



**NN Group**  
**Company profile**  
February 2021

# Leading Dutch insurer with strong businesses in European insurance, asset management and Japan

## Some facts and figures

- History dating back to 1845
- Strong business positions
- Active in 20 countries
- Unified international culture with shared best practices
- Approximately 18 million customers
- Shareholders' equity of EUR 36.7bn at 31 December 2020
- Credit ratings<sup>1</sup>: A/stable (S&P), A+/stable (Fitch)

## Our main brands



movir



1. Financial Strength Ratings

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

## Banking

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

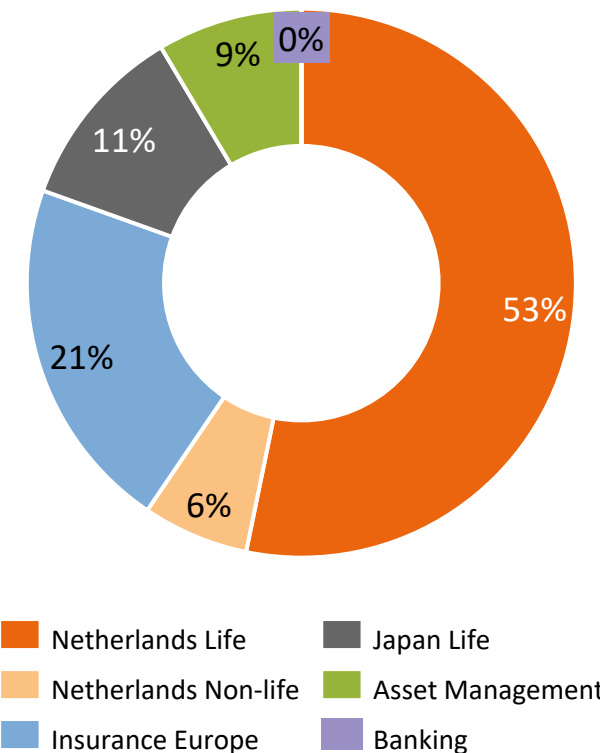
## Asset Management

- International asset manager
- EUR 300bn AuM at 31 December 2020
- Offers a wide variety of actively managed investment products and advisory services; also manages the assets of NN's insurance businesses

## Japan Life

- Market leader in corporate-owned life insurance (COLI) products in Japan with ~12% market share<sup>2</sup>
- Accounting for 30% of Japanese Life sales<sup>3</sup>

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



## Netherlands Life

- #1 position: 40% market share<sup>4</sup> in group pensions and 21% market share<sup>4</sup> in individual life
- Offers a range of pension and individual life insurance products in the Netherlands

## Netherlands Non-life

- 32% market share<sup>5</sup> in D&A (#1) and 25% market share<sup>5</sup> in P&C (#2)
- Offers a broad range of non-life insurance products in the Netherlands, including income protection, fire and motor

## Insurance Europe

- Top 3 player in CEE focused on life and voluntary pensions
- Serving 12m customers in 11 countries
- High market share and strong growth in protection markets

1. Percentages based on FY20 operating capital generation excluding the segment Other (EUR 1,207m); 2. During the period 2016 – 2018; 3. Source: Life Insurance Association Japan, Toyokeizai Online, company information, internal analysis, average of 2016-2018; 4. Source: DNB and CVS, based on GWP 2019; Includes internal data. Apf not included; 5. Source: DNB, based on GWP 2019; Only Dutch insurers that are subject to DNB supervision, excluding foreign insurers

# Experienced and diverse Management Board



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



**Dailah Nihot (NL)**  
Chief Organisation &  
Corporate Relations



**Delfin Rueda (ESP)**  
Chief Financial Officer<sup>1</sup>



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



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



**Fabian Rupprecht (CH/D)**  
CEO International Insurance



**Satish Bapat (NL/IND)**  
CEO NN Investment  
Partners



**Janet Stuijt (NL)**  
General Counsel



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

- Strong Management Board with the required skills and experience in the current fast-paced and dynamic environment
- Average experience in the financial sector of over 20 years
- Diversity (age, gender, culture and ethnicity) promoted throughout the organisation
  - Supervisory Board: 33% female, 67% male
  - Management Board: 22% female, 78% male
  - 53% of Supervisory and Management Board members with non-Dutch nationality
- Executive variable remuneration linked to NN Group's medium-term strategic priorities and based on both financial and non-financial performance

1. Also member of the Executive Board



# Creating long-term value for our stakeholders

Our purpose

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

Our ambition

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

Our values



Care



Clear



Commit

Our brand promise

**You matter**



Our strategic commitments



**Customers and distribution**  
We see our customers as the starting point of everything we do.



**Products and services**  
We develop and provide attractive products and services.



**People and organisation**  
We empower our colleagues to be their best.



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



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

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

NN Group can make a real difference by supporting our 18 million **customers** and contributing to the transition to a **sustainable economy**

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

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

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

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

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




Inclusive and open working environment for 15,000 **employees**

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

Maintaining a strong balance sheet

Embedding ESG in the organisation

# Our commitment to stakeholders

KPIs and targets		31-Dec-20	31-Dec-19
<b>Excellent customer experience</b> 	<b>Customer engagement</b> All insurance business units scoring above market average NPS <sup>1</sup> by 2023	<b>4 units</b>	4 units
	<b>Brand consideration<sup>2</sup></b> 28% by 2023	<b>21%</b>	25%
<b>Engaged employees</b> 	<b>Employee engagement</b> ≥ 7.8 by 2023	<b>7.9</b>	7.4
	<b>Women in senior management positions</b> 40% by 2023	<b>33%</b>	36%
<b>Positive contribution to society</b> 	<b>ESG-integrated AuM</b> 80% by 2023	<b>74%</b>	68%
	<b>Acceleration of the transition to a low-carbon economy</b> Net-zero carbon proprietary investment portfolio by 2050		
	<b>Contribution to society in charitable donations and volunteering hours</b> 1% of operating result <sup>3</sup> by 2023	<b>EUR 4.7m</b> <i>in charitable donations</i>	EUR 3.2m <i>in charitable donations</i>

1. Net Promoter Score measured for 11 of NN's business units

2. Measured by GBHM (Global Brand Health Monitor); 2019 percentage is based on the average brand consideration score from 2017 to 2019

3. 3-year average

# Sponsorship: engaging customers in the NN brand

## Art and Culture

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



## Sports

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





# Our proposition to investors

## Resilient balance sheet



- Priority is a strong capital position and balance sheet
- Disciplined capital allocation

## Strong cash flow in the Netherlands



- Accelerating management actions
  - Shift to higher-yielding assets
  - Balance sheet optimisation
  - Optimise Non-life business
  - Focus on efficiency

## Profitable growth in attractive markets



- Leading market positions in Japan COLI<sup>1</sup> and CEE
- Shift to protection and leveraging on strong distribution network

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

**Financial targets** OCG<sup>2</sup>: 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

# Accelerating management actions to increase cash flow generation



## **Actively manage in-force portfolio in the Netherlands**

- Increase allocations to mortgages, loans and real estate, while reducing exposure to government bonds
- Manage longevity risk, while considering cost versus return
- Reduce expenses in line with portfolio run-off

## **Optimise the Non-life business**

- Build data capabilities to improve profitability
- Leverage on additional scale and reduce expenses of VIVAT Non-life

