NN Group Investor & Analyst deep-dive webinar

26 May 2021

NN

Introducing today's presenters

Transforming the Non-life business		Managing interest rate risk
Tjeerd Bosklopper CEO Netherlands Non-life, Banking & Technology and Member of the Management Board NN Group Appointed: 2018 **Experience** • Previous leadership roles at NN Benelux, NN Poland, NN Life, NN Non-life and ING in Asia • Working in financial services since 1999 	**Maurice Koopman** CEO NN Netherlands Non-life Appointed: 2020 **Experience** • Previous leadership roles at OHRA, ABN Amro Insurance and Delta Lloyd • Working in financial services since 2002 	**Bernhard Kaufmann** Chief Risk Officer and Member of the Management Board NN Group Appointed: 2020 **Experience** • Previous roles as CRO at Munich Re Group and ERGO Insurance Group • Working in financial services since 1999 

NN

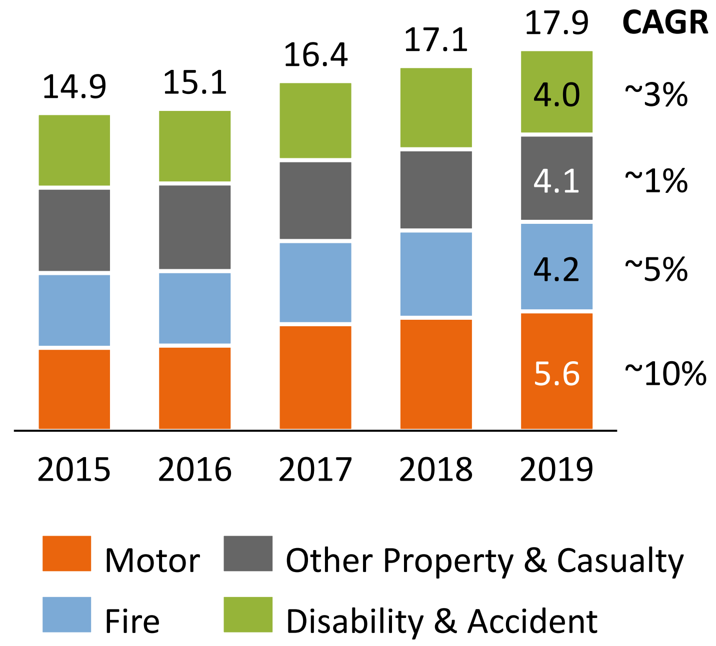
Transforming the Non-life business

Tjeerd Bosklopper CEO Netherlands Non-life, Banking & Technology
Maurice Koopman CEO NN Netherlands Non-life

Market leader in Non-life

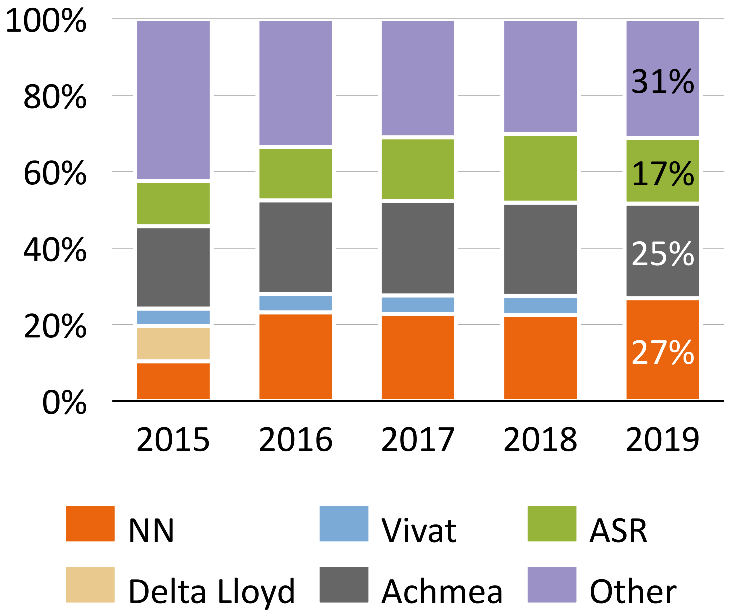
Mid single-digit growth…

Total GWP Dutch market[1] (EURbn)



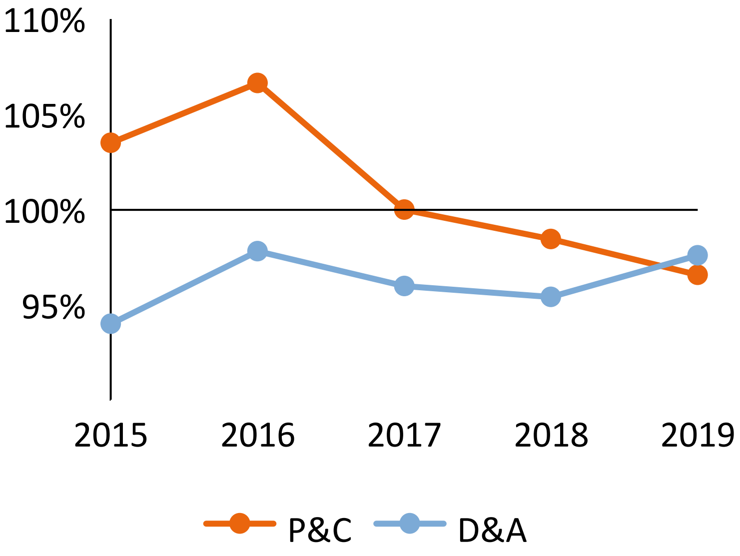
…in a consolidating market…

Market shares Non-life[2]



…leads to restored profitability

Combined ratio Dutch market[1]



1. Source: Association of Insurers 2018 and 2019
2. Source: DNB, based on GWP 2015-2019. Only Dutch insurers that are subject to DNB-supervision, excluding foreign insurers. 2019 includes Vivat Non-life at NN

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Strong performance

Key figures

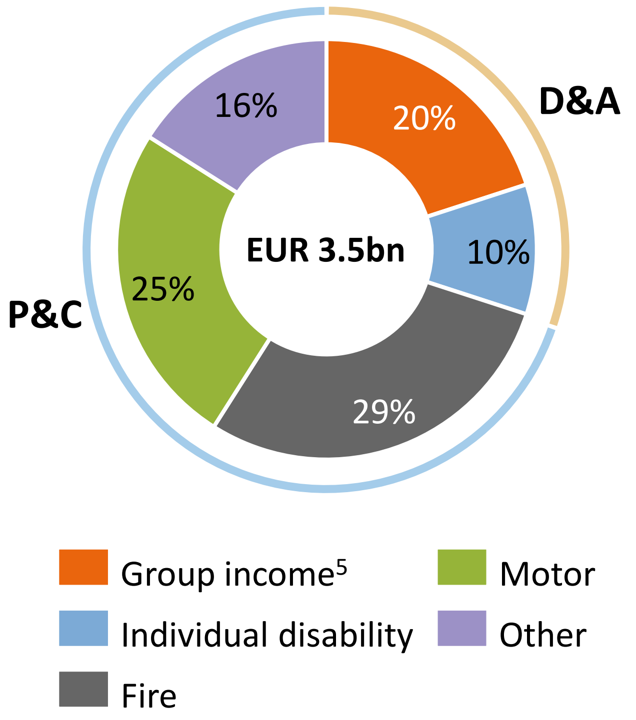
(EURm)	FY20[1]	FY19
GWP	3,521	3,097
Combined ratio	95.3%	95.4%
Operating result	215	203
OCG[2]	76	132
Remittances[3]	62	85
Number of policies	8.4m	7.0m
Number of employees[4]	3,330	2,775

Target

- Combined ratio of 94-96%

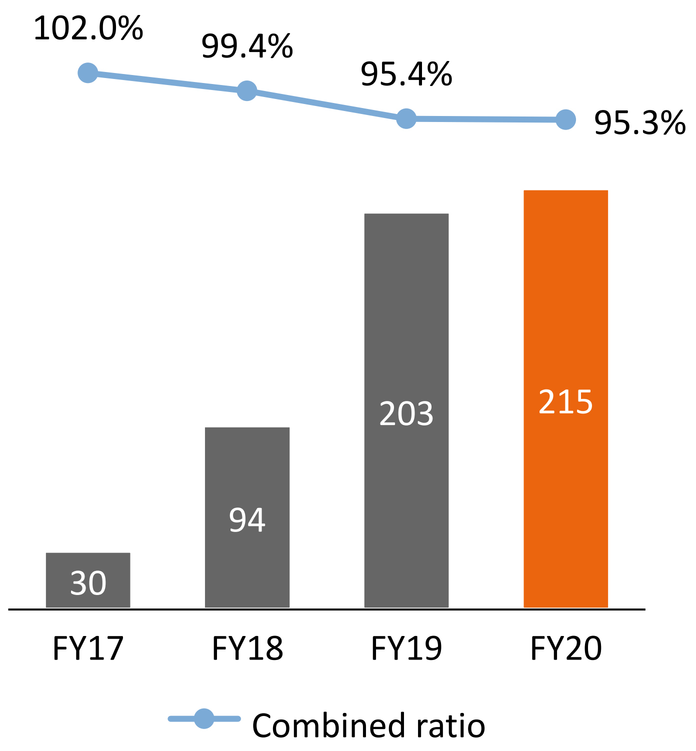
Diversified product portfolio

GWP by business line[1] (FY20)



Resilient improvement of profitability

Combined ratio and operating result development[6] (EURm)



