



# Our strategy and performance

## NN Group's strategic priorities

We put our resources, expertise, and networks to use for the well-being of our customers, the advancement of our communities, the preservation of our planet, and for the promotion of a stable, inclusive, and sustainable economy.

### Strategic framework

At NN, our purpose is to help people care for what matters most to them. Our purpose reflects the kind of company we aspire to be: a company that delivers long-term value for all stakeholders by taking into account the interests of our customers, our colleagues and society at large. We do so guided by our values care, clear, commit, and our brand promise You matter.

Our ambition is to be an industry leader, known for our customer engagement, talented people and contribution to society. This ambition is the future we envision for our company, what we want to achieve in the coming years. To realise our ambition, we identified five strategic commitments, with all parts of our business contributing. To monitor and measure our progress towards delivering on our commitments, we have set financial and non-financial KPIs and targets.

## Our strategy and performance – NN Group's strategic priorities continued

### Progress towards delivering on our strategy

In 2021, the first full year of our new strategy, we made good progress on its implementation and execution.

Our progress on customer engagement was reflected in a growing number of businesses scoring above market average Net Promotor Scores (5 compared to 4 in 2020). Despite challenging circumstances, our employee engagement remained stable at a high level at 7.7 (2020: 7.9).

We reported a strong commercial and financial performance across our business units in 2021, driven by strong business performance and commercial momentum. Operating capital generation (OCG) was EUR 1,584 million versus EUR 993 million in 2020. The value of new business rose 60.7% to EUR 428 million.

Our balance sheet remains strong, as reflected by a Solvency II ratio of 213% by the end of 2021, compared with 210% at the end of 2020.

NN Investment Partners (NN IP) made further advancements in responsible investing: assets under management where environmental, social and governance (ESG) factors are integrated increased to 91% of our Assets under Management.

Through our financial and non-financial KPIs and targets we monitor and measure progress towards delivering on our strategic commitments.

### Building on our solid foundation

The world around us is always changing. Macroeconomic conditions remain volatile and climate change is increasingly seen as one of the most pressing challenges of today. Technological developments, digitalisation, the use of data, and the shift to a platform economy continue to have a growing impact on our everyday lives and customer expectations.

As a consequence, the financial industry is also evolving. At NN, we continue to offer products and services that navigate uncertainty and protect customers against risks they cannot bear alone, from pension products and fire insurance to income protection and mortgages. At the same time we are transforming our company by optimising and simplifying our business models and processes, and investing in digital, underwriting and other new capabilities.

We aim to realise more direct contact and a stronger relationship with our customers through innovative and tailored products and services. As a responsible corporate citizen, it also means making well-balanced decisions, as we know that the choices we make today impact our world of tomorrow.

Our robust balance sheet, diverse set of businesses, and our strong market position give us a solid foundation for today and tomorrow, enabling us to invest in growth, technology and our people.

### Investing in growth and active portfolio management

We see ample organic growth potential across NN, particularly at our international activities in Europe and Japan, which showed healthy growth in 2021. Supported by favourable underlying economic trends as well as increasing awareness of the need for protection, we expect further growth in these segments (read more on page 24 and 26). In Netherlands Non-life, we are well positioned to benefit from our scale and underwriting performance to grow further (read more on page 20). At NN Bank, we see further opportunities for growth driven by high-quality mortgage origination (read more on page 22). Last, at Netherlands Life we see growth opportunities in the pension business driven by upcoming changes in the Dutch pension market (read more on page 18).

To support our growth ambition, we constantly assess and optimise our portfolio of businesses. If we see opportunities that enable us to further grow and which meet financial criteria, we are open to take them into consideration. In 2021, this led to a number of acquisitions and divestments. We reached an agreement to acquire MetLife's business activities in Greece and Poland, which will further strengthen our leading positions in these growth markets. In addition, we acquired a 70% stake in Heinenoord in the Netherlands, in order to strengthen our distribution capabilities and reinforce our position in the Dutch non-life market.

## Our strategy and performance – NN Group’s strategic priorities continued

At the same time, there are situations in which we conclude certain businesses are better positioned for the future under a new owner. This led to the divestment of our Bulgarian business and the decision to sell a closed book life portfolio by NN Belgium. We also reached an agreement on the sale of our asset manager, NN IP, to Goldman Sachs Group, which is expected to be completed in 2022. (Read more on page 28).

The OCG related to the divestment of NN IP is expected to be partly compensated by the acquisition of MetLife’s business activities in Poland and Greece and Heinenoord in the Netherlands, as well as a strong business performance across the Group. As a result, the NN Group OCG target of EUR 1.5 billion in 2023 remains unchanged in 2023.

### Investing in technological capabilities

Data and technology are crucial to offer the right solutions to our customers, improve our process efficiency and underwriting capabilities, and remain price competitive. That is why we are investing in technology, our digital capabilities, and new propositions. To improve our processes and services, become more efficient, and optimise our customer experience, we are increasingly making use of data and data science. With an increasing number of customers interacting primarily through digital channels, it is more important than ever to leverage data-driven insights and use automated processes. To act upon this, we are implementing innovations and solutions designed to meet consumers’ evolving demands.

### Investing in people

We have a strong and diverse workforce of around 15,000 colleagues. Together, we are well positioned to address our customers’ needs and deal with the rapid changes in our operating environment. At the same time, in light of the tightening labour market, we are stepping up efforts to further develop our people and attract and retain talent. We are investing in skills and capabilities that we will require for the future, for example in the areas of data and artificial intelligence (AI). We are also investing in knowledge needed to increase our online relevance and engagement by attracting and training user experience designers and researchers, data scientists, developers and engineers. In addition, we are changing the way we work by putting greater emphasis on flexible work conditions and offering colleagues opportunities for ‘hybrid’ ways of working. And we aim to develop a more diverse and inclusive workforce by building an environment in which people feel welcome, valued and respected.

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

Our strategy and performance – Our strategic commitments and targets

# Our strategic commitments and targets



## Customers and distribution

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

We engage with our customers to meet their real needs and to offer solutions that create long-term value. We use our digital capabilities and leverage our strong distribution footprint to further enhance our customer experience.

