

Press release

19 December 2023

NN Life completes two longevity transactions

NN Group announces today that its subsidiary NN Life has completed two transactions to transfer the full longevity risk associated with in total approximately EUR 13 billion of pension liabilities in the Netherlands. The deals will reduce NN's exposure to longevity risk and thereby further strengthen NN's capital position.

The transactions cover the longevity risk of approximately 300 thousand policies and have been entered into with an insurance subsidiary of Prudential Financial, Inc.ⁱ and with Swiss Re. The risk transfer will become effective as of 31 December 2023, and the reinsurance agreements will continue until the portfolio has run off. The reinsurance deals have no impact on the services and guarantees that NN provides to its policyholders.

"The capital uplift and economics from these transactions are very attractive compared to the limited impact on operating capital generation. It underscores our efforts to continually look for value creating opportunities, reduce longevity risk in the Dutch market, and actively manage our balance sheet," said David Knibbe, CEO of NN Group.

At the end of September 2023, the unaudited Solvency II ratios for NN Group and NN Life were approximately 205% and 187%, respectively. The longevity transactions will result in an upfront capital benefit and are expected to increase the NN Group Solvency II ratio by approximately 8%-points, and NN Life's Solvency II ratio by approximately 17%-points, based on the balance sheet and markets per the end of September 2023. The lower risk profile resulting from the longevity transactions will lead to a limited decrease in the operating capital generation for the first five years in the range of EUR 30-35 million per year. In the following years, this negative impact will decrease over time in line with the run-off of the portfolio.

The Solvency II ratios of NN Group and NN Life are sensitive to market movements for which NN has provided sensitivities in the analyst presentation for the results for the first half of 2023. Since the 1H23 disclosure, market movements have had an adverse impact on the Solvency II ratios of NN Group and NN Life, most notably due to the widening of the mortgage margin.

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NN Group profile

NN Group is an international financial services company, active in 11 countries, with a strong presence in a number of European countries and Japan. With all its employees, the Group provides retirement services, pensions, insurance, banking and investments to approximately 20 million customers. NN Group includes Nationale-Nederlanden, NN, ABN AMRO Insurance, Movir, AZL, BeFrank, OHRA and Woonnu. NN Group is listed on Euronext Amsterdam (NN).

Important legal information

Elements of this press release contain or may contain information about NN Group N.V. within the meaning of Article 7(1) to (4) of EU Regulation No 596/ 2014 (Market Abuse Regulation).

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) operational and IT risks, such as system disruptions or failures, breaches of security, cyber-attacks, human error, changes in operational practices or inadequate controls including in respect of third parties with which we do business, (21) risks and challenges related to cybercrime including the effects of cyberattacks and changes in legislation and regulation related to cybersecurity and data privacy, (22) business, operational, regulatory, reputation and other risks and challenges in connection with ESG related matters and/or driven by ESG factors including climate change, (23) the inability to retain key personnel, (24) adverse developments in legal and other proceedings and (25) the other risks and uncertainties contained in recent public disclosures made by NN Group.

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