



WELKOM!

OP HET TRIPLE A – RISK FINANCE SEMINAR OVER CAPITAL GENERATION

PROGRAMMA

14:00 Opening door **Thom Peters**

Jasper Hoogenstraaten en Misaël Belle – Capital generation in de schademarkt

Peter van Geijtenbeek – Perspectief van een middelgrote schadeverzekeraar

15:15 Pauze – 30 min.

Tom Veerman – Capital generation en perspectief levensverzekeraars en groepen

Jelmer Lantinga – Perspectief van Investor Relations

17:00 Borrel





Capital Generation Schadeverzekeraars

Schade en Inkomen



Capital generation schadeverzekeraars

Schade en Inkomen

1

Capital generation?

Achtergrond en uitgangspunten

2

Capital generation in de NL schademarkt

Overzicht van capital generation bij schade- en inkomenverzekeraars

3

Trends en aandachtspunten

Trends, aandachtspunten en voorbeelden

4

Sturing

Inrichting capital generation monitoring en sturing

1. Capital generation?

Achtergrond en uitgangspunten



Waarom capital generation?

- Een stap terug: doelstellingen van Solvency II



always focused on the main objectives of Solvency II, namely the protection of policyholders and beneficiaries and the stability of the market.

Introductory Speech Gabriel Bernardino for Solvency II Review, 1-2-2018
Bron: EIOPA

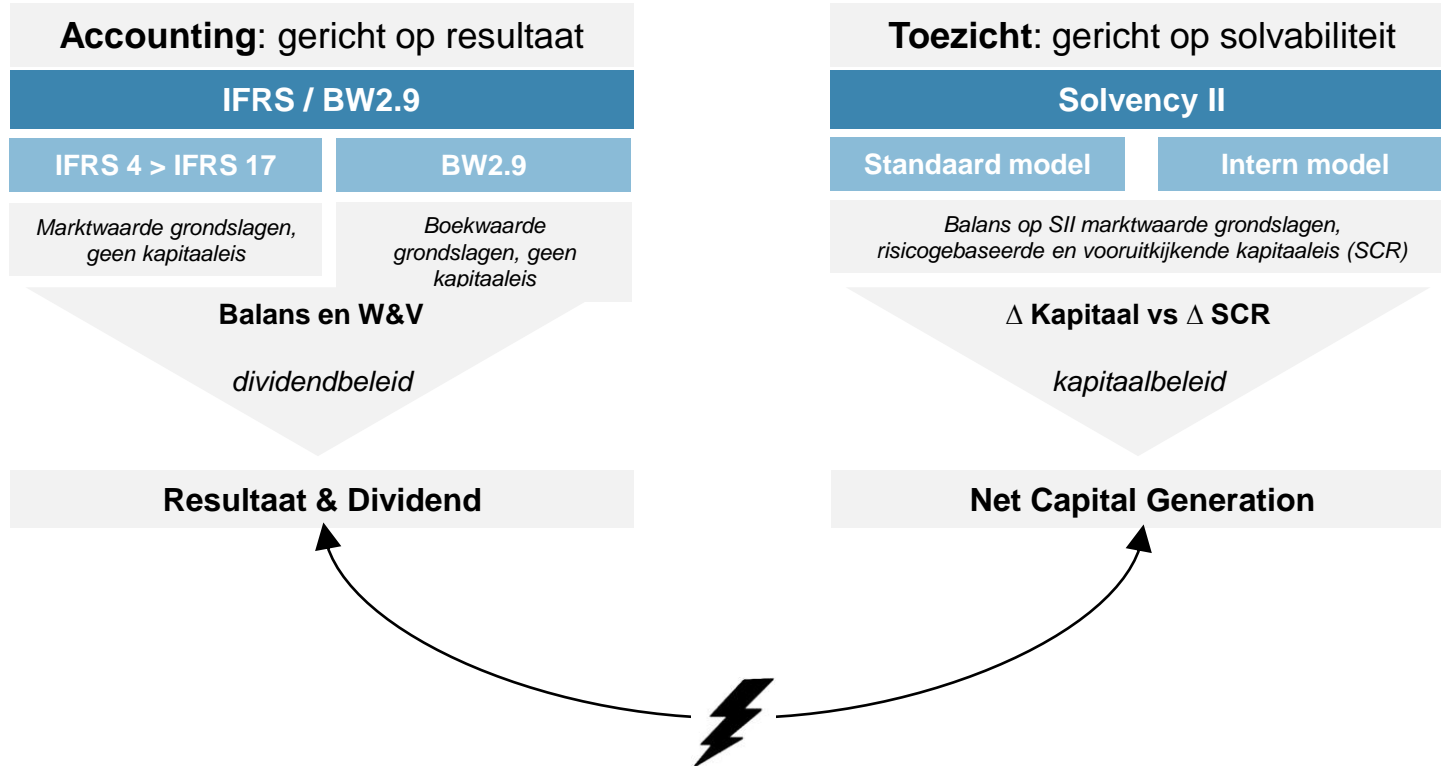
Niet gericht op rendement

Maar bevat wel inzicht in
(markt)waarde!

Focus op kapitaal

En bepaalt hiermee ruimte voor ondernemerschap en
dividend!

Twee werelden: resultaat en kapitaal



Definitie capital generation

- (Nog) Geen eenduidige definitie
 - Operating / Organic / Normalized / Net / Free, etc.
 - Op basis van 100% SCR of interne normen?
 - Discussies omtrent uniformiteit vanuit koepelorganisatie zoals Verbond en CFO Forum
- Basis uitgangspunt:
 - Vrij kapitaal: Aanwezig vermogen -/- SCR
 - NCG: ontwikkeling vrij kapitaal in een periode



Definitie capital generation

- DNB uitvraag capital generation met voorgeschreven opbouw ter indicatie

Aanwezig vermogen primo	SCR primo
Nieuwe productie	Nieuwe productie
Overrendement Mutatie risico	Mutatie SCR
Overrendement	
UFR effect	
Mutatie risico	
Model- en a	
Technisch re	
Kapitaalmutaties (uitgifte of dividend)	
<u>Overig (restpost)</u>	
Aanwezig vermogen ultimo	SCR ultimo

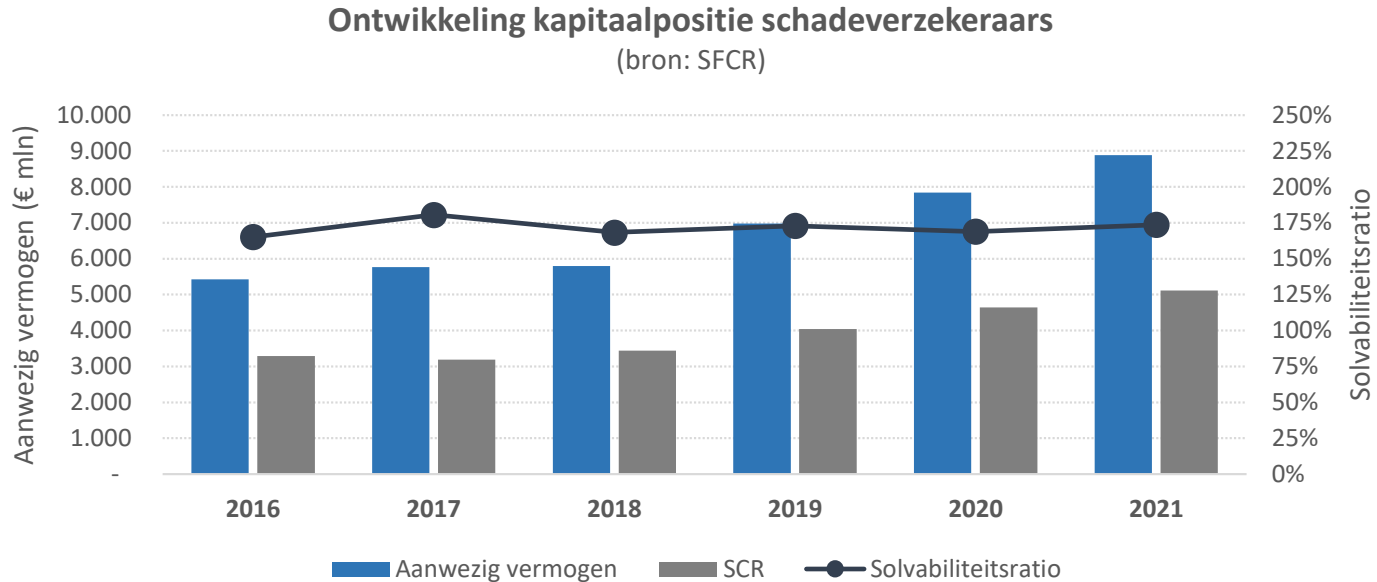
Hoe hiermee om te gaan voor schadeverzekeraars?

2. Capital generation schadeverzekeraars

Overzicht 2016 – 2021

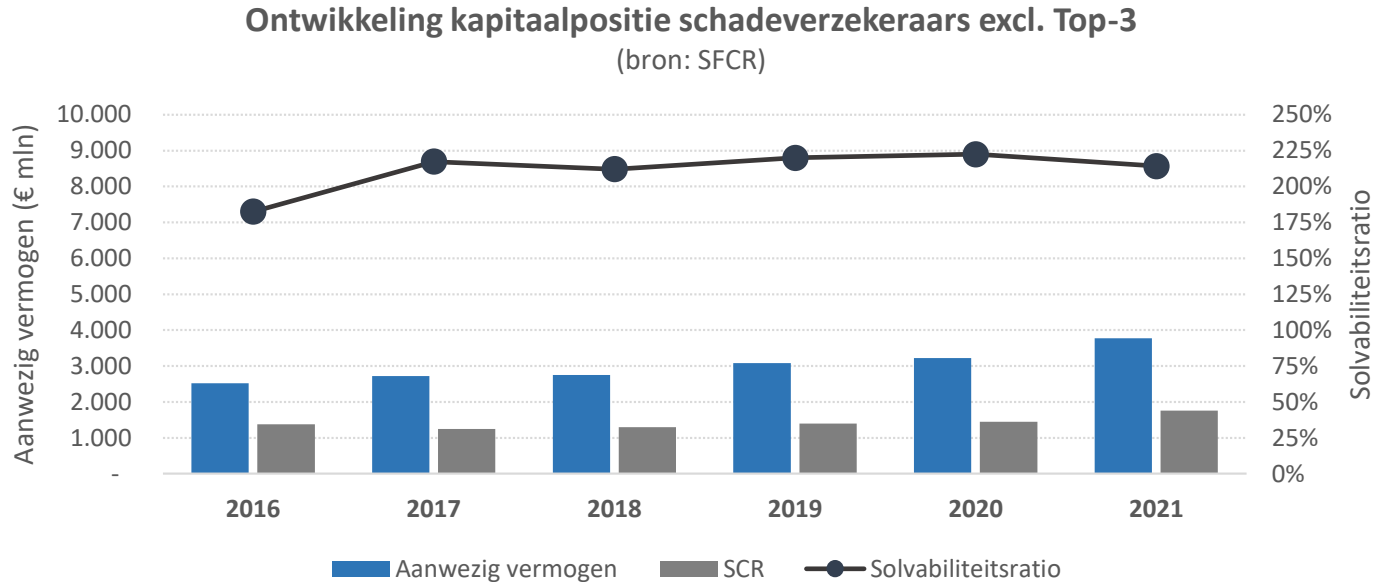
Solvabiliteit schadeverzekeraars 2016 – 2021

- Data: 17 van de grootste Nederlandse schadeverzekeraars



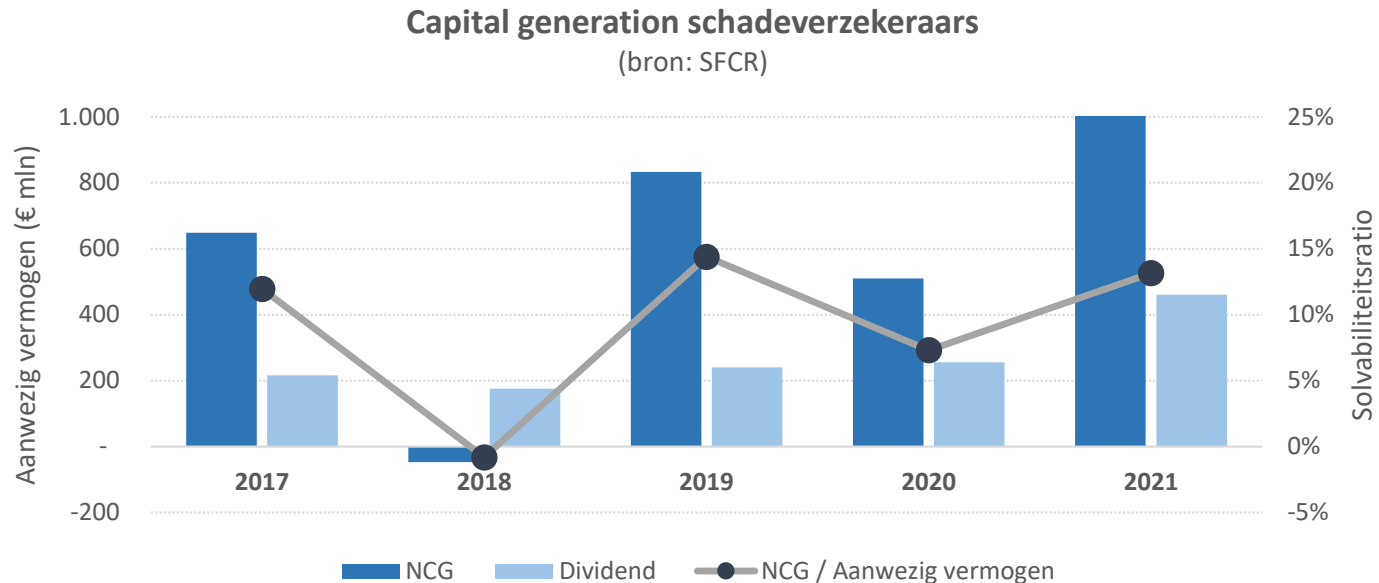
Solvabiliteit schadeverzekeraars 2016 – 2021 excl. top-3

- Exclusief top-3



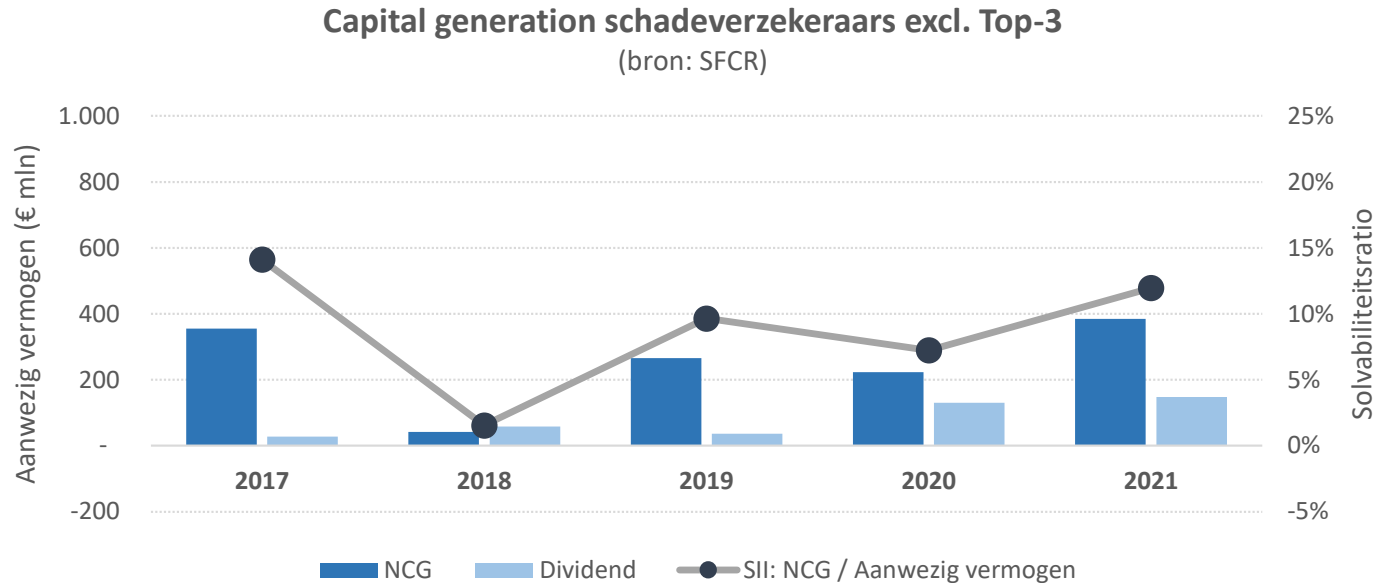
NCG schadeverzekeraars 2016 – 2021

- NCG: mutatie vrij kapitaal (= aanwezig vermogen -/- SCR) + uitgekeerd dividend



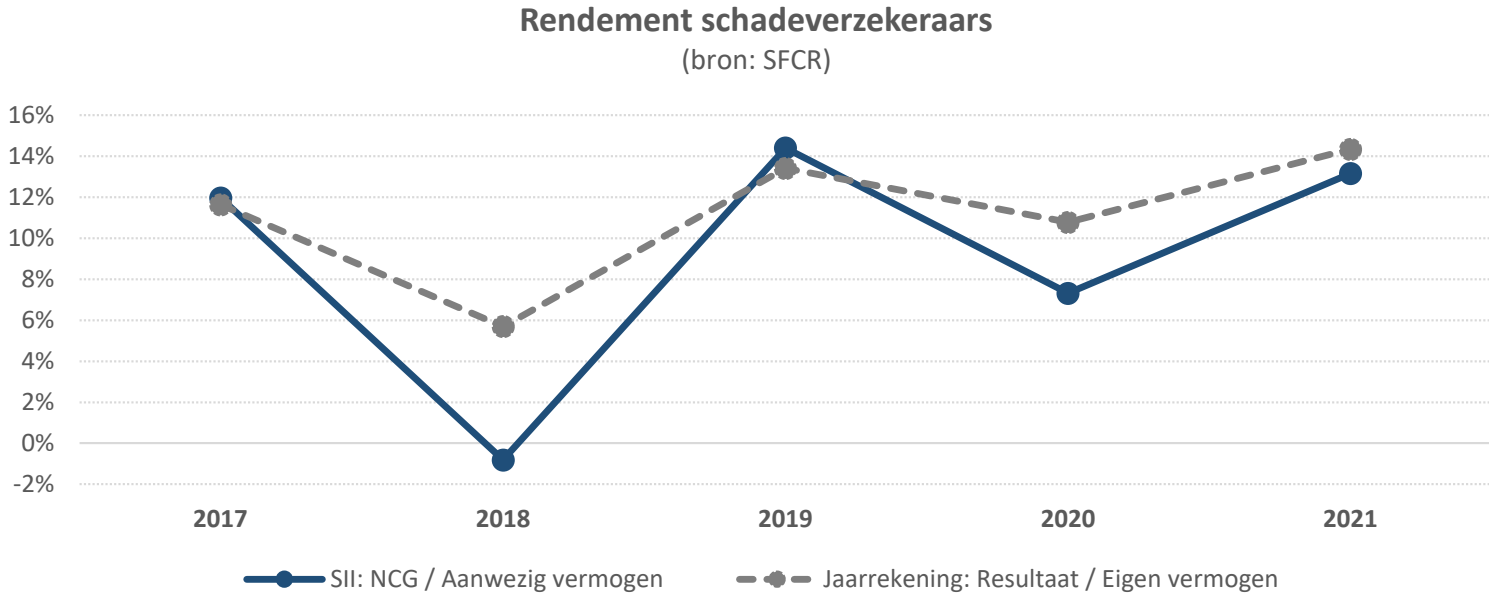
NCG schadeverzekeraars 2016 – 2021 excl. top-3