## **Drive sales through enhanced customer engagement**

- Build and expand business and retail engagement platforms on relevant themes, such as Carefree retirement and Workforce solutions
- Grow NN Bank and leverage bank partnerships

## **Build on strong investment offering with responsible investing at the core**

- Leverage on in-house expertise and partnerships

# Driving profitable growth in attractive markets



## Offer excellent products in Europe and Japan

- Leverage on leading market positions
- Focus on protection products in Europe for higher customer relevancy and better margins
- Reactivate sales of COLI products in Japan

## Leverage on strong distribution network

- Use digital capabilities to increase productivity and retention of tied agent and broker network
- Increase select third-party product offering
- Drive bancassurance through close partnerships

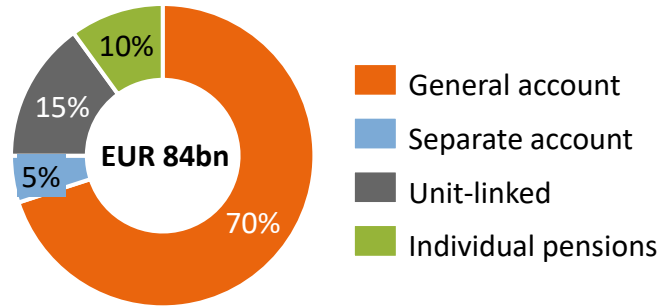
## Enhance in-force book

- Enhance in-force book through capital optimisation, margin improvement and efficiencies

# Netherlands Life

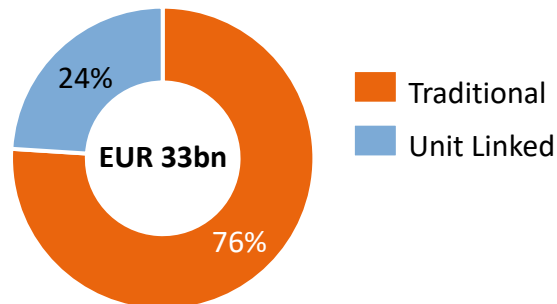
## Pensions

(Technical reserves, FY20)



## Individual Life Closed Blocks

(Technical reserves, FY20)



## Actively manage in-force portfolio in the Netherlands

- Optimising risk return of investment portfolio by increasing allocations to mortgages, loans and real estate, while reducing government bonds
- Actively manage longevity risk, while considering cost versus return
- Reduce expenses in line with portfolio run-off

## Delivering significant and reliable cash flows over time

- Remittances from operating capital generation and surplus capital
- Capturing opportunities in changing pension market
- Managing run-off of closed books
  - Expected SCR release of EUR ~1.7bn by 2029
  - Transition from capital intense DB<sup>1</sup> to capital light DC<sup>1</sup> pensions over the long term

**Target:** OCG of EUR 0.9bn in 2023

**Guidance:** Expenses to develop in line with portfolio; to reduce by EUR 50m by 2023

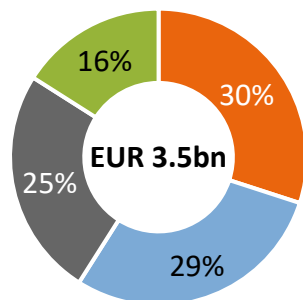
1. Defined Benefit (DB); Defined Contribution (DC)

# Netherlands Non-life

## Product mix

(GWP<sup>1</sup>, FY20)

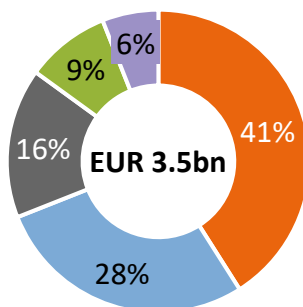
- D&A
- Fire
- Motor
- Other P&C



## Distribution channel

(GWP<sup>1</sup>, FY20)

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



## Breakdown of combined ratio

	FY20	FY19	FY18 <sup>2</sup>
D&A <sup>3</sup>	102.6%	92.3%	94.0%
P&C <sup>3</sup>	92.0%	97.0%	102.3%
<b>Combined ratio</b>	<b>95.3%</b>	<b>95.4%</b>	<b>99.4%</b>

## Optimise the Non-life business

- Profitability driven by underwriting improvement and expense reduction
- Build data capabilities; benefit from largest data pool in Dutch Non-life market
- Leverage on additional scale and reduce expenses of Vivat Non-life
- Drive customer engagement and cross-sell through platforms and innovative services
- Optimising risk return of asset portfolio

**Target:** Combined ratio of 94–96%

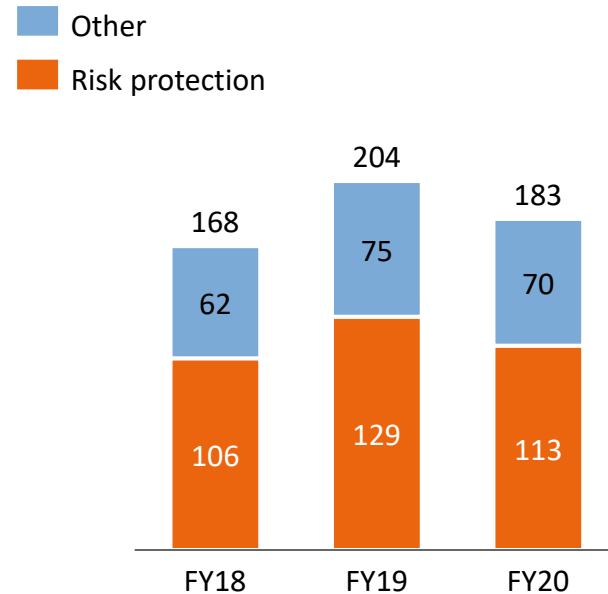
**Guidance:** OCG<sup>4</sup> of EUR 225m in 2023; Administrative expense ratio <10% in 2023



# Insurance Europe

## Focus on profitable new business

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



**Target:** OCG of EUR 325m in 2023

## Driving profitable growth

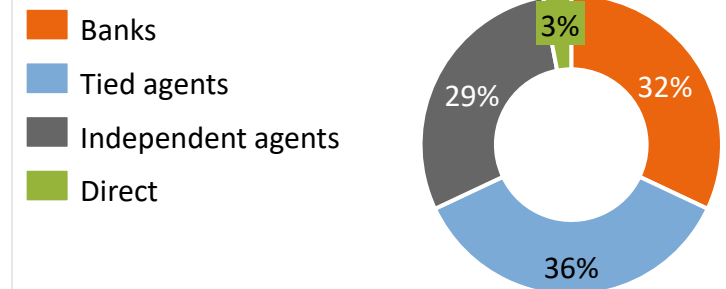
- Leverage on leading market positions
- IRR of ~13%, payback period of ~6 years
- Focus on protection products for higher customer relevancy and better margins
- Leverage on strong distribution network
  - Use digital capabilities to increase productivity of tied agent and brokers
  - Increase select third-party product offerings
- Enhance in-force book through capital optimisation, margin improvement and efficiencies

## Leading protection player

- >20% market share in Romania, Hungary and Belgium
- Top 3 life and pension player in CEE, #5 life player in Belgium, #2 life insurer in Greece

## Leverage on strong distribution network

(New sales<sup>2</sup> by distribution channel, FY20)