### Key initiatives

- Build platforms to enhance customer engagement
- Create customer experiences where digital, broker and tied agent channels reinforce each other
- Leverage local presence and partnerships
- Drive customer interaction through NN Bank
- Maintain a strong and relevant brand

### Measuring our progress

We aim for all our 11 insurance business units to score an above market average Net Promoter Score (NPS)

Target for 2023

Performance 2021

**All above market average**

**5/11**

Performance 2020

**4/11**

To increase our brand consideration to 28%

Target for 2023

Performance 2021

**28%**

**23%**

Performance 2020

**21%**

Read more on pages 32-36



## Products and services

We develop and provide attractive products and services.

We excel in developing and providing attractive products and services, and operate with efficiency, agility and speed. To continue to do so, we will make use of digital and data capabilities.

### Key initiatives

- Leverage and further build data and digital capabilities to improve our offering to customers
- Become the best product provider to partners
- Develop products where we have excellent capabilities

### Measuring our progress

We have set various key performance indicators for the different NN business units:

- Netherlands Life: growth in Defined Contribution AuM
- Netherlands Non-life: expand data and underwriting capabilities, and leverage on additional scale of VIVAT Non-life
- Insurance Europe: continue shift to protection products and invest in main banking partnerships
- Japan Life: continued focus on COLI protection
- NN IP: top quartile investment performance
- Banking: expand retail product offering

Read more on pages 32-36



## People and organisation

We empower our colleagues to be their best.

We nurture a culture aligned with our purpose, values and ambitions, which supports continuous learning, collaboration and diversity of thinking. We consider all colleagues to be talents, and invest in an inclusive and inspiring environment, so we are together best equipped to take our business into the future.

### Key initiatives

- Together shape the NN culture
- Embrace diversity and inclusion
- Invest in (future) skills and capabilities
- Streamline our operating model to eliminate inefficiencies and remove barriers

### Measuring our progress

We strive for our employee engagement to be at least 7.8

Target for 2023

Performance 2021

**≥7.8**

**7.7**

Performance 2020

**7.9**

To grow staff diversity, for example by having at least 40% women in senior management positions

Target for 2023

Performance 2021

**≥40%**

**34%**

Performance 2020

**33%**

Read more on pages 37-39

Our strategy and performance – Our strategic commitments and targets continued



**Financial strength**

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

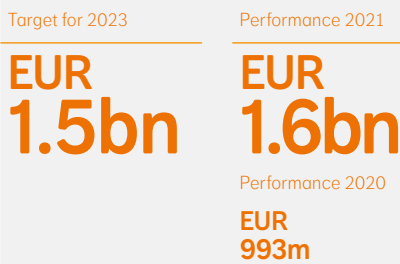
We maintain a strong balance sheet and create solid financial returns for shareholders by using our financial strength, scale and international footprint, and by efficiently managing our customers' assets and our own insurance portfolios.

**Key initiatives**

- Maintain strong balance sheet and create solid financial returns
- Realise further efficiencies
- Leverage scale benefits of Dutch life and pensions business
- Reshape our existing insurance business in Belgium
- Disciplined capital allocation
- Attractive capital returns for shareholders

**Measuring our progress**

We are committed to ensuring resilient and growing long-term capital generation, with a target for operating capital generation (OCG) of EUR 1.5 billion



We are also committed to grow free cash flow (FCF) in a range around OCG over time

**Read more on pages 40-42**



**Society**

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

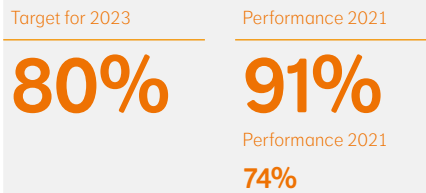
We do business with the future in mind and contribute to a world where people can thrive for many generations to come.

**Key initiatives**

- Pursue long-term value creation for all our stakeholders in our daily activities
- Support our customers with solutions that help them address societal challenges
- Accelerate the transition to a low-carbon economy through our investments
- Build better and stronger communities
- Reduce our direct CO<sub>2</sub> emissions
- Actively engage with our stakeholders
- Contribute to the Sustainable Development Goals

**Measuring our progress**

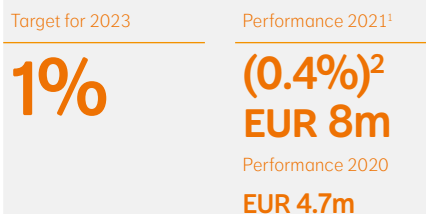
We aim to increase ESG-integration in our Assets under Management to 80%



We will accelerate the transition to a low-carbon economy by targeting a net-zero carbon proprietary investment portfolio by 2050

We aim to allocate an additional EUR 6bn to investments in climate solutions by 2030

We have pledged to contribute 1% of our (three-year average) operating result to our communities, including cash donations and hours of volunteering



**Read more on pages 32-36 and 44-52**

1. Hours of volunteering, in-kind giving (both monetised) and management costs have been included as of 2021, in line with B4SI standards.  
2. Based on our 2021 operating result before tax.

## Our strategy and performance – Our performance

# Our performance



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**We expect mid single-digit annual growth of operating capital generation over time, based on organic growth opportunities of our businesses and supported by long-term market trends and active portfolio management**

**Delfin Rueda**

Chief Financial Officer

In 2021, we delivered a strong commercial and financial performance, with improved results in most of our business segments.

**This section includes the analysis of results and key figures of NN Group and its reporting segments. Where relevant, the results presented in this section are derived from the 2021 annual accounts.**

In explaining the financial results, NN Group uses Operating result, Administrative expenses and Adjusted allocated equity (as used in the calculation of Net operating ROE for the Banking segment only). These are alternative performance measures (APMs), which are non-IFRS-EU measures that have a relevant IFRS-EU equivalent from which these are derived. For definitions of the APMs and an explanation of their use reference is made to Note 33 'Segments' in the section 'Alternative Performance Measures (Non-GAAP measures)' in the annual accounts. This section also includes a reconciliation between the APM and their IFRS equivalent, as well as definitions of other financial metrics used in this Financial developments section, including operating capital generation.

The Solvency II ratios presented in this section are not final until filed with the regulators. The Solvency II ratios for NN Group and NN Life are based on the Partial Internal Model.

### NN Group Financial Results

#### Operating result

The full-year 2021 operating result increased to EUR 2,036 million from EUR 1,889 million in 2020, which included a total of EUR 24 million of non-recurring benefits, versus a total of EUR 76 million of non-recurring benefits in 2021. The increase mainly reflects the improved operating results of Netherlands Non-life, Insurance Europe, Asset Management and Japan Life, partly offset by lower operating results for Banking.