- NCG: mutatie vrij kapitaal (= aanwezig vermogen -/- SCR) + uitgekeerd dividend



NCG vs ROE

- $SII \text{ NCG} / \text{Aanwezig vermogen} \leftrightarrow \text{Jaarrekening resultaat} / \text{eigen vermogen}$

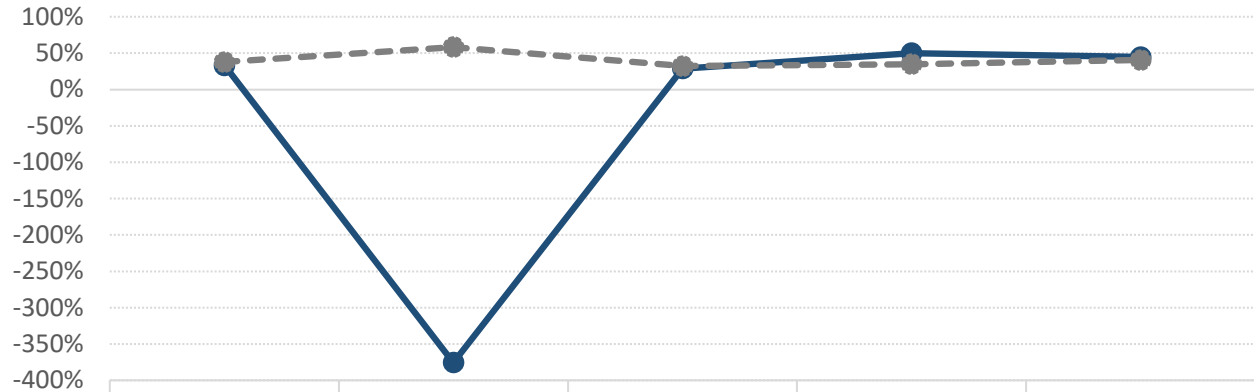


Dividend pay-out

- Dividend / NCG \leftrightarrow Dividend / Resultaat

Dividend pay-out schadeverzekeraars

(bron: SFCR)



—●— Dividend pay-out NCG	33%	-376%	29%	50%	45%
-●- Dividend pay-out resultaat	38%	58%	32%	35%	41%

En zorg dan?

- Kapitaalgeneratie geen doel → borging solvabiliteit tbv continuïteit en stabiliteit
 - Inzet vermogen in de vorm van premietekort



3. Trends en aandachtspunten

Ontwikkelingen en voorbeelden



Trends en aandachtspunten – Belastingen

Belastingen en LAC DT

Wijzigingen in vennootschapsbelasting

- Eerdere aangekondigde verlagingen van Vpb-tarief ingetrokken
- Verhoging Vpb-tarief in belastingplan 2022
- Belastingplan 2023?

LAC DT

- Q&A en Good practices over de rol van uitgestelde belastingen (DTA, DTL en LAC DT) in Solvency II (DNB)
- Toezichtkalender Onderzoeken en Uitvragen Verzekeraars 2022: LAC DT uitvraag (niet-zorg)
- Marktonwikkeling:
 - Lagere LAC DT (geen carry forward) en meer volatiliteit

Vennootschapsbelasting

De vennootschapsbelasting gaat later en minder omlaag. Bedrijven met winsten boven de 200 duizend euro betalen daardoor volgend jaar nog steeds 25 procent belasting in plaats van de beloofde 22,55 procent. Een jaar later komt het tarief uit op 21,7 procent, nog altijd meer dan het percentage van 20,5 procent dat aanvankelijk was beloofd.

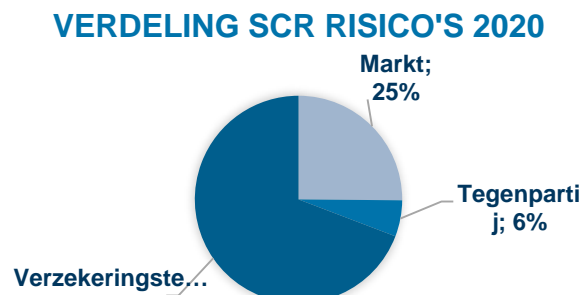
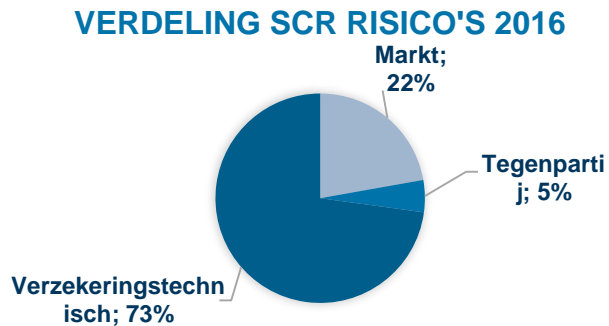
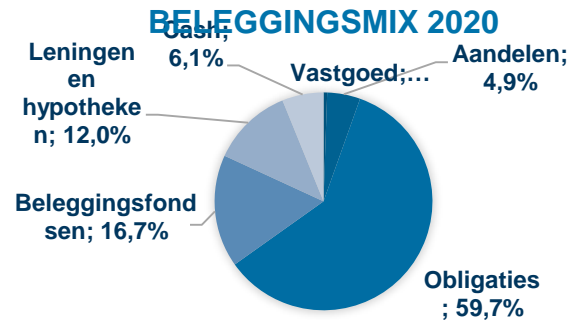
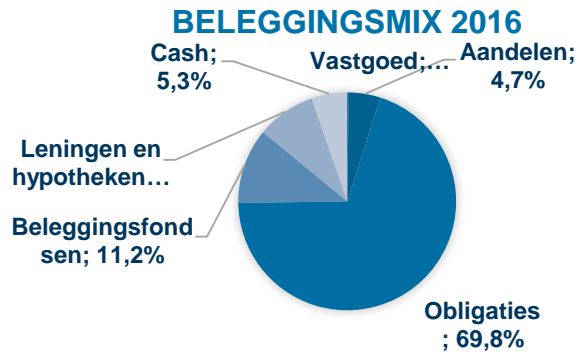
Lagere winstbelasting op losse schroeven

Voortgang in Belastingplan 2022; Vpb-tarief verhoogd naar 25,8%



Trends en aandachtspunten – Beleggingen

Search for yield

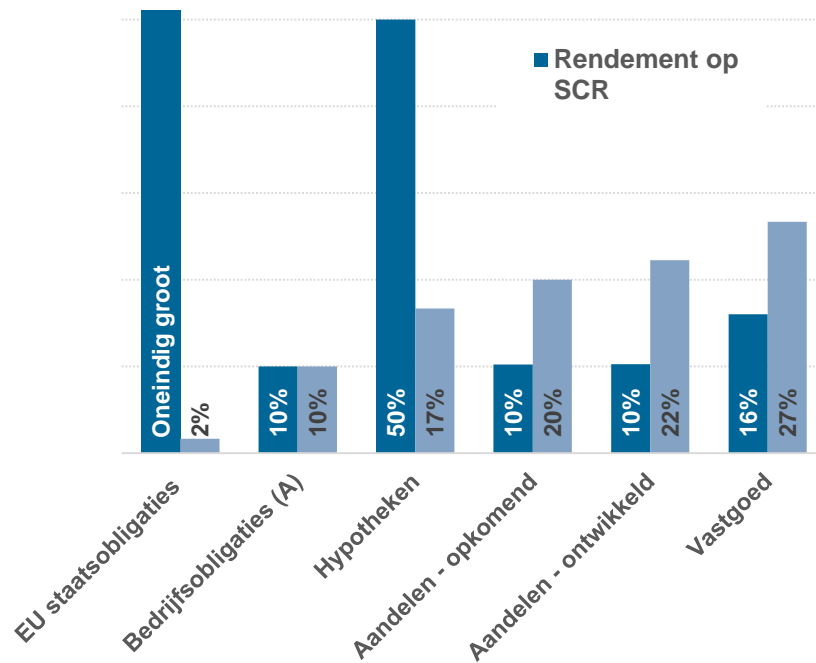


Trends en aandachtspunten – Beleggingen

Search for yield

Beleggingsmix traditioneel afweging tussen risico-rendement. Daarnaast ook een afweging van kapitaalbeslag en ESG-kpi's.

Is de term 'search for yield' nog actueel nu de rentes stijgen? Is een heroverweging van de beleggingsmix nodig?



Trends en aandachtspunten – Premiestelling

Pricing en kapitaalbeleid

Verzekeraar combined ratio van 100% (interne norm 150%)

Jaar	Inkomend	Uitgaand	Schade-voorziening	SCR	Benodigd kapitaal	Kapitaal generatie
1	100,00	70,00		19,20	28,80	-28,80
2		21,00	30,00	9,00	13,50	15,30
3		6,30	9,00	2,70	4,05	9,45
4		1,89	2,70	0,81	1,22	2,84
5		0,81	0,81	0,24	0,36	0,85
6		0,00	0,00	0,00	0,00	0,36
Totaal	100,00	100,00				0,00

Jaar	Benodigd kapitaal * CoC
1	1,73
2	0,81
3	0,24
4	0,07
5	0,02
Totaal	2,88

Verzekeraar combined ratio van 100% plus winstopslag obv CoC (interne norm 150%)

Jaar	Inkomend	Uitgaand	Schade-voorziening	SCR	Benodigd kapitaal	Kapitaal generatie
1	102,88	70,00		19,75	29,63	-26,75
2		21,00	30,00	9,00	13,50	16,13
3		6,30	9,00	2,70	4,05	9,45
4		1,89	2,70	0,81	1,22	2,84
5		0,81	0,81	0,24	0,36	0,85
6		0,00	0,00	0,00	0,00	0,36
Totaal	102,88	100,00				2,88



Trends en aandachtspunten – Premiestelling

Pricing en kapitaalbeleid

Bij het vaststellen van een winststopslag dient rekening gehouden te worden met:

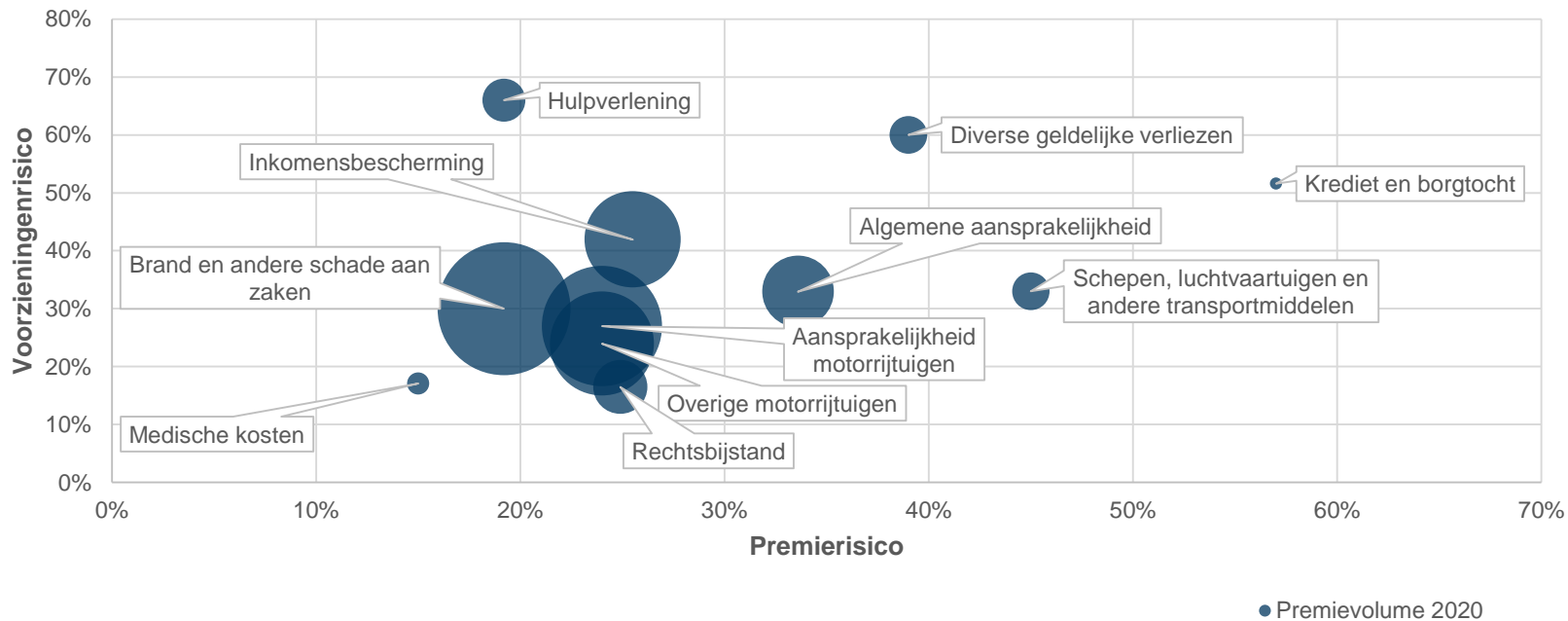
- Kapitaalbeslag producten
 - Solvency II parameters
 - Uitloop kapitaalvereiste
- Diversificatie tussen producten
- Kapitaalbeleid / dividendgrens
- Benodigd rendement (cost of capital)
- Herverzekering
- Commerciële overwegingen
- Etc.

CoC	Dividendgrens	Brand	Motor WA
6%	150%	1,9%	7,8%
6%	100%	1,3%	5,2%
9%	150%	2,9%	11,7%

Trends en aandachtspunten – Premiestelling

Pricing en kapitaalbeleid

Kapitaalbeslag premie- en voorzieningenrisico



Trends en aandachtspunten – USP's

Kapitaal

Undertaking specific parameters (USP's)

- Eigen specifieke parameter voor vaststelling vereist kapitaal (SCR) voor verzekeringstechnisch risico
 - Gedelegeerde Verordening (art. 218)
- USP wordt vastgesteld op basis van interne data van verzekeraar. De methodiek is vastgelegd in de gedelegeerde verordening.
- Parameters premie- en voorzieningenrisico die kunnen worden vervangen door een USP:
 - Standaarddeviatie premierisico
 - Standaarddeviatie reserverisico
 - Aanpassingsfactor voor niet-proportionele herverzekering
- Aanvraag USP via aanvraagprocedure bij de toezichthouder (DNB)

Trends en aandachtspunten – Inkomen

Inkomensverzekeraars

HEALTHCARE & PHARMA DECEMBER 31, 2019 / 8:55 AM / UPDATED 2 YEARS AGO

Chinese officials investigate cause of pneumonia outbreak in Wuhan

Inflatie stijgt naar 9,7 procent in maart

Tweede Kamer akkoord met Verzamelwet SZW 2022

Het hoger dan verwachte aantal arbeidsongeschiktheidsuitkeringen is voor een deel het gevolg van de coronapandemie. Dat blijkt uit onderzoek van uitvoeringsorganisatie UWV.

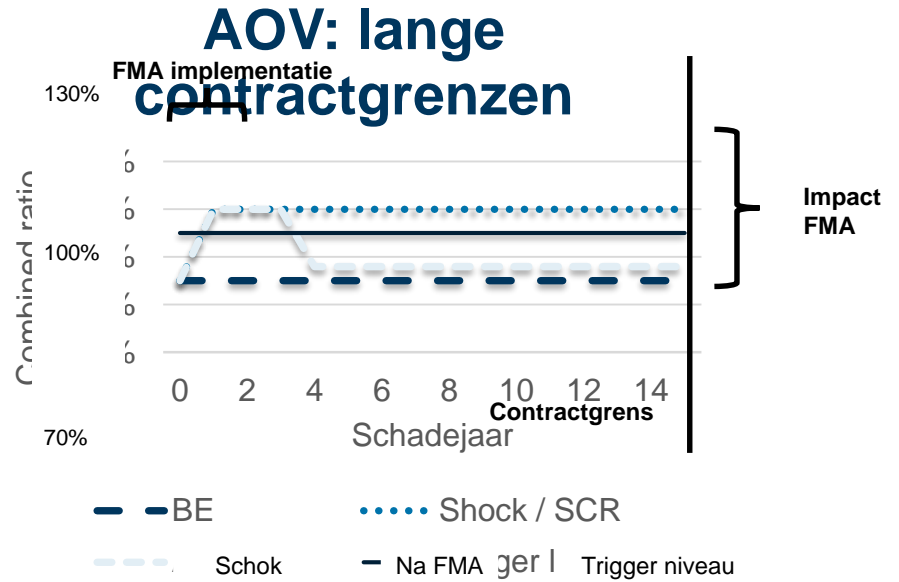
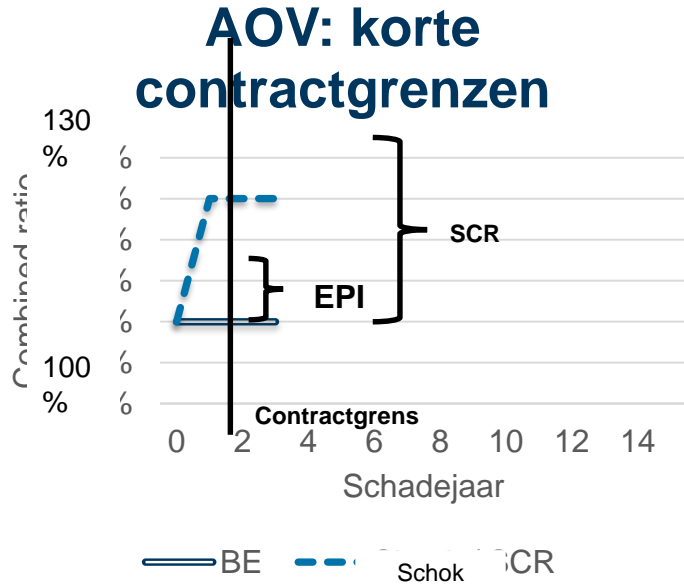
UWV kampt met groot tekort aan artsen: 17 weken wachten op keuring voor uitkering

The screenshot shows the top part of a website page. At the top left is the logo for 'DeNederlandseBank' with 'EUROSYSTEEM' underneath. Below the logo is a navigation menu with items: 'Actueel', 'Publicaties', 'Thema's', 'Voor de sector', 'Onderzoek', 'Statistieken', 'Werken bij DNB', and 'Over ons'. Below the navigation is a breadcrumb trail: 'DNB.nl > Publicatieoverzicht > Publicaties Toezicht > [Afgesloten] Q&A over de contractgrens bij in'. The main content area has a dark blue header with the title '[Afgesloten] Q&A over de contractgrens bij individuele arbeidsongeschiktheidsverzekeringen'. Below the title, it says '20 mei 2021 | Toezicht' and there is a red button labeled 'Consultatie Toezicht'.