- Strong relationships with bancassurance partners to drive mutual growth

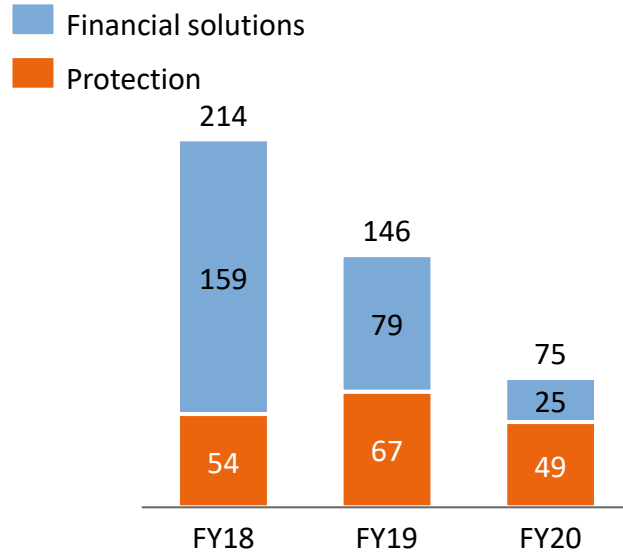
1. Value of New Business (VNB)

2. New sales (APE)

# Japan Life

## Focus on profitable new business

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

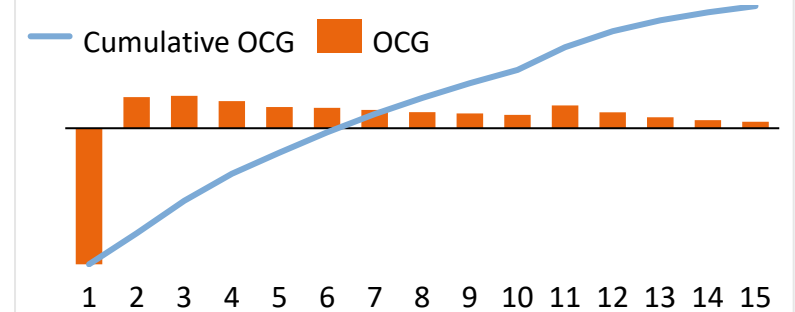


- Recovery of new sales and VNB in 2H20 following revised tax regulations

## Active in COLI<sup>2</sup> market

- Attractive new business margins
- Market leader in COLI segment<sup>3</sup>, which accounts for 30% of Japanese Life sales<sup>4</sup>
- Japan COLI market ~2.5x Belgium Life market<sup>5</sup>
- Business started by NN in 1986 and organically built
- Short-term focus on reactivating sales following revised tax regulation
- Broad range of products with track record of innovation

## VNB contribution to OCG in the longer term (VNB of EUR 75m at FY20)



- New sales<sup>6</sup> result in a high new business strain on JGAAP basis, therefore higher sales lead to
  - Lower OCG in the short term (NB strain)
  - Higher OCG in the medium term (increasing in-force profits)

**Target:** VNB ≥ EUR 150m in 2023

**Guidance:** OCG of EUR 100m in 2023

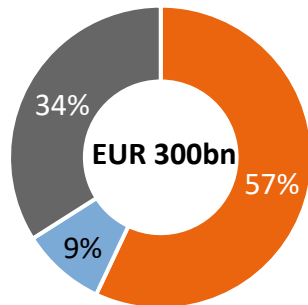


1. Value of New Business (VNB); 2. Corporate Owned Life Insurance (COLI); 3. Market share of ~12%, during the period 2016-2018; 4. Source: Life Insurance Association Japan, Toyokeizai Online, company information, internal analysis, average of 2016-2018; 5. Based on APE; Japan COLI market average 2007-2016; Belgian market size for 2019; internal analysis; 6. New sales (APE) of EUR 263m at FY20 by distribution channel: independent agents (87%), Bank (10%) and Sumitomo (4%)

# Asset Management

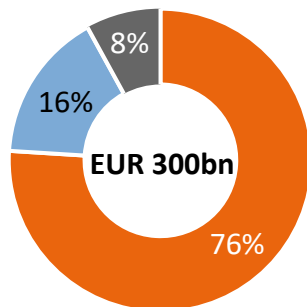
## AuM by client type (31 Dec 2020)

- Proprietary
- Other affiliates
- Third party



## AuM by asset class (31 Dec 2020)

- Fixed Income
- Multi-assets
- Equity



## Key figures

	FY20	FY19	FY18
AuM (EURbn)	300	276	246
Net operating RoE	33.6%	34.1%	27.6%
Cost/income ratio	65.2%	63.8%	65.9%

## Strong investment offering with responsible investment at the core

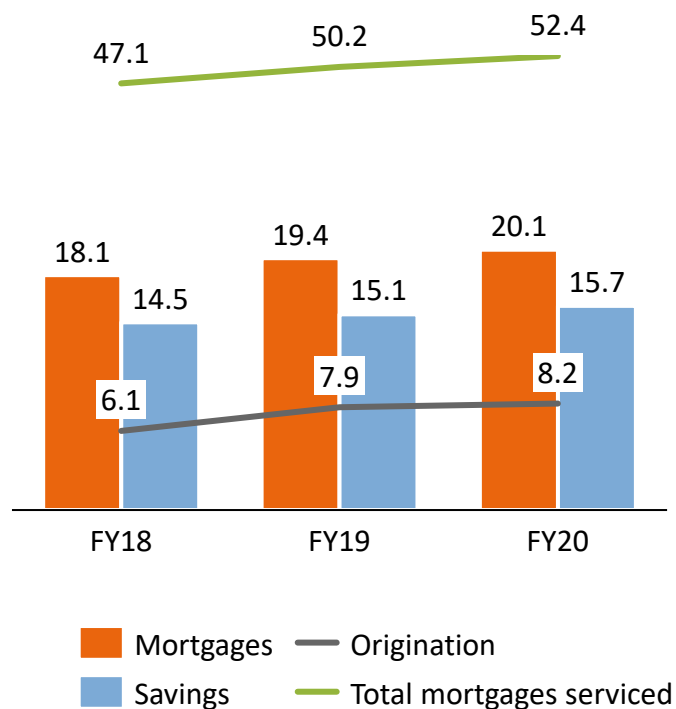
- Third party franchise generates around 60% of revenues
- Adding value to NN's insurance and pension business
- Leverage on in-house expertise and partnerships
- Leverage on insurance heritage to grow private debt and multi-asset solutions
- Responsible investing at the core of NNIP

**Target:** OCG of EUR 125m in 2023

**Guidance:** Cost/income ratio mid-sixties in 2023; 80% ESG integrated AuM in 2023

# Banking

## Steady growth in mortgages and savings<sup>1</sup> (EURbn)



## Key figures

	FY20	FY19	FY18
Operating result	154	152	130
Net operating RoE <sup>1</sup>	13.8%	15.0%	12.9%
CET1 ratio	17.4% <sup>2</sup>	15.7%	16.3%

- #5 retail bank in the Netherlands
- Serving 1 million retail customers with mortgages and saving products
- Distribution through intermediaries and direct channel; no branch network
- Majority of mortgages are allocated to Group and NNIP mortgage fund
- Self-funded growth

## Drive sales through enhanced customer engagement

- Complementary products to NN's insurance offering
- High rate of digital interaction with customers;
- Growth of number of savings customers offers frequent point of contact and cross-selling opportunities
- Strong growth in mortgage origination at attractive spreads

