

NN Group 1H21 results

12 August 2021



1H21 highlights

David Knibbe, CEO

Strong financial and commercial results across the Group

**Solid balance sheet
and attractive capital
returns**

Solvency ratio

209%

31 December 2020: 210%

Holdco cash capital

EUR 1.5bn

31 December 2020: EUR 1.2bn

Interim dividend

EUR 0.93 per share¹

**OCG reflects improved
business performance;
material growth of new
business**

**Operating capital
generation**

EUR 780m

1H20: EUR 543m

Value of new business

EUR 242m

1H20: EUR 122m

**Higher financial results
driven by strong operating
performance at all segments**

Operating result

EUR 1,119m

1H20: EUR 926m

Net result

EUR 1,414m

1H20: EUR 587m

1. Calculated as 40% of the pro-forma 2020 full-year dividend per ordinary share in accordance with the NN Group dividend policy; Pro-forma 2020 full-year dividend per share of EUR 2.33, comprising the regular 2020 interim dividend of EUR 0.86 plus the 2020 final dividend of EUR 1.47

Providing products and services that help our customers

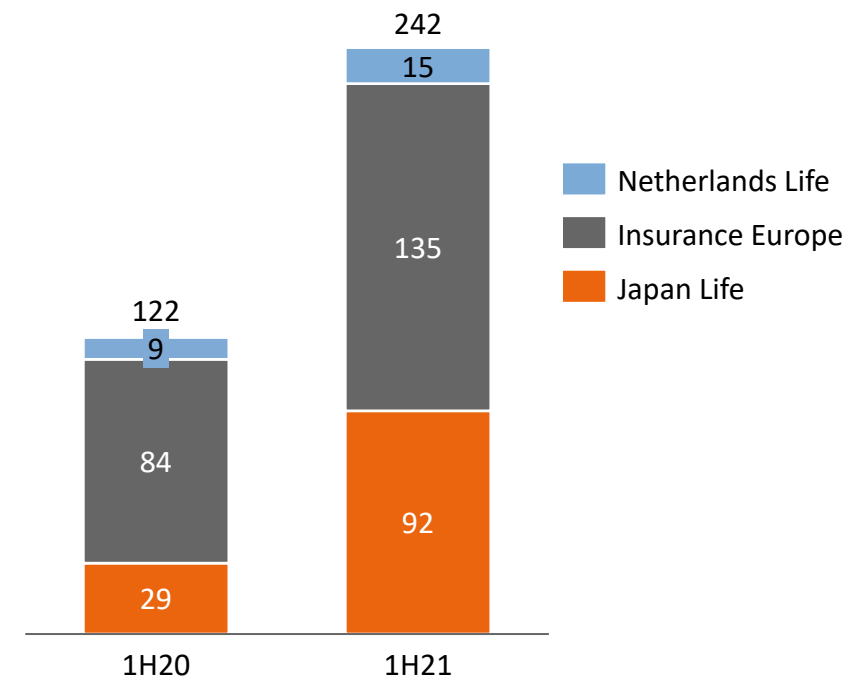
Higher sales in Europe and Japan

- More favourable business mix in Europe with focus on protection products
- Higher COLI sales in Japan; new products launched, such as income protection for SME owners
- Pandemic has created higher awareness and demand for protection products

Assisting customers in need

- Helping customers during floods in the Netherlands and Belgium in July
 - Pro-active claims management, mobile shops on location in affected areas, experts to assist with planning repair work and making alternative arrangements for businesses to continue operating
 - Estimated financial impact of flood claims of EUR ~70m (pre-tax, net of external reinsurance) in 2H21

Leading to higher Value of new business¹ (EURm)



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

Progress on strategic ambitions to generate value and growth

Driving organic growth

- DC assets under management increased to EUR 27bn at 1H21 reflecting strong market position
- Enhanced digital capabilities in Europe resulting in increased customer engagement and growing number of leads (~+40%), which support higher sales
- Mortgage origination in 1H21 of EUR 4.4bn, of which 65% transferred to group companies
- Net inflows in Third Party AuM of EUR 3.9bn in 1H21 across investment strategies and segments

Investing in value-creating opportunities

- Acquisition of Metlife's businesses in Poland and Greece, strengthening NN's position in Life and Pensions in Poland and creating the market leading life insurance company in Greece
- Acquisition of 70% stake in Dutch service provider and broker Heinenoord, strengthening NN's position in a rapidly consolidating broker market
- Divestment of business in Bulgaria completed in July