#### Result before tax

The full-year 2021 result before tax increased to EUR 4,010 million from EUR 2,349 million in 2020, reflecting higher non-operating items, lower special items and the higher operating result.

#### Net result

The full-year 2021 net result was EUR 3,278 million compared with EUR 1,904 million in 2020. The effective tax rate for the full-year 2021 was 17.8%.

### Sales and value of new business

The full-year 2021, total new sales (APE) were EUR 1,311 million, up 20.2% at constant currencies, mainly reflecting the strong market recovery from low sales in 2020 and management actions at Japan Life as well as management actions and market recovery in sales from Covid-19 restrictions in 2020 at Insurance Europe.

Value of new business (VNB) for full-year 2021 amounted to EUR 428 million, up 60.7% on 2020, reflecting strong market recovery resulting in higher sales and an improved margin as a result of management actions including repricing at Japan Life, as well as an increase at Insurance Europe as the result of sales management actions on volume and business mix and recovery in sales from Covid-19 restrictions of 2020.

### Operating capital generation

Full-year 2021 operating capital generation increased to EUR 1,584 million from EUR 993 million in 2020. The increase mainly reflects higher Non-life underwriting results, positive contribution from Banking, the positive impact of higher rates and the higher investment return driven by changes in the asset portfolio and higher equity and real estate valuations.

## Our strategy and performance – Our performance continued



**213%**  
Solvency II ratio



**8m**  
Contribution to our  
communities



**7.7**  
Employee  
engagement  
score

## Performance

### NN Group

#### Analysis of result

amounts in millions of euros	2021	2020
Netherlands Life	986	994
Netherlands Non-life	314	215
Insurance Europe	315	285
Japan Life	263	240
Asset Management	181	152
Banking	134	154
Other	-157	-151
<b>Operating result</b>	<b>2,036</b>	<b>1,889</b>

<b>Non-operating items:</b>	2,051	662
– of which gains/losses and impairments	1,671	640
– of which revaluations	485	337
– of which market and other impacts	-105	-315
Special items	-103	-278
Acquisition intangibles and goodwill	-28	-24
Result on divestments	54	100
<b>Result before tax</b>	<b>4,010</b>	<b>2,349</b>

Taxation	712	422
Minority interests	19	22
<b>Net result</b>	<b>3,278</b>	<b>1,904</b>

#### Key figures

amounts in millions of euros	2021	2020
New sales life insurance (APE)	1,311	1,127
Value of new business	428	266
Total administrative expenses	2,280	2,121
Operating capital generation	1,584	993
Solvency II ratio	213%	210%

## Our strategy and performance – Netherlands Life

# Netherlands Life



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**Our strong market position enables us to help our customers navigate the rapidly changing pension landscape in the Netherlands**

**Leon van Riet**

CEO Netherlands Life & Pensions

### Introduction

Netherlands Life offers term life insurance as well as the full spectrum of pensions solutions: insured defined benefit (DB) and defined contribution (DC) via the NN-label; Premium Pension Institution (PPI) via our specialised label, BeFrank; an APF (general pension fund) solution via De Nationale; and pension fund administration services via AZL.

### Well positioned to benefit from changing Dutch pension landscape

We are well positioned to benefit from the changing pension landscape in the Netherlands, with powerful customer propositions and strong relationships with distribution partners. We offer a wide range of innovative ESG products and services, such as CO<sub>2</sub>-neutral pension plans for corporates as well as a range of life cycle funds with impact investing.

We also aim to capture opportunities in the changing Dutch pension market. These changes may lead to further growth of the DC market, and an acceleration in buyout opportunities of small- and medium-sized corporate pension funds.

In addition, Netherlands Life is actively managing our in-force DB and individual life insurance portfolios by reducing costs in line with the run-off of the portfolio. These cost reductions come partly from streamlining products and systems, and migrating old products and legacy systems into new platforms.

### 2021 highlights

- BeFrank celebrated its tenth anniversary having grown into the largest Premium Pension Institution (PPI) in the Netherlands, with more than 1,000 clients and 270,000 pension participants and with total Assets under Management of around EUR 6.8 billion. BeFrank offers a CO<sub>2</sub> neutral pension scheme to customers.
- At the end of the year, NN Life completed a longevity reinsurance transaction to transfer the full longevity risk associated with in total approximately EUR 4 billion of pension liabilities. This will reduce NN's exposure to longevity risk, and consequently reduce the required capital and further strengthen NN's capital position.
- Nationale-Nederlanden launched the Human Capital Planner (HCP), an online platform that offers employers and pension advisors relevant insights and tools to encourage employees to take conscious decisions about their financial vitality and future income.

## Research Centre for Longevity Risk

In recent decades, average life expectancy has risen across the globe. But the pace at which life expectancy will continue to change is uncertain. This uncertainty creates challenges, for example, around the affordability of pension provisions and the required capacity of healthcare systems.

For this reason, in December, we announced that we are joining forces with the Amsterdam School of Economics at the University of Amsterdam to open the Research Centre for Longevity Risk. This new, independent centre will conduct research into the financial and social consequences of changing life expectancies. It will also look at demographic trends and medical developments, as well as the impact of local socioeconomic circumstances and the quality of the living environment.





## Our strategy and performance – Netherlands Life continued

Furthermore, on the investment side, Netherlands Life is increasing allocations to higher-yielding assets such as mortgages, loans and real estate, while reducing exposure to government bonds.

### Financial result

The full-year 2021 operating result decreased to EUR 986 million from EUR 994 million in 2020. This decrease is due to a lower technical margin and higher administrative expenses, partly compensated by a higher investment margin. The investment margin in 2021 includes EUR 78 million of private equity and special dividends, whereas 2020 included EUR 9 million of such dividends. Excluding these items, the investment margin increased as a result of changes in the asset portfolio. Administrative expenses increased to EUR 473 million from EUR 440 million in 2020, reflecting a reclassification of specific expenses from special items to administrative expenses as from 2021. On a comparable basis, administrative expenses decreased compared with 2020, mainly driven by lower staff expenses.