Trends en aandachtspunten – Inkomen AOV

Inkomensverzekeraars

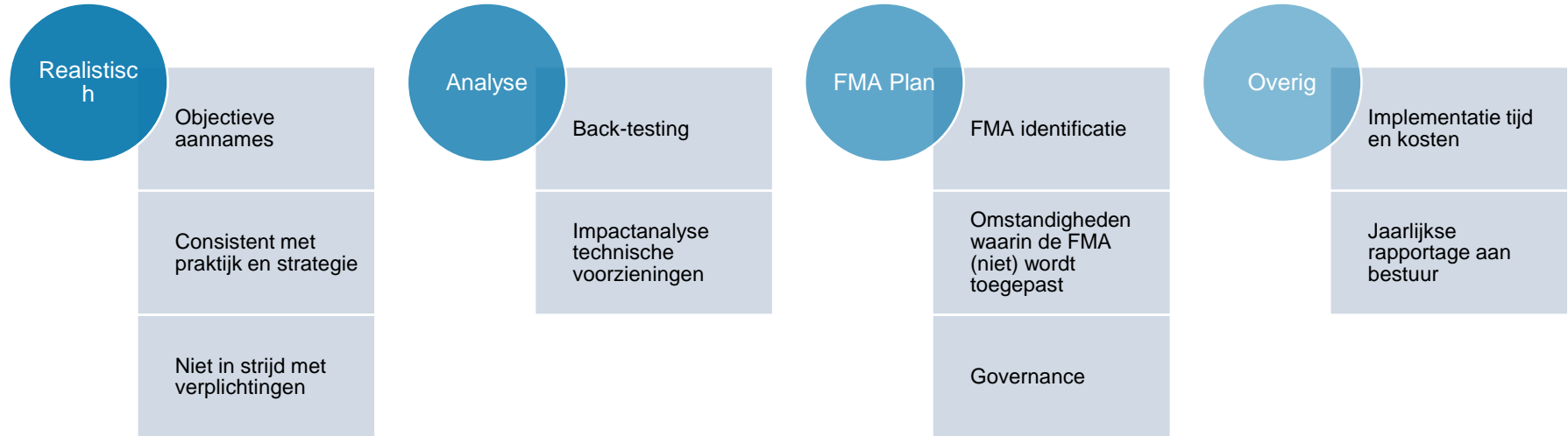
Solvency II staat **toekomstige beheersmaatregelen** toe bij de berekening van de technische voorzieningen en het SCR



Trends en aandachtspunten – Inkomen AOV

Inkomensverzekeraars

De toepassing van de FMA in de technische voorzieningen en het SCR is vastgelegd in de Solvency II-verordening (de artikelen 23 en 83 van Gedelegeerde Verordening (EU) 2015/35 van de Commissie). Deze vereisten zorgen voor een betrouwbare en consistente toepassing en de integratie van de FMA in het beleid van de verzekeraars.



Trends en aandachtspunten

Herverzekering

- Herverzekering blijft effectief en goed inzetbaar.
- Herverzekeraars staan onder druk, waardoor herverzekeringspremies voor bepaalde dekkingen toenemen. Het blijft belangrijk om te beoordelen of herverzekering kapitaal genereerd of kapitaal kost. Wat is het optimale herverzekeringsprogramma? Veel variabele bij opzet optimaal herverzekeringsprogramma.
- Quota share herverzekering effectief bij financieren van groei. Deep sliding scale QS constructies staan onder druk binnen Solvency II.

Reflection of Risk Mitigation Techniques in the Standard Formula

5.32 EIOPA proposes that the following is added to Article 210 of the Delegated Regulation:

“The undertaking shall prove the extent of an effective transfer of risk in order to ensure that any reduction in the Solvency Capital Requirement or increase in available capital resulting from its risk transfer arrangements is commensurate with the change in risk that the undertaking is exposed to.

The Solvency Capital Requirement and available capital shall reflect the economic substance of the arrangements that implement the technique. When calculating the Basic Solvency Capital Requirement, insurance or reinsurance undertakings shall only take into account risk-mitigation techniques as referred to in Article 101(5) of Directive 2009/138/EC where:

- *the reduction in the Solvency Capital Requirements, or increase in the available capital is commensurate with the extent of risk transfer, and*
- *there is an appropriate treatment within the Solvency Capital Requirement of any corresponding risks that are acquired in the process.”*

OPINION ON THE 2020 REVIEW OF SOLVENCY II (EIOPA 17 December 2020)

4. Sturing

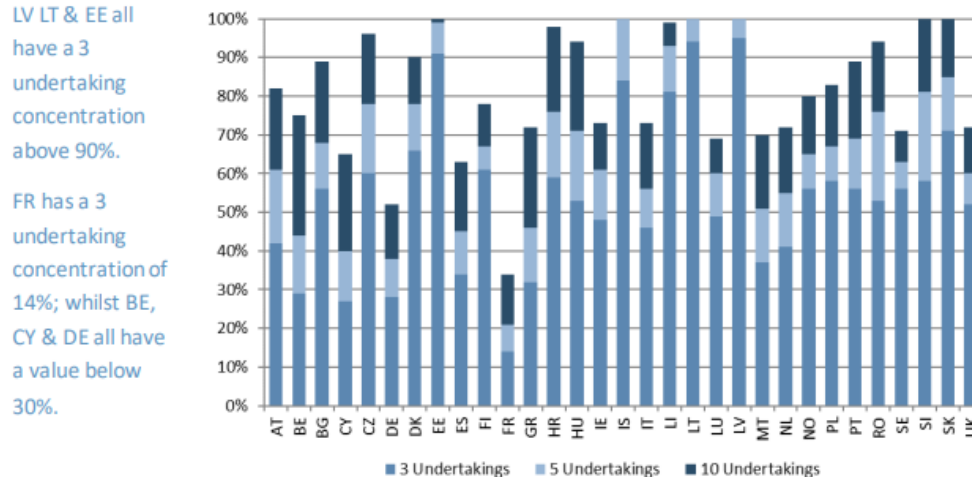
Inrichting capital generation monitoring en sturing



Diversiteit schadeverzekeraars vraagt om maatwerk

- Nederlandse schademarkt kent (2021 Q4) nog altijd 108 partijen
 - Levenmarkt kent grootste balanstotaal, maar klein aantal partijen (m.n. groepen)
- Grote diversiteit in producten, doelgroep, omvang, structuur, doelstellingen, etc.

Figure 9: Concentration per country



Eigen aanpak gebaseerd op SII rapportage

- Eigen specifieke en passende aanpak per verzekeraar
 - Eigen monitoringsproces gebaseerd op SII rapportage
 - Specifieke drivers NCG en management acties

Aanwezig vermogen	SCR
Resultaat bestaande portefeuille	SCR nieuwe productie
Resultaat nieuwe productie	Vrijval SCR
Beleggingsresultaat	Herverzekering
Vrijval risicomarge	Etc.
Etc.	



Doorlopende kapitaalgeneratie

Eigen aanpak gebaseerd op SII rapportage

- Technische implementatie in beginsel basaal

1. Vaststellen drivers capital generation

2. Opstellen capital generation 'retrospectief' per driver

3. Opstellen capital generation 'prospectief'

- Echter diverse overwegingen

- Specifieke context: interne norm SCR en werkelijke cost of capital
- Governance omtrent capital generation
- Raakvlakken en impact op bestaand beleid
- Aansluiting op bestaande processen
- Rolverdeling en inbedding

Eigen aanpak gebaseerd op SII rapportage

- Inzicht in capital generation en projectie ervan op onderliggend niveau, bijv.
 - Product, (voorgenomen) beleggingsmix, herverzekering en portfolio transacties
- Toegevoegde waarde van sturen op capital generation
 - **In control** Solvency II: beperk verrassingen
 - Communicatie **aandeelhouder**: inzicht in waardecreatie en dividend
 - Koppeling mogelijk met **MTP en ORSA**
 - **Voorkomen** van besluiten met **negatieve waardecreatie** tot gevolg



Conclusie



Conclusie

- Eigen en passende aanpak van belang voor meten en sturen NCG
 - ✓ Eigen specifieke drivers van kapitaal generatie gegeven portefeuille
 - ✓ Eigen specifieke doelstellingen, beleid, maatregelen en sturing
 - ✓ Vaststellings- en rapportageproces gebaseerd op reeds bestaand SII proces



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Solvabiliteit en Free Capital Generation

Ervaringen van een kleine schadeverzekeraar

TURIEN & CO
ASSURADEUREN


Ansvaridéa
VERZEKERINGEN

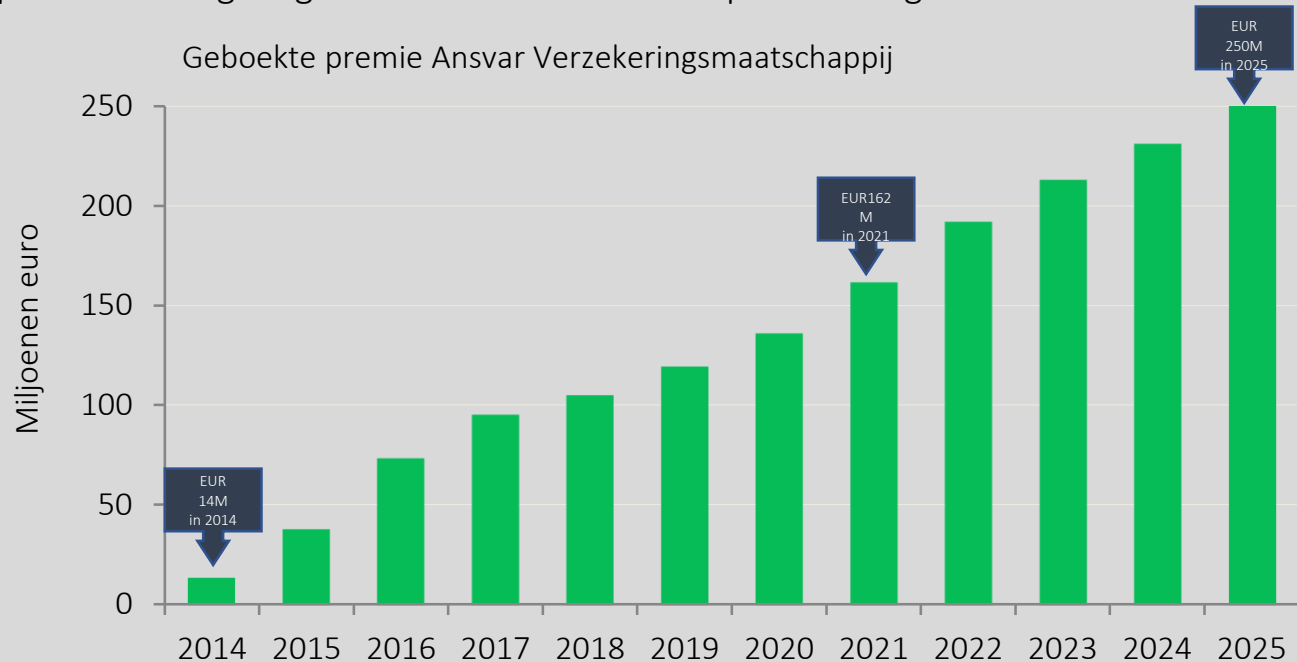

Bergermeer
verzekeringen



SHARED EXPERTISE
Verzuim, Re-integratie en Inzetbaarheid

Korte introductie

- ✓ Ansvar Verzekeringsmaatschappij is onderdeel van Turien & Co. Holding en richt zich op particuliere schadeverzekeringen. De onderneming heeft een sterk duurzaam karakter.
- ✓ De eigendomsstructuur en beperkte omvang vergen extra aandacht voor kapitaalmanagement.
- ✓ Het premievolume van Ansvar is van EUR 14M in 2014 naar EUR 162M in 2021 toegenomen. Voor 2025 wordt een premievolume van EUR 250M verwacht.
- ✓ Herverzekering is voor Ansvar niet alleen een instrument voor risico overdracht maar ook voor capital relief.

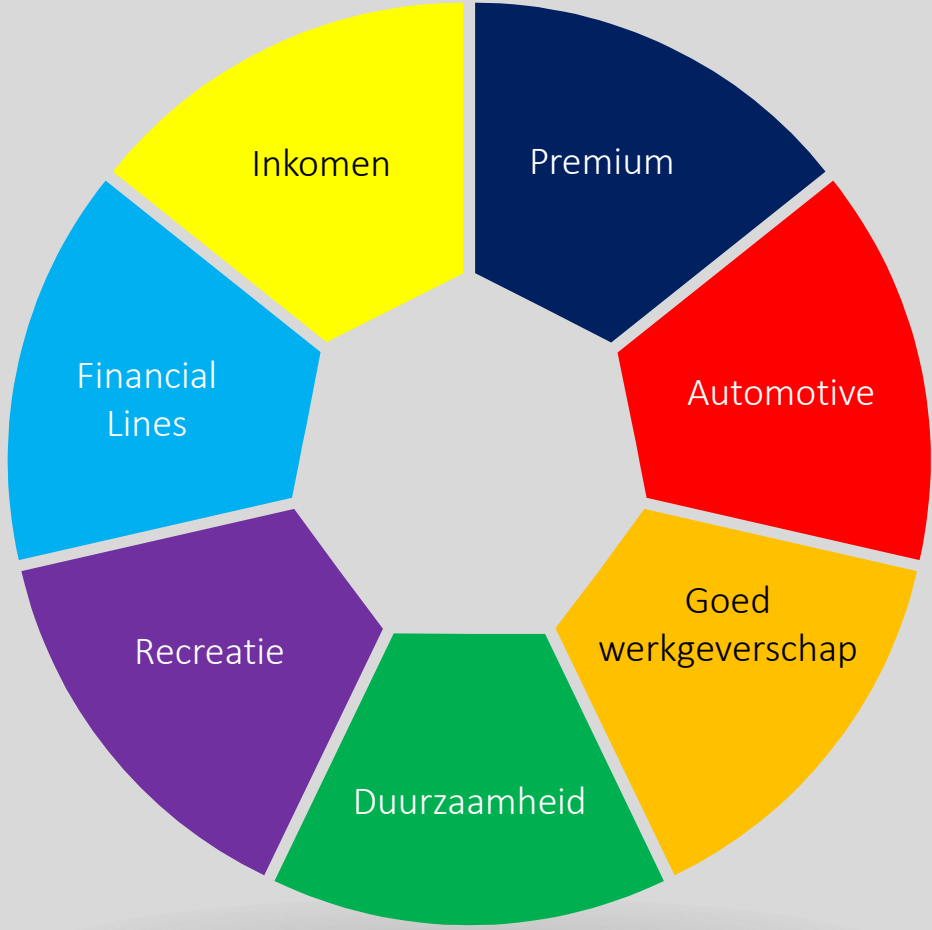


Anders dan wellicht verwacht wordt, heeft de onderneming geen groei strategie. Klanttevredenheid, werkplezier en rendement zijn de strategische doelstellingen, groei is het gevolg.

Klanttevredenheid		Toereikend rendement			Werkplezier		
Kwaliteit producten en diensten	Excellente uitvoering	Portefeuille management	Acceptatie (beleid)	Schade behandeling	Het werk	De voorwaarden	Onze cultuur
Kwaliteit producten	Doorlooptijd / reactietijd	Schaderatio	Kwaliteit productie	Schadesturing	Geeft voldoening (werkinhoud)	Zijn op orde en duurzaam	Bevordert inspirerende samenwerking
Duidelijkheid (polis) documentatie	Foutloosheid	Schade frequentie	Groei	Gemiddeld schadebedrag	Past bij mij (competenties)	Scheppen een prettige omgeving	Biedt een veilige omgeving
Klantwaardering		Kosten			is in balans (werkdruk)	Sluiten aan op mijn behoefte	Stimuleert vitaliteit
Integere en beheerste bedrijfsvoering							

Onze consequente focus op specifieke niches waar wij in willen uitblinken heeft bijgedragen aan de klanttevredenheid.

Dit geeft ons een onderscheidend vermogen ten opzichte van onze concurrenten en behouden wij een toegevoegde waarde voor onze adviseurs.



Samenwerking met andere verzekeraars

Complex



Particulie
r



Zakelijk



Specifieke
producten of
concepten



a.s.r.
de nederlandse
verzekerings
maatschappij
voor alle
verzekeringen

Simpel

In de loop van 2022 start de samenwerking met Markel.

Voor de particuliere verzekeringen zijn wij (Ansvar) zelf de verzekeraar, de zakelijke verzekeringen brengen wij overwegend bij andere verzekeraars onder.