1. Includes Vivat Non-life since 1 April 2020
2. Operating Capital Generation (OCG); defined as Own Funds generation (before eligibility) and SCR release (at 100%)
3. Includes interest on subordinated loans provided by the holding company
4. Internal FTEs, end of period
5. Includes accident and travel insurance (EUR 0.1bn GWP)
6. Includes Delta Lloyd since 1 April 2017 and Vivat Non-life since 1 April 2020

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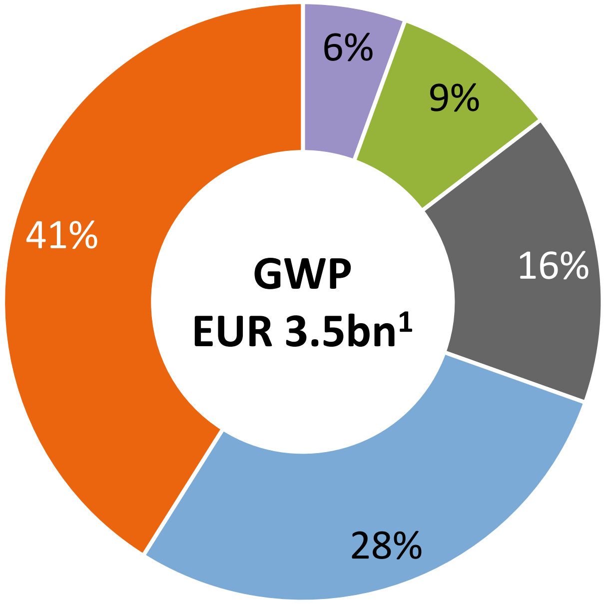
Unique diversified distribution platform in the Netherlands

Mandated brokers #1
- SME as well as retail customers
- Relationships with most top-100 brokers
- Mainly P&C products
- Growth from partnerships with selected brokers
- Strict underwriting supported by data and AI

Regular brokers #1
- SME as well as retail customers
- Relationships with most top-100 brokers
- Both D&A and P&C products
- Standardised and digital product offering
- Stable market share
- Advanced risk models based on data and AI



Engagement platforms

Bancassurance #1
- P&C products for SME and retail customers
- Partnerships with 4 of the top-5 banks in NL
- Growth supported by banks searching for diversification of income

Direct #3
- Simple P&C products for retail customers
- Very efficient operation
- Selective growth supported by data and online capabilities

Co-assurance
- Focused portfolio of corporate P&C insurance solutions for more complex risks
- Leveraging local expertise

Supported by strong NN brand recognition in the Dutch market

1. GWP FY20. Includes Vivat Non-life since 1 April 2020

Creating 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.

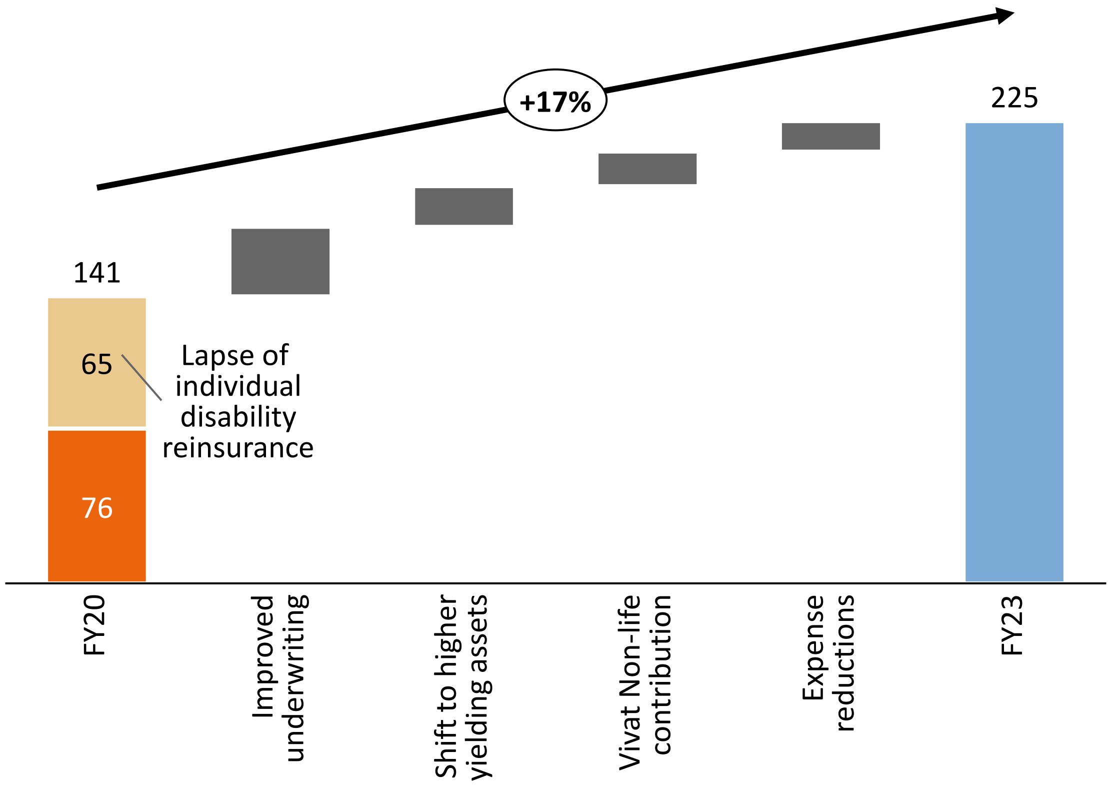
Financial strength
We are financially strong and seek solid long-term returns for shareholders.

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

NN

Delivering on our strategy

Double digit OCG growth until 2023[1,2] (EURm, CAGR in %)



- Further improve data and underwriting capabilities to improve profitability
  - Target: combined ratio of 94-96% in 2023
- Shift to higher yielding assets to optimise risk return
  - EUR 1.4bn invested into higher yielding assets in the period 2020-1Q21 improving OCG by EUR ~15m
- Leverage on additional scale of Vivat Non-life
  - Vivat Non-life expected to contribute EUR 50m to free cash flow by 2022
- Reduction of administrative expense ratio to <10% in 2023
  - Delta Lloyd integration completed. Good progress on digitalization initiatives
  - Short term pressure on admin expense ratio from strategic investments

1. Includes Vivat Non-life since 1 April 2020
2. Operating Capital Generation (OCG); defined as Own Funds generation (before eligibility) and SCR release (at 100%)

NN

Building a future-proof Non-life company

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

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Care | Clear | Commit

Our brand promise

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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

Building a future-proof Non-life company

Our strategic approach

Simplicity

Agility

Our strategic priorities

Customer and intermediary journey
Intuitive user experience with modular products and relevant services

Digitalisation
Digitalisation and standardisation of processes

Pricing and data
Optimise organisation structure and use of data and technology

Strong brands

nationale nederlanden | OHRA | movir

Powerful partnerships

ING | ABN·AMRO | SNS | CZ

Relevant services and solutions

Zicht | hcs. | Hello Mobility | PERFECT DAY

Our ambition

Improved customer experience
Relevant services, fewer products
Simple and inspiring organisation
Outperforming financial results

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Vivat Non-life integration ahead of plan

Integration progressing well

- Better than expected financial performance, operating result of EUR 45m in the period 2Q20-4Q20
- Overlapping businesses allow for smooth transition to system landscape that was designed following Delta Lloyd integration
  - EUR 0.7bn of EUR 0.8bn annual GWP migrated to NN by 1Q21
  - Claims migrations to follow in 2H21
- Cost synergies of EUR ~40m (pre-tax) per annum expected by 2022 driven by complimentary portfolios and benefits of scale
  - More than half of cost synergies achieved at 1Q21, remainder to follow in 2021 and 2022
- Migration to PIM expected in 1H22

Milestones Vivat Non-life integration

2019	Transaction announced	✓
	Preparations for integration	✓
2020	Transaction closed	✓
	Start integration	✓
2021	Legal merger	✓
2022	Migrate to PIM	
	Staff migration complete	
	Integration complete	

Property & Casualty

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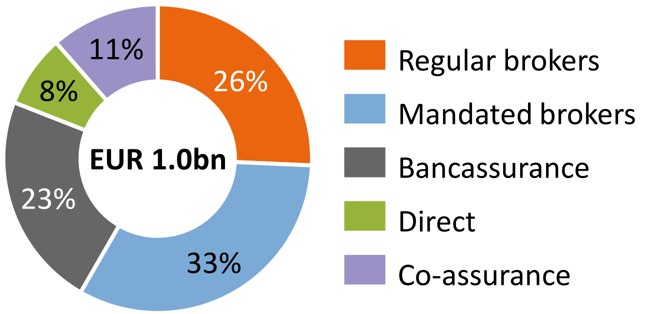
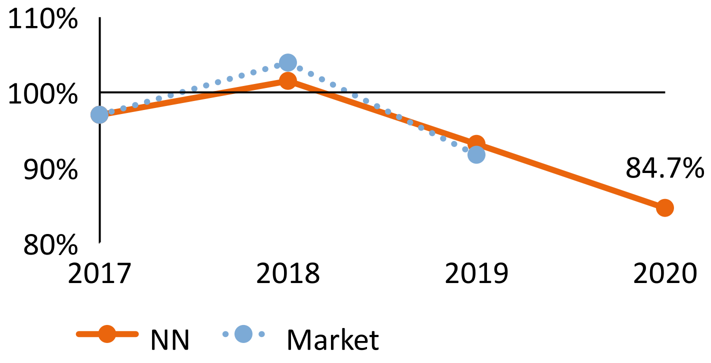
Fire: healthy portfolio with strong distribution capabilities

Market leader with 33% market share[1]



Combined ratio development[2,3]