Broader commitment to stakeholders

- Employee engagement remains high with an overall score of 7.8
- ESG-integrated AuM up at 75%; continued progress implementing net-zero ambition

Attractive and growing capital returns in line with our commitment to shareholders

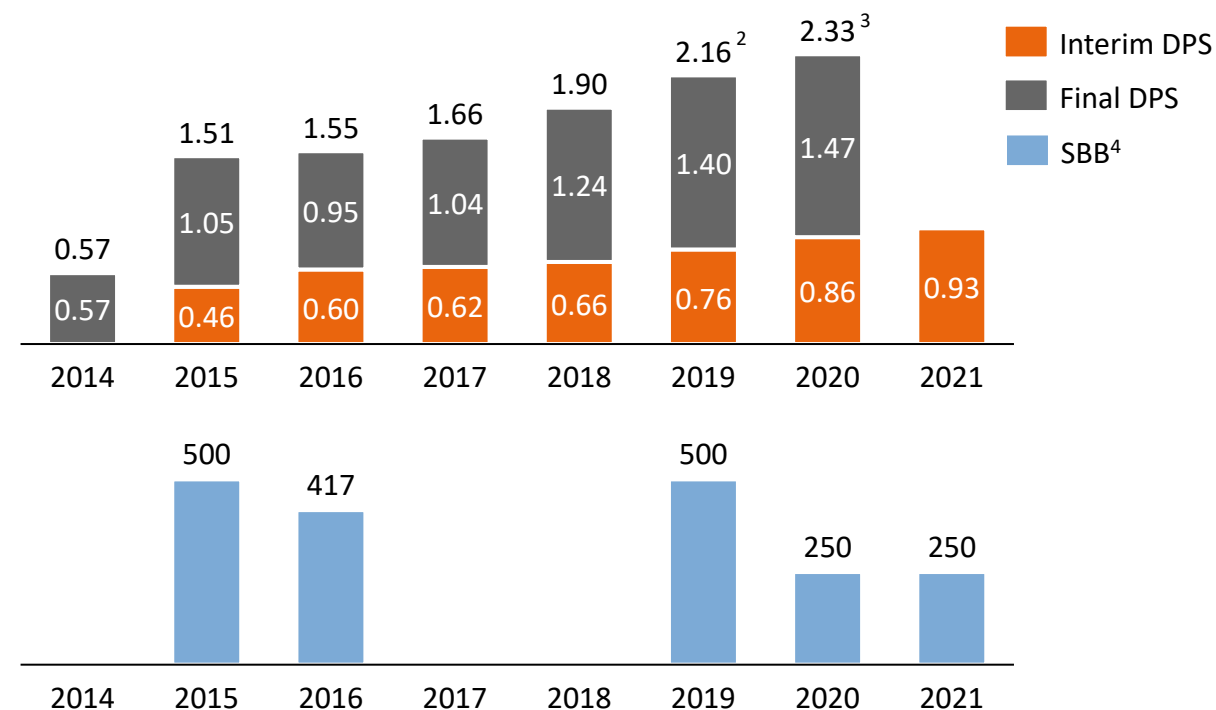
Our commitment: Resilient and growing long-term capital generation for shareholders

Financial targets: OCG: EUR 1.5bn in 2023
FCF: over time, in a range around OCG

Dividend 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

Dividends (EUR) and share buybacks (EURm)

