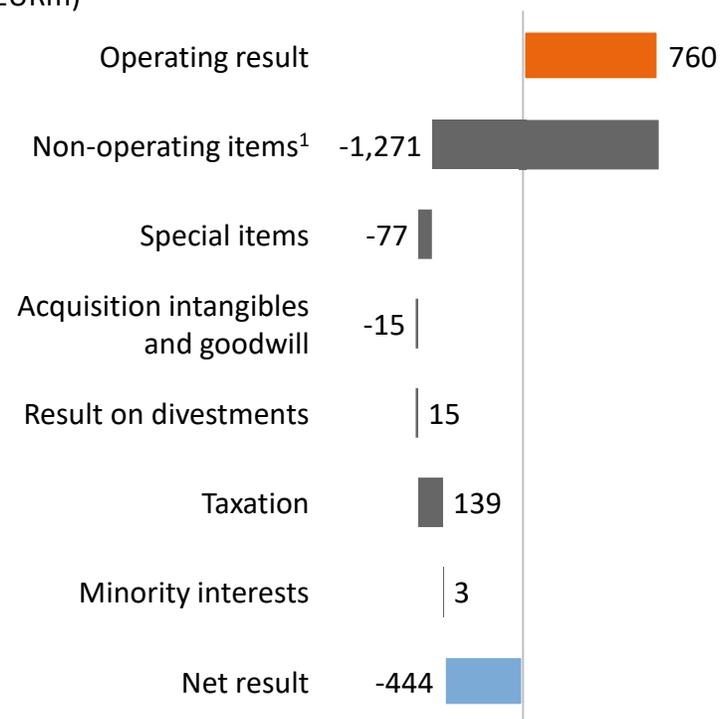
Operating result

(EURm)



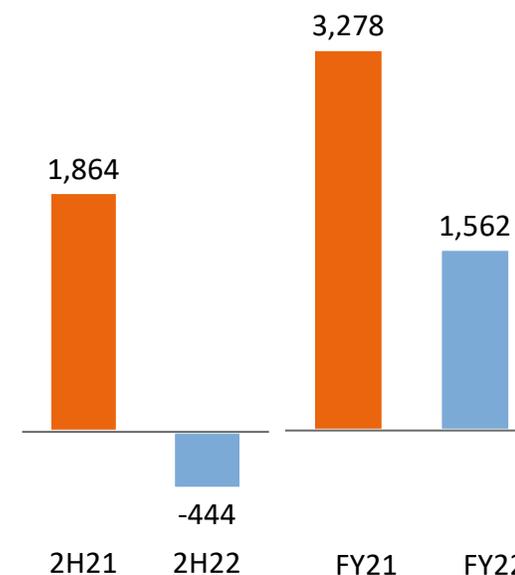
2H22 operating result to net result

(EURm)



Net result

(EURm)



- 2H22 net result reflects EUR -1,271m of non-operating items, which include:
 - Gains/losses and impairments of EUR -579m, mainly reflecting impairments on equity securities
 - Revaluations of EUR -804m, mainly including negative revaluations on real estate and derivatives used for hedging purposes
- 2H21 comparative period included capital gains on the sale of public equities and government bonds, as well as positive real estate revaluations

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

Key takeaways

David Knibbe, CEO

Key takeaways



Continued focus on creating value for customers, employees and society; good progress towards achieving strategic targets

FY22 operating capital generation up 8% on FY21, reflecting strong business performance

Resilient commercial performance: FY22 VNB of EUR 431m

Robust balance sheet and capital position: solvency ratio at 197% and holding company cash capital at EUR 2.1bn

Attractive capital returns to shareholders: 2022 proposed final dividend of EUR 1.79 per share; total 2022 dividend per share up 12% on 2021; EUR 250m new share buyback programme announced