Brokers: retail and SME

- Strong underwriting competencies from a combination of expertise and data analytics
  - In-house technical experts doing on-premise visits supporting underwriting as well as prevention
  - Data analytics and AI improve risk selection and pricing
- Sizeable and stable portfolio
- Growth opportunities from partnerships with selected brokers
- Potential for expansion of product offering to more sub-sectors

Bancassurance / Direct: retail

- Retail fire protection products are commonly sold as part of the moving to a new house customer journey
  - Typical bancassurance product
- Stable portfolio due to modest price tag
- Traditional insurance complemented with services to help customers manage their risk
  - For example: fire prevention expertise, smart home electronics and damage repair services
  - Services contribute to lower expenses as well as higher customer satisfaction
- Expense ratio to decrease going forward from simplification of organisation

1. Source: DNB, based on GWP 2019. Only Dutch insurers that are subject to DNB-supervision, excluding foreign insurers. NN market share includes Vivat Non-life.
2. Source market data: Dutch Association of Insurers Data Analytics Centre (2020)
3. Includes Delta Lloyd since 1 April 2017 and Vivat Non-life since 1 April 2020

NN

SME fire portfolio turned to sound financial results

Actions to turn the portfolio…

- Task force incl in-house technical experts with local knowledge started in 2017
- More than 8,000 measures taken:
  - 3,200 price increases
  - 1,700 additional clauses
  - 1,700 preventive measures demanded
  - 1,300 own risk increases
  - 900 policies cancelled

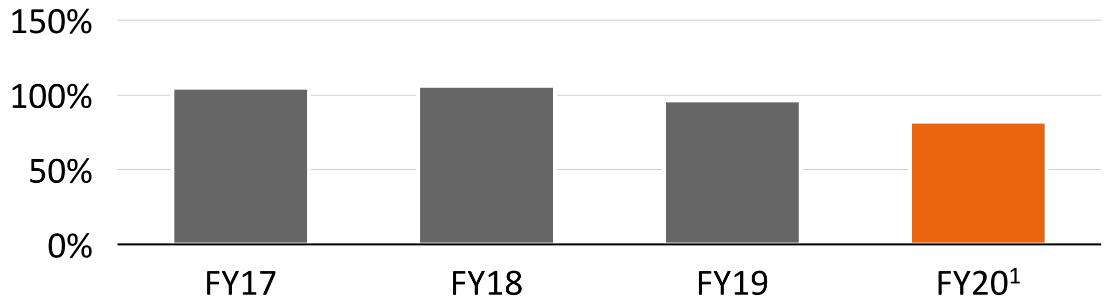
…followed by introduction of two new products in 2018…

- Low-cost package solution
  - Flexible and straight through processed
- Bespoke insurance solution
  - Backed by underwriting and prevention expertise of in-house technical experts
  - Portfolio management by specialised team

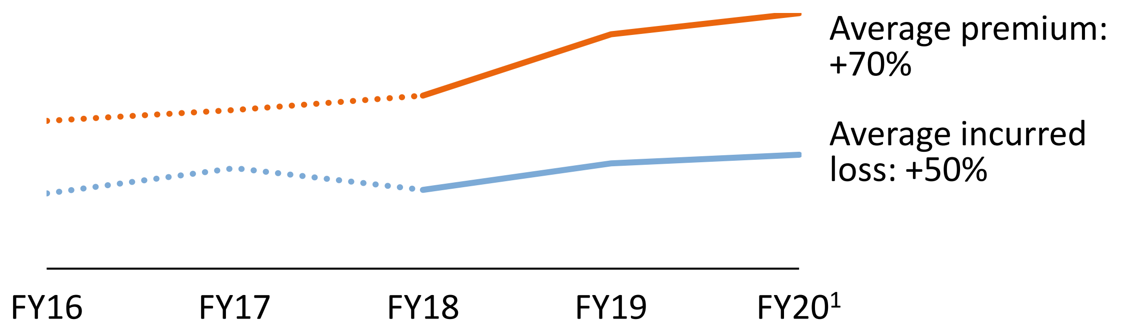
…resulted into sound financial results with potential for selective growth

- Selective growth opportunities
  - Expanding underwriting appetite
  - Targeting specific customer groups that struggle with limited insurance capacity, e.g. agriculture and construction
  - Whilst maintaining strong risk selection

Combined ratio SME fire significantly improved…



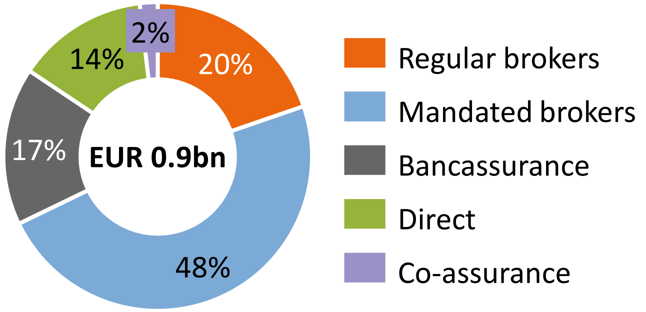
…due to stronger claims ratio



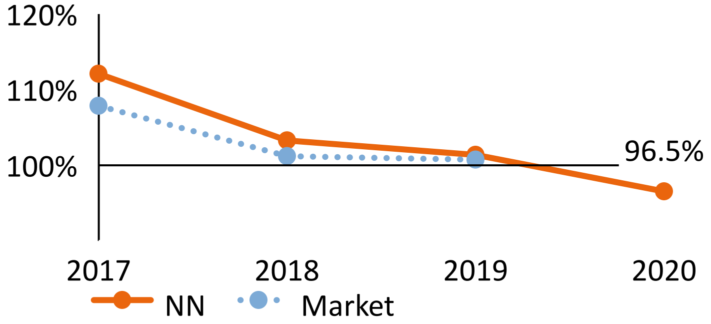
1. Includes Vivat Non-life since 1 April 2020

Motor: competitive market but well positioned for sustainable profitability

Top-2 position with 21% market share[1]



Sound improvement of combined ratio, partially due to lower claims frequency[2]



Brokers: retail and SME

- Enhancing data and AI capabilities
  - Strict underwriting criteria
  - Reduce claims expenses
- Building up scale in attractive small car fleet segment
- Suite of fleet management services in partnership offered to commercial customers
  - For example, driver assistance, vehicle tracking and security training
  - Contributing to reduction of accident frequency and unburden car fleet owners

ABW Hello Mobility VVCR PRODRIVE

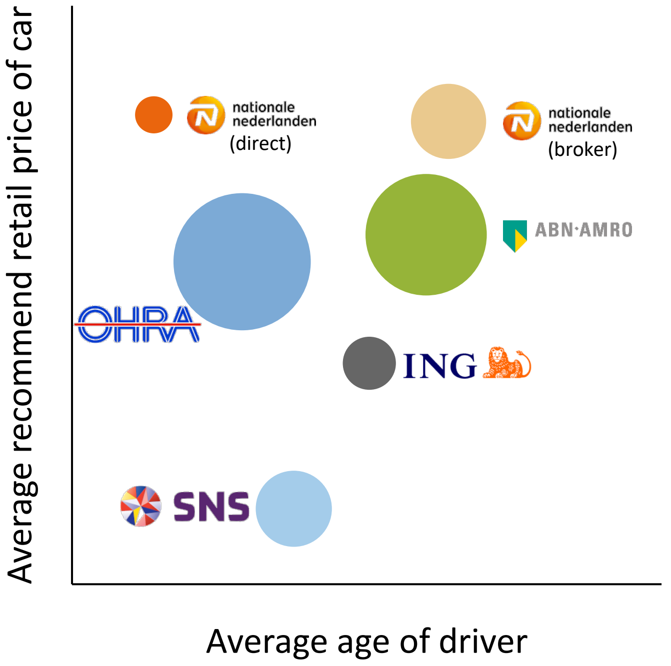
Bancassurance / Direct: retail

- Highly price sensitive market
- Retail policies are typically online distributed
  - High penetration levels due to diversified distribution channels
  - Lower dependency on price comparison websites
- Focus on data and AI capabilities
  - Dynamic pricing on targeted segment level
  - Experience from direct channel to be applied in bancassurance propositions
- Innovative retail offering, including pay-as-you-go and on-demand insurance for borrowed cars

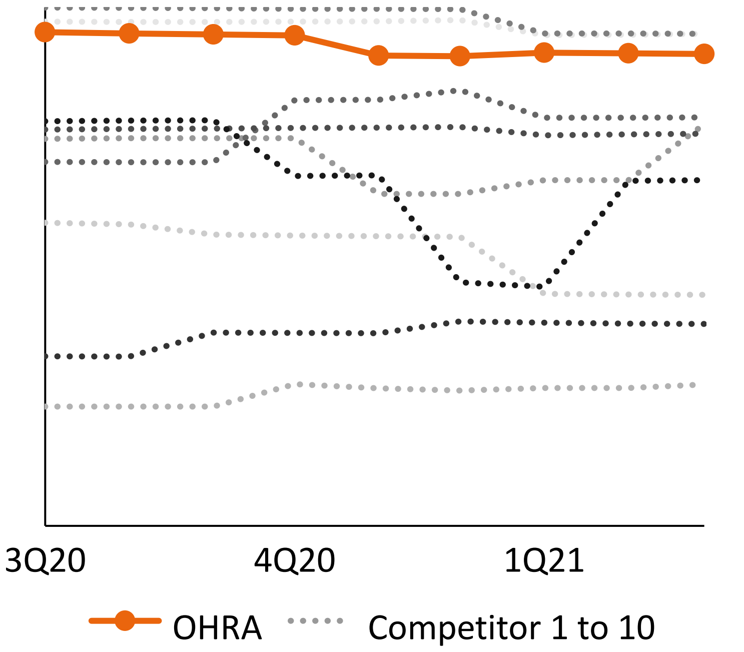
1. Source: DNB, based on GWP 2019. Only Dutch insurers that are subject to DNB-supervision, excluding foreign insurers. NN market share includes Vivat Non-life.
2. Source market data: Dutch Association of Insurers Data Analytics Centre (2020). Includes Delta Lloyd since 1 April 2017 and Vivat Non-life since 1 April 2020.