**Target:** Net Operating RoE ≥12% in 2023

**Guidance:** OCG of EUR 70m in 2023; Cost/income ratio < 55% in 2023

# Group and segment targets focusing on value creation

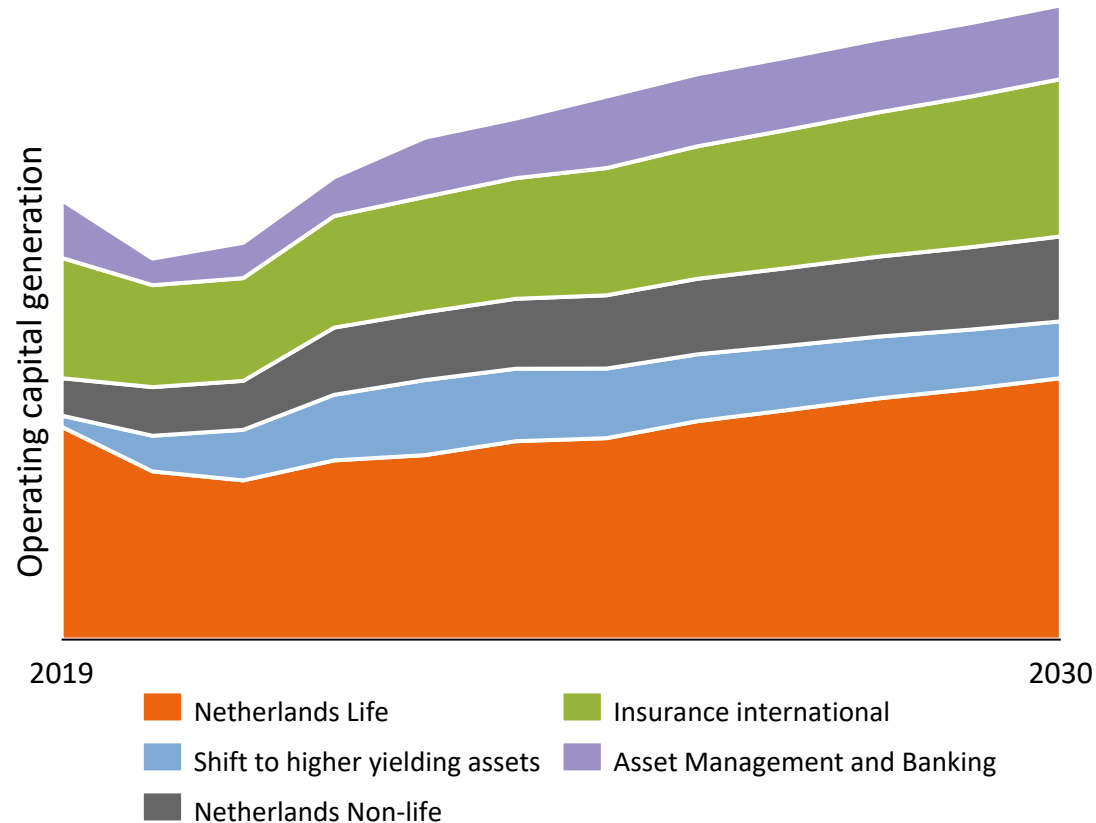
<b>Group medium-term financial targets and dividend policy</b>	<b>Operating capital generation</b>  <b>EUR 1.5bn in 2023</b>	<b>Free cash flow</b>  <b>In a range around OCG over time</b>	<b>Dividend policy</b>  <b>Progressive DPS</b> <b>Annual share buyback of at least EUR 250m</b>
<b>Segment medium-term financial targets<sup>1</sup></b>	<b>Netherlands Life</b>  <b>OCG of EUR 0.9bn in 2023</b>	<b>Netherlands Non-life</b>  <b>COR 94-96%</b>	<b>Insurance Europe</b>  <b>OCG of EUR 325m in 2023</b>
	<b>Japan Life</b>  <b>VNB of at least EUR 150m in 2023</b>	<b>Asset Management</b>  <b>OCG of EUR 125m in 2023</b>	<b>Banking</b>  <b>Net operating RoE of ≥ 12%</b>

1. Holding expenses, debt costs and the contribution from NN Re reduce OCG by EUR ~250m in 2023



# Strategy will lead to growing long-term capital generation and cash flows

## Illustrative development of Operating Capital Generation<sup>1</sup>



## Mid-single digit annual growth of OCG over time

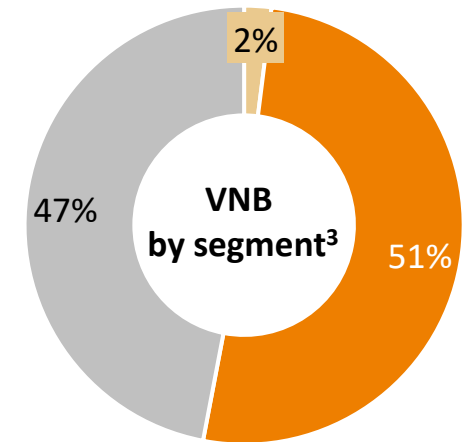
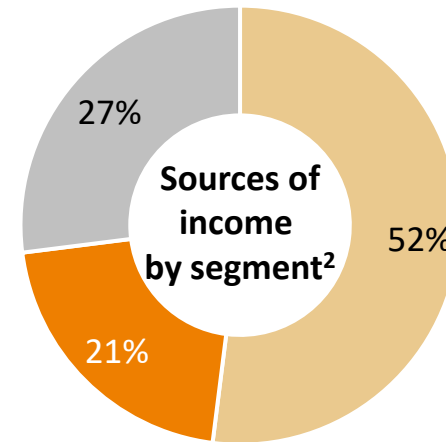
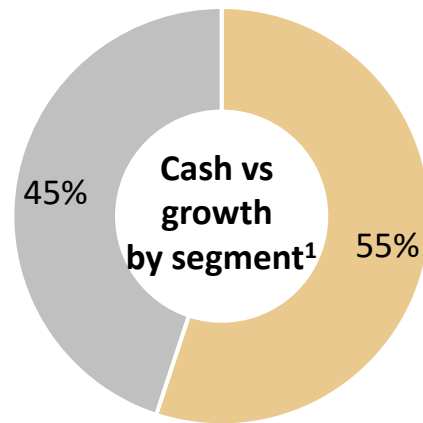
- Run-off Dutch Life in-force book offset by UFR unwind
- Growth driven by new business at Dutch and International units, Non-life improvements, Asset Management and Banking, and management actions
- Free Cash Flow expected to grow in a range around OCG over time

1. Operating Capital Generation (OCG) is the movement in the Solvency II surplus (Own Funds before eligibility over SCR at 100%) in the period due to operating items; Illustrative development based on current regulatory framework and excluding M&A; Segment Other is not included

# International footprint provides diversification



## Diversified sources of cash, income and growth



Netherlands Life cash generation  
 Growth and long-term cash sustainability

Predominately spread risk (NL Life)  
 Predominately technical margin focus  
 Predominately fee income

Netherlands Life  
 Japan Life  
 Insurance Europe

- 18 million customers
- Diversified portfolio, including international operations, offsetting run-off profile of Dutch life in-force and driving long-term cash sustainability