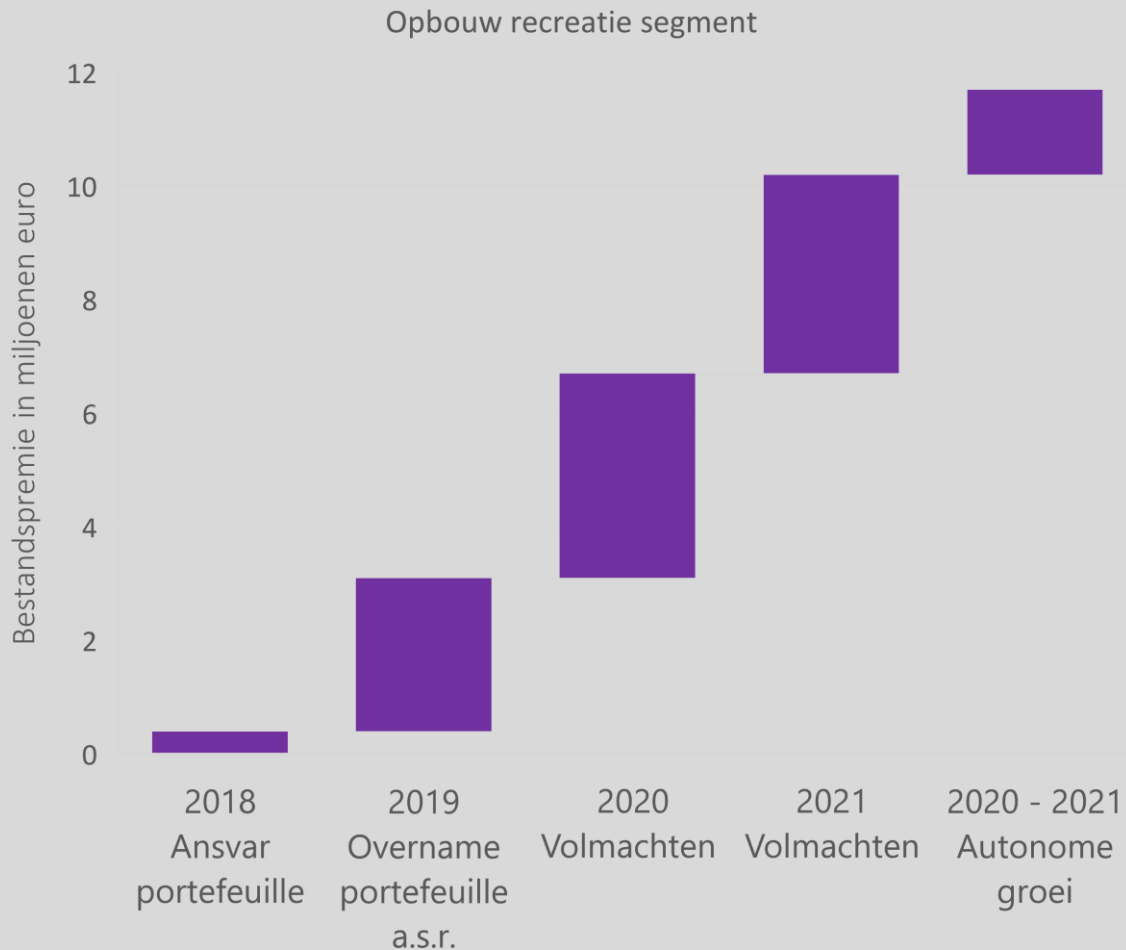
Wij bepalen dit per branche, product of propositie.

Voorbeeld: Recreatieverzekeringen

Het recreatiesegment is een van onze jongste niches.

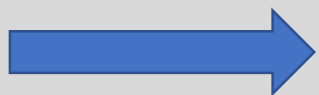
Gericht op toegenomen welvaart, vergrijzing en vitaliteit.

Van EUR 400.000 in 2018 naar EUR 11,7M in 2022.

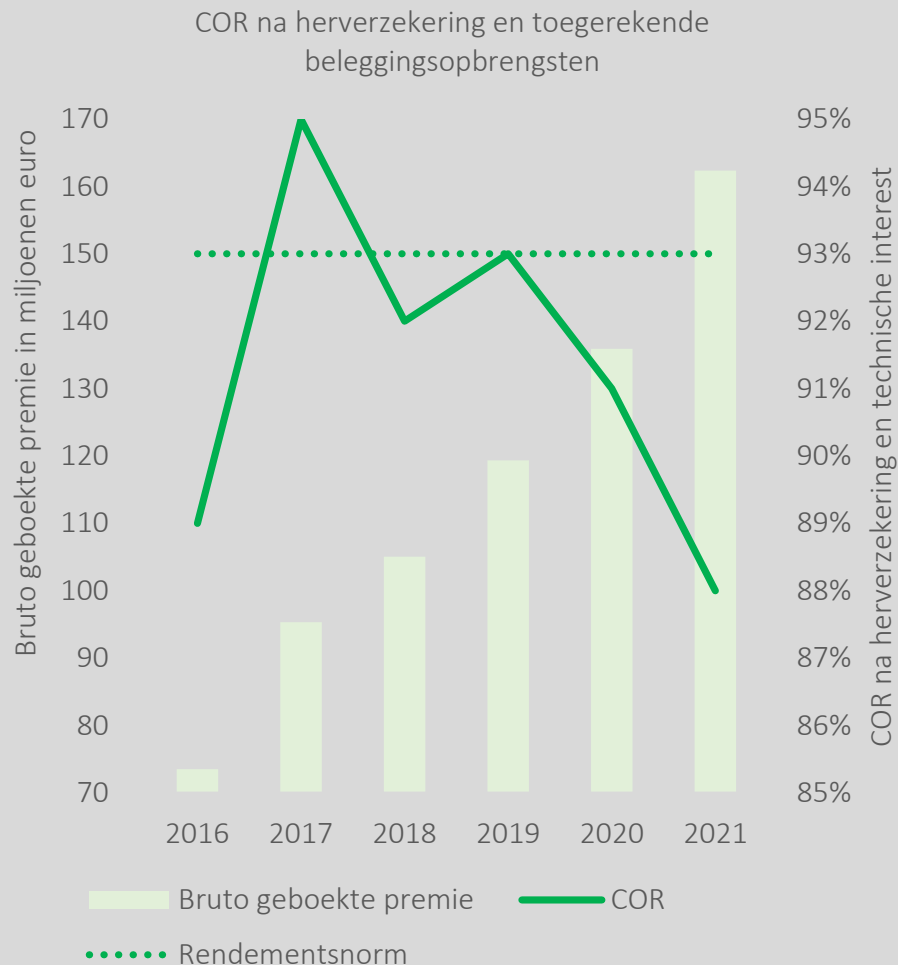


De keerzijde van groei

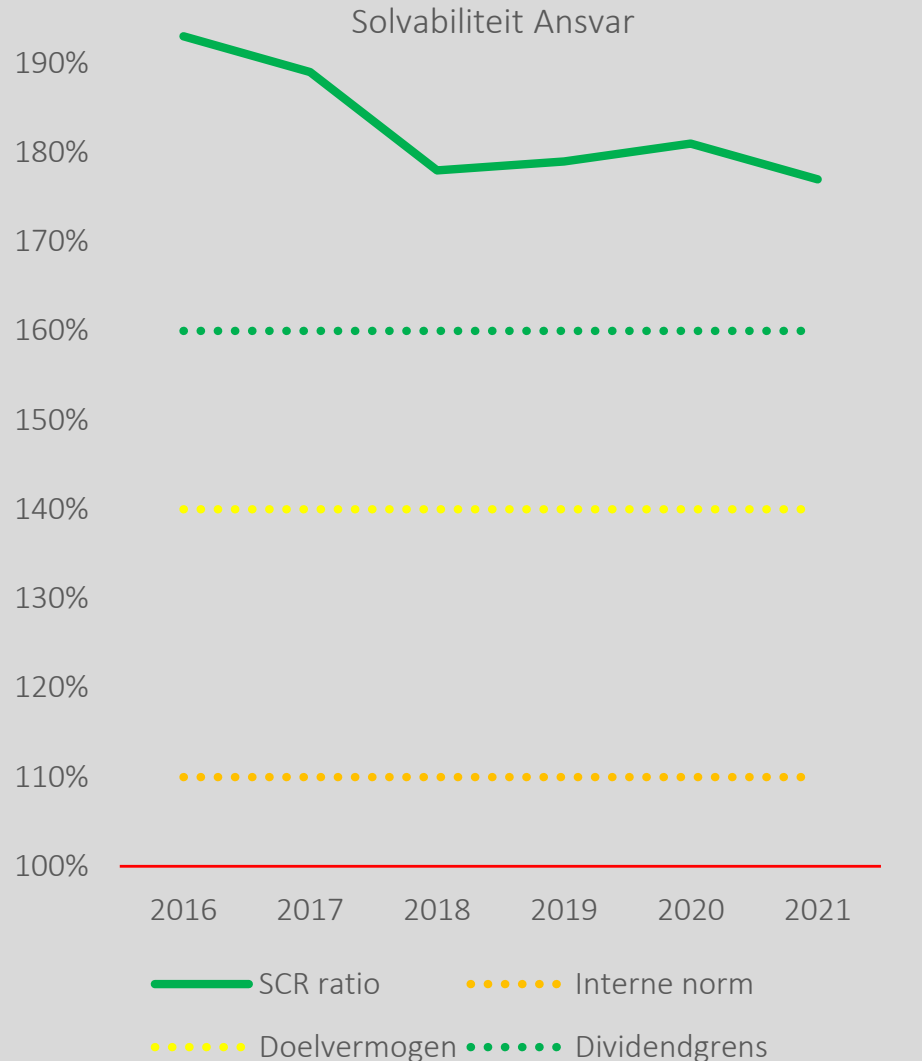
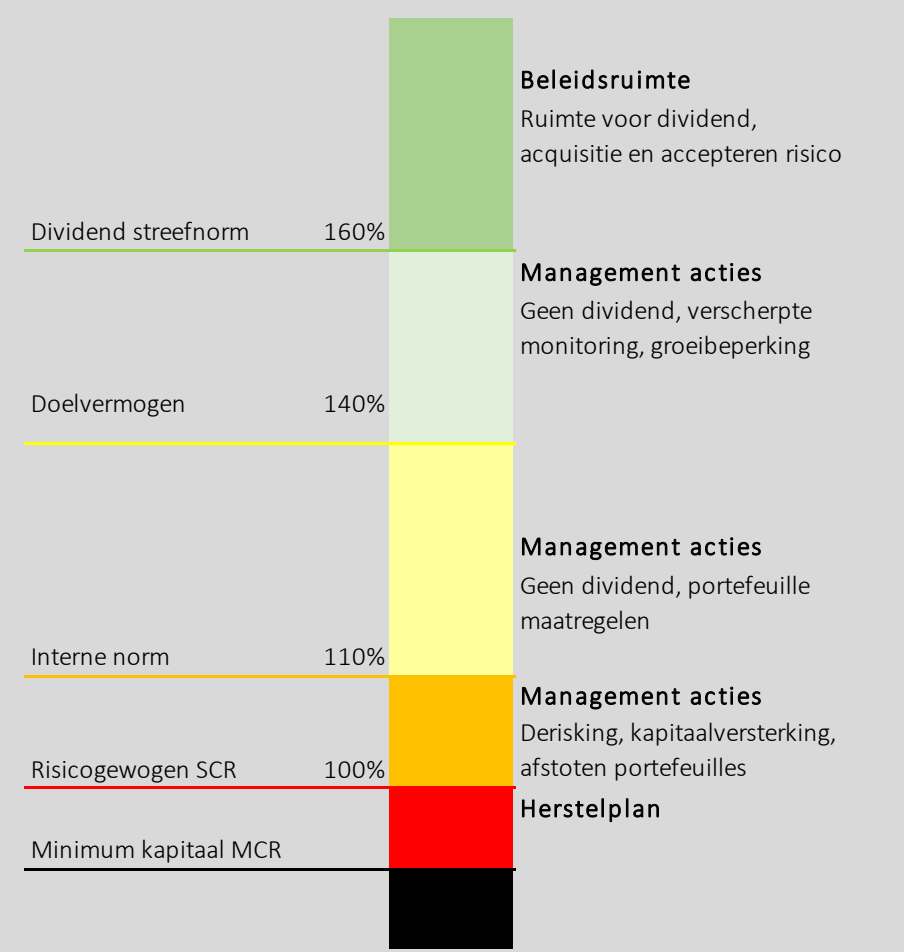
- Met elke EUR 1M premiegroei neemt de SCR met ca. EUR 250.000 toe.
- Met een gewenste SCR marge van minimaal 160% houdt dit in dat elke EUR 1M groei een kapitaalaanwas van EUR 400.000 verlangt.
- De verwachte cumulatieve winst (na VpB) in de planperiode 2022 - 2026 is ongeveer EUR 54M.
- De groei in premie in dezelfde periode is EUR 100M en zou normaal gesproken ongeveer EUR 40M kapitaal verlangen.
- Dit is te risicovol: iets te veel groei of te weinig rendement brengt ons al gelijk in problemen.



Gebruik van herverzekering



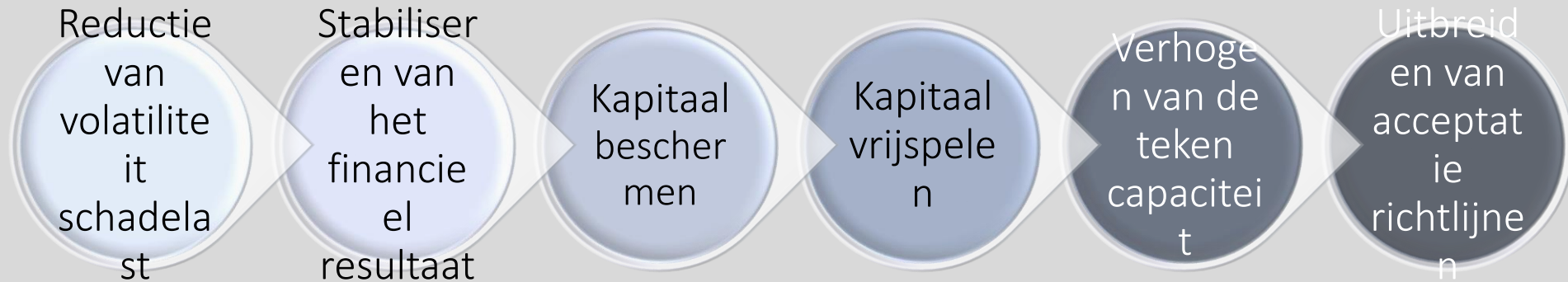
De solvabiliteitsnormen van Ansvar



Ansvar werkt samen met herverzekeraars om de groei te kunnen managen.

Herverzekering is het verzekeren van verzekeraars, in het algemeen om het risico dat een verzekeraar loopt te verminderen.

Ansvar benut herverzekering voor zowel risico overdracht als capital relief en herverzekeraars worden gezien als strategische partners.



Een complex maar effectief herverzekeringsprogramma

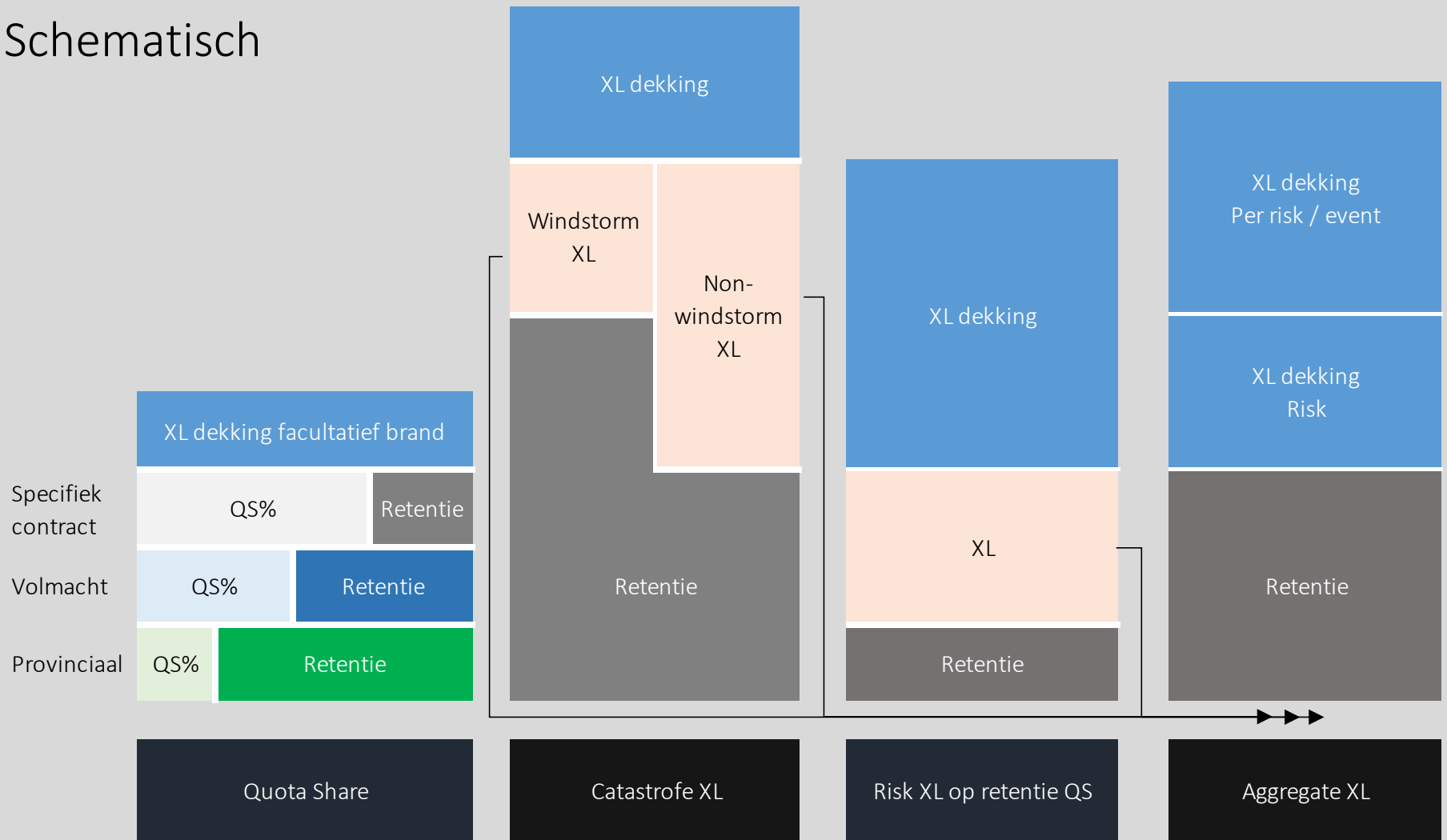
- Het totale herverzekeringsprogramma is geoptimaliseerd naar de doelstellingen van risico-overdracht en capital relief conform de uitgangspunten van de risk appetite en het herverzekeringsbeleid
- Een quota share structuur:
 - Gedifferentieerd naar portefeuille onderdeel
 - Deels op basis van sliding scale, deels op basis van vaste commissie
 - Deels voor meerdere jaren gecontracteerd, deels jaarlijks opnieuw in te kopen.
- De quota share beperkt de benodigde vermogensgroei in de komende 5 jaar van EUR 40M naar EUR 24M.
- Vanzelfsprekend een catastrofedekking, Excess of Loss op individuele risico's en facultatief programma voor excessieve risico's.
- Tot slot vangt een Property Aggregated Excess of Loss contract de samenloop van grote individuele schades en catastrofes (overstroming, storm, hagel) in hetzelfde jaar op. Hiermee wordt de volatiliteit van het jaarlijks rendement met ongeveer de helft terug gebracht.