Balancing the motor portfolio

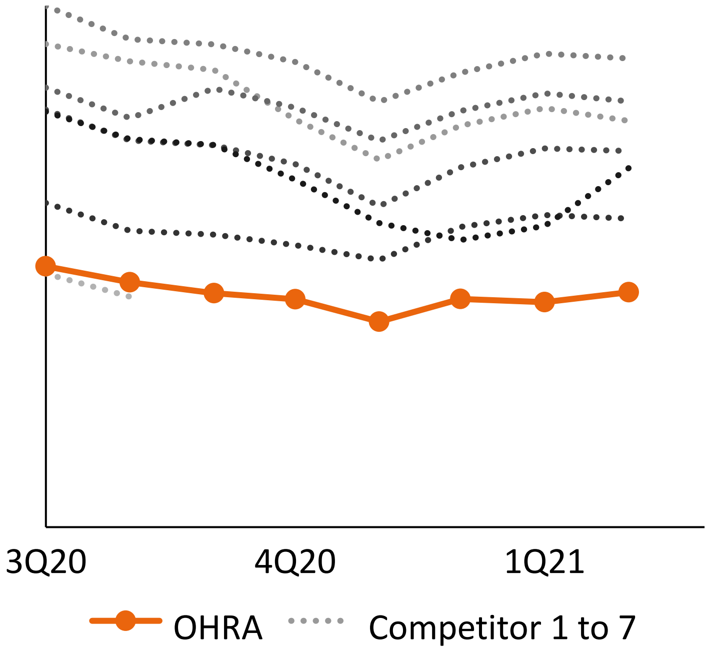
Different labels attract different customer profiles, despite similar risk premium models



On average, OHRA's pricing appears to be one of the highest in the market…[1]



…but within its target group OHRA has the lowest pricing, thereby attracting the preferred risks[2]



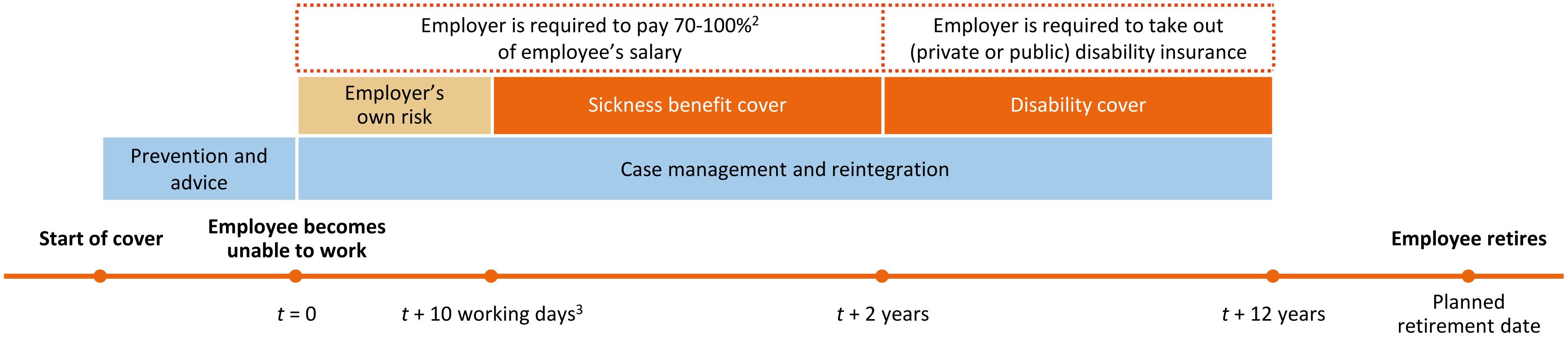
1. Average premium based on standardised risk profile for each competitor. Competitors include a.s.r., ABN AMRO Verzekeringen, Allianz Direct, ANWB, CB, FBTO, ING, Inshared and Nationale-Nederlanden. Source: Rolls (2021).
2. Average premium for OHRA's target risk profile. Competitors include Allianz Direct, ANWB, CB, FBTO, ING, Inshared and Nationale-Nederlanden. Source: Rolls (2021).

Disability & accident

Understanding the Dutch D&A market

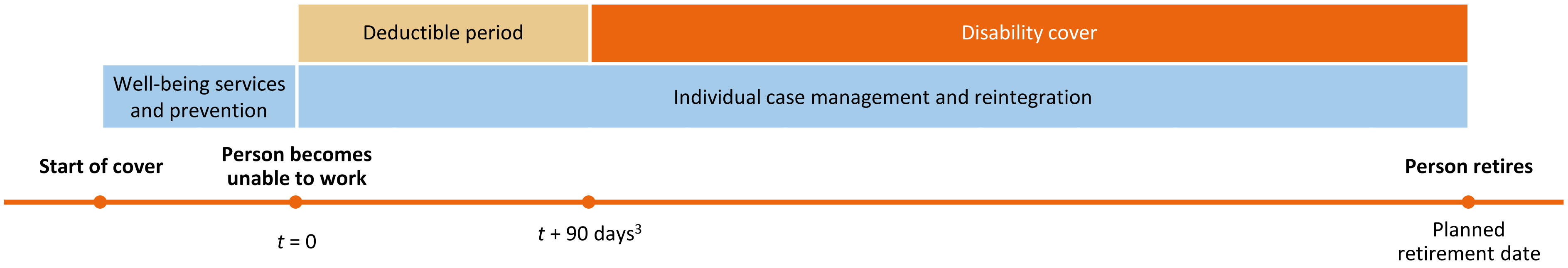
Group Income

- Illness and disability cover, aimed at employers
- EUR 0.6bn GWP in 2020
- Mainly broker distributed



Individual disability

- Individual disability insurance aimed at self-employed professionals
- EUR 0.4bn[1] GWP in 2020
- Broker distributed under specialised label Movir



1. Includes Vivat Non-life since 1 April 2020
2. Exact percentage of salary to be paid during illness depends on collective labor agreement, but typically ranges from 70% to 100%.
3. Typical deductible period, can vary depending on agreed policy conditions

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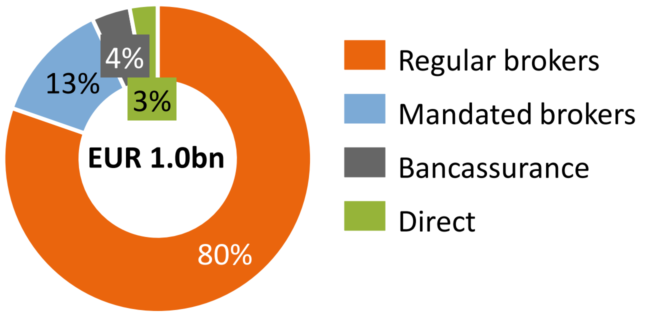
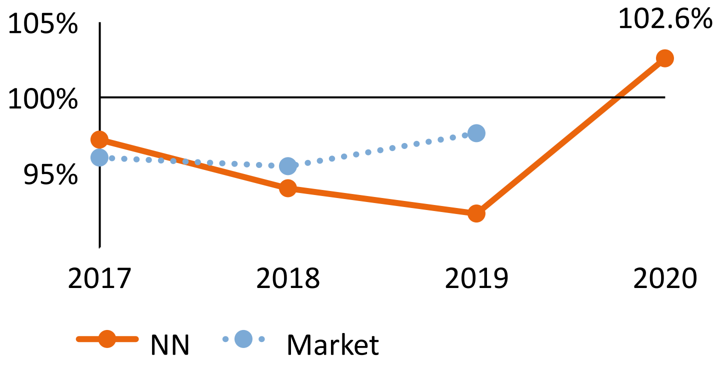
Strict measures in D&A to restore attractive historical profitability

Market leader with 32% market share[1]



Combined ratio development[2,3]



Group Income

- Good historical performance, but higher claims in 2020
  - Covid-19 impact in illness insurance
  - Reduction of IFRS discount rate
- Group income results expected to recover after 3-year repricing cycle and easing of Covid-19 restrictions
- Careful expansion based on:
  - Simple and innovative products
  - Leveraging on existing broker network
  - Balanced SCR consumption

Individual disability

- Trend of higher claims inflow
  - Claims developments in society
  - Past strategic choices led to a-typical individual disability portfolio, over-exposed in medical sector
- Measures taken in January 2021:
  - *En-bloc* price increases up to 10%
  - New product suite with updated terms and conditions as well as pricing
  - Legacy book placed into run off
  - Investments in disability prevention

1. Source: DNB, based on GWP 2019. Only Dutch insurers that are subject to DNB-supervision, excluding foreign insurers. NN market share includes Vivat Non-life.
2. Source market data: Dutch Association of Insurers Data Analytics Centre (2020)
3. Includes Delta Lloyd since 1 April 2017 and Vivat Non-life since 1 April 2020

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Complementary offering of well-being services

Well-being services complement insurance offering

- Combining reintegration with prevention
- Attractive financial and non-financial benefits:
  - Increasing customer engagement
  - Claims prevention as well as reduction, leading to lower claims
  - Source of capital light fee income

HCS acquired in 2019

- Leading and growing one-stop-shop in the field of vitality services and sustainable employment
- Leveraging strong position and data pool
  - Reintegration aimed at insurers including NN, but also competitors
  - Prevention aimed at employers by providing advice and tooling to prevent their staff from falling ill