The full-year 2021 result before tax increased to EUR 2,915 million compared with EUR 1,597 million in 2020. The increase mainly reflects higher gains/losses on the sale of public equities and government bonds as well as impairments and higher markets and other impacts. New sales (APE) for full-year 2021 increased to EUR 239 million from EUR 219 million in 2020, mainly driven by a higher volume of group pension contracts. The value of new business for full-year 2021 increased to EUR 21 million from EUR 8 million in 2020. Assets under Management DC increased to EUR 29.9 billion at 31 December 2021, from EUR 24.6 billion at 31 December 2020. The increase in Assets under Management DC was driven by a combination of market growth and net inflows.

Full-year 2021 operating capital generation increased to EUR 846 million from EUR 642 million in 2020. The increase was mainly driven by the lower net negative impact of the UFR drag and risk margin release as a result of higher interest rates, and a higher investment return reflecting changes in the asset portfolio and higher equity and real estate valuations, partly offset by the negative impact of lower credit spreads.

## Performance

### Netherlands Life

#### Analysis of result

amounts in millions of euros	2021	2020
Investment margin	996	890
Fees and premium-based revenues	391	392
Technical margin	103	184
<b>Operating income</b>	<b>1,490</b>	<b>1,467</b>
Administrative expenses	473	440
DAC amortisation and trail commissions	31	33
<b>Total expenses</b>	<b>504</b>	<b>473</b>
<b>Operating result</b>	<b>986</b>	<b>994</b>
<b>Non-operating items:</b>	1,946	680
– of which gains/losses and impairments	1,618	620
– of which revaluations	379	371
– of which market and other impacts	-51	-310
Special items	-17	-77
<b>Result before tax</b>	<b>2,915</b>	<b>1,597</b>
Taxation	431	330
Minority interests	-4	8
<b>Net result</b>	<b>2,488</b>	<b>1,260</b>

#### Key figures

amounts in millions of euros	2021	2020
New sales life insurance (APE)	239	219
Value of new business	21	8
Administrative expenses	473	440
Operating capital generation	846	642
NN Life Solvency II ratio	219%	220%
Assets under Management DC business total (billion)	29.9	24.6



# #1

Position in  
group pensions



# ~40%

Market share in  
group pensions

## Our strategy and performance – Netherlands Non-Life

# Netherlands Non-life



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**Our digital transformation is accelerating, allowing us to work smarter and more efficiently, and create a best-in-class customer experience at competitive prices**

**Tjeerd Bosklopper**

CEO Netherlands Non-life, Banking & Technology

### Introduction

Netherlands Non-life offers a broad array of non-life insurance, ranging from motor, fire and liability to transport, travel, disability and accident insurance products. The customer base of Netherlands Non-life includes retail, self-employed, SME and corporate customers. The segment comprises Nationale-Nederlanden Non-life; the non-life results of our joint-venture ABN AMRO Insurance; the labels Movir, OHRA and HCS; and the broker results related to health insurance products. Non-life has a highly-diversified distribution platform consisting of mandated and non-mandated brokers, banks, and direct online channels and engagement platforms.

### Investing in a flawless customer journey

Netherlands Non-life aims to offer an intuitive, flawless customer and intermediary journey, and to standardise product offerings while complementing them with relevant services. Digitalisation is a strategic priority: we want to offer our customers personal, relevant products, and increasingly provide our services digitally. In 2021, we launched a claim portal for intermediaries and implemented text-recognition technology for customers, which makes it easier for them to contact us and provides us with more structured information. This has a positive effect on customer satisfaction while at the same time lowering our operational costs for those products.

### 2021 highlights

- The integration of VIVAT Non-life, which was acquired in 2020, reached a final stage with the completion of the migration of 1.8 million policies to NN systems. We have already achieved our EUR 40 million cost savings target, a year earlier than planned, and are working towards finalising the integration in the first half of 2022.
- We acquired a 70% stake in Heinenoord, one of the largest insurance brokers and service providers in the Netherlands. The acquisition further strengthens our distribution capabilities and reinforces our leading position in the Dutch non-life market. Heinenoord's services include policy administration, underwriting services and claims handling.
- We started a partnership with Laka, an online bike insurer that enables customers to pay a monthly variable contribution up to a predetermined maximum, based on the collective claims. The fewer the claims, the less each cyclist pays.

### Impact of floods



In July, extreme rainfall caused heavy floods in Western Europe, impacting customers in our Belgian and Dutch markets. Our colleagues quickly arrived in the affected areas, supporting customers where possible. We set up mobile offices from where claims managers visited customers in their homes. We also arranged market stalls and food trucks for shopkeepers, so they could keep their businesses going. We received more than 3,250 claims from both retail and business customers. In October, we amended our standard flood coverage to provide customers with more clarity on their coverage in the event of flood damage and hopefully help limit the financial consequences of climate change for customers.

## Our strategy and performance – Netherlands Non-Life continued

Additionally, we aim to increase effectiveness by focusing on streamlining, automating and digitalising processes. Pricing, which is the cornerstone of a profitable insurance business, requires accessible, accurate data. Our aim is to have relevant data available in a structured, automated and controlled way, and wherever possible via an automated development process. In addition, we will significantly improve our pricing models and techniques so we can optimally price risks.

### Financial result

The full-year 2021 operating result of Netherlands Non-life increased to EUR 314 million from EUR 215 million in 2020. The increase reflects higher underwriting results in both Property & Casualty (P&C) and Disability & Accident (D&A), and higher investment income following changes in the asset portfolio. The higher underwriting results in P&C reflect a favourable claims development, including a positive impact from Covid-19. Higher underwriting results in D&A include more favourable claims development in the Group Income and Accident & Travel portfolios, partly offset by higher claims experienced in the Individual Disability portfolio including a negative impact from Covid-19.

The full-year 2021 result before tax increased to EUR 336 million from EUR 138 million in 2020, reflecting the higher operating result, higher non-operating items and lower special items. Higher non-operating items include realised gains on the sale of public equity and government bonds, and positive revaluations on real estate. Special items mainly reflect integration expenses.

The combined ratio for 2021 was 93.5% compared with 95.3% in 2020.

Full-year 2021 operating capital generation increased to EUR 325 million from EUR 76 million in 2020. The increase is mainly driven by a favourable claims development in P&C, including a positive impact from Covid-19, while 2020 was negatively impacted by a higher SCR following the termination of an internal reinsurance agreement in the Individual Disability portfolio.