Q&A

David Knibbe, Annemiek van Melick, Bernhard Kaufmann

Appendices

Operating capital generation by source and sensitivities

OCG¹ by source (EURm)	2H22	2H21	FY22	FY21	OCG sensitivities NN Group⁴ (EURm)	31 Dec 2022
Investment return	677	688	1,379	1,335	Interest rates: Parallel shock +50bps	+15
Life – UFR drag	-132	-394	-450	-825	Mortgage spreads: Parallel shock +50bps	+70
Life – Risk margin release	129	196	294	400	Equity: Downward shock -25%	-65
Life – Experience variance	-36	-21	35	-18	Real estate: Downward shock -10%	-45
Life – New business	79	59	180	138		
Non-life underwriting	122	125	217	254		
OF Generation – SII entities	838	653	1,655	1,284		
Non-Solvency II entities - Japan, Bank, Other ²	102	178	263	345		
Holding expenses and debt costs	-138	-143	-282	-283		
OF Generation – Total	802	688	1,636	1,346		
Change in SCR	10	48	45	103		
Operating capital generation excl. AM	812	736	1,681	1,449		
Asset Management ³	-	68	31	135		
Operating capital generation	812	804	1,711	1,584		



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
3. The asset manager, NN IP, was sold to Goldman Sachs in April 2022; the FY22 reported number reflects the results for the first quarter of 2022.
4. Reflecting the impact on Eligible Own Funds only

Solvency sensitivities

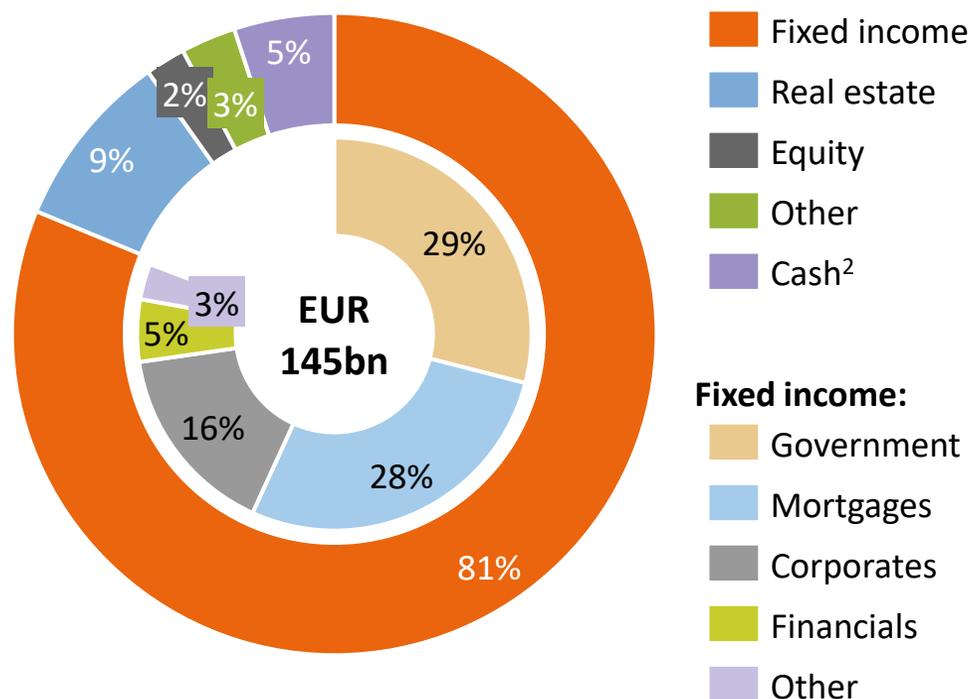
Solvency ratio sensitivities to market shocks at 31 December 2022^{1,2}	Δ EOF (EURbn)	Δ SCR (EURbn)	Δ SII ratio (%-points)
Interest rate: Parallel shock +50bps	-0.2	-0.1	+1%
Interest rate: Parallel shock -50bps	+0.3	+0.2	-2%
Interest rate: 10bps steepening between 20y–30y	-0.2	+0.0	-4%
Credit spread: Parallel shock for AAA-rated government bonds +50bps	-0.3	+0.0	-5%
Credit spread: Parallel shock for AA and lower-rated government bonds +50bps	-0.4	+0.1	-6%
Credit spread: Parallel shock corporate bonds +50bps	+0.3	-0.1	+6%
Credit spread: Parallel shock mortgages +50bps	-0.9	+0.0	-10%
Equity: Downward shock -25%	-1.5	-0.3	-9%
Real estate: Downward shock -10%	-1.1	-0.1	-10%
UFR: Downward adjustment by 15bps ³	-0.1	0.0	-2%