Movir offers prevention services to self-employed professionals

- Focus on me & my family, business as well as development
  - Coaching and professional advice in areas such as well-being, ergonomic advice and sleep
  - Company scans, career counseling
- Strong track record with mental illnesses

Wrap up

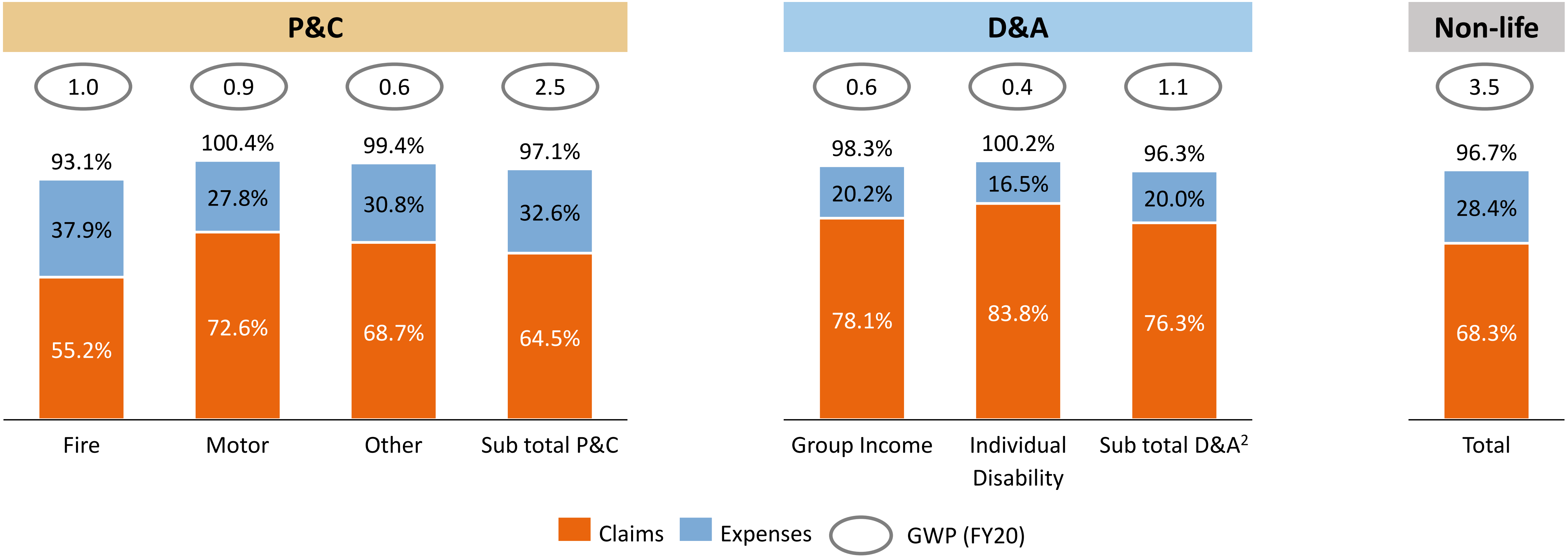
Key takeaways

- Leading position in mature, consolidated Dutch non-life market
- Further benefit from scale in efficiency, data and customer engagement
- P&C results to increase further by improving underwriting supported by data analytics
- Strict measures in D&A to restore attractive historical profitability
- Delivering on Non-life combined ratio target of 94-96% and OCG of EUR 225m in 2023

Appendix

Combined ratios Netherlands Non-life

Average combined ratio and GWP[1] (EURbn)



1. Average combined ratio over the period 2018-2020. GWP for FY20. Includes Vivat Non-life since 1 April 2020.
2. Includes accident and travel insurance (EUR 0.1bn GWP)

Managing interest rate risk

Bernhard Kaufmann
CRO NN Group

Key takeaways

- Opportunity to shift to higher-yielding assets while maintaining a conservative investment portfolio
- Limited economic sensitivity to interest rates as a result of close cash flow matching
- No impact on remittance capacity from changes in interest rates; mainly shifts between stock and flow related to Solvency II balance sheet and P&L
- Locked-in support to the long-term growth of Operating Capital Generation from declining UFR drag

1

Risk-return optimisation within strong balance sheet

2

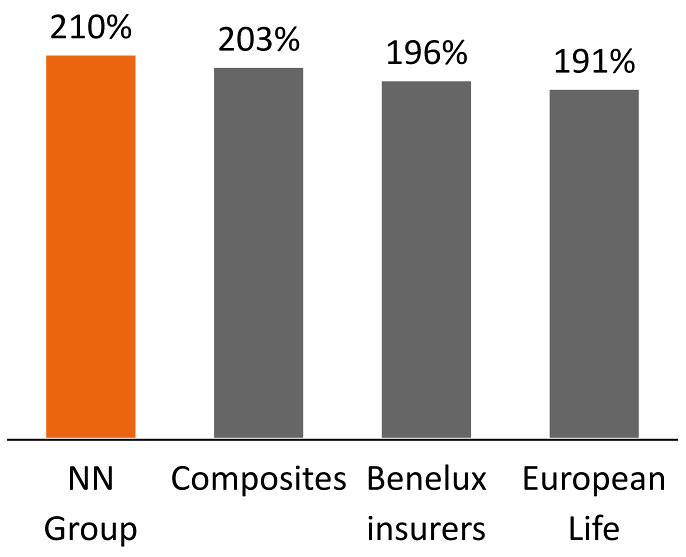
Interest rate risk management resulting in low economic risk

3

Interest rate risk in a Solvency II context

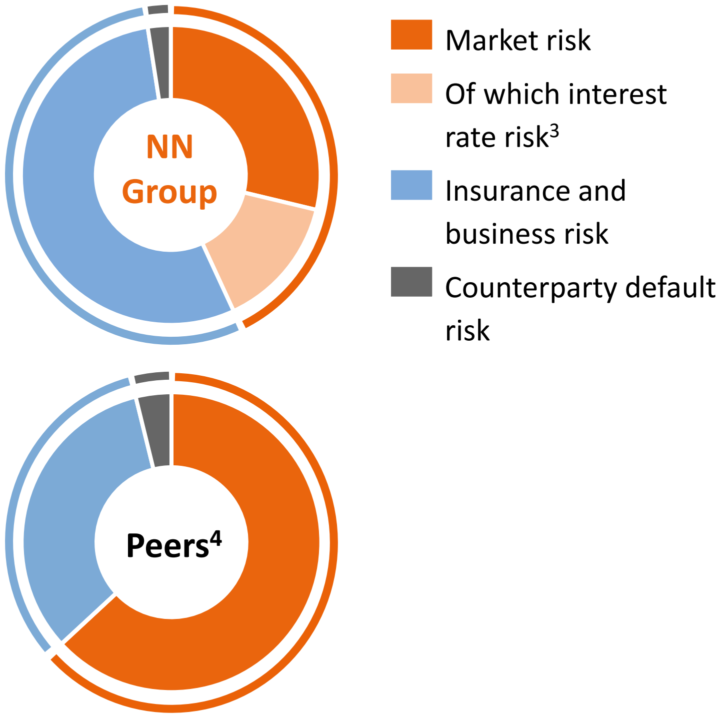
Strong and resilient balance sheet with low exposure to market and interest rate risk

Solvency II ratio at year-end 2020[1]



SCR by risk type[2]

(undiversified, 31 December 2020)



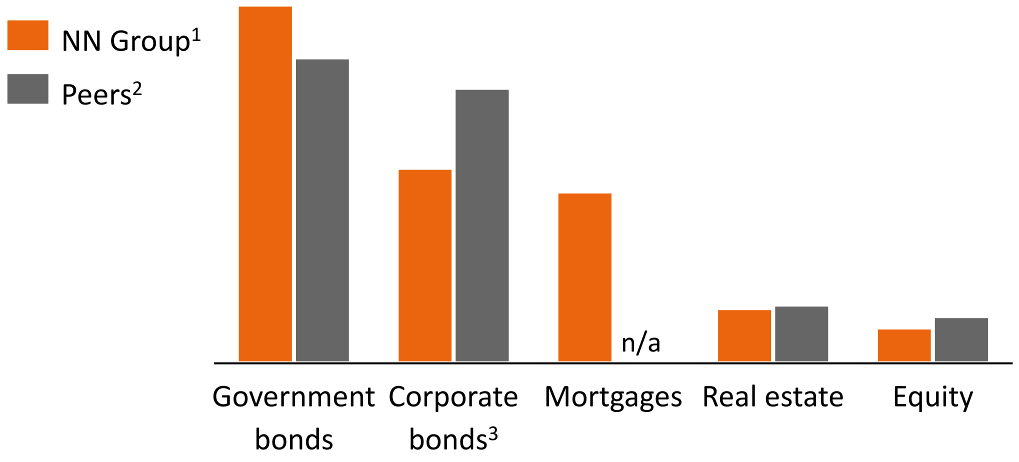
- Solvency II ratio of 210% at year-end 2020, in line with priority of a strong capital position
- Conservative investment portfolio, overweight to high-quality government bonds and mortgages, and underweight to corporate bonds
- Insurance and business risk dominated by longevity risk, which provides opportunity to reduce over time via reinsurance
- Interest rate risk diversifies well within market risk
- Inflation risk is limited and hedged to a large extent

1. Reported Solvency II ratio at year-end 2020; Average for each peer group: Composites (Allianz, AXA, Generali, Zurich), Benelux insurers (Aegon, Ageas, ASR), European Life (Aviva, L&G, Swiss Life); Source: broker research and company disclosures
2. Solvency Capital Requirement (SCR); excluding operational risk
3. Interest rate risk SCR including diversification benefit within market risk on a pro rata basis for NN Group; Interest rate risk SCR is not generally disclosed by peers
4. Average for Composites (Allianz, AXA, Generali, Zurich), Benelux insurers (Aegon, Ageas, ASR), European Life (Aviva, L&G, Swiss Life); Source: broker research and company disclosures