## Performance

### Netherlands Non-life Analysis of result

amounts in millions of euros	2021	2020
Earned premiums	3,617	3,418
Investment income	128	98
Other income	-6	-1
<b>Operating income</b>	<b>3,739</b>	<b>3,515</b>
<b>Claims incurred, net of reinsurance</b>	<b>2,424</b>	<b>2,350</b>
Acquisition costs	660	630
Administrative expenses	357	340
<b>Acquisition costs and administrative expenses</b>	<b>1,017</b>	<b>970</b>
<b>Expenditure</b>	<b>3,440</b>	<b>3,319</b>
<b>Operating result insurance businesses</b>	<b>299</b>	<b>196</b>
Operating result non-insurance businesses	16	19
<b>Total operating result</b>	<b>314</b>	<b>215</b>
<b>Non-operating items:</b>	57	3
– of which gains/losses and impairments	33	
– of which revaluations	24	-9
– of which market and other impacts		12
Special items	-35	-79
<b>Result before tax</b>	<b>336</b>	<b>138</b>
Taxation	71	31
Minority interests	16	11
<b>Net result</b>	<b>250</b>	<b>97</b>

### Key figures

amounts in millions of euros	2021	2020
Gross premium income	3,798	3,521
Total administrative expenses <sup>1</sup>	496	451
<b>Combined ratio:<sup>2</sup></b>	93.5%	95.3%
– of which Claims ratio <sup>2</sup>	65.4%	67.0%
– of which Expense ratio <sup>2</sup>	28.1%	28.4%
Operating capital generation	325	76

1 Including non-insurance businesses (health business and broker business).

2 Excluding non-insurance businesses (health business and broker business).



# 24%

Market share in property and casualty, #2 position



# 29%

Market share in disability and accident



# #1

Position in disability and accident

## Our strategy and performance – Banking

# Banking

### Introduction

NN Bank is the banking business of NN Group. It is the Netherlands' fourth-largest mortgage provider, serving close to 1 million customers. We help customers manage and protect their assets and income through mortgage loans, online savings accounts, bank annuities, consumer lending and retail investment products. In addition, NN Bank provides administration and management services to other NN Group entities and institutional investors.

### Broadening the business model

NN Bank has continued to broaden its business model, for example, with the introduction of mortgages from Woonnu. In 2021, NN Bank and Woonnu originated a record volume in new mortgages of EUR 9.9 billion. NN Bank is continuously improving its services in order to become more efficient, innovative and personal and relevant. We have also taken major steps in the field of digitalisation. In December, we introduced a new mid-office system that successfully processed the first mortgage applications. The first results show applications are processed automatically with a very short lead time. We also continued to improve our mobile app, making our services even more accessible to customers.

### 2021 highlights

- NN Bank's label Woonnu, a mortgage provider that aims to help consumers make their homes more sustainable, originated EUR 1.4 billion of mortgages in 2021, achieving a market share of approximately 1%.
- In June, NN Bank established its Green Bond Framework, enabling the bank and its subsidiaries to issue green bonds to finance and/or refinance mortgages for energy-efficient residential properties in the Netherlands. In September, NN Bank issued its first green bond, raising EUR 500 million.
- In December, NN Bank said it will introduce a compensation scheme for customers who paid variable interest in excess of market rates on their revolving consumer credit loans. Current customers who are eligible for compensation will be notified when the arrangement is ready. Former customers will have an opportunity to register for the scheme.

## Transitioning towards green homes

Making our homes more sustainable is not only good for the planet, it can also result in a lower energy bill and it may even increase a home's value. In recent years, NN Bank has launched several initiatives to support homeowners looking to make their home more energy-efficient and sustainable.

Through the bank's Woonnu label, customers will be financially rewarded for steps taken to improve the energy efficiency of their home, thereby reducing the property's carbon footprint.

With Powerly, a web-based platform, the bank also provides customers with tailored advice on how to make their homes more eco-friendly, with practical tips on everything from solar panels and isolation to heat pumps and green roofs. In addition, in 2021, NN Bank launched the platform Gezond Wonen (Healthy Living), which provides customers with more insight into the air quality inside their home, as good ventilation is one of the most important considerations when making homes more sustainable.

By encouraging sustainable housing, NN aims to contribute to the realisation of the objectives of the Dutch Climate Agreement.



## Our strategy and performance – Banking continued

### Financial result

The full-year 2021 operating result decreased to EUR 134 million from EUR 154 million in 2020, mainly due to higher operating expenses reflecting an increase in mortgage origination and higher project expenses.

The full-year 2021 result before tax decreased to EUR 106 million from EUR 167 million in 2020, mainly due to lower non-operating items and the lower operating result, partly offset by lower special items.

The full-year 2021 net operating RoE of Banking decreased to 11.0% compared with 13.8% for 2020, reflecting a lower net operating result and higher average equity.

Full-year 2021 operating capital generation was EUR 104 million, mainly reflecting the statutory net result adjusted for non-recurring items, partly offset by the increase of the RWA. Operating capital generation in 2020 was nil under the former methodology based on dividends remitted to the holding. Under the new methodology operating capital generation in 2020 would have been EUR 101 million.



# #4

Position in Dutch mortgage market



# 9.9bn

Mortgage origination

## Performance

### Banking

#### Analysis of result

amounts in millions of euros	2021	2020
Interest result	280	280
Commission income	59	48
Total investment and other income	33	45
<b>Operating income</b>	<b>372</b>	<b>373</b>
Operating expenses	219	195
Regulatory levies	27	20
Addition to loan loss provision	-8	3
<b>Total expenses</b>	<b>239</b>	<b>219</b>
<b>Operating result</b>	<b>134</b>	<b>154</b>
<b>Non-operating items:</b>	<b>-27</b>	<b>27</b>
– of which gains/losses and impairments	2	11
– of which revaluations		
– of which market and other impacts	-28	17
Special items		-14
<b>Result before tax</b>	<b>106</b>	<b>167</b>
Taxation	25	35
<b>Net result</b>	<b>82</b>	<b>132</b>

#### Key figures

amounts in millions of euros	2021	2020
Total administrative expenses <sup>1</sup>	247	216
Cost/income ratio <sup>2</sup>	59.0%	52.4%
Net operating RoE	11.0%	13.8%
Operating capital generation	104	

amounts in billions of euros	2021	2020
Total assets	24	25
Mortgages	21	20

1 Operating expenses plus regulatory levies.

2 Cost/income ratio is calculated as Operating expenses divided by Operating income.

## Our strategy and performance – Insurance Europe

# Insurance Europe



“

**The Covid-19 pandemic has underscored the vital role of insurance in society and we are committed to continue supporting our customers in times of change**

**Fabian Rupprecht**

CEO International Insurance

### Introduction

In Europe, we are active in nine countries outside the Netherlands. In all of them apart from Turkey, we have built our businesses from the start and developed them into leading players in their local markets.