Voorbeeld:

Bescherming van de property portefeuille (brand en auto casco) op vijf manieren

1. Op de hele portefeuille (dus elk risico daarin) een quota share
2. Specifieke risico's boven onze risk appetite in het facultatieve contract
3. Op elk afzonderlijk risico een Excess of Loss (na toepassing van de QS)
4. Op elke gebeurtenis een Catastrofe Excess of Loss (zonder QS)
5. Een Aggregate XL constructie die de combinatie van veel individuele grootschades en een of meerdere catastrofes in hetzelfde jaar afdekt.

Schematisch



Dit is natuurlijk niet het hele verhaal.....

- Het monitoren houdt in dat voor elke acquisitie of belangrijke ontwikkeling een doorrekening van de impact op de solvabiliteit plaatsvindt.
- De ORSA wordt omarmd als een effectieve methodiek om met management, directie en RvC de scenario's en vooral de beheersmaatregelen uit te werken (hetgeen tevens het VCP ten goede komt).
- Beheersmaatregelen zoals Loss Portfolio Transfer, Tier 2 kapitaal en dividend onthouding zijn reeds verkend en liggen min of meer in de gereedschapskist klaar.
- In de besluitvorming op beleggingsgebied vormt de impact op de solvabiliteit een belangrijke factor.
- De beleggingsdoelstelling van Ansvar is primair gericht op instandhouding van het vermogen. Secundair wordt er gestreefd naar het genereren van vermogensgroei, op een wijze dat het beantwoordt aan de duurzaamheidsprincipes zoals vastgelegd in het beleggingsbeleid en de investering kan bijdragen aan een betere wereld zonder het risicoprofiel te vergroten of het rendement geweld aan te doen.

Ons MVO beleid is opgebouwd vanuit vier pijlers: producten, bedrijfsvoering, beleggingen en maatschappelijke projecten.

Onze beleggingsdoelstelling is primair instandhouding van het vermogen op een duurzame wijze.

- Gelijkheid en eerlijk
- Goed werkgeverschap
- Vrijwilligersregeling
- Duurzame processen en verwerking

- Lange lijst met uitsluitingen
- Selectie van duurzame fondsen
- Controversiebeleid
- Engagement
- Benchmarking en monitoring

Producten

- Ansva Bewust productlijn
- Duurzaam schadeherstel
- Preventie (Grohe)

Bedrijfsvoering

- Brandwondenstichting
- Fair Cobalt Alliance
- Wereld Natuur Fonds
- Natuurbehoud projecten
- Boomaanplant
- Support aan projecten die aangedragen worden door collega's en adviseurs.

Beleggingen

Maatschappelijke projecten

Belangrijkste kansen voor de komende jaren

- Het behoud van het marktleiderschap in de exclusieve autoverzekeringsmarkt, gebruik makend van de verworvenheden uit PDA.
- Benutten van het sterke distributienetwerk met cross-sell mogelijkheden.
- De kerncompetentie om samen te werken met andere partijen in ecosystemen, mogelijk als lokale uitvoerder voor buitenlandse herverzekeraars.
- Overname van niche portefeuilles van mainstream verzekeraars.
- Uitbreiden van het volmachtbedrijf vanuit Ansvar met de focus op onderscheidende proposities.
- Uitblinken in data management met een focus op data gedreven prijs- en acceptatiebeleid.

Het is een interessante markt met uitdagingen maar ook veel kansen

De structuur van de onderneming en de wijze waarop enerzijds samenwerking met andere verzekeraars maar ook met de herverzekeringmarkt vorm is gegeven leiden tot een grote wendbaarheid en daarmee de mogelijkheid kansen in de markt te benutten.



Wij hebben vertrouwen in de race

Seminar Actualiteiten Arbeidsongeschiktheidsmarkt 2022



Dinsdag 21 juni 2022

Van der Valk Hotel Utrecht

12.30 - 17.00 uur

Dit jaar organiseert Triple A een seminar over de actualiteiten in de arbeidsongeschiktheidsmarkt. In dit seminar wordt dieper in gegaan op de volgende thema's:

- Gevolgen en ervaringen van Covid-19 in de arbeidsmarkt
- Ontwikkelingen van de WIA instroom en toename van voorschotten WGA
- Lange contractgrenzen en future management actions bij AOV-verzekeraars
 - Stand van zaken en betaalbaarheid van de Sociale Zekerheid



FREE CAPITAL GENERATION (FCG)

12 May 2022

Tom Veerman

Triple A – Risk Finance

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DISCLAIMER

We have included our interpretation of the publicly and generally available information in the following slides. No definitive conclusions can be drawn from these figures or graphs.



Agenda

- Introduction
- Capital Generation 2021 Dutch insurance groups
- Capital Generation 2021 European groups
- Relevant developments
- Capital Generation other Dutch insurers
- Concluding remarks



Agenda

- **Introduction** ←
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Highlights 2021/2022...

Overname Yarden door coöperatie DELA gaat definitief door

© 26 juli 2021

De overname van Yarden door DELA gaat definitief door. DNB en ACM hebben de overname goedgekeurd. De uitvaartverzekeringen van de 1 miljoen Yarden-verzekerden zijn daardoor gereed. Op 2 augustus 2021 vindt de overdracht plaats. Nabestaanden van verzekerden van DELA en Yarden kunnen vanaf dan gebruikmaken van elkaars locaties en faciliteiten.

Aegon gets longevity reinsurance for €7bn of pensions from RGA

15TH DECEMBER 2021 - AUTHOR: STEVE EVANS

Share:

Dutch headquartered life, pensions and annuities focused insurer Aegon has secured longevity reinsurance to cover a €7 billion of pensions from Reinsurance Group of America (RGA).

The company said that the longevity reinsurance transaction improves the risk profile of its Dutch business, while also freeing up capital at attractive terms, with these actions and others taken against its Dutch pension business set to increase regular remittances for Aegon. Quarterly remittances are expected to increase from €25 million to €50 million per quarter as of the first quarter of 2022.



RGA inks longevity reinsurance deal with Athora Netherlands

9th September 2021 - Author: Charlie Wood

Global life and health reinsurer RGA has successfully completed a longevity reinsurance transaction with Athora Netherlands, a leading pension provider in the Dutch market.

The transaction covers an inforce portfolio of around 46,000 individual annuity policies written by Athora in the Netherlands with total reserves of approximately €3.3 billion.

As part of the agreement, longevity risk is transferred to RGA over the full remaining term of the underlying portfolio.

Leidsche definitief naar De Goudse

De Nederlandsche Bank heeft goedkeuring verleend voor de overname van Leidsche Verzekering Maatschappij (Leidsche) door De Goudse. Vandaag vindt de overdracht van de aandelen plaats en hebben de dertig medewerkers van Leidsche zich bij diverse teams van De Goudse gevoegd.

RGA in €4bn longevity reinsurance deal for NN Life

18TH FEBRUARY 2022 - AUTHOR: STEVE EVANS

Share:

Reinsurance Group of America (RGA) has completed a longevity reinsurance transaction with NN Life covering €4 billion of underlying reserves for the largest life insurance company in the Netherlands.

The transaction, which closed at the end of 2021, is the latest large longevity reinsurance or risk transfer arrangement that RGA has provided for a life insurer.

Reinsurance Group of America is one of the more active global players in the longevity risk transfer and reinsurance space.

Over the years, the company has provided longevity risk transfer solutions to many life insurers and also some pension funds, as well as provided the reinsurance backing to underpin and assume all of the risks associated with pension longevity swap arrangements.



Overname Brand New Day PPI afgerond
ASR Nederland heeft de overname van Brand New Day Premiepensioeninstelling (BND PPI) afgerond. ASR had al een belang van 50% in de joint venture voor bedrijfspensioenen en is door deze overname de volledige eigenaar geworden.

Achmea neemt ABN Amro PPI over

Met de overname van de ABN Amro Pensioeninstelling wil Achmea de bediening van de werkgeversmarkt verder verstevigen. Onder de nieuwe naam Centraal Beheer PPI richt de focus zich vanaf het najaar op werkgevers die hun medewerkers een DC-pensioenregeling willen aanbieden.

NN Belgium to Sell €3.3 Billion Closed-Book Life Insurance Portfolio to Athora

October 8, 2021



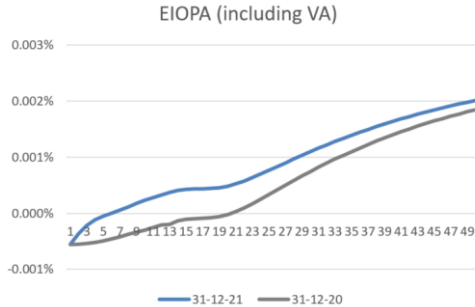
2021 was a good year for insurance sector



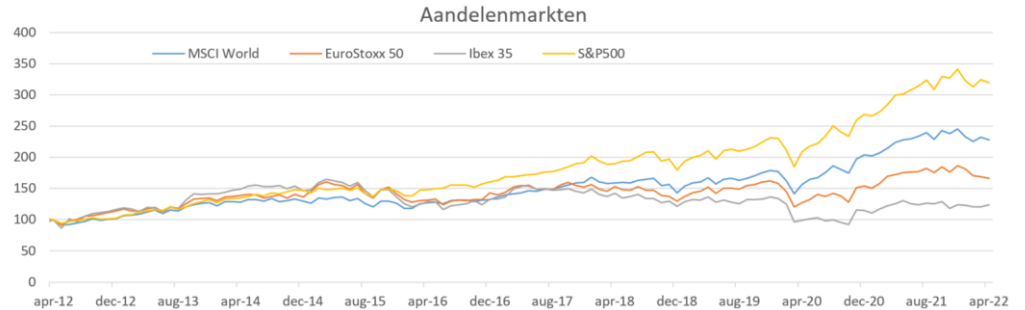
- **Equity recovery and steady interest increase in 2022**

Interest / VA / UFR		FY17	FY18	FY19	FY20	FY21	FY22	FY23
VA spread		4 bp	24 bp	7 bp	7 bp	3 bp		
UFR		4,20%	4,05%	3,90%	3,75%	3,60%	3,45%	3,45%
EUR Swap	5 yr	0,3%	0,2%	-0,1%	-0,5%	0,00%		
	10 yr	0,9%	0,8%	-0,2%	-0,3%	0,30%		
	30 yr	1,5%	1,4%	0,6%	0,0%	0,50%		

Interest rates



Equity markets

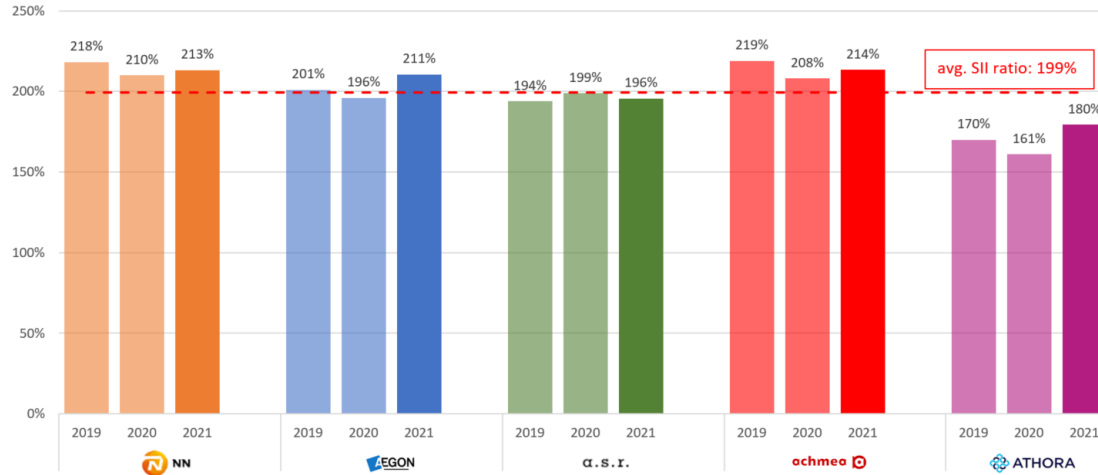


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Robust solvency ratios Dutch insurance groups

Solvency II Ratios (2019-2021)








Dutch Insurer	SII-ratio		EOF (bln.)		SCR (bln.)		LAC-DT	
	2020	2021	2020	2021	2020	2021	2020	2021
NN	210%	213%	20.0	20.9	9.5	9.8	21.4%	20.7%
Aegon	196%	211%	18.6	19.4	9.5	9.2	13.0%	16.0%
ASR	199%	196%	8.3	8.2	4.2	4.2	18.7%	19.2%
Achmea	208%	214%	10.7	10.4	5.2	4.9	12.8%	13.8%
Athora NL	161%	180%	4.1	4.1	2.6	2.3	0.0%	16.0%

Source: company disclosures and Triple A analysis



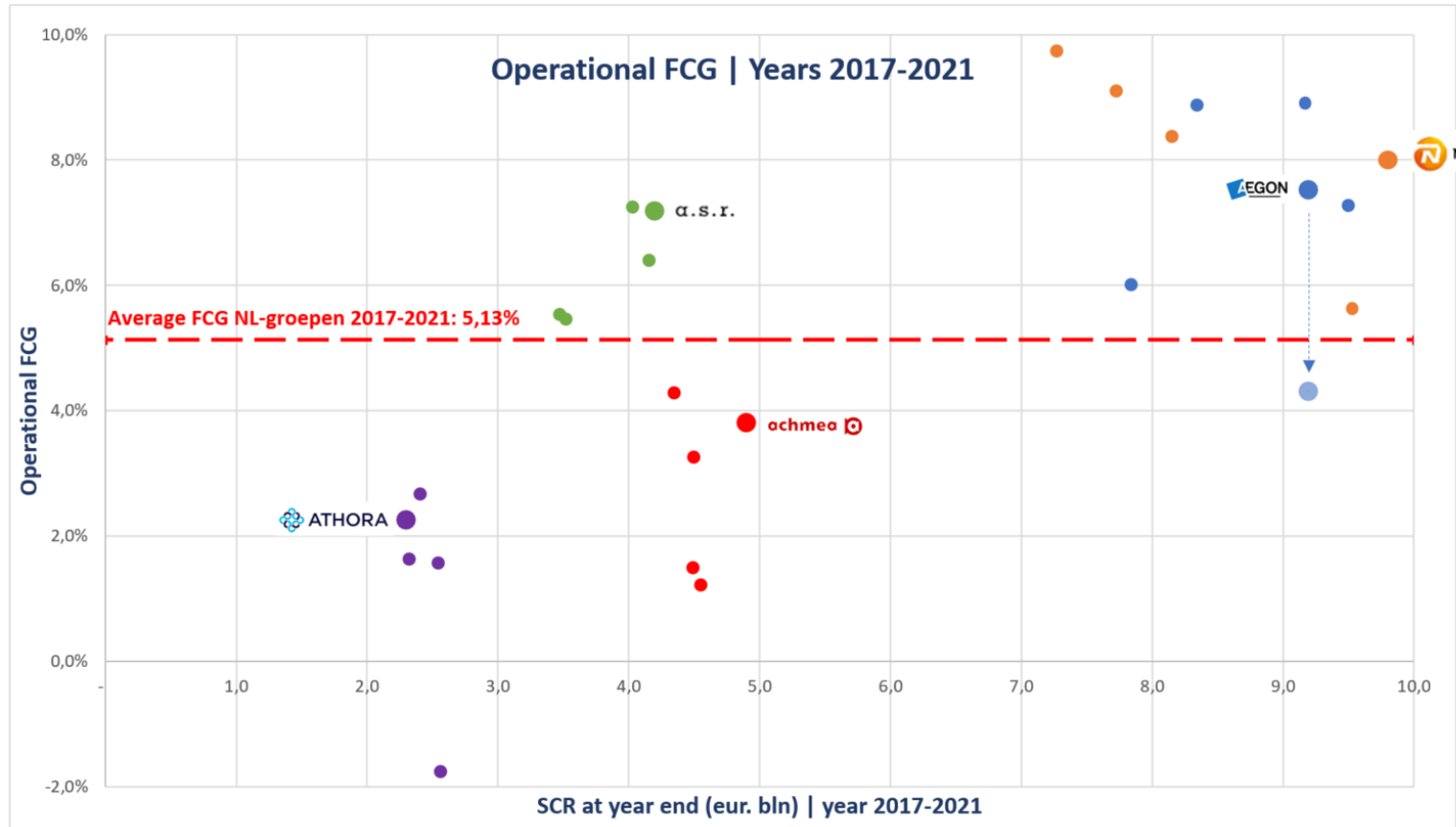
Capital generation Dutch insurance groups

Disclosed capital generation outcomes for Dutch insurance groups 2020-2021 (€ bln)

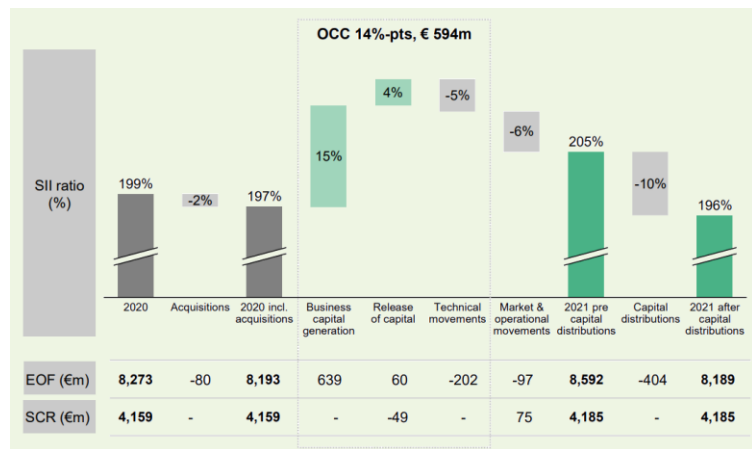
										
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Solvency II ratio	210%	213%	196%	211%	199%	196%	208%	214%	161%	180%
SCR growth (%)	16%	3%	3%	-3%	3%	1%	18%	-6%	1%	-11%
IFRS net result	1.3	1.9	0.1	1.7	0.7	0.9	0.6	0.5	-0.1	-0.0
(1) Operational FCG	1.0	1.6	1.3	1.4	0.5	0.6	0.3	0.4	-0.1	0.1
(2) Market impacts / One-offs	1.3	0.0	-1.0	0.2	0.2	-0.3	-0.1	0.3	-0.5	0.1
(3) Actual FCG	2.3	1.6	0.3	1.6	0.7	0.3	0.2	0.7	-0.5	0.2
(4) Capital flows (Divs + Coupons + SBB)	-1.4	-1.0	-0.5	-0.5	-0.4	-0.4	0.2	-0.8	0.3	0.1
(5) Change Free Surplus	0.9	0.6	-0.2	1.1	0.3	-0.1	0.4	-0.0	-0.2	0.3
Oper FCF / Eligible Own Funds	6%	8%	7%	8%	6%	7%	3%	4%	-2%	2%
Actual FCF / Eligible Own funds	13%	8%	2%	9%	9%	3%	2%	7%	-12%	5%
= Capital Outflow vs Oper FCG	1.40x	0.63x	0.40x	0.39x	0.71x	0.68x	-0.52x	1.90x	4.00x	-0.65x
= Capital Outflow vs Actual FCG	0.62x	0.62x	1.55x	0.33x	0.53x	1.40x	-0.80x	1.04x	0.57x	-0.31x

* Aegon: Operational FCG before holding expenses and debt cost, but including impact UFR decrease of 15bps

Operational capital generation 2017-2021



Impact of ultimate forward rates (UFR)

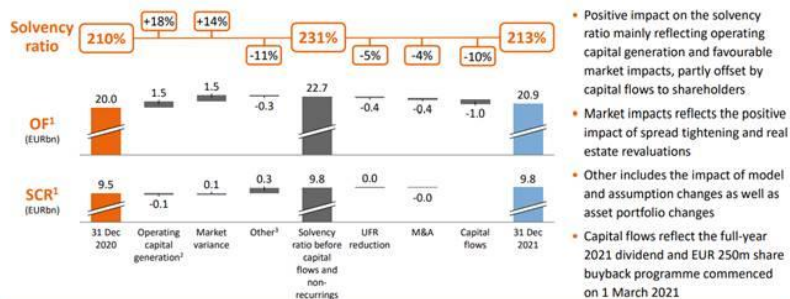


* Somewhat complex UFR drag method based on extrapolation applied by a.s.r.