Shifting to higher-yielding assets while maintaining a conservative investment portfolio

Low risk investment portfolio compared with peers

(% of total investment portfolio, 31 December 2020)



	Government bonds	Corporate bonds	Mortgages	Real estate	Equity
Net investments 2018 – 2020[4] (EURbn)	-10.0	2.6	9.6	1.8	0.7

- Priority to maintain a relatively conservative investment portfolio to ensure a resilient balance sheet
- Shift to higher yielding assets to increase OCG by at least EUR 0.2bn in 2023, by gradually shifting from government bonds to higher-yielding illiquid assets, including mortgages, loans and real estate
- Optimise exposure from a risk-return perspective within asset categories
- Room to increase our exposure to mortgages in coming years
    - Net mortgage investments of EUR ~3bn per annum in 2018-2020[4]. Each additional EUR 3bn shift improves OCG[5] by EUR ~30m[6] per annum
    - Dutch mortgages are an attractive asset class with attractive returns, low risk profile, strong sourcing capabilities and a strong institutional framework in the Netherlands

1. NN Group, excluding Banking; 2. Average for Composites (Allianz, AXA, Generali, Zurich), Benelux insurers (Aegon, Ageas, ASR), European Life (Aviva, L&G, Swiss Life); Source: broker research and company disclosures; 3. Corporate bonds and financials; 4. Net investments 2018-2020 reflect changes made to the investment portfolio in our Solvency-II regulated entities, corrected for redemptions and sales; 5. Operating Capital is the movement in the solvency surplus (Own Funds before eligibility over SCR at 100%) in the period due to operating items; 6. Based on average excess mortgage spread levels in the period 1Q20–1Q21, after tax and corrected for fees and expected losses.

1

Risk-return optimisation within strong balance sheet

2

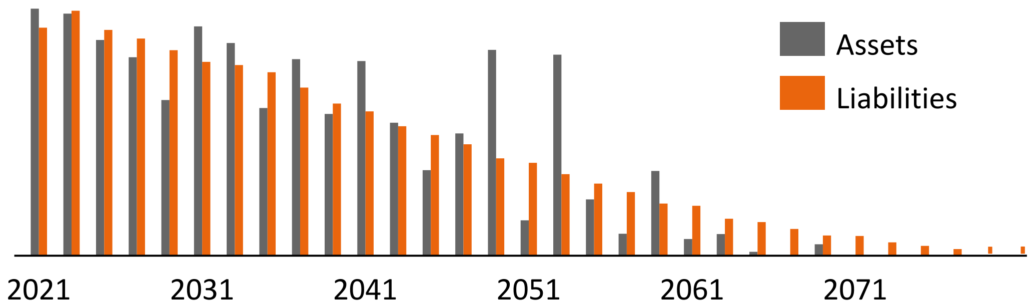
Interest rate risk management resulting in low economic risk

3

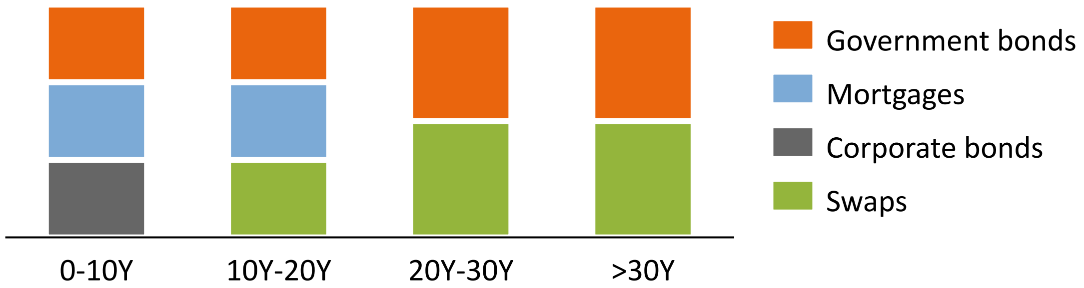
Interest rate risk in a Solvency II context

To manage our interest rate risk we focus on cash flow matching

NN Life asset and liability cash flows[1] (31 December 2020)



Overview of main instruments used[2]



- Long history and focus on interest rate risk management
- NN Life liability cash flows are predictable and stable
- Until year 30 best estimate liability cash flows (excluding risk margin) are closely matched with government bonds, corporate bonds and mortgages. Forward starting swaps are used to extend the duration of fixed income assets
- Cash flows after 30 years are partially hedged on a duration basis mainly with interest rate swaps, due to price and illiquidity of markets
- Focus of new business is on capital-light protection business and defined contribution without guarantees
- Long duration liabilities from Dutch pension business run-off in the coming years

1. Each bar represents a two-year period; undiscounted cash flows; cash flows after year 50 represent less than 3% of the total
2. Duration of government bonds ~13–14 years, corporate bonds and financials ~3–4 years and mortgages ~7–8 years

NN

Strict interest rate risk monitoring and closing the economic position when appropriate

No forced seller or buyer in distressed times

- Active monitoring of interest rate position for several maturity buckets against limit and tolerance levels
  - Economic impact of a 1 bps interest rate shock is EUR <10m at the end of April 2021
  - Rising interest rates further reduce the impact of the mismatch
- Partial open interest rate position after year 30 is closed when appropriate
- Well within risk limits even in a 100bps shock scenario, no forced seller or buyer in distressed times

Examples of managing the limited open position after year 30

A breach of the >40Y tolerance level at 1Q20 due to an inverse interest rate curve was not closed. This was considered a market anomaly and closing the gap with swaps would imply locking in negative returns

Switch in 1Q21 from swaps with negative return to long duration government bonds (>40Y) taking advantage of higher spreads while further closing the interest rate position

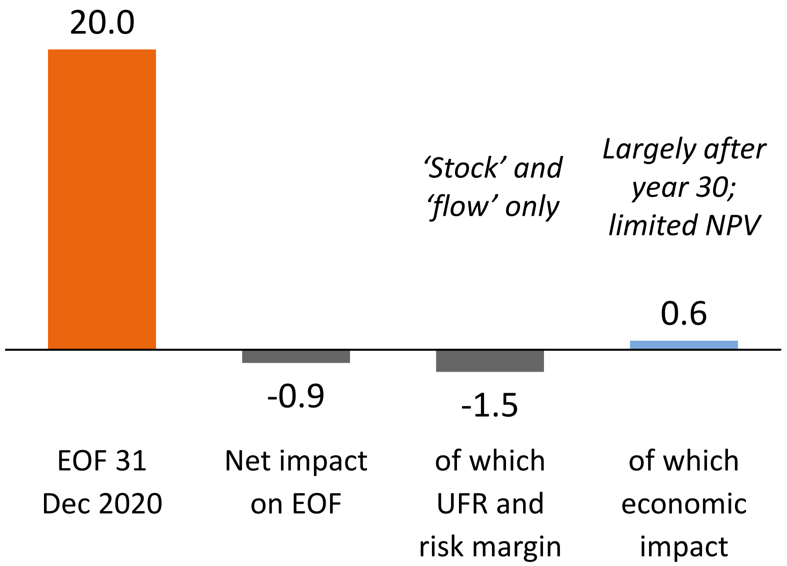
1. Interest rate position or DV01 is the average change in value of the assets and liability cash flows for a 1 bps up and down interest rate shock based on the swap curve (excluding UFR)

NN

Interest rate sensitivity is limited, supporting stable remittances

Low sensitivity to interest rates

Eligible Own Funds (EOF) impact parallel interest rates up +50bps (EURbn)



- Low open economic interest rate position
- Currently ~95% of liability cash flows are interest rate hedged and a duration short position results (positive impact if interest rates rise)
- Switching to the Solvency II metric and including risk margin and UFR effects turns this into a duration long position
- These 'stock' and 'flow' items have **no impact on remittance capacity**
  - Both the solvency position as well as OCG expectations are considered in dividend decision-making
  - Solvency position is strong and able to withstand shocks
- Low positive impact of 3%-points[1] on the solvency position if rates go up by 50bps; lower EOF is more than compensated by lower SCR

1. Based on 31 December 2020

1

Risk-return optimisation within strong balance sheet

2

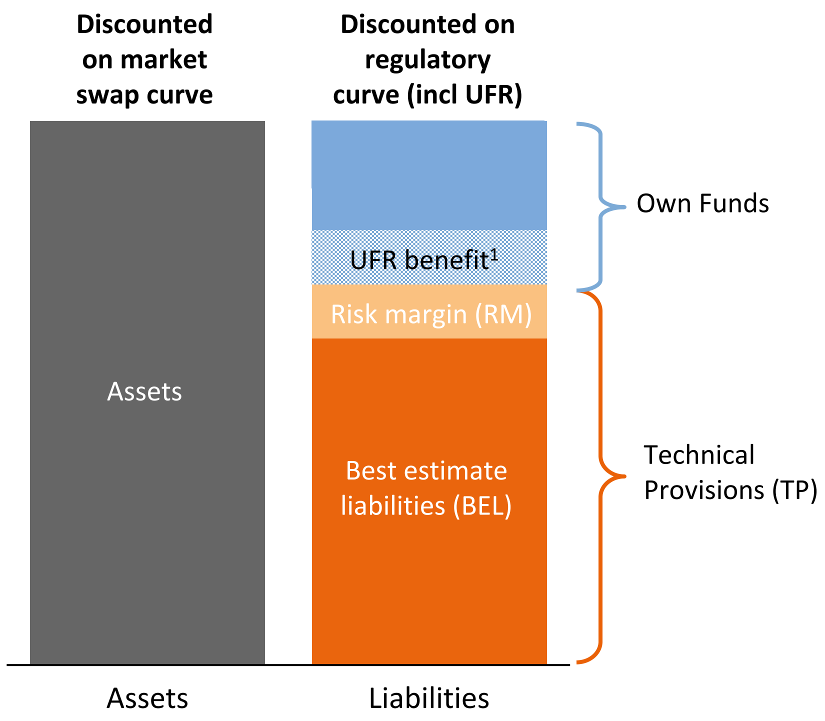
Interest rate risk management resulting in low economic risk