1. Based on remittances 2017 – 2019  
 2. Based on operating result 2017 – 2019  
 3. Based on VNB 2017 – 2019

\* Outside Europe and Japan, NN Investment Partners has offices in Montevideo, New York and Singapore

# Thorough assessment of individual businesses

- Regular and thorough assessment of individual businesses at both the business unit and market level, including strategic coherence and right-owner concept

## Business unit performance

- Return on Own Funds
- New business profitability
- Net remittances
- Market position

## Market attractiveness

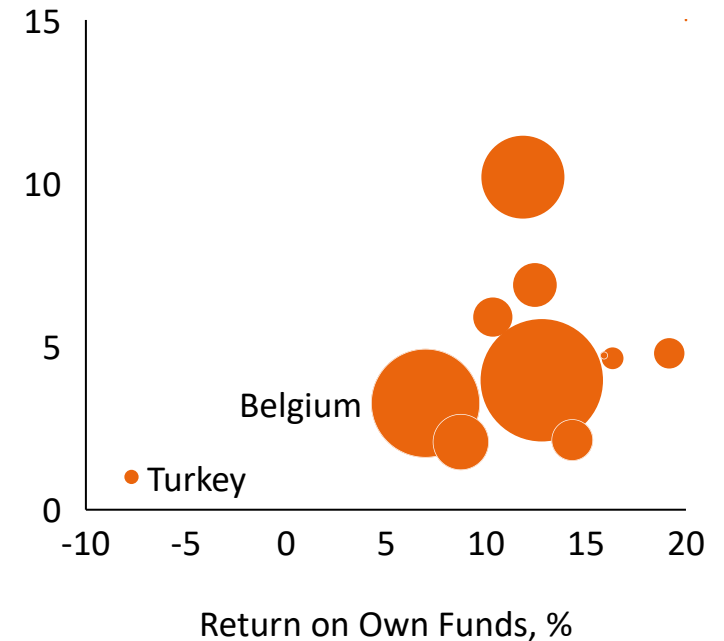
- Market growth
- Market size
- Market wealth
- Country risk

## Considerations

- Contribution to Group results
- Scale to compete
- Market dynamics
- Distribution strength, bancassurance agreements
- Ability to act
- Conviction to succeed

## International business units Return on Own Funds to VNB profit margin<sup>1</sup>

VNB profit margin, %



1. Return on Own Funds reflects the 2019 i) Own Funds operating capital generation divided by average Basic Own Funds excluding transitional measures for Solvency II entities, ii) divided by SCR at 150% for Greece, iii) net local GAAP result divided by local GAAP equity for Turkey Life and pension funds; iv) Japan included on an equivalence basis; VNB profit margin defined as 2019 Value of new business as a percentage of the Present value of new business premiums; bubble size reflects the denominator in the return calculations

# We actively manage the portfolio

- We commit to optimising all of our business units to achieve attractive returns
- If the local cost of capital is not exceeded over time, we will take structural action
- Required return is country specific
- We will engage in M&A only if there is a clear strategic rationale and if financial hurdles are met

## Operate to maximise value creation

### NL Life, NL Non-life, Asset Management and Banking

- Business units with a strong capital generation to Own Funds and/or stable and predictable cash flows
- Optimise balance sheet and drive cost efficiencies

## Invest for growth

### Japan, CEE, Spain and Greece

- Business units with healthy new business profitability and growth potential
- Profitable growth through innovative protection offering and strong, diversified distribution

## Reshape to improve results

### Belgium and Turkey

- Actions being taken to increase profitability and cash flow contribution

# Disciplined capital framework

## Capitalisation

- Manage operating units to commercial capital levels
- Surplus capital to be distributed to holding subject to regulatory restrictions

## Cash capital at holding

- To cover stress events and to fund holding costs
- Target range of EUR 0.5 – 1.5bn

## Financial leverage

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

## NN Life Solvency II ratio

**220%** (30 June 2020: 226%)

## Cash capital at holding

**EUR 1.2bn** (30 June 2020: EUR 1.3bn)

**FCCR 11.9x** (30 June 2020: 11.1x)

**Leverage ratio 23.3%** (30 June 2020: 24.7%)

**Financial leverage EUR 5.8bn** (30 June 2020: EUR 5.8bn)

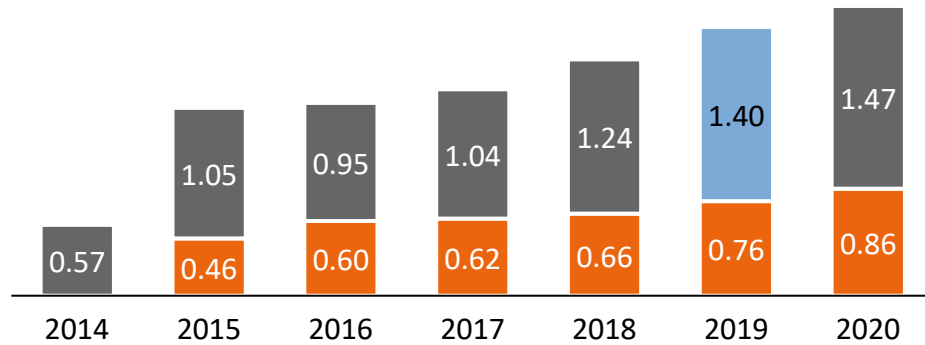
**NN Group Solvency II ratio 210%** (30 June 2020: 221%)

All figures at 31 December 2020



# Attractive and growing capital returns to shareholders

## Dividends (EUR)



## DPS<sup>1</sup> (EUR)

2014	2015	2016	2017	2018	2019	2020
0.57	1.51	1.55	1.66	1.90	2.16 <sup>2</sup>	2.33 <sup>3</sup>

- Interim dividend per share
- Final dividend per share
- Suspended dividend per share paid in 2H20

## Proposed final dividend of EUR 1.47 per share

- Together with regular 2020 interim dividend of EUR 0.86 per share paid in September 2020, total dividend for 2020 of EUR 2.33<sup>3</sup> per share
- Total 2020 dividend per share represents 7.9% growth on 2019, in line with progressive dividend policy
- Proposed final dividend to be tabled at AGM on 20 May 2021

## New share buyback programme

- EUR 250m share buyback programme to be completed within 12 months and expected to commence on 1 March 2021