- Negative impact of UFR split between periodic UFR drag impact and gradual once-off UFR reduction impacts

		a.s.r.	NN Group
UFR Drag	Classification	• Reported as 'Technical movement' and is part of the OCC	• Reported as part of OCG
	Impact	• EUR 202 million	• EUR 825 million
UFR Reduction	Classification	• Reported as 'market & operational movements', not part of the OCC	• UFR Reduction reported as a separate component, not part of OCG
	Impact	• EUR 120 million	• EUR 400 million

Solvency ratio supported by strong OCG in 2021

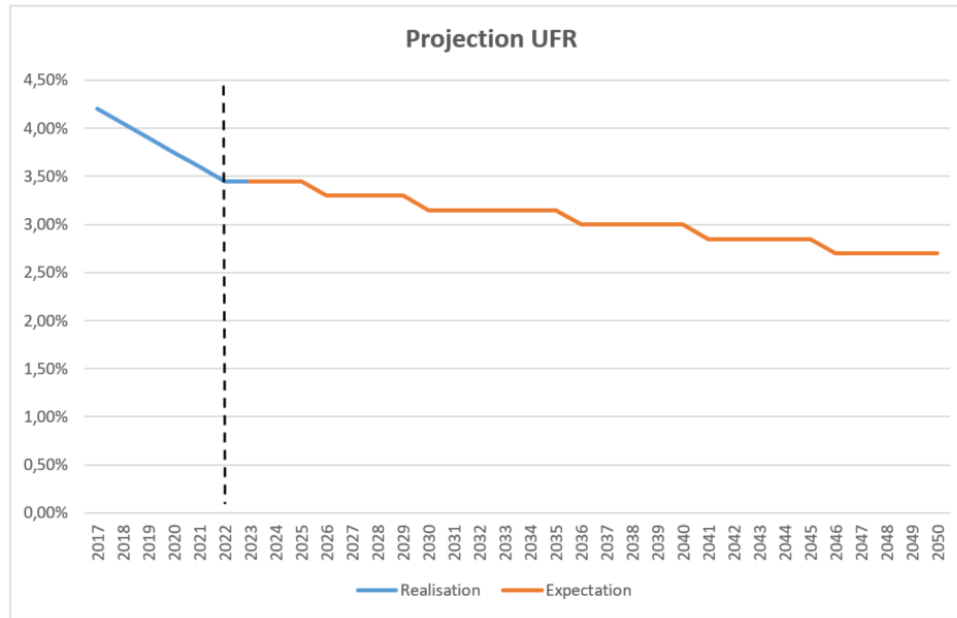


- Positive impact on the solvency ratio mainly reflecting operating capital generation and favourable market impacts, partly offset by capital flows to shareholders
- Market impacts reflects the positive impact of spread tightening and real estate revaluations
- Other includes the impact of model and assumption changes as well as asset portfolio changes
- Capital flows reflect the full-year 2021 dividend and EUR 250m share buyback programme commenced on 1 March 2021

1. Eligible Own Funds and Solvency Capital Requirement, includes available and required regulatory capital for Solvency II entities, Japan Life, Asset Management, Banking and CEE pension funds
2. Operating capital generation (OCG) includes Solvency II entities, Japan Life, Asset Management, Banking and CEE pension funds, as well as the accounts of the qualifying subsidiary and holding companies
3. Other includes model and assumption changes, the change of non-qualified 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 change in SCR as a result of asset portfolio changes

More clarity about UFR development

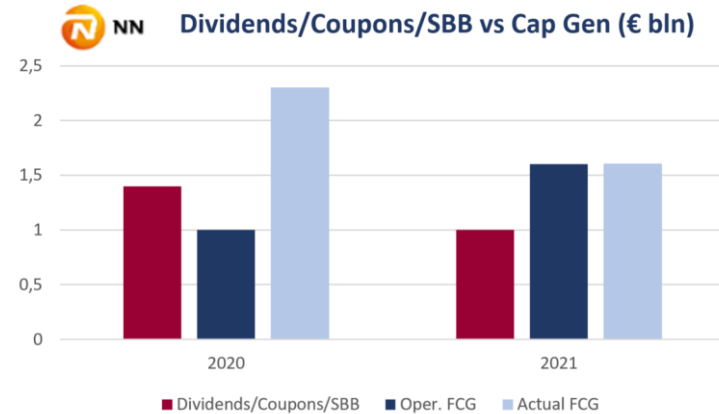
- Expected UFR path based on **real rate** with nominal interest and inflation, combined with **EIOPA methodology**.



- UFR stays at **3.45% for 2023**.
- UFR could remain unchanged for the coming years when the interest rates increase / stay on the same level.

Capital generation NN Group (1)

- Strong OCG performance and Sale of NNIP offers room for significant additional share buy backs
- Focus on long term OCG growth:
 - NL Life: Selective re-risking and shift to DC
 - NL Non-Life: Synergies from Vivat integration
 - International: increase market share in life protection business



NN Group	2021	2020
M&A Activities	<ul style="list-style-type: none"> • Sold Bulgarian Business to KBC for €88 mln. • Sale of NNIP to Goldman Sachs (incl 10 yr agreement) • M&A only in case of clear strategic rationale and attractive IRR 	<ul style="list-style-type: none"> • VIVAT Schade acquisition: cash outflow of €0.6 bln.
Capital mgmt actions	<ul style="list-style-type: none"> • Transition from DB to light DC pensions over long term 	<ul style="list-style-type: none"> • Full longevity risk transfer on €13.5 bln of liabs • Re-risking €8 bln in higher yielding assets.
Dividends	<ul style="list-style-type: none"> • FY DPS €2.49 (+7%) 	<ul style="list-style-type: none"> • FY DPS: €2.33. • Dividend suspended in April 2020, resumed later 2020.
Share buyback	<ul style="list-style-type: none"> • New total share buyback of €1.0 bln. (€250 + €750m) 	<ul style="list-style-type: none"> • Share buyback of €250 mln over 1 year.
Capital / restricted capital	<ul style="list-style-type: none"> • Issuance of € 600m senior debt to repay maturing note in 2022 	<ul style="list-style-type: none"> • Maturing senior notes of €300 mln not to be refinanced. • Coupons on subordinated debt of €126 mln.



Capital generation NN Group (2)

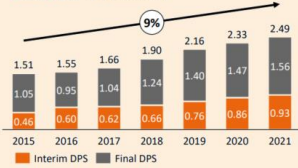
OCG and FCF growth translates into substantial capital returns to shareholders

Operating capital generation (OCG) (EURm)



- OCG includes Asset Management; sale of NNIP to be completed in coming months
- FY21 free cash flow (FCF) of EUR 1.5bn

Dividends¹ (EUR, CAGR in %)



- Proposed final 2021 dividend of EUR 1.56 per share bringing full-year 2021 dividend to EUR 2.49 per share, up 7% on 2020

Share buybacks² (EURm)



- New total share buyback of EUR 1.0bn
- EUR 250m programme expected to commence on 1 March 2022
- Additional EUR 750m programme to commence following completion of the sale of NNIP

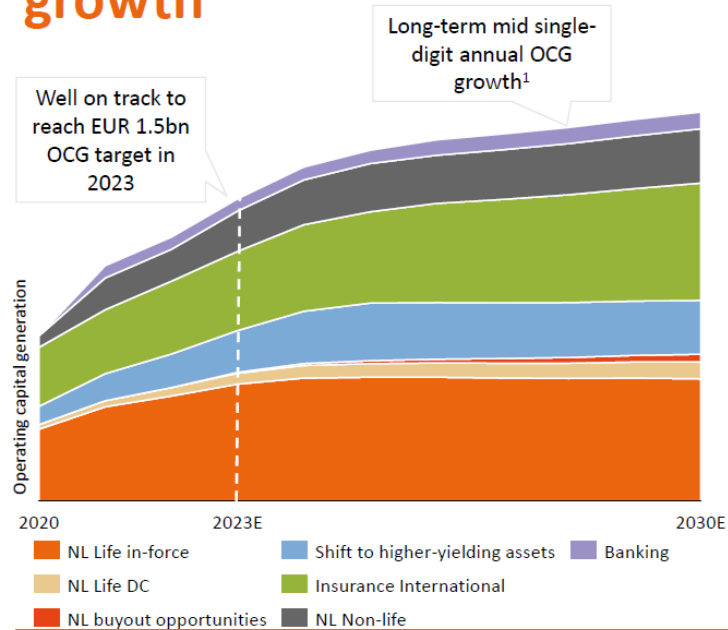
Group and segment targets focusing on value creation

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



Capital generation NN Group (3)

Organic business performance supports long-term OCG growth



Long-term OCG growth drivers

- Insurance International**
- Underpenetration of insurance, GDP growth, and increasing awareness and demand for protection
 - Focus on life protection products
 - Multi-distribution platform

Growth expectations

Mid to high single-digit

- Netherlands Life**
- Selective re-risking
 - Run off of UFR drag
 - Ongoing shift to DC
 - Opportunities from pension reform

Sustainable with potential upside

- Netherlands Non-life**
- Non-life market supported by GDP growth and selective risk-based repricing
 - Synergy benefits from Vivat integration

Mid single-digit

- Banking**
- Strong origination of high-quality Dutch mortgages
 - Innovative platforms to facilitate investment in energy-efficient homes

Opportunistic



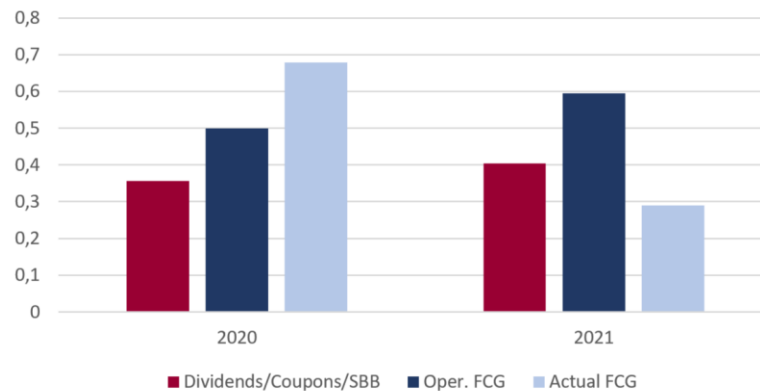
Capital generation a.s.r. (1)

- Strong operational performance in all segments
- COR at 91.8% well below 94%-96% target¹
- Material re-risking in mortgages but also in other FI illiquids²

¹⁾ Negative COVID impact in Life and Disability more than offset by positive P&C impact

²⁾ Mortgage BTL, direct lending, emerging market debt or real estate debt

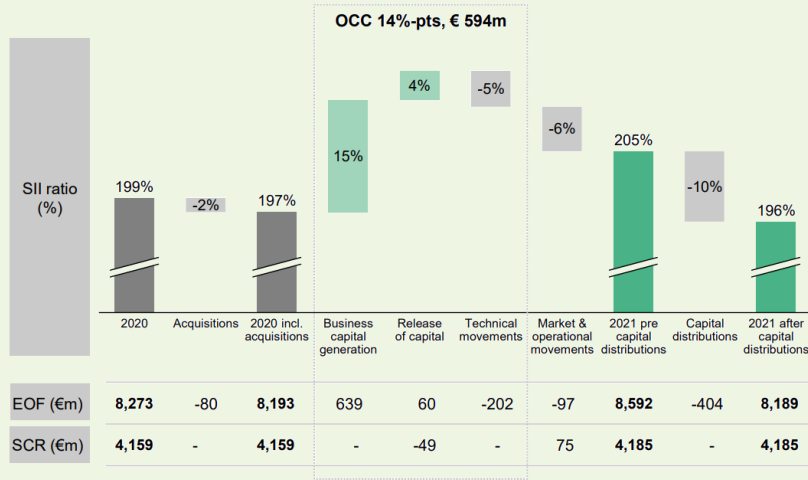
α.s.r. Dividends/Coupons/SBB vs Cap Gen (€ bln)



a.s.r	2021	2020
M&A Activities	• Acquisition of Brand New Day (BND) PPI / IORP.	
Capital mgmt actions	• Increase mortgages by €2bln & FI illiquids by €1.5bln	• Individual Life converted to SaaS solution KeyLane
Dividends	• FY DPS of €2.42 (+19%)	• Dividends suspended in April, but resumed • Cash dividends of €0.4 bln in 2020 (45% pay out ratio). • FY DPS of €2.04
Share buyback	• Share buyback of €75m. • Intended SBB of €100m+ (for years 2022 and further).	• Share buyback of €75m
Capital / restricted capital	• Debt maturity profile at constant €500m (perspective till 2029).	• Redemption of debt €129m. • Coupon payments of €91m.



Capital generation a.s.r. (2)



Operating result

€ 1,021m

+15.4%

(2020: € 885m)

Solvency II (SF)¹

196%

-3%-pts

(2020: 199%)

Dividend per share

€ 2.42

+18.6%

(2020: € 2.04)

Operating ROE

16.3%

Target 12-14%

(2020 15.3%)

Organic capital creation

€ 594m

+18.8%

(2020: € 500m)

Combined ratio²

91.8%

Target 94-96%

(2020: 93.6%)



Capital generation a.s.r. (3)



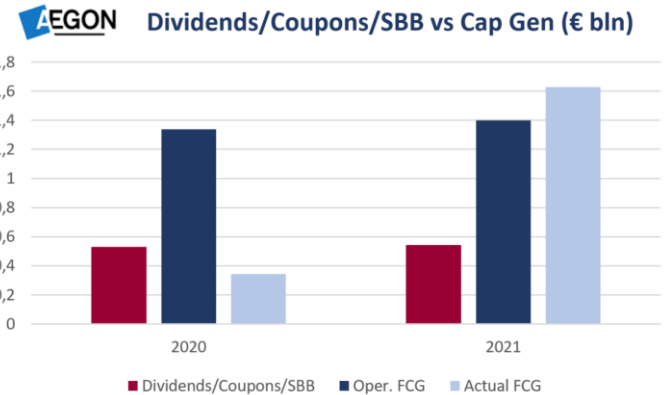
¹ Net operating result after hybrid costs

² SBB announced at FY 2019, FY 2020 and FY 2021 results and executed in 2020, 2021 and 2022, respectively



Capital generation Aegon (1)

- Improved performance and OCG, partly due to some selective divestments and longevity reinsurance
- Assessing OCG performance Aegon is complicated because of different measurement approach



AEGON	2021	2020
M&A Activities	<ul style="list-style-type: none"> • Completing Hungarian and Turkish divestment (completed in 2022) 	<ul style="list-style-type: none"> • Divestments of Hungary/Turkey/Poland • Divestments of Japan Joint Ventures • Expansion JV with Banco Santander
Capital mgmt actions	<ul style="list-style-type: none"> • Longevity reinsurance relating to €7bln of liabilities • Higher LAC-DT factor in NL • Rerisking SA business in NL 	<ul style="list-style-type: none"> • De-risking in the US (increase variable annuity hedging) • Improvement internal model credit spread risk NL
Dividends	<ul style="list-style-type: none"> • FY DPS of €0.17 (+42%) 	<ul style="list-style-type: none"> • Dividend suspended in April 2020, but resumed • Cash dividends of €0.2 bln in 2020 • FY DPS of €0.12.
Share buyback	<ul style="list-style-type: none"> • Share buyback of ~€100m 	-
Capital / restricted capital	<ul style="list-style-type: none"> • Senior debt increase from €1.2bln total to €1.3bln total 	<ul style="list-style-type: none"> • Repay of €0.4 bln senior debt (deleveraging)



Capital generation Aegon (2)

Core markets



US

- Large, established investment, protection, and retirement markets



NL

- Benefiting from structural tailwinds towards defined contribution pensions



UK

- Aegon has leading positions

Growth markets



Spain / Portugal

- Fast-growing businesses, under-penetrated markets



China

- Aegon has successful partnerships



Brazil

- Potentially developing into new core markets

Global asset management

- Strong investment capabilities
- Key enabler of success in core and growth markets

Addressable expense savings
From expense initiatives vs. 2019

Operating capital generation
Before holding expenses

Free cash flow

Gross financial leverage

Full-year dividend per share

2022 outlook¹

Continued progress towards 2023 target

Around EUR 1.2 billion
reflects management actions and EUR 150 million COVID-19 claims impact³