3

Interest rate risk in a Solvency II context

For the Solvency II balance sheet, Technical Provisions are valued based on the regulatory curve

Illustrative: Solvency II balance sheet

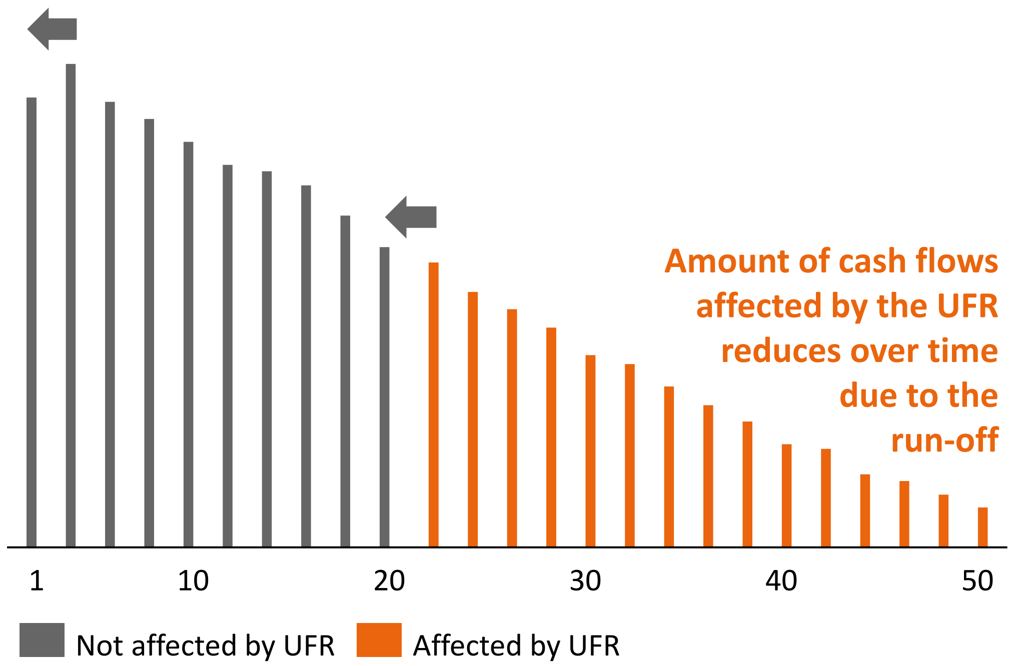


- Own Funds under Solvency II is the net asset value, i.e. the difference between the value of assets and technical provisions
- Assets are fully marked-to-market, while liabilities and risk margin are valued using the regulatory curve (including UFR)
- Difference between the value of Technical Provisions based on the regulatory curve and the market curve reflects the UFR benefit[1], which unwinds over time
- UFR drag is more than compensated by investment return over time

1. The UFR benefit is defined as the difference between the Technical Provisions based on the Solvency II curve (i.e. including UFR) specified by EIOPA and the swap curve above the Last Liquid Point (LLP) at year 20. The latter for this purpose is defined as the market swap rate without any extrapolation and with CRA and Volatility adjustment included.

UFR benefit ('stock') results in a UFR drag over time ('flow')

Best estimate liability cash flows NN Life[2]



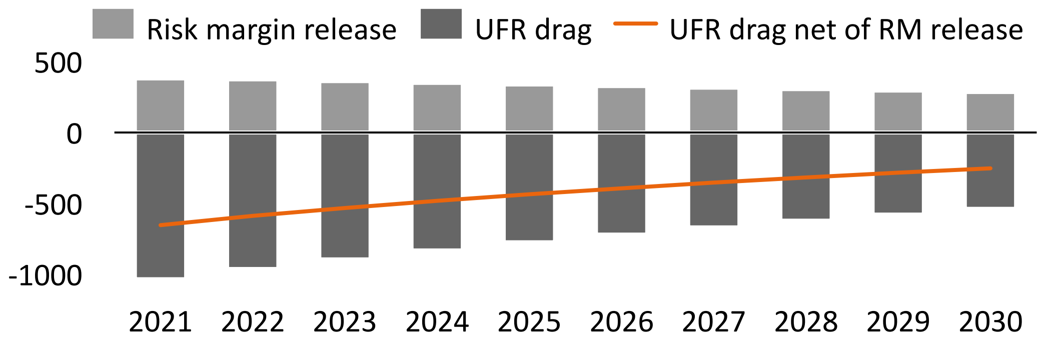
UFR drag methodology

- Extrapolation to the UFR starts from year 20
- UFR benefit reflects the difference between liabilities and risk margin discounted on the regulatory curve (incl UFR) and swap curve[1]
- Next period, best estimate liability and risk margin cash flows are shifted by one period, resulting in a lower UFR benefit due to the run-off of the portfolio[3]
- UFR drag reflects the reduction in UFR benefit between two periods

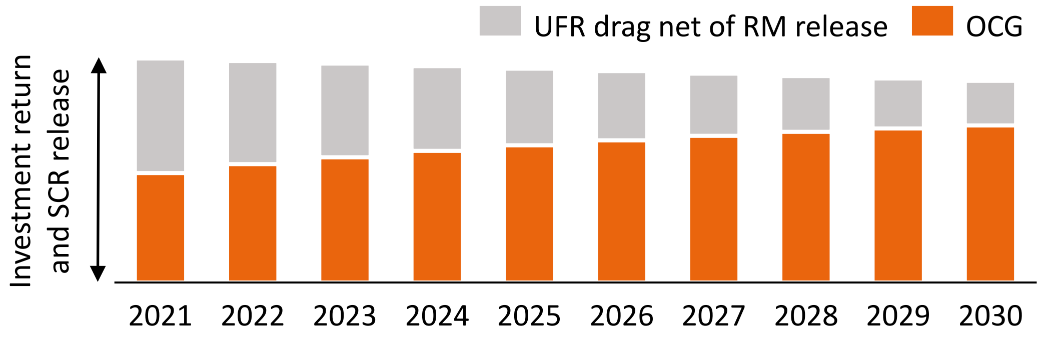
1. The UFR benefit is defined as the difference between the Technical Provisions based on the EIOPA Solvency II curve (i.e. including UFR) and the swap curve above the Last Liquid Point (LLP) at year 20. The latter for this purpose is defined as the swap rate without any extrapolation and with CRA and Volatility adjustment included.
2. Each bar represents a two-year period; undiscounted cash flow after year 50 represent less than 3% of the total
3. Next period, the swap curve is expected to develop in line with the forward curve which is extrapolated to a new regulatory Solvency II curve

Predictable run-off pattern supports OCG growth over next 10 to 15 years

Run-off development ‘stock’ and ‘flow’ items NN Life[1] (EURm)



Growing OCG supported by in-force run-off[2]



- OCG expected to increase by approximately EUR 40m[1] per annum until 2025 on the back of in-force run-off, reflecting:
  - UFR drag declines by ~7% per annum
    - UFR benefit runs off quickly as this only applies to cash flows after year 20 (so-called last liquid point)
  - Risk margin expected to trend lower reflecting the run-off of the portfolio
  - Investment return and SCR release expected to develop in line with the run-off of the portfolio, excluding the impact from the shift to higher-yielding assets

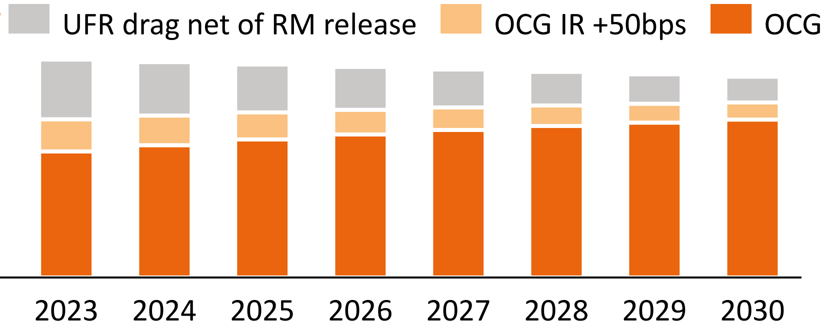
1. Based on December 2020 markets; excludes impact of regulatory annual UFR step down of 15bps
2. Indicative

Interest rate movements impact 'stock' and 'flow', limited economic impact

Interest rates up +50bps impacting 'stock' and 'flow'

31 Dec 2020	Δ OF (EURbn)	Δ SCR (EURbn)	Δ Solvency ratio (%)	Δ OF generation (EURm)
Parallel IR shock +50bps	-0.9	-0.6	+3%	+245

Higher OCG, supported by lower UFR drag net of risk margin release[2]



- Investment return and UFR drag sensitive to market movements, however mainly a stock and flow effect with limited economic impact
- Higher interest rates lead to lower Own Funds due to a lower UFR benefit, offset by higher OCG mainly driven by a lower UFR drag
- Run-off pattern of the UFR drag and risk margin release is not materially impacted by a change of interest rates
- If interest rates go up by 50bps, OCG increases:
  - Immediately by EUR ~245m
  - Thereafter, OCG support of approximately EUR ~20m[1] per annum until 2025