# APPENDICES

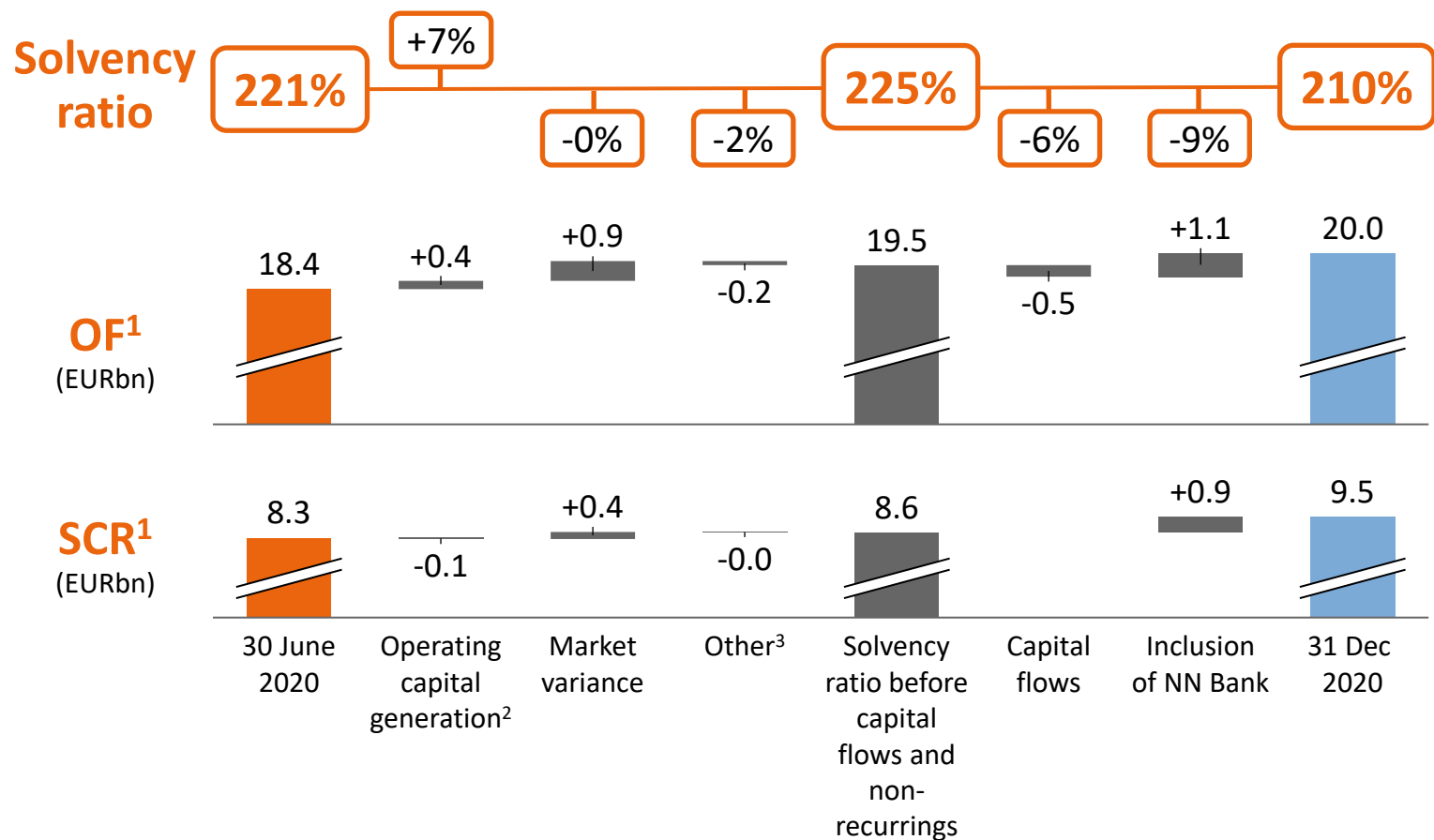
# Remittances from subsidiaries

Remittances from subsidiaries (EURm)	2H20	1H20	FY20	FY19	FY18	FY17
Netherlands Life <sup>1</sup>	480	450	930	814	837	1,035
Netherlands Non-life <sup>1</sup>	19	43	62	85	108	100
Insurance Europe <sup>1,2</sup>	14	63	77	148	299	230
NN Japan Life	-	119	119	79	-	57
Asset Management	39	42	81	195	177	96
Banking <sup>1</sup>	1	1	1	107	10	2
NN Re Netherlands	30	-	30	10	150	200
Other	9	-	9	21	12	98
<b>Total</b>	<b>592</b>	<b>718</b>	<b>1,310</b>	<b>1,459</b>	<b>1,593</b>	<b>1,818</b>

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)

# Strong solvency ratio at 210%

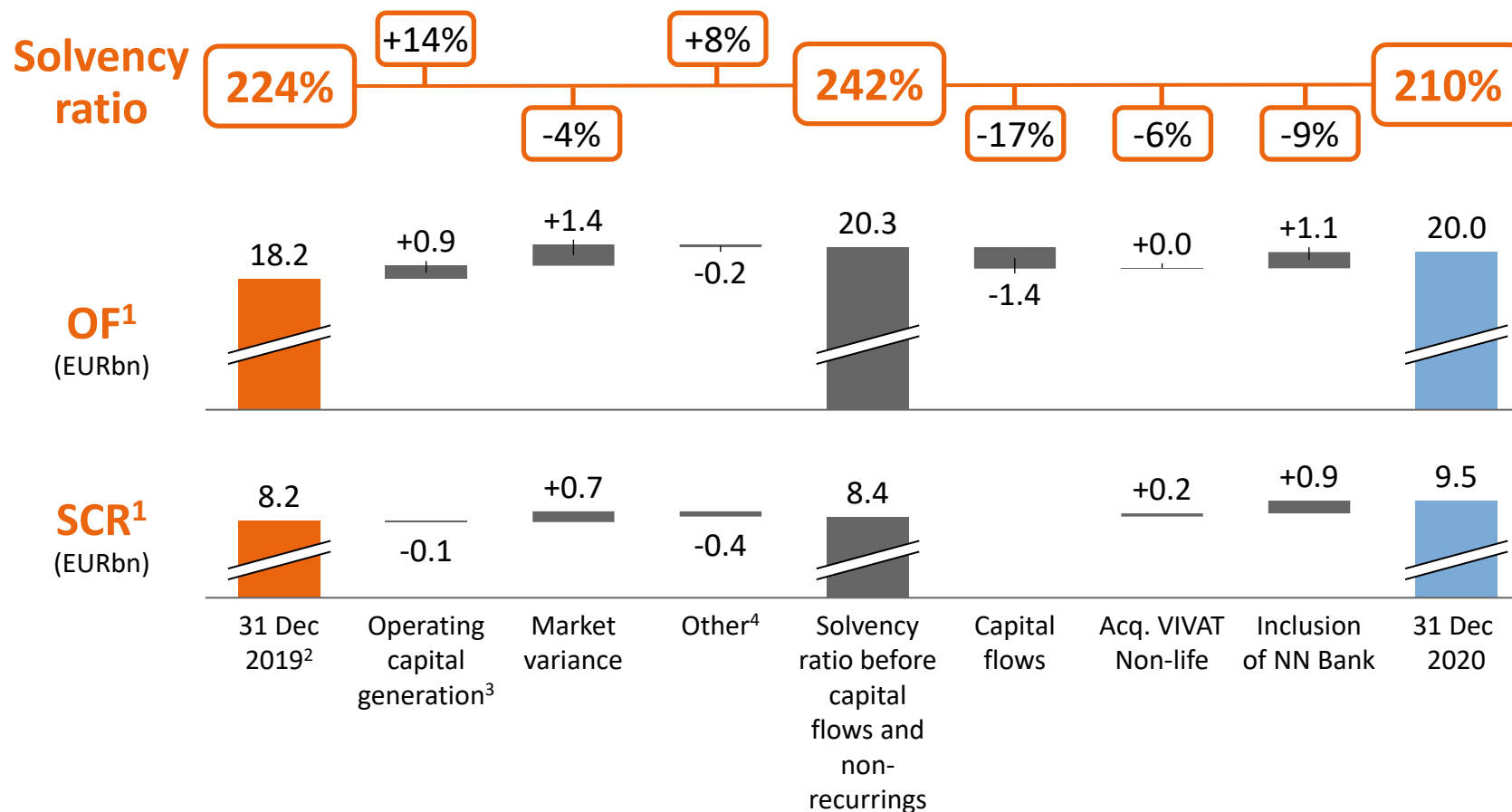


- Solvency ratio up to 225% before capital flows and the inclusion of NN Bank, driven by operating capital generation
- Capital flows reflect the proposed 2020 final dividend of EUR 456m to be paid in June and the remaining EUR 67m of the EUR 250m share buyback programme resumed in August