EUR 550 – 600 million

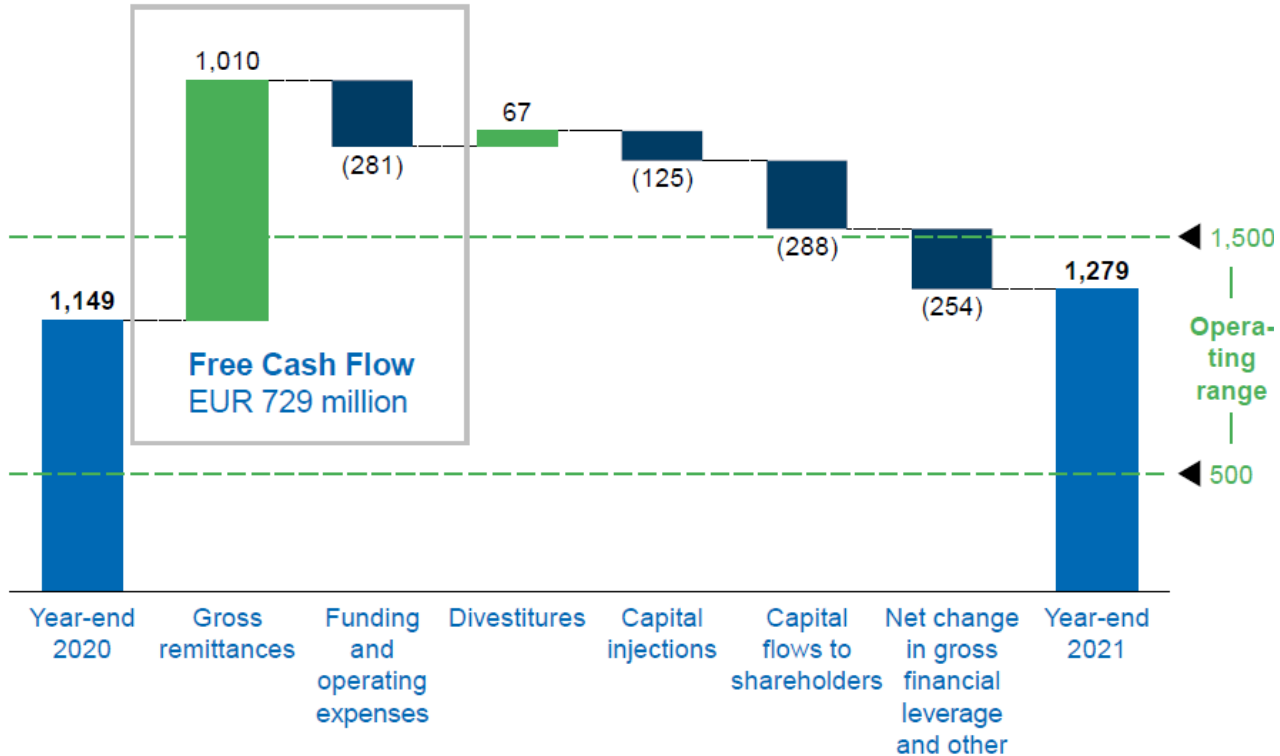
Benefiting from low coupons

More linear growth towards 2023 target

Capital generation Aegon (3)

Cash Capital at Holding

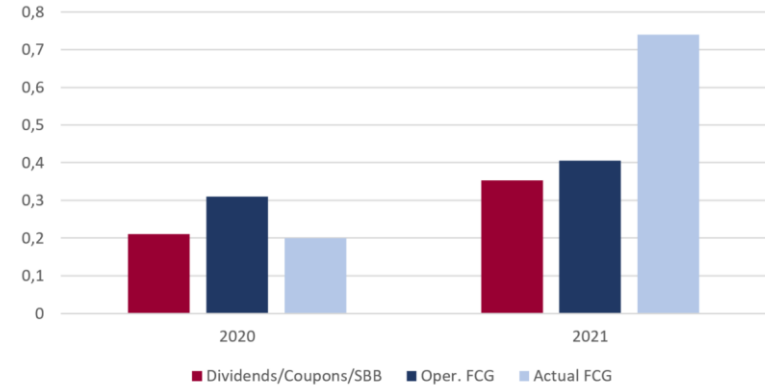
(in EUR million)



Capital generation Achmea (1)

- Strong increase in actual capital generation due to positive financial markets developments
- Operational result at €585m similar to last year
Achmea contributed €392m of reserves to limit increase in Health premiums

achmea  Dividends/Coupons/SBB vs Cap Gen (€ bln)



Achmea	2021	2020
M&A Activities	• Acquisition ABN AMRO PPI (€ 3.5 bln AuM, #3 in market)	• Acquire InAdmin RiskCo with PGB
Capital mgmt actions	• Integration international activities in group reinsurance (increased CAT cover Canada, Australia, Greece) • Lower SCR due to major model change market risk and higher LAC-DT factor	-
Dividends	• Dividends of €241m and €17m coupons on Restricted T1	• Dividend suspended in Apr2020, but resumed later in 2020. • Combined €223m dividends + coupon payment.
Share buyback	• Negative impact of capital movements due to SBB.	-
Capital / restricted capital	• Tier 2 capital decreased because interest rate increase results in lower value of capital components in T2	• Senior unsecured notes refinanced at a lower coupon.



Capital generation Achmea (2)

Group key figures

Operational result

€585 million 2020: €630 million

Solvency (SII)

214% 2020:208%

Net Result

€468 million 2020: €642 million

Sustainability (ESG Rating MSCI)²

2021: AA 2020: AA

Gross written premiums

€20,026 million 2020: €20,175 million

Number of employees in FTEs

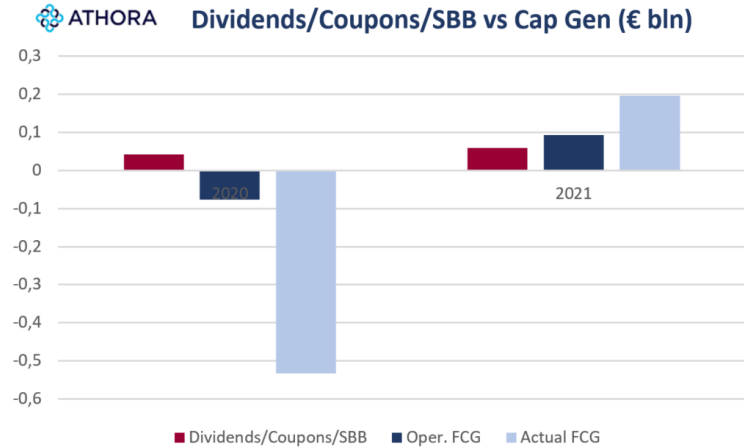
16,824 2020: 17,267

Instrument	Tiering under SII	Comments
Subordinated debt €500 mln @ 6.0%	Tier 2 (grandfathered)	Maturity April 2043. Callable as of April 2023
Perpetual €750 mln @ 4.25%	Tier 2	Callable from February 2025
Senior Unsecured €750 mln @ 1.5%	Debt	Maturity May 2027
€500 mln Perpetual Restricted Tier 1 @ 4.625%	Tier 1	Callable as of March 2029
€250 mln Tier 2 @2.5%	Tier 2	Maturity September 2039 Callable as of June 2029
Preference shares €311 mln @ 5.5%	Tier 1 (grandfathered)	Coupon reset in January 2024
Credit facility €1,000 mln (undrawn)	Debt	Maturity March 2026. Replacement of the previous €750 mln credit facility



Capital generation Athora (1)

- Athora NL starting position was difficult after take-over
- Achieved OCG close to zero in transition situation
- Many capital mgmt actions implemented in 2021
- Re-risking in low interest environment has resulted in non-eligible DTA

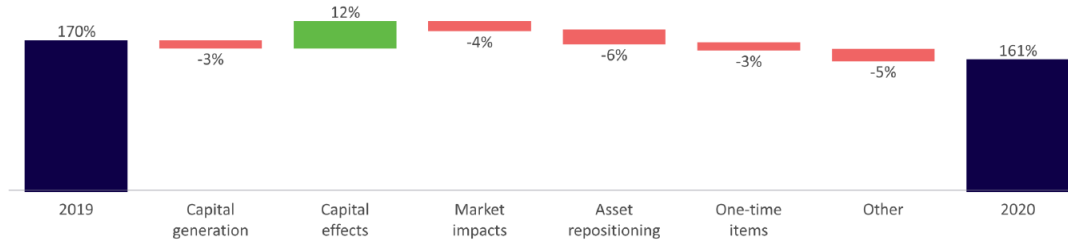


Athora NL	2021	2020
M&A Activities	• Portfolio transfer with NN Insurance Belgium *	• Carve out VIVAT Schade to NN Group.
Capital mgmt actions	• Longevity reinsurance on €3.3bln of liabilities (+8%-p) • Asset repositioning / re-risking (-23%-p) • Impact of non-zero LACDT (+18%-p) • Rebalancing of interest rate position (+1%-p)	• Higher spread risk due to re-risking activities. • New longevity reinsurance contract
Dividends	-	-
Share buyback	-	-
Capital / restricted capital	• €325m capital injection from Athora Group • €300m issuance of Tier 2 bond • €250m redemption of Tier 2 notes	• Capital Injection of €400m by Athora (April 2020).

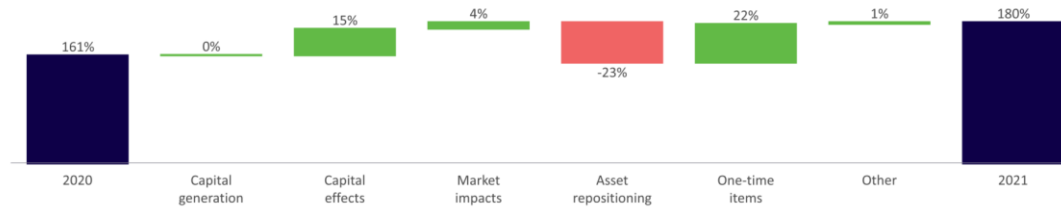
* Outside of Athora NL

Capital generation Athora (2)

RESILIENT SOLVENCY POSITION WITH INVESTMENTS MADE TO IMPROVE FUTURE CAPITAL GENERATION

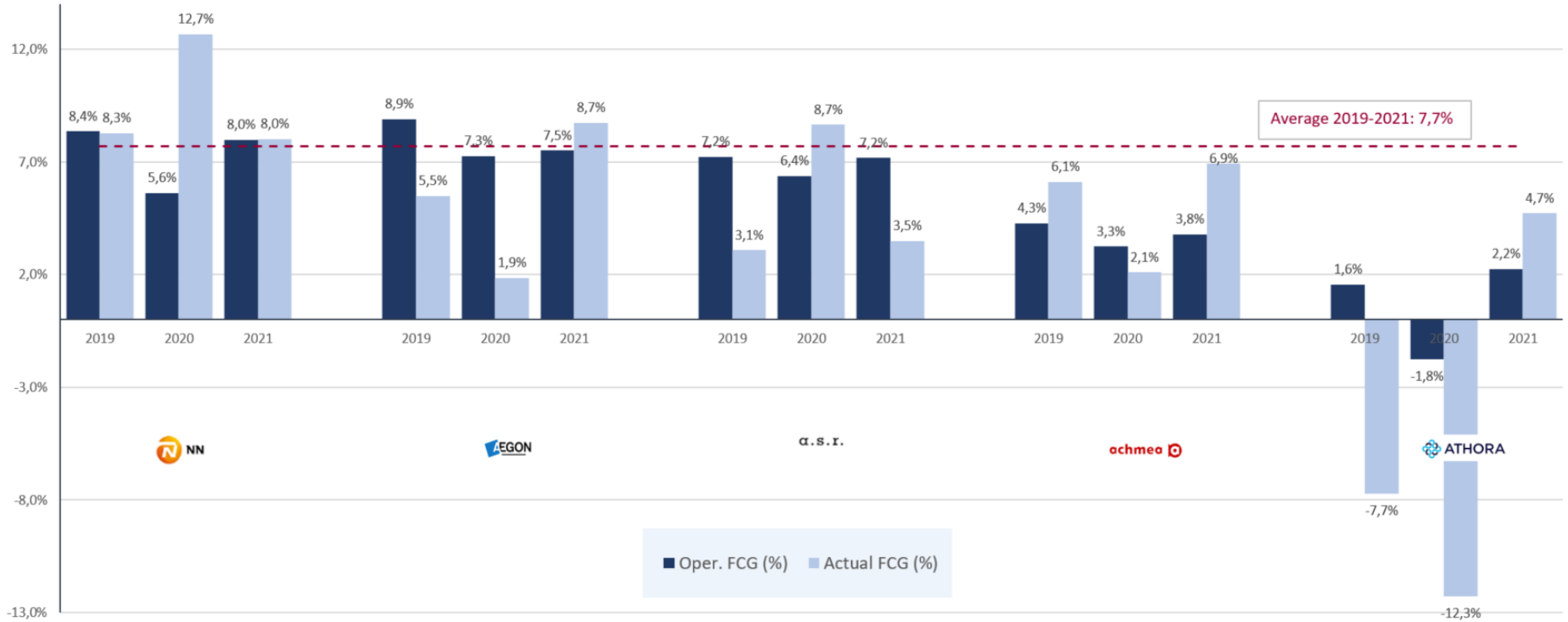


SOLVENCY POSITION INCREASED TO 180% AND CAPITAL GENERATION TURNED POSITIVE IN THE FOURTH QUARTER



Capital generation overview NL groups (2021)

Free Capital Generation / Eligible Own Funds BoP



¹ Aegon: Operational FCG before holding expenses



Agenda

- Introduction
- Capital Generation 2021 Dutch insurance groups
- **Capital Generation 2021 European groups** ←
- Relevant developments
- Capital Generation other Dutch insurers
- Concluding remarks

How well are Dutch groups performing against European peers?



Capital generation European insurance groups

- Disclosed capital generation outcomes for European insurance groups 2020-2021

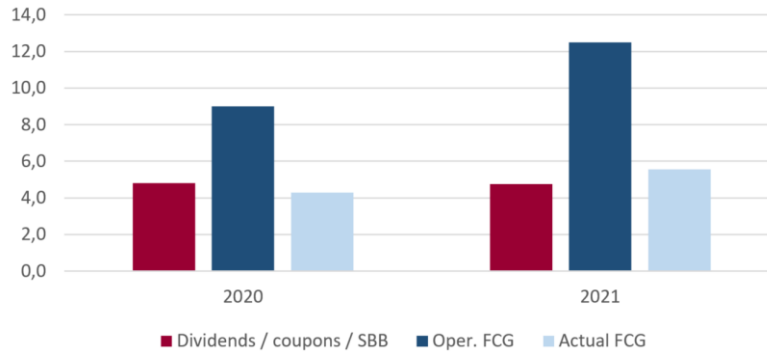
€ bln	AXA (€ bln)		Allianz (€ bln)		Generali (€ bln)		AVIVA (Aviva (£ bln))		Ageas (€ bln)		L&G (£ bln)	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
S2 ratio	200%	217%	207%	209%	224%	227%	202%	244%	199%	197%	175%	187%
SCR growth (%)	-8%	4%	4%	1%	-2%	13%	5%	-29%	-7%	-2%	5%	-5%
IFRS net result	3.2	7.3	7.1	7.1	0.4	0.5	2.9	2.0	1.1	0.8	1.6	2.0
(1) Operational FCG	4.4	6.4	9.0	12.5	4.0	3.8	1.9	1.6	0.8	0.8	1.5	1.6
(2) Market impacts / One-offs	-2.9	2.8	-4.7	-7.0	-2.9	1.6	-1.2	1.9	-1.0	-0.1	-0.5	0.6
(3) Actual FCG	1.5	9.2	4.3	5.6	1.1	5.4	0.7	3.5	-0.2	0.7	1.0	2.3
(4) Capital flows (Divs + Coupons + SBB)	-3.4	-3.3	-4.8	-4.8	-1.7	-1.7	-0.3	-3.4	-0.5	-0.6	-1.0	-1.5
(5) Change Free Surplus	-1.9	5.9	-0.5	0.8	-0.6	3.7	0.4	0.1	-0.7	0.1	-0.0	0.7
Oper FCF / Eligible Own Funds	7%	12%	11%	15%	9%	9%	8%	6%	9%	9%	9%	9%
Actual FCF / Eligible Own funds	3%	17%	5%	7%	2%	12%	3%	13%	-2%	8%	6%	13%



Source: company disclosures and Triple A analysis

Capital generation Allianz (1)

Allianz Dividends / Coupons / SBB versus Cap Gen (€bln)



Allianz	2021
M&A Activities	<ul style="list-style-type: none"> Impact of acquisitions in 2021: -/-9%p impact solvency Example: Acquisition of Aviva Poland for EUR 2.5 bln
Capital mgmt actions	<ul style="list-style-type: none"> Capital mgmt. actions impact in 2021: -/-14%p impact solvency Example: Monetization Allianz Life Earnings with Talcott Resolution
Dividends	<ul style="list-style-type: none"> 10.8 DPS (+13% compared to 2020)
Share buyback	<ul style="list-style-type: none"> Share buy-back (-5%-p) EUR 750m share buyback in 2021 Flexible payout of excess capital via share buybacks
Capital / Restricted capital	<ul style="list-style-type: none"> dividend (-9%-p)



Capital generation Allianz (2)

A. CEO ASSESSMENT AND OUTLOOK

... driving multiple levers for value creation



1	Transforming our Life & AM franchise	Scale Life/AM convergence	Capital productivity of Life in-force	Protection & health growth
2	Expanding our P/C leadership position	"Beat the best" in retail	Refocus commercial	Growth markets
3	Boosting growth through our scalable platforms	Customer-facing platforms	Operating platforms	Digital marketplaces
4	Driving verticalization & execution agility	Global operating models	Customer loyalty leadership	Digital productivity
5	Reinforcing capital productivity & resilience	Capital efficiency	Organizational resilience & diversity	Tail-risk management

A. CEO ASSESSMENT AND OUTLOOK

... with attractive & predictable dividend policy¹



DPS the higher of

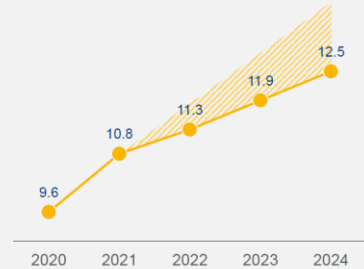
50% payout ratio²

or

previous year's DPS +5%

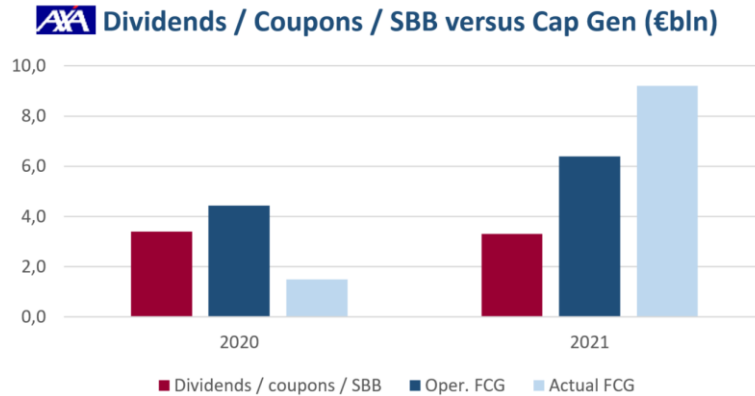
Flexible payout of excess capital via share buy-backs