### Investing in our growth markets

Our European businesses are primarily focused on protection. We are well positioned to benefit from increased customer demand for health and protection products, resulting from positive underlying economic trends, relatively low insurance penetration rates and higher awareness of risk and vulnerability caused by the Covid-19 pandemic.

We have a diversified distribution footprint across Europe through our tied agents, bancassurance partners, brokers and direct channels. We aim to leverage and build our large customer base by making better use of data, and optimising and fully digitalising processes for lead generation. We also develop integrated customer journeys that combine digital processes with personal advice.

We are looking to expand distribution of third-party products in Europe, such as non-life, banking and health products and services. Our goal is to enhance our customer engagement and execution quality. Attracting tech talent is a priority in this respect and closely related to the need to create an inspirational work environment for all employees.

### 2021 highlights

- In 2021, we strengthened our position in Europe through active portfolio management. We announced the acquisition of MetLife's business activities in Poland and Greece, bolstering our leading positions in these two attractive growth markets by adding strong and profitable businesses and creating synergies. We sold our Bulgarian business to KBC and reached an agreement to sell a closed book portfolio of NN Belgium. The proposed transaction, which is expected to close by mid-2022, will enable NN Belgium to fully focus on the execution of its successful strategy to further grow its protection and pension business.
- Across Europe, we are stepping up our digital transformation efforts to improve the customer experience, optimise our processes and create new customer propositions:
  - Our Net Promoter Score is now above market average in five markets and on par with market average in three markets, thanks to our efforts to improve the customer experience. We also invest in customer digital journeys and combine personal advice where needed.
  - We have increased the number of digitally-sourced leads, and this has become a significant source for Next Best Actions and new customer growth. Next Best Actions are customer-centric engines that consider the different actions that can be taken for a specific customer and decide on the best one.
  - During 2021, we launched over 20 new or upgraded protection covers to fit customer needs.
  - We launched three customer engagement platforms: Self-care platforms in Turkey (nnyihayat.com) and Poland (welbi.pl), and a Carefree Retirement platform in Spain (weli.es).
- We invest in extending our product offering to increase our relevance to our customers. For this reason, we are building reciprocal relationships with our banking partners. In some countries, such as Spain and Romania, our tied agents act as distributors of our partners' mortgages, providing our customers with relevant products as well as making us an essential distributor for banking partners. During the year, we also strengthened and expanded our strategic relationships with key bank partners. For example, in Belgium and Spain we extended our strategic partnership with ING, accelerating our digital propositions in these markets.

## Our strategy and performance – Insurance Europe continued

### Financial result

The full-year 2021 operating capital generation increased to EUR 318 million from EUR 253 million in 2020, mainly driven by higher pension fees in Romania, Slovakia and Poland, as well as a higher new business contribution across the region, partly offset by a non-recurring item in Greece.

The full-year 2021 operating result increased to EUR 315 million from EUR 285 million in 2020, reflecting higher life and pension fees across the region, partly offset by higher administrative expenses.

The result before tax for the full-year 2021 increased to EUR 396 million from EUR 234 million in 2020, mainly driven by the result on the sale of the Bulgarian business, positive real estate revaluations and a higher operating result.

Full-year 2021 new sales (APE) increased to EUR 727 million, up 16.4% on a constant currency basis from 2020, reflecting management actions and market recovery in sales from Covid-19 restrictions in 2020.

Value of new business for full-year 2021 increased to EUR 250 million, up 36.7% from EUR 183 million in 2020, driven by sales management actions on volume and business mix, and recovery in sales from Covid-19 restrictions in 2020.

## Performance

### Insurance Europe

#### Analysis of result

amounts in millions of euros	2021	2020
Investment margin	116	110
Fees and premium-based revenues	811	730
Technical margin	235	252
Operating income non-modelled business	1	1
<b>Operating income Life Insurance</b>	<b>1,163</b>	<b>1,093</b>
Administrative expenses	446	417
DAC amortisation and trail commissions	401	389
<b>Expenses Life Insurance</b>	<b>847</b>	<b>806</b>
<b>Operating result Life Insurance</b>	<b>316</b>	<b>287</b>
Operating result Non-life	-1	-3
<b>Operating result</b>	<b>315</b>	<b>285</b>
<b>Non-operating items:</b>	48	-11
– of which gains/losses and impairments	2	4
– of which revaluations	46	-12
– of which market and other impacts		-4
Special items	-14	-29
Acquisition intangibles and goodwill	-7	
Result on divestments	54	-11
<b>Results before tax</b>	<b>396</b>	<b>234</b>
Taxation	80	63
<b>Net result</b>	<b>316</b>	<b>171</b>

#### Key figures

amounts in millions of euros	2021	2020
New sales life insurance (APE)	727	644
Value of new business	250	183
Total administrative expenses (Life and Non-life)	458	432
Operating capital generation	318	253

## Meeting a growing need

Insurance is more relevant to people than ever before. Global challenges such as Covid-19 and climate change have shown us just how vulnerable we are, at a time when the protection previously provided through social security is diminishing.

This creates a role for insurers to step in and help people with what matters most to them. So it is unsurprising that in recent years we have seen a significant increase in the sales of protection products, and we are trying to meet this growing demand through new and ever more relevant offerings.

At the same time, we continue to support our communities. In 2021, NN Insurance Europe business units donated around EUR 1.8 million to support initiatives around self-care, carefree retirement and financial well-being through Future Matters. We also contributed 5,500 volunteer hours that are having a positive impact in our communities through projects such as the buddy programme in Greece, which matches NN volunteers with elderly people.

In the beginning of 2022, we are also responding to the evolving situation in Ukraine with numerous initiatives. Our support ranges from humanitarian and psychological help to refugees, financial and in-kind donations to local and international organisations.