1. Eligible Own Funds and Solvency Capital Requirement; Available and required regulatory capital for Japan Life, Asset Management and pension funds  
 2. Operating capital generation (OCG) includes Solvency II entities, Japan Life, Asset Management and pension funds, as well as the accruals of the qualifying debt and holding expenses  
 3. 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

# Resilient capital position in turbulent year



- Solvency ratio of 210% versus 224% at the end of 2019, mainly reflecting the acquisition of VIVAT Non-life and the inclusion of NN Bank
- Operating capital generation impacted by the decrease of interest rates and impact of the pandemic
- Capital flows in 2020 consist of EUR 1,161m of dividends and the EUR 250m share buyback programme
- Limited market variance in a very turbulent year supported by a defensive balance sheet
- Other includes the longevity reinsurance transactions completed in May 2020



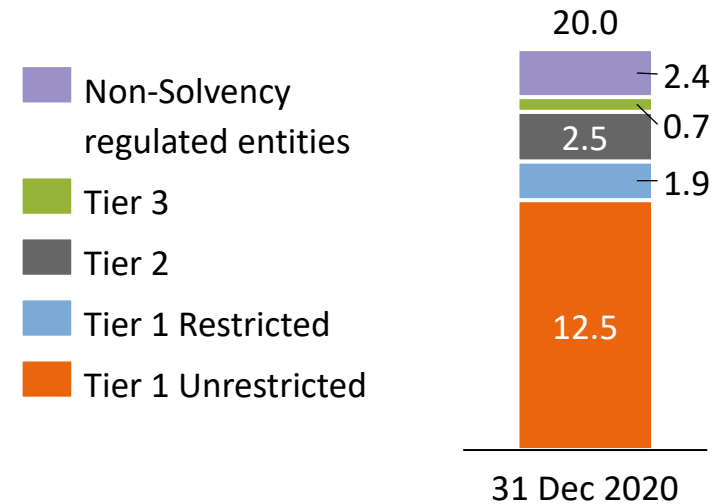
# Solvency II Own Funds

**Basic Own Funds vs Eligible Own Funds** (31 December 2020, EURbn)



- Non-available Own Funds is our view of capital that cannot be distributed within 9 months

**Tiering Solvency II Eligible Own Funds** (EURbn)



- NN Group Own Funds includes EUR 1.1bn of regulatory capital held in NN Bank, reflected in Non-Solvency regulated entities<sup>1</sup>

1. Following the announcement from DNB on 11 July, NN Group is required to include NN Bank in its Solvency II calculations as from 31 December 2020

# FY20 OCG reflects market impact; well on track to reach EUR 1.5bn target by 2023

<b>OCG<sup>1</sup> by segment</b> (EURm)	<b>2H20</b>	<b>2H19</b>	<b>FY20</b>	<b>FY19</b>	<b>Developments 2H20 versus 2H19</b>
Netherlands Life	266	330	642	770	• Reflects the impact of lower interest rates, partly compensated by the shift to higher-yielding assets
Netherlands Non-life	14	83	76	132	• Mainly reflects unfavourable developments in the D&A portfolio
Insurance Europe	135	121	253	251	• Mainly reflects a higher new business contribution
Japan Life	63	103	133	173	• Driven by the recovery in sales of COLI products
Asset Management	53	60	103	122	• Mainly reflecting the net result
Banking	0	26	0	82	• Suspension of dividend payments in 2020 in accordance with recommendation of the Dutch regulator
Other	-81	-70	-214	-180	• 2H19 benefited from a reinsurance transaction with Japan Life
<b>Operating capital generation</b>	<b>450</b>	<b>653</b>	<b>993</b>	<b>1,349</b>	

1. Operating Capital Generation (OCG) is the movement in the Solvency II surplus (Own Funds before eligibility 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.

# Solvency sensitivities

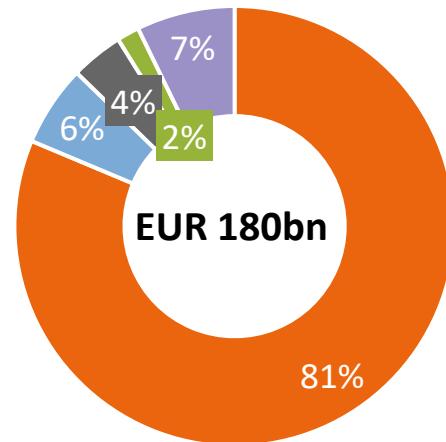
<b>Sensitivities to shocks at 31 December 2020<sup>1</sup></b>	<b>Δ OF (EURbn)</b>	<b>Δ SCR (EURbn)</b>	<b>Δ Solvency ratio (%-points)</b>
<b>Interest rate:</b> Parallel shock +50bps	-0.9	-0.6	+3%
<b>Interest rate:</b> Parallel shock -50bps	+1.2	+0.7	-3%
<b>Interest rate:</b> 10bps steepening between 20y–30y	-0.7	-0.0	-8%
<b>Credit spread:</b> Parallel shock for AAA-rated government bonds +50bps	-0.7	+0.0	-7%
<b>Credit spread:</b> Parallel shock for AA and lower-rated government bonds +50bps	-1.0	-0.1	-8%
<b>Credit spread:</b> Parallel shock corporate bonds +50bps	+1.0	-0.2	+14%
<b>Credit spread:</b> Parallel shock mortgages +50bps	-0.9	-0.0	-9%
<b>Equity:</b> Downward shock -25%	-1.9	-0.3	-13%
<b>Real estate:</b> Downward shock -10%	-0.8	-0.0	-8%
<b>UFR:</b> Downward adjustment by 15bps	-0.3	+0.0	-4%

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

# Breakdown of investment portfolio [1/3]

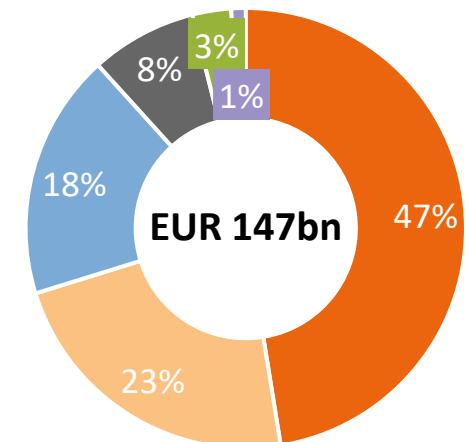
## Investment portfolio (NN Group excl. banking)<sup>1</sup>

(at 31 December 2020)



