

Press release

09 January 2024

NN announces final settlement with interest groups on unit-linked insurance products

- Settlement involves approximately EUR 300 million; all legal proceedings to be discontinued
- Settlement follows earlier measures adopted by NN, including previous compensation rounds of approximately EUR 1 billion
- Provision of approximately EUR 360 million recognised in the fourth quarter of 2023; with EUR 60 million for hardship cases and customers unaffiliated to the interest groups who have not previously received compensation
- NN Group has injected EUR 1 billion into NN Life to cover for the provision as well as to improve the use of capital within the group; NN Group is comfortable with a cash capital position between EUR 0.5 and 1.5 billion
- For 2023, NN Group plans for an increased double digit percentage step-up of the dividend per share versus 2022

NN Group today announces it has agreed on a settlement with interest groups Consumentenclaim, Woekerpolis.nl, Woekerpolisproces, Wakkerpolis and Consumentenbond regarding unit-linked insurance products sold in the Netherlands by Nationale-Nederlanden, including Delta Lloyd and ABN AMRO Levensverzekering. The total settlement entails an amount of approximately EUR 300 million.

‘The settlement is an important result for everyone involved in this long-standing industry issue,’ said David Knibbe, CEO of NN Group. ‘We have taken the criticism that certain products did not meet our customers’ expectations seriously, and therefore we are pleased to announce a final settlement with all interest groups. With this settlement we provide clarity to our customers and can finally resolve this issue. We will continue to focus on helping our customers care for what matters most to them.’

The settlement relates to all unit-linked insurance products of customers affiliated with one of the interest groups. All legal proceedings will be discontinued and no new legal proceedings may be initiated by the interest groups and affiliated parties.

Once all details relating to the execution of the settlement are finalised, customers will receive their individual proposal through their respective interest group. The agreement will be final once 90% of these customers agree with their proposal. NN expects this process to take until the end of 2024.

The settlement follows earlier measures taken by NN in the interest of customers for a total amount of approximately EUR 1 billion. These earlier measures were, for example, the Settlement Agreements in 2008.

Financial details

To cover the settlement costs, a provision of approximately EUR 360 million was recognised in the fourth quarter of 2023. This includes EUR 60 million hardship cases and customers unaffiliated with one of the interest groups who have not previously received compensation. In addition, approximately EUR 20 million is available for these customers through the remainder of a provision recognised as part of the 2008 settlement. These customers can contact NN with questions via +31 (070) 513 91 67 or www.nn.nl/schikkingsovereenkomst.

At the end of December 2023, NN Group decided to inject EUR 1 billion into its subsidiary NN Life. The injection will cover for the provision whilst the remainder will be deployed according to NN Life's strategic asset allocation over time. As such, the lower organic capital generation due to the longevity transactions announced on 19 December 2023 can partly be compensated. Following the capital injection, the cash capital position of NN Group at the end of December 2023 was approximately EUR 1 billion, comfortably within the range of between EUR 0.5 and EUR 1.5 billion.

NN Group is comfortable with its capital position following the settlement announced today, the attractive longevity deals and the optimisation of the use of capital within the group. As a result, for 2023 NN Group plans for an increased double digit percentage step-up of the dividend per share versus 2022. From this higher base, management reconfirms its commitment of a progressive dividend per share level, an annual share buyback of at least EUR 250 million and additional excess capital to be returned to shareholders unless used for value-creating opportunities.

At the end of September 2023, the unaudited Solvency II ratios for NN Group and NN Life were approximately 205% and 187%, respectively. The provision for the settlement announced today will have an impact on the Solvency II ratios of NN Group of approximately 3 percentage points and on NN Life of approximately 5 percentage points. For NN Life's Solvency II ratio, the capital injection will add approximately 19 percentage points.

As indicated in the press release of 19 December 2023, the longevity transactions are expected to increase NN Group's Solvency II ratio by approximately 8 percentage points and NN Life's Solvency II ratio by approximately 17 percentage points.

We reiterate that 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. Market movements since the end of September 2023 are expected to have an adverse impact on the Solvency II ratios of NN Group and NN Life, most notably due to the widening of the mortgage margin. For the Solvency II ratio of NN Group, we expect the negative effects from markets and the settlement to be only partly offset by the longevity transactions. For NN Life, based on preliminary insights based on sensitivities, we expect the Solvency II ratio to land in a range around the unaudited Solvency II ratio as per the end of September 2023.

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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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