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 no offset from tax.
3. Note that the UFR level in 2023 remains unchanged at 3.45% as published by EIOPA

High-quality investment portfolio

Investment portfolio (NN Group excl. banking)¹

(31 December 2022)

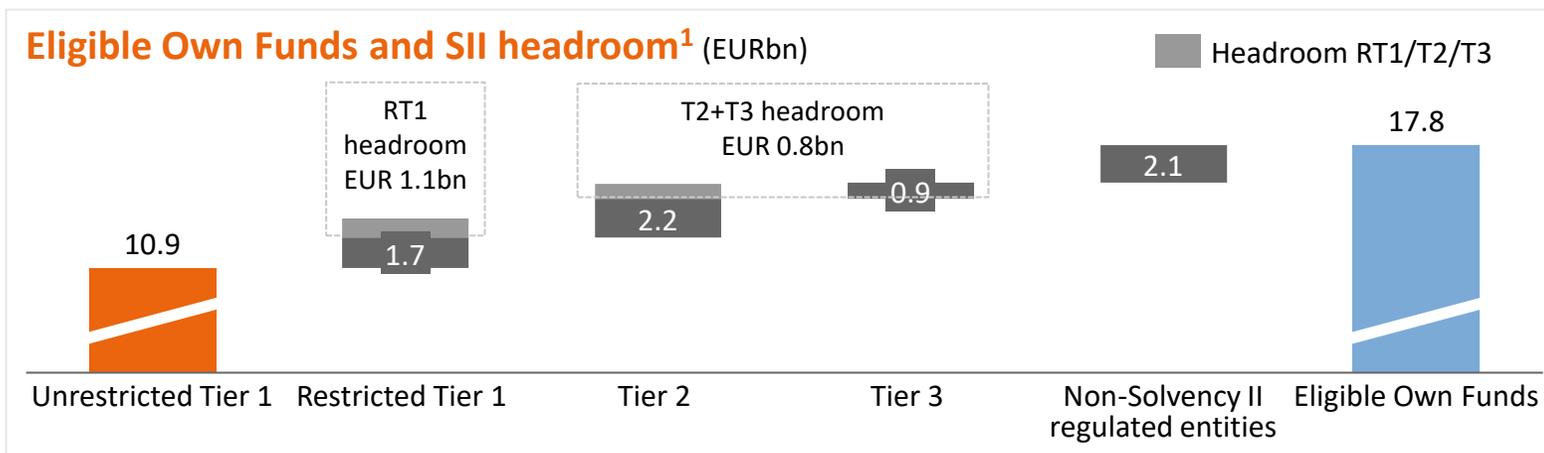


- Conservative investment portfolio
 - High-quality government bond and Dutch mortgage portfolio
 - ~92% of government bonds and ~42% of corporate bonds have a single A or higher rating at the end of 2022
 - Investment portfolio is underweight corporate bonds vs EIOPA reference portfolio; representing ~16% of total
- Close to strategic asset allocation target and gradual optimisation of investment portfolio