## Fixed income portfolio

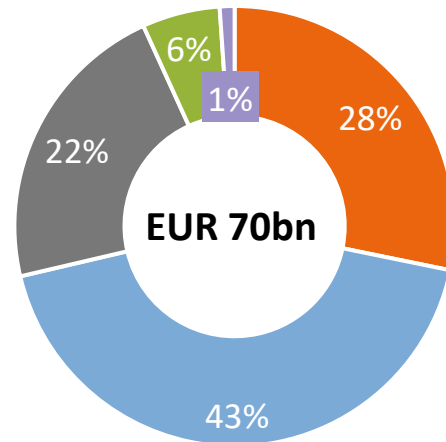
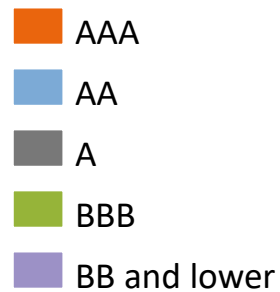
(81% of investment portfolio<sup>1</sup>, at 31 December 2020)



# Breakdown of investment portfolio [2/3]

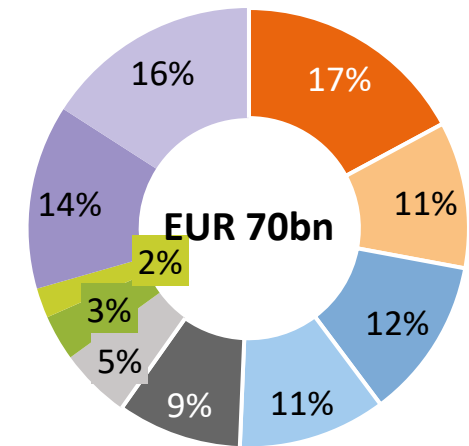
## Government bonds and loans by rating

(39% of investment portfolio<sup>1</sup>, at 31 December 2020)



## Government bonds and loans by country

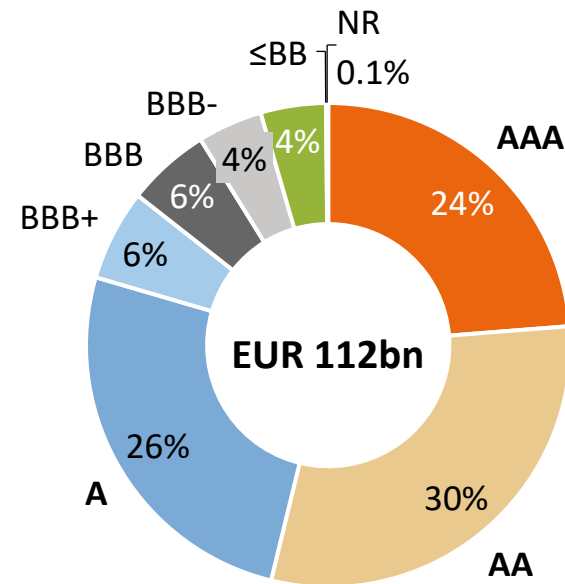
(39% of investment portfolio<sup>1</sup>, at 31 December 2020)



# Breakdown of investment portfolio [3/3]

## Fixed income assets<sup>1</sup> by rating

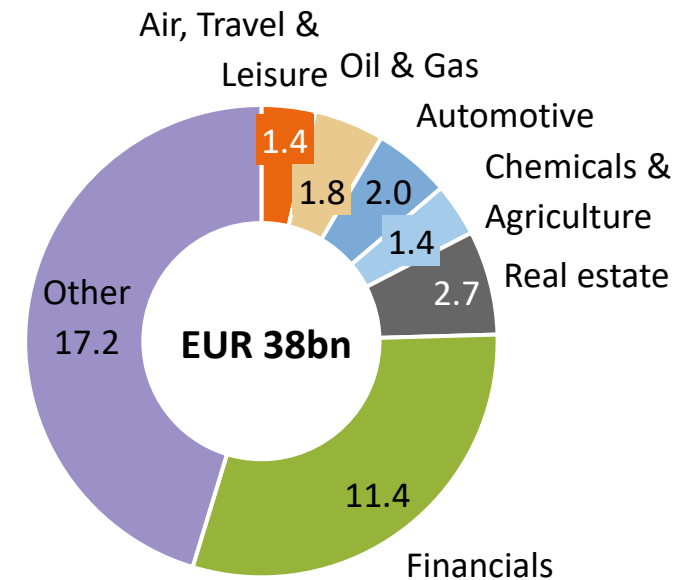
(62% of investment portfolio<sup>2</sup>, at 31 December 2020)



**80% AAA-A rated fixed income assets**

## Financials and corporates for selected sectors

(21% of investment portfolio<sup>2</sup>, at 31 December 2020, EURbn)



**Exposure to sectors impacted by COVID-19 is low**

1. Does not include mortgages (EUR 33bn) and retail loans (EUR 2bn); NN Group excluding NN Bank

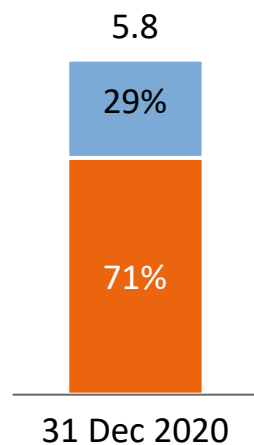
2. Market value, excluding separate account assets; NN Group excluding NN Bank



# Financial leverage position and maturity profile

## Financial leverage<sup>1</sup>

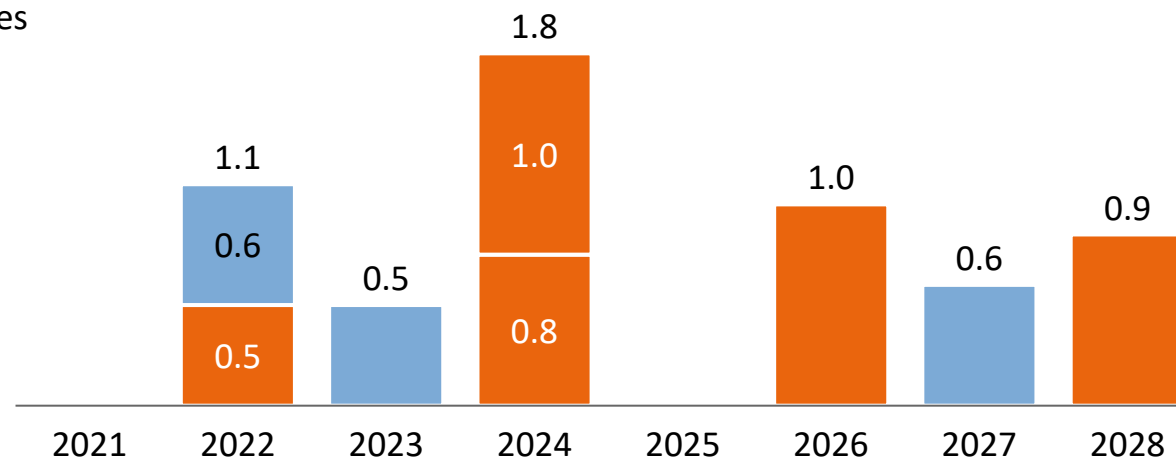
(EURbn)



## Well balanced maturity profile

(EURbn)

■ Senior notes  
■ Subordinated notes



Financial leverage ratio<sup>2</sup>: **23.3%**

Fixed cost coverage ratio<sup>2</sup>: **11.9x**

# 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 accounts for the period ended 30 June 2020. The Annual Accounts for 2020 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.

Any forward-looking statements made by or on behalf of NN Group speak only as of the date they are made, and NN Group assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

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