- Interim dividend 2021 of EUR 0.93 per share¹

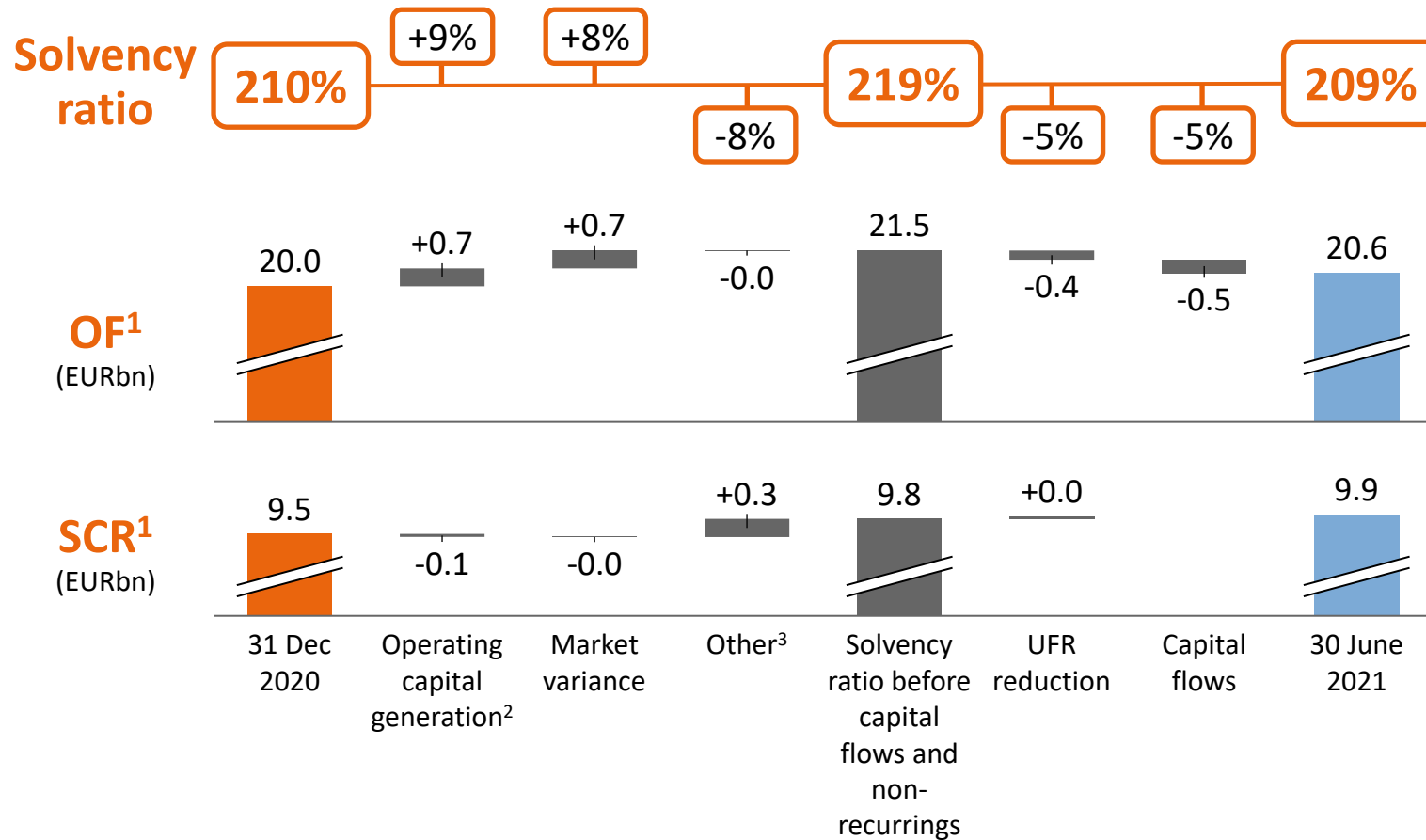


1. Interim dividend calculated at 40% of the pro-forma 2020 full-year dividend per ordinary share in accordance with the NN Group dividend policy
 2. Pro-forma 2019 full-year dividend per share of EUR 2.16, comprising the interim dividend of EUR 0.76 plus the suspended final dividend of EUR 1.40
 3. Pro-forma 2020 full-year dividend per share of EUR 2.33, comprising the regular 2020 interim dividend of EUR 0.86 plus the 2020 final dividend of EUR 1.47
 4. Total share buyback amount shown in the year that the programme commenced

1H21 results

Delfin Rueda, CFO

Solid Solvency ratio at 209%



- Positive impact on the ratio from operating capital generation and market variance, offset by the reduction of UFR and capital flows to shareholders and an increase in SCR due to shift to higher-yielding assets
- Market variance mainly reflects the positive impact of spread tightening
- Capital flows reflect the 2021 interim dividend of EUR 287m to be paid in September and the EUR 250m share buyback programme commenced on 1 March 2021