## Our strategy and performance – Japan Life

# Japan Life

### Introduction

Since 1986, NN has had a strong presence in Japan, offering corporate-owned life insurance (COLI) products to small- and medium-sized enterprises (SMEs). We support Japanese SMEs in two ways: by offering financial solutions as a vehicle to combine protection and savings, and by growing the protection business to protect SME owners and their families in the event of death or illness. We are considered a dominant SME insurer in the COLI market, with a focus on agent education and innovative products, and with the ability to adapt quickly. In 2021, we passed the milestone of 100,000 SME customers for the first time in our 35-year presence in Japan.

### Building on our strong position in the SME market

Like Europe, in Japan we are investing in building and leveraging our customer base. We intend to develop further through new protection products and services.

In addition, we are investing in technology and data skills, by growing our engineering base and upskilling all other employees in technical domains. In 2021, we held several initiatives, such as a Campus event, covering a range of topics with which to upskill employees from leadership skills to artificial intelligence.

Since the tax rule change in Japan at the beginning of 2019, sales volumes have recovered substantially as a result of our teams achieving quick time-to-market for our adjusted products and by training agents to deal with the greater complexity of the new tax systems.

### 2021 highlights

- We made progress on expanding our Kagyo-aid platform, which enables SME owners' children to connect and assist each other in preparing for a successful business takeover from their parents. By the end of 2021, it had around 6,000 users, making it one of the most utilised SME platforms in the market.
- We launched an income protection insurance that safeguards SME CEOs and their employees against the risk of being unable to work due to a sudden illness or accident, and supports business continuity. The group insurance scheme is available for this product, allowing policies covering SME employees to be issued in one go, which makes the product more attractive for customers.
- We partnered with DataRobot, a company involved in machine learning systems. Three years from now, 30% of all our insurance policies will be processed without human involvement, as artificial intelligence will be used to analyse the results of executives' health and medical check-ups. Whereas previously it took two or three business days to interview an insured executive, with the unmanned system the process can be completed in just three minutes.

## Understanding SME succession issue

Japan Life has been investing in better understanding the issue of succession in Japanese SMEs by conducting a series of surveys. Within 2021, we conducted a survey of over 400 SME owners (including ex-SME owners) who had to leave their management position due to sudden illness or injury to understand their experience, their concerns and lessons learned to better prepare for such an event.

We ran another survey asking SME owners about their preparation for business succession, whether they have decided on a successor and how well prepared the successors are to take over - for example, their knowledge on the business's amount of debt. We also conducted research to evaluate how much knowledge SME owners' spouses have of the business and how much time they spend talking about business-related matters with SME owners.





## Our strategy and performance – Japan Life continued

### Financial result

Full-year 2021 value of new business increased to EUR 156 million from EUR 75 million in 2020. This reflects the strong market recovery from low sales in 2020 and an improved margin as a result of management actions including repricing.

Full-year 2021 operating capital generation was broadly stable at EUR 129 million, reflecting the negative impact of a higher new business strain as a result of higher sales, compensated by a higher in-force contribution.

The full-year 2021 operating result increased to EUR 263 million from EUR 240 million in 2020, mainly reflecting a higher technical margin and lower DAC amortisation and trail commissions. Excluding currency effects, the full-year operating result increased by 16.7%.

The result before tax for full-year 2021 increased to EUR 262 million from EUR 210 million, reflecting the higher operating result and higher non-operating items.

Full-year 2021 new sales (APE) increased to EUR 345 million from EUR 263 million in 2020, reflecting the strong market recovery from low sales in 2020 and the result of management actions. Excluding currency effects, new sales increased by 39.5%.

## Performance

### Japan Life

#### Analysis of result

amounts in millions of euros	2021	2020
Investment margin	-12	-14
Fees and premium-based revenues	610	639
Technical margin	30	17
<b>Operating income</b>	<b>628</b>	<b>642</b>
Administrative expenses	135	144
DAC amortisation and trail commissions	230	258
<b>Total expenses</b>	<b>365</b>	<b>402</b>
<b>Operating result</b>	<b>263</b>	<b>240</b>
<b>Non-operating items:</b>	2	-27
– of which gains/losses and impairments	4	-7
– of which revaluations	-2	-20
Special items	-3	-3
<b>Result before tax</b>	<b>262</b>	<b>210</b>
Taxation	74	57
<b>Net result</b>	<b>188</b>	<b>152</b>

#### Key figures

amounts in millions of euros	2021	2020
New sales life insurance (APE)	345	263
Value of new business	156	75
Administrative expenses	135	144
Operating capital generation	129	133



# 100,000

SME customers



# 35 year

Presence in Japan

## Our strategy and performance – Asset Management

# Asset Management

### Introduction

NN Investment Partners (NN IP) is the asset manager of NN Group. It manages the assets of the group's insurance businesses and offers retail and institutional customers a wide variety of actively managed investment products. It also provides advisory services in all major asset classes and investment styles. NN IP offers products and services globally through offices across Europe, the United States and Asia, with the Netherlands as its main investment hub.

### Planned sale of NN IP

On 19 August, we announced that we had reached an agreement to sell NN IP to Goldman Sachs Group, Inc. As part of the agreement, NN and Goldman Sachs Asset Management will enter into a strategic partnership, under which the combined company will continue to provide asset management services to NN.

The combination of the complementary investment capabilities of NN IP and Goldman Sachs will create a full suite of asset management products that can be offered to clients through the distribution networks of both parties. At the same time, NN IP's leading position in responsible investing will strengthen Goldman Sachs Asset Management's sustainable investment strategy, product offerings and client solutions.

The transaction will allow us to continue our successful cooperation with NN IP and to benefit from the strengths and complementary product propositions of Goldman Sachs. The transaction will also give us greater optionality to develop a broader range of asset management propositions for our customers. Our approach and ambitions around environment, social and governance (ESG) will remain unchanged, and Goldman Sachs shares our commitment to responsible investing.



“  
In 2021 we have continued our journey to be a leader in responsible investing, while bringing a strong investment performance and high quality service to our clients

**Satish Bapat**

CEO NN Investment Partners

As a leader in responsible investing, we have continued to engage with a broad range of stakeholders to support the transition to a more sustainable world.