1. Based on December 2020 markets; excludes impact of regulatory annual UFR step down of 15bps
2. Indicative

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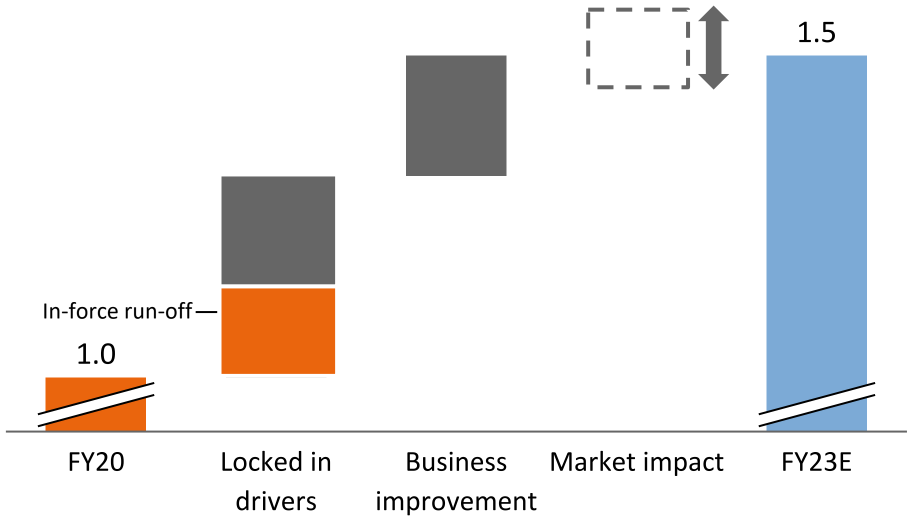
OCG to grow to EUR 1.5bn in 2023, supported by low risk locked-in drivers and business improvement

Mid term: OCG to grow to EUR 1.5bn in 2023



Locked-in drivers

- In-force run-off NN Life, supporting OCG by EUR ~40m[1] per annum
- Full effect of the shift to higher-yielding assets of 2020
- Annual UFR step down[2] and inclusion of NN Bank on Solvency II basis[3]

Business improvement

- Positive impact of the Non-life transformation as well as profitable growth in Insurance Europe
- Improved sales in Japan, putting pressure on OCG in the short term
- Further benefits from the shift to higher-yielding assets

Market impact

- YTD increase of interest rates supports OCG in line with sensitivities
- Largely offset by spread tightening impacting investment return

1. Based on December 2020 markets; excludes impact of regulatory annual UFR step down of 15bps
2. Regulatory annual UFR step down of 15bps until 2022, resulting in EUR ~25m OCG improvement per step based on December 2020 markets
3. No contribution from NN Bank to FY20 OCG as a result of dividend restrictions following Covid-19

Key takeaways

- Opportunity to shift to higher-yielding assets while maintaining a conservative investment portfolio
- Limited economic sensitivity to interest rates as a result of close cash flow matching
- No impact on remittance capacity from changes in interest rates; mainly shifts between stock and flow related to Solvency II balance sheet and P&L
- Locked-in support to the long-term growth of Operating Capital Generation from declining UFR drag

APPENDICES

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Solvency sensitivities

Sensitivities to shocks at 31 December 2020[1]	Δ OF (EURbn)	Δ SCR (EURbn)	Δ Solvency ratio (%-points)	Tolerance (%-points)
Interest rate: Parallel shock +50bps	-0.9	-0.6	+3%	Up to 10%
Interest rate: Parallel shock -50bps	+1.2	+0.7	-3%	
Interest rate: 10bps steepening between 20y–30y	-0.7	-0.0	-8%	
Credit spread: Parallel shock for AAA-rated government bonds +50bps	-0.7	+0.0	-7%	Up to 15%[2]
Credit spread: Parallel shock for AA and lower-rated government bonds +50bps	-1.0	-0.1	-8%	
Credit spread: Parallel shock corporate bonds +50bps	+1.0	-0.2	+14%	
Credit spread: Parallel shock mortgages +50bps	-0.9	-0.0	-9%	
Equity: Downward shock -25%	-1.9	-0.3	-13%	
Real estate: Downward shock -10%	-0.8	-0.0	-8%	
UFR: Downward adjustment by 15bps	-0.3	+0.0	-4%	

1. Sensitivities are performed for Solvency II entities, NN Life Japan and NN Bank
2. Note that the tolerance level is defined for the combination of the corporate bond spread and mortgage spread sensitivities.

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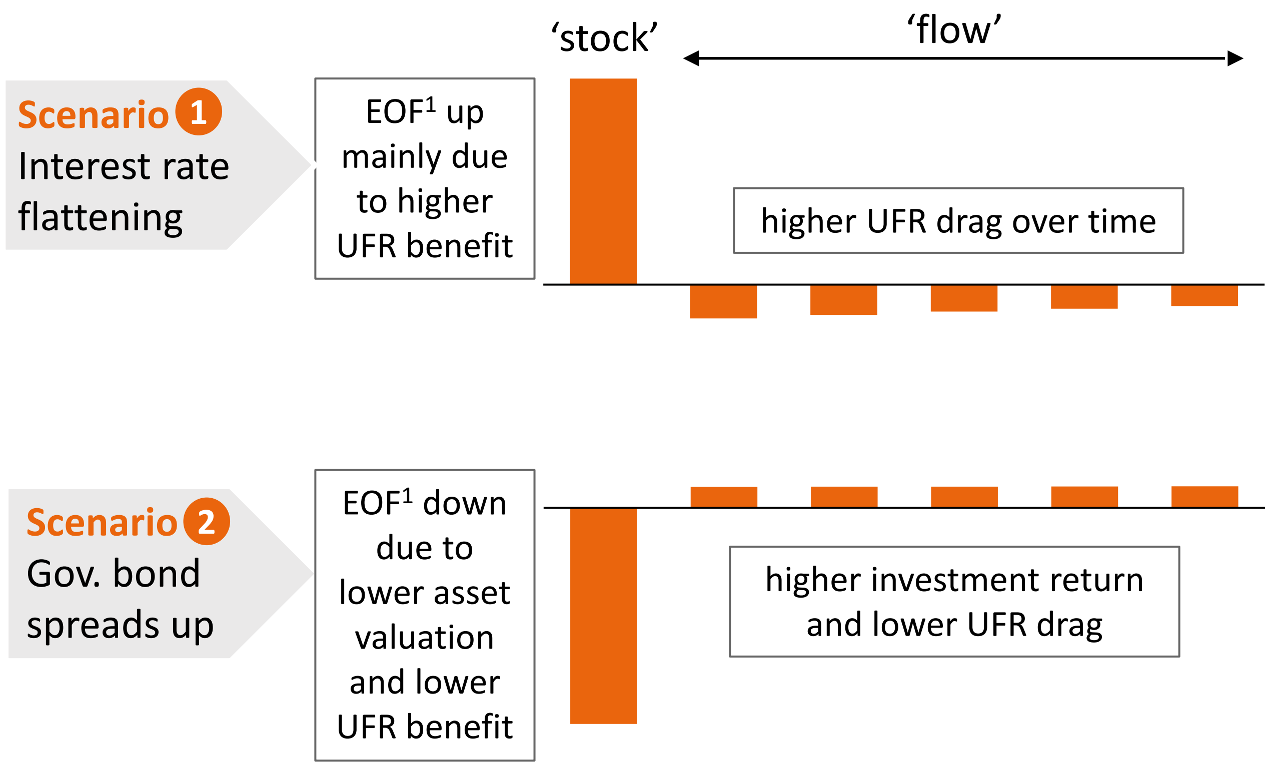
Markets impact ‘stock’ and ‘flow’, limited impact on cash flow

Illustrative: ‘stock’ and ‘flow’ impact on Own Funds



- In-force book to deliver strong and stable cash flows

1 Interest rate flattening after year 20

- Own Funds benefit from increased UFR benefit, offset by higher UFR drag over time
- Impact of flattening on UFR drag next year depends on movement between 20Y and 21Y point
- Low economic impact from partial open position after year 30

2 Spread movements

- Impact from lower asset valuation, earned back through higher investment return from higher spreads
- Second order effect from higher VOLA[2] results in a higher discount rate and lower UFR benefit, earned back through lower UFR drag over time
- Economic losses arise in case of defaults, economic benefits arise from reinvestments at higher spreads

1. Eligible Own Funds
2. The VOLA is derived from spread movements in the EIOPA reference portfolio, reflecting a weighted mix government and corporate bonds. Note that mortgages are not included therefore mortgage spread movements do not affect the VOLA level.

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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. 2020 Annual Accounts.

All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) the effects of the Covid-19 pandemic and related response measures, including lockdowns and travel restrictions, on economic conditions in countries in which NN Group operates, on NN Group's business and operations and on NN Group's employees, customers and counterparties (3) changes in performance of financial markets, including developing markets, (4) consequences of a potential (partial) break-up of the euro or European Union countries leaving the European Union, (5) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (6) the frequency and severity of insured loss events, (7) changes affecting mortality and morbidity levels and trends, (8) changes affecting persistency levels, (9) changes affecting interest rate levels, (10) changes affecting currency exchange rates, (11) changes in investor, customer and policyholder behaviour, (12) changes in general competitive factors, (13) changes in laws and regulations and the interpretation and application thereof, (14) changes in the policies and actions of governments and/or regulatory authorities, (15) conclusions with regard to accounting assumptions and methodologies, (16) changes in ownership that could affect the future availability to NN Group of net operating loss, net capital and built-in loss carry forwards, (17) changes in credit and financial strength ratings, (18) NN Group's ability to achieve projected operational synergies, (19) catastrophes and terrorist-related events, (20) adverse developments in legal and other proceedings and (21) the other risks and uncertainties contained in recent public disclosures made by NN Group.

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