1. Market value, excluding separate account assets; NN Group excluding NN Bank; mortgages are on amortised cost value

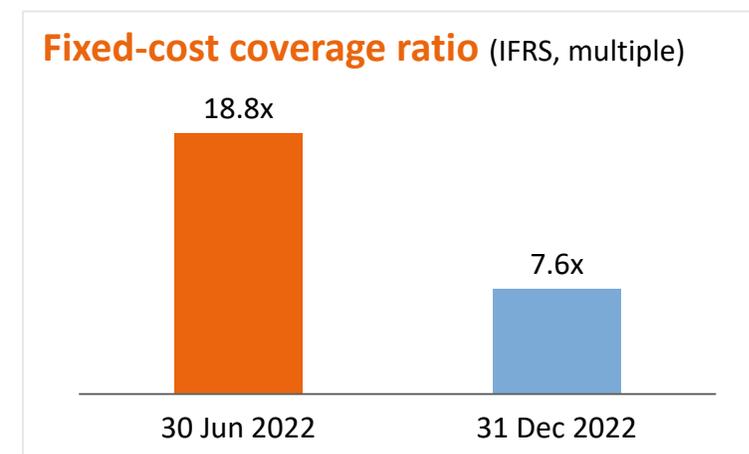
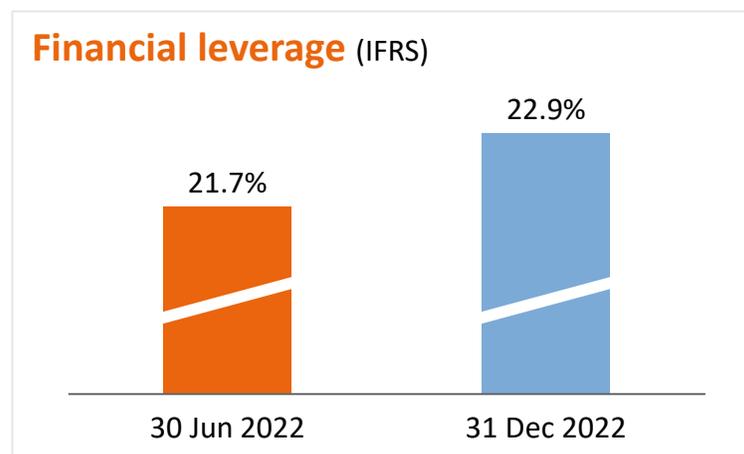
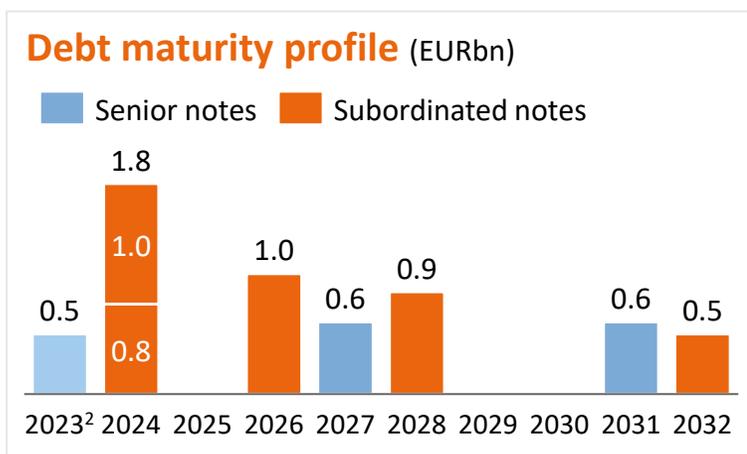
2. Cash includes money market mutual funds

Strong balance sheet with ample flexibility



Credit ratings

Financial Strength Rating	31 Dec 22	30 Jun 22
Standard & Poor's	A Positive	A Positive
Fitch	AA-Stable	AA-Stable



1. Figures at 31 December 2022
 2. The senior note of EUR 0.5bn matured and was repaid on 13 January 2023

Remittances from subsidiaries

Remittances from subsidiaries (EURm)	2H22	1H22	FY22	FY21	FY20
Netherlands Life ¹	651	520	1,171	1,048	930
Netherlands Non-life ¹	102	74	176	123	62
Insurance Europe ^{1,2}	39	133	172	192	77
Japan Life	-	75	75	146	119
Asset Management	-	-	-	110	81
Banking ¹	1	112	113	138	1
Reinsurance business	-	45	45	60	30
Other	1	-	1	18	9
Total	793	960	1,753	1,835	1,310

- 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

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 2022. The Annual Accounts for 2022 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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