To stay closely connected with our clients, we launched the Headlight Series: a series of digital events and content, exploring perspectives on issues that matter most to our clients. Our further investments in a digital client experience were also recognised externally, with an increased ranking to #6 in the Living Ratings report on digital intelligence of global asset managers. Our investment performance continued to be strong across our capabilities.

In August we announced the intended acquisition by Goldman Sachs, which is expected to be closed in 2022. The combination with Goldman Sachs will give NN IP a broader platform to accelerate its growth and further improve our offering and service to our clients. And in our new set-up, we are looking forward to continuing our long-term relationship with NN with a strategic partnership.

### 2021 highlights

- NN IP continued to make progress as a leader in responsible investing. The percentage of our Assets under Management (AuM) where environmental, social and governance (ESG) factors are integrated into the investment process increased to 91%. NN IP also continued to actively engage with investee companies, leading to 35,985 votes at shareholder meetings. And as a member of the Net Zero Asset Managers Initiative, NN IP announced the initial scope of asset classes that will be managed with a view to reaching net-zero greenhouse gas (GHG) emissions by 2050 or sooner. By the end of 2021, this includes equity, corporate fixed income and sovereign bond portfolios.
- NN IP saw further growth in its alternative credit capability, reflected by its higher ranking in the Top 100 Global Private Debt Fund Raisers compared to 2020, where it remains the only Dutch-based asset manager. A number of new products were launched onto the market, including a Sovereign Green Bond Fund and two new Dutch Residential Mortgage funds.

## Our strategy and performance – Asset Management continued

### Financial result

The full-year 2021 operating result increased to EUR 181 million compared with EUR 152 million in 2020 driven by higher fees reflecting higher average Assets under Management (AuM) and a more favourable asset mix, partly offset by higher administrative expenses.

The result before tax in 2021 increased to EUR 178 million compared with EUR 152 million in 2020 mainly driven by the higher operating result.

Full-year 2021 operating capital generation was EUR 135 million compared with EUR 103 million in 2020, mainly reflecting the higher net result.

As of 2021, NN Group's asset management activities executed by NN IP are classified as discontinued operations in the Consolidated profit and loss account in the Annual Accounts. Reference is made to Note 46 'Companies and businesses acquired and divested' in the Annual Accounts.

## Performance

### Asset Management

#### Analysis of result

amounts in millions of euros	2021	2020
Investment income	-1	-3
Fees	482	440
<b>Operating income</b>	<b>481</b>	<b>438</b>
Administrative expenses	300	286
<b>Operating result</b>	<b>181</b>	<b>152</b>
Special items	-4	
<b>Result before tax</b>	<b>178</b>	<b>152</b>
Taxation	43	37
Minority interests	7	4
<b>Net result</b>	<b>127</b>	<b>111</b>

#### Key figures

amounts in millions of euros	2021	2020
Administrative expenses	300	286
Operating capital generation	135	103
amounts in billions of euros	2021	2020
Assets under Management	301	300



**91%**  
ESG-integrated AuM



**35,985**  
Votes cast

## Our strategy and performance – Other

# Other

### Introduction

The segment Other comprises the businesses of Japan Closed Block VA, NN Re, the results of NN Group's holding company, and other results.

Japan Closed Block VA comprises NN Group's closed-block single premium variable annuity (SPVA) individual life insurance portfolio in Japan. These products were predominantly sold from 2001 to 2009. The total portfolio is reinsured by NN Re in the Netherlands. The portfolio is actively managed and hedged on a market-consistent basis and is expected to release capital as the block runs off. The exact timing and amount cannot be predicted as it is influenced by the results of the hedge programme.

NN Re is NN Group's internal reinsurer. It provides innovative reinsurance solutions to manage risks, optimise capital, support growth in business units, and safeguard stable and efficient hedging.

The result of the holding includes the interest paid on hybrids and debt, interest received on loans provided to subsidiaries and on cash and liquid assets held at the holding company, and the head office expenses that are not allocated to the business segments.

### Financial result

The full-year 2021 operating result of the segment Other was EUR -157 million compared with EUR -151 million in 2020, which included a provision release of EUR 7 million related to a legacy entity. The lower holding result in 2021 was partly offset by the improved operating result of the reinsurance business.

The full-year 2021 holding result decreased to EUR -166 million from EUR -143 million in 2020 mainly due to higher holding expenses.

The full-year 2021 operating result of the reinsurance business was EUR 11 million compared with EUR -8 million in 2020. The 2021 operating result includes a EUR 9 million claim from a legacy portfolio and EUR 8 million of claims related to the floods in July 2021, while 2020 included EUR 31 million of claims related to Netherlands Non-life's Disability portfolio.

## Performance

### Other

#### Analysis of result

amounts in millions of euros	2021	2020
Interest on hybrids and debt <sup>1</sup>	-108	-108
Investment income and fees	103	107
Holding expenses	-161	-142
Amortisation of intangible assets		
<b>Holding result</b>	<b>-166</b>	<b>-143</b>
Operating result reinsurance business	11	-8
Other results	-3	
<b>Operating result</b>	<b>-157</b>	<b>-151</b>
<b>Non-operating items:</b>	25	-10
– of which gains/losses and impairments	12	12
– of which revaluations	39	7
– of which market and other impacts	-26	-29
Special items	-30	-75
Acquisition intangibles and goodwill	-21	-24
Result on divestments		111
<b>Result before tax</b>	<b>-184</b>	<b>-149</b>
Taxation	-11	-131
<b>Net result</b>	<b>-172</b>	<b>-18</b>

1 Does not include interest costs on subordinated debt treated as equity.

### Key figures

amounts in millions of euros	2021	2020
<b>Total administrative expenses:</b>	172	153
– of which reinsurance business	8	8
– of which corporate/holding	163	144
Operating capital generation	-272	-214

Other results in 2021 were EUR -3 million compared with nil in 2020, which included a net release of provisions of EUR 7 million related to a legacy entity.

The full-year 2021 result before tax of the segment Other was EUR -184 million compared with EUR -149 million in 2020, which included a result on divestments relating to a provision release from a legacy entity, while the current period reflects lower special items and higher non-operating items.

Full-year 2021 operating capital generation was EUR -272 million compared with EUR 214 million in 2020. The decrease mainly reflects the benefit of a release of SCR following the termination of an internal reinsurance agreement with Netherlands Non-life in 2020.