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

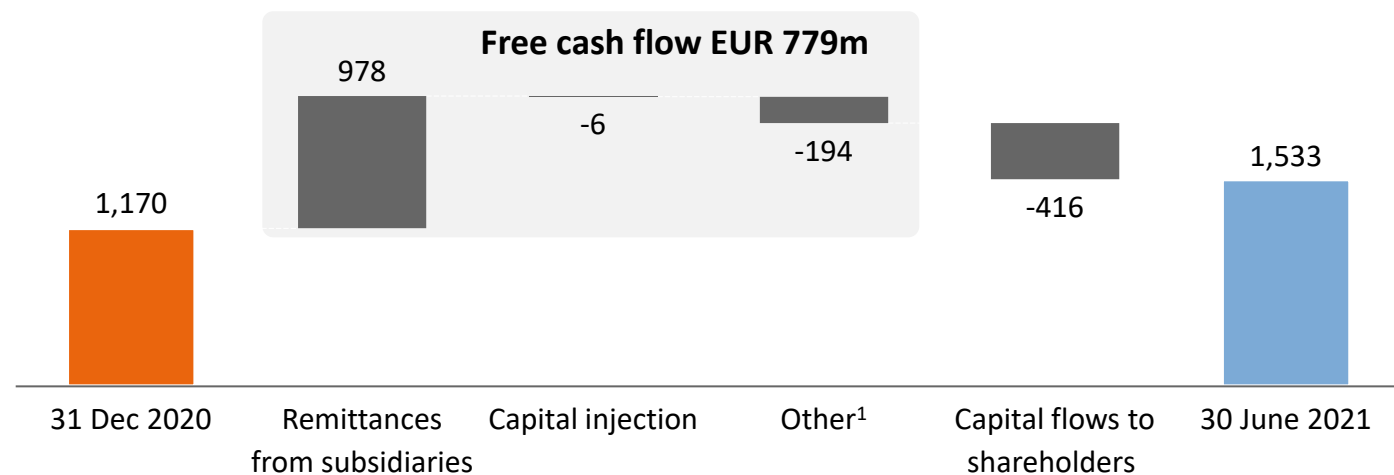
1H21 OCG reflects improved business performance

OCG¹ by segment (EURm)	1H21	1H20	Developments 1H21 versus 1H20
Netherlands Life	395	376	• Mainly reflecting higher investment returns
Netherlands Non-life	162	61	• Higher underwriting results in P&C and D&A (total combined ratio of 92.0%), while 1H20 was negatively impacted by the termination of a reinsurance agreement
Insurance Europe	182	119	• Mainly driven by a higher new business contribution and higher pension fees
Japan Life	57	70	• Reflecting the negative impact of a higher new business strain as a result of higher sales, partly compensated by a higher in-force contribution
Asset Management	67	50	• Mainly reflecting the higher net result
Banking	55	0	• Mainly reflecting the statutory net result ²
Other	-136	-133	• Reflects holding expenses and debt servicing costs, partly offset by a positive contribution of the reinsurance business
Operating capital generation	780	543	

Holding company cash capital of EUR 1.5bn

Movement in holding company cash capital

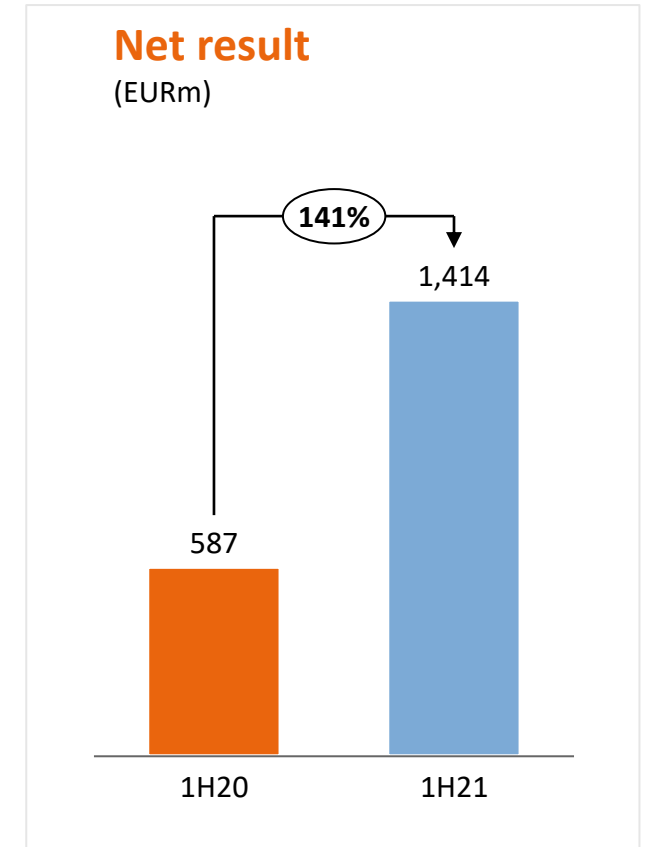
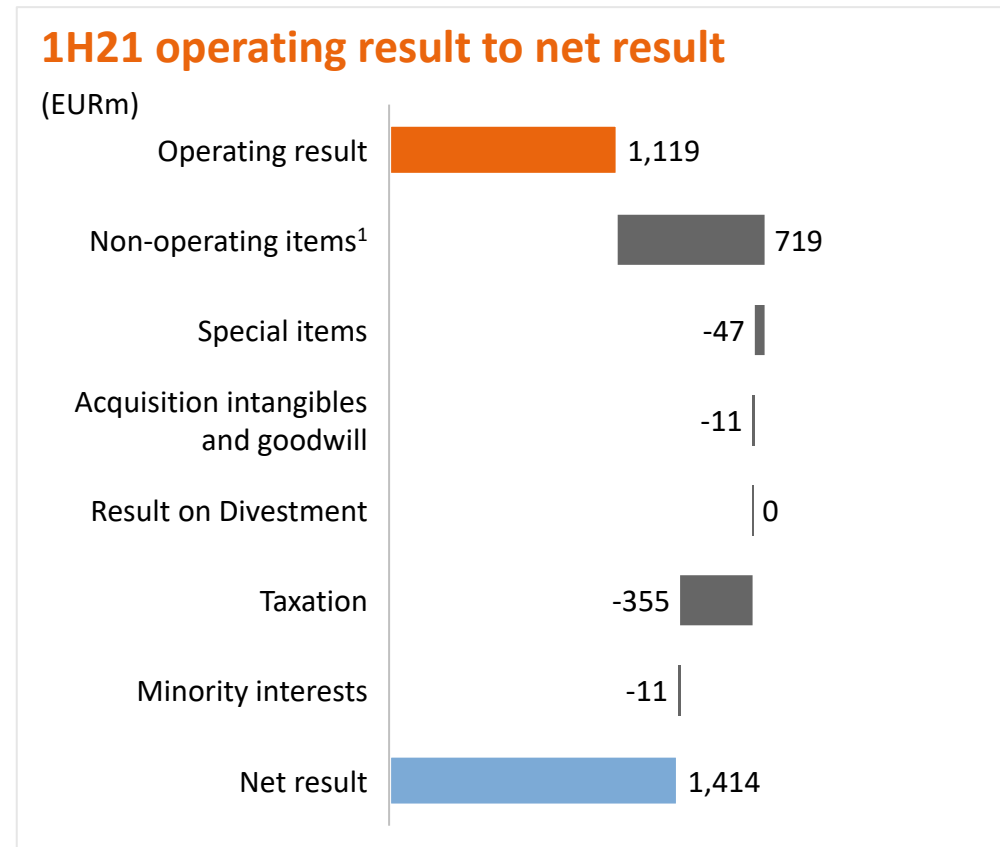
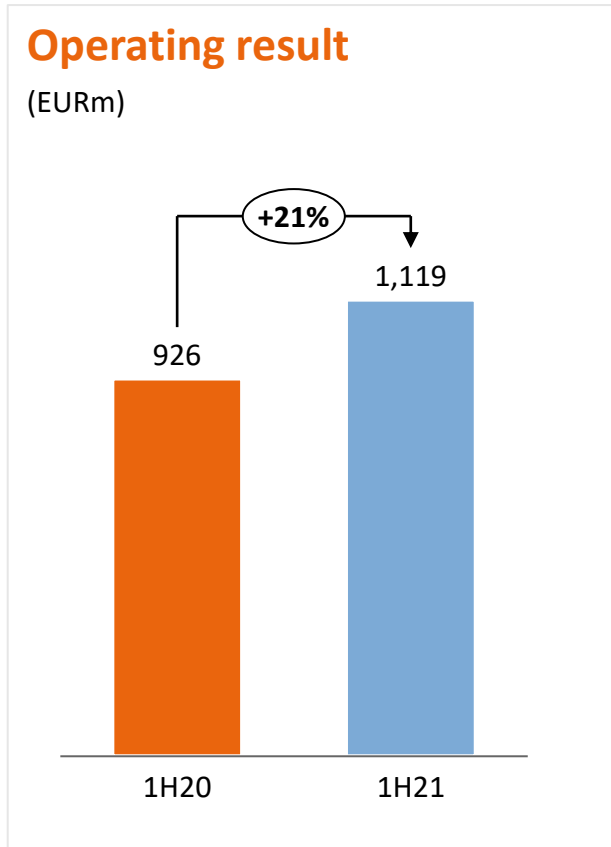
(EURm)



- Free cash flow to the holding of EUR 779m, driven by remittances received from subsidiaries
- EUR 416m of capital flows to shareholders representing the final 2020 cash dividend and own shares repurchased in 1H21

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

Strong financial performance



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

Operating result by segment

Operating result (EURm)	1H21	1H20	Developments 1H21 versus 1H20
Netherlands Life	520	494	• Mainly reflecting a higher investment margin partly offset by a lower technical margin and lower fees and premium-based revenues
Netherlands Non-life	189	111	• Driven by higher underwriting results in both D&A and P&C; combined ratio 92.0%
Insurance Europe	161	133	• Mainly driven by higher life and pension fees across the region on the back of higher sales and market recovery as Covid-19 restrictions are eased
Japan Life	156	138	• Excluding currency effects, reflecting a higher technical margin, lower DAC amortisation and trail commissions, and higher fees and premium-based revenues
Asset Management	91	74	• Driven by higher fees on higher average AuM and more favourable asset mix
Banking	79	80	• Reflects higher operating income, offset by higher total expenses
Other	-76	-104	• Mainly reflects higher operating result of the reinsurance business, partly offset by a lower holding result
Operating result	1,119	926	

Key takeaways

David Knibbe, CEO

Key takeaways




- ▶ Commercial momentum: higher sales in Japan and Europe; VNB doubled
- ▶ Strong financial performance: operating capital generation +44%; operating result +21%
- ▶ Solid balance sheet: Solvency II ratio at 209%, holding company cash capital at EUR 1.5bn
- ▶ Attractive and growing capital returns: interim dividend of EUR 0.93 per share
- ▶ Creating value for all stakeholders; employee engagement remains high and ESG-integrated AuM up to 75%

Q&A

David Knibbe, Delfin Rueda, Bernhard Kaufmann

Appendices

Our broader commitment to stakeholders

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

1. Net Promoter Score (NPS-r) measured for 11 of NN's business units in 2020; and 12 of NN's business units (including Japan) in 2021

2. Measured by GBHM (Global Brand Health Monitor)

3. Contribution to our communities in 1H21, including cash donations, hours of volunteering and in-kind giving (both monetised), etc., in line with B4SI standards

4. 3-year average

Operating capital generation by source

OCG¹ by source (EURm)	1H21	1H20	FY20
Investment return	647	569	1,223
Life – UFR drag	-431	-421	-978
Life – Risk margin release	204	215	440
Life – Experience variance	3	37	-5
Life – New business	79	53	92
Non-life underwriting	129	43	92
OF Generation – SII entities	631	496	864
Asset Management, Japan, Bank, Other ²	234	152	298
Holding expenses and debt costs	-140	-141	-277
OF Generation – Total	725	507	885
Change in SCR	55	35	108
Operating capital generation	780	543	993

Solvency sensitivities

Sensitivities to shocks at 30 June 2021¹	Δ OF (EURbn)	Δ SCR (EURbn)	Δ Solvency ratio (%-points)
Interest rate: Parallel shock +50bps	-0.4	-0.3	+3%
Interest rate: Parallel shock -50bps	+0.7	+0.5	-3%
Interest rate: 10bps steepening between 20y–30y	-0.6	+0.1	-7%
Credit spread: Parallel shock for AAA-rated government bonds +50bps	-0.7	+0.1	-8%
Credit spread: Parallel shock for AA and lower-rated government bonds +50bps	-1.0	0.0	-10%
Credit spread: Parallel shock corporate bonds +50bps	+0.8	-0.2	+13%
Credit spread: Parallel shock mortgages +50bps	-1.0	+0.0	-11%
Equity: Downward shock -25%	-2.0	-0.5	-11%
Real estate: Downward shock -10%	-0.9	-0.0	-8%
UFR: Downward adjustment by 15bps	-0.3	+0.1	-4%

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

Remittances from subsidiaries

Remittances from subsidiaries (EURm)	1H21	1H20	FY20	FY19
Netherlands Life ¹	520	450	930	814
Netherlands Non-life ¹	85	43	62	85
Insurance Europe ^{1,2}	125	63	77	148
NN Japan Life	146	119	119	79
Asset Management	60	42	81	195
Banking ¹	13	1	1	107
NN Re Netherlands	30	-	30	10
Other	-	-	9	21
Total	978	718	1,310	1,459

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

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

Important legal information

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

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