Minimum DPS (EUR)



Source: company disclosures and Triple A analysis

Capital generation AXA (1)



AXA	2021
M&A Activities	<ul style="list-style-type: none"> Completed sale of AXA Bank Belgium for EUR 700 million
Capital mgmt actions	<ul style="list-style-type: none"> Intention to transform AXA into the groups internal reinsurer
Dividends	<ul style="list-style-type: none"> 1.54 DPS (+8% compared to 2020)
Share buyback	<ul style="list-style-type: none"> EUR 1.7 billion share buyback completed in February Share buybacks will be an ongoing part of the toolkit
Capital / Restricted capital	<ul style="list-style-type: none"> Placement of EUR 1 billion of subordinated green bonds due 2041



Source: company disclosures and Triple A analysis

Capital generation AXA (2)

Cash | Higher generation and continued discipline

✓ HoldCo cash
€4.5bn
as at FY21

✓ Share buy-backs
€1.7bn
completed in February¹
€0.5bn
confirmed today²

**Confidence in exceeding
€14bn upstream 2021-2023³**



Focus on
cash generative
business lines



In-force actions in L&S,
enhanced fungibility in P&C

**Committed to discipline
on cash deployment**



Disciplined M&A
with high synergies



Share buy-backs
ongoing part of our toolkit

€100bn

» Revenues
Strong growth
momentum

217%

» Solvency II ratio
Excellent
balance sheet

3%-7%

» UEPS CAGR
Set to deliver towards the
high-end of the target range

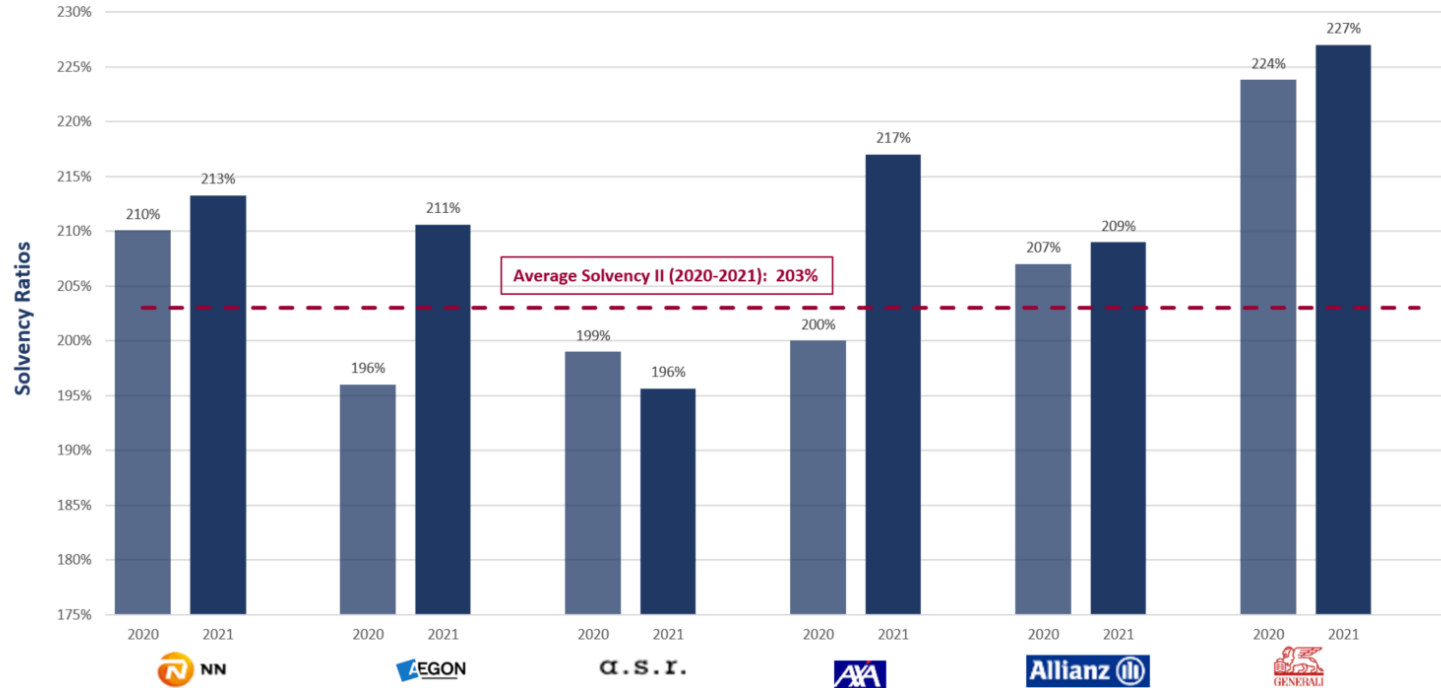
>€14bn

» Cash upstream
Confidence in exceeding
the target



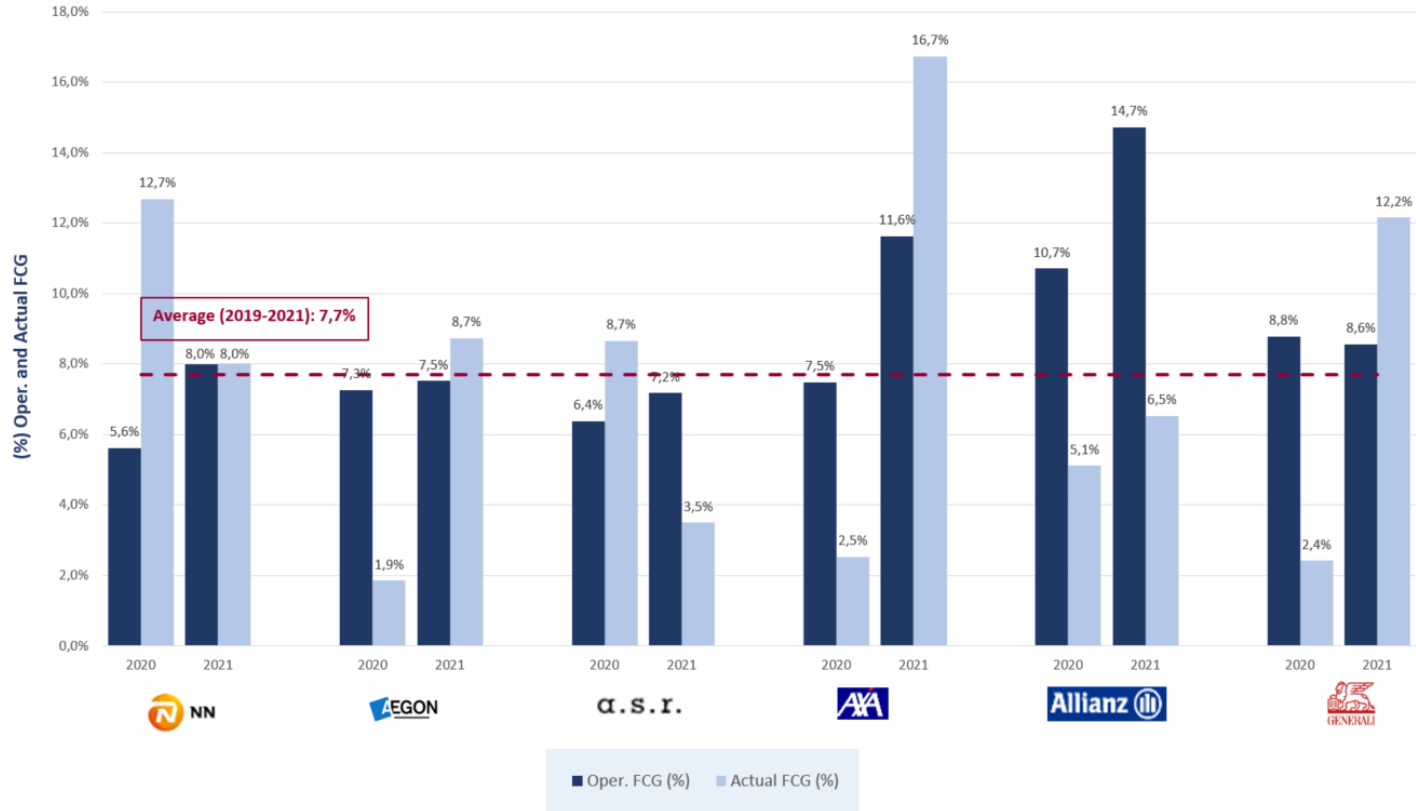
Solvency Ratios 2020-2021

Solvency Ratios Dutch vs European Groups 2020-2021



FCG 2020-2021 – Dutch insurance groups

Free Capital Generation / Eligible Own Funds BoP (Dutch Groups vs European Groups)

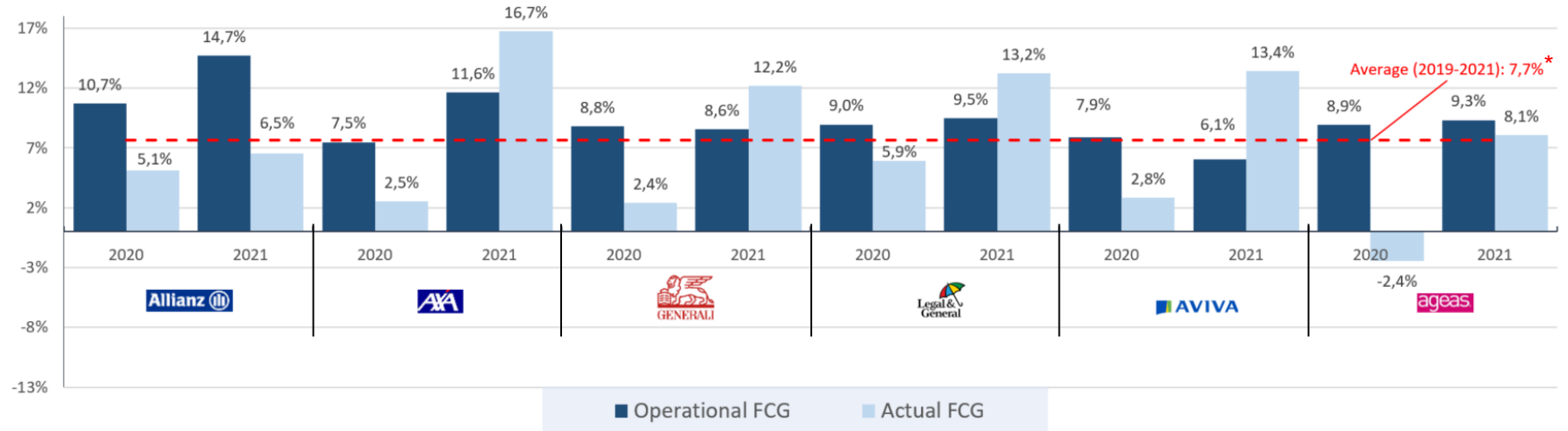


FCG 2020-2021 – European peers

Graph: Free Capital Generation / Eligible Own Funds BoP

S2 ratio	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
	207%	209%	200%	217%	224%	227%	175%	187%	202%	244%	199%	197%

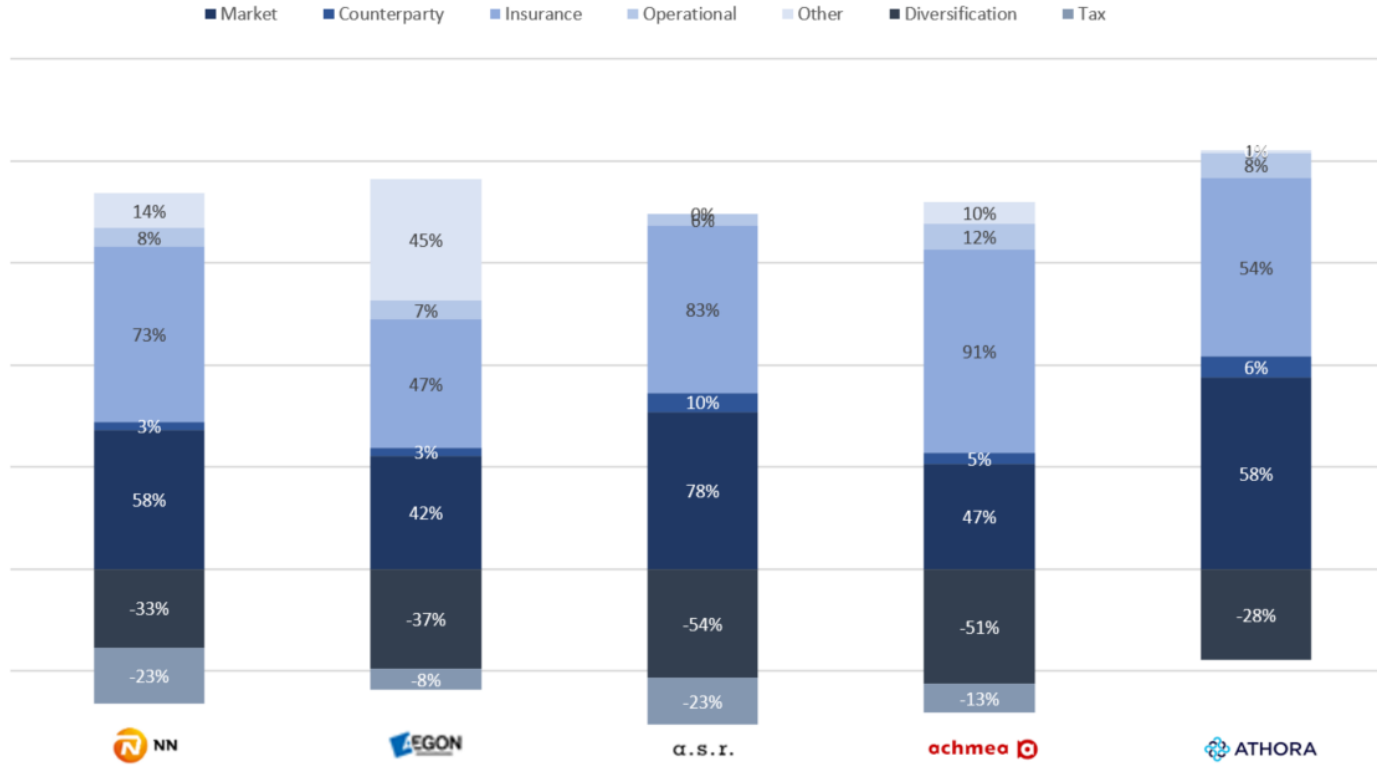
Free Capital Generation / Eligible Own Funds BoP



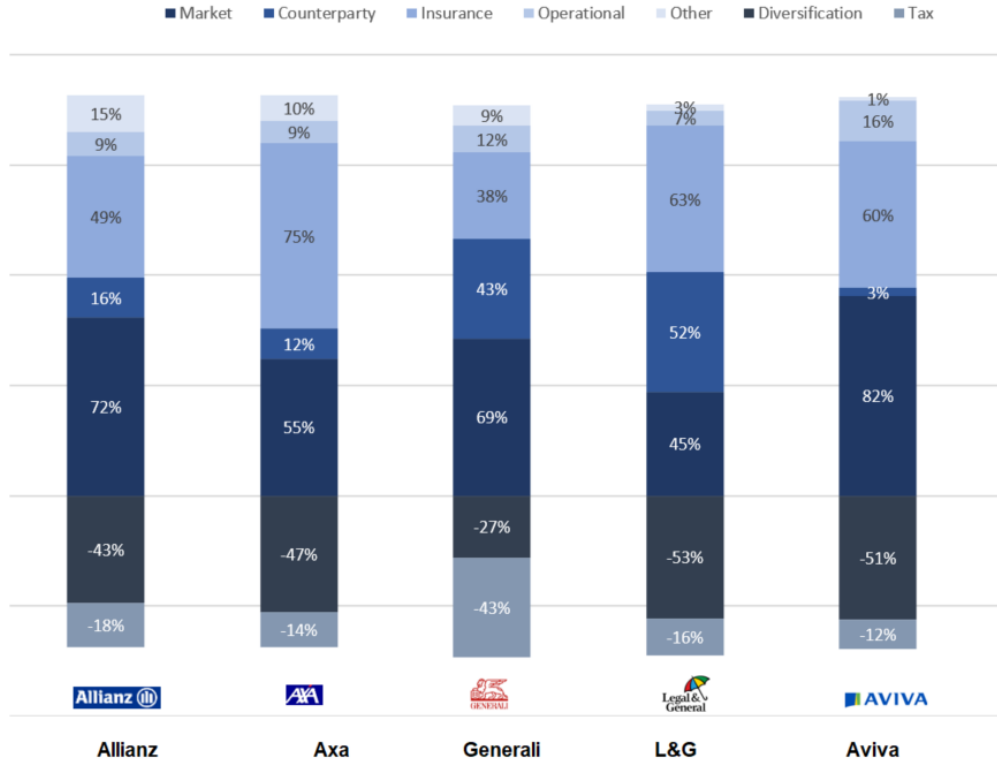
*) Average based on results of Dutch and European insurance groups



SCR decomposition – Dutch insurance groups



SCR decomposition – European peers



Source: company disclosures and Triple A analysis



Peer comparison – Solvency II versus Market Cap

- Insurance groups with consistent strong capital generation provide much better return for shareholders
- Two price to book ratios relevant to judge shareholder value of insurance groups
 - Price-to-book (IFRS equity): low outcomes mainly related to adverse impact of low interest rate environment on guarantee business
 - Price-to-book (EOF): low outcomes related to disappointing capital generation and regulatory dividend restrictions

Insurer	Currency (converted to EUR)	Solvency II figures Year-End 2021				Company valuation - April 2022 (€ bln)				
		SII ratio Ultimo 2021	SII ratio Ultimo 2020	% Unrestricted Tier 1*	LACDT / pre-tax SCR*	Market Cap	EOF	IFRS Equity	Price to Book (EOF)	Price to Book (IFRS Equity)
Allianz	EUR	209%	207%	94%	17%	90,1	86,0	80,0	105%	113%
Axa	EUR	217%	200%	63%	13%	60,9	62,0	71,1	98%	86%
Generali	EUR	227%	224%	94%	32%	29,7	44,4	29,3	67%	101%
L&G	GBP	187%	175%	73%	14%	16,5	21,1	12,0*	78%	137%
Aviva	GBP	244%	136%	78%	11%	16,3	26,7	23,4	61%	70%
NN	EUR	213%	210%	60%	21%	14,8	20,9	34,9	71%	42%
Ageas	EUR	197%	199%	62%	13%	8,8	8,1	11,9	108%	74%
RSA	GBP	n.n.b.	189%	81%	0%	9,1	3,8*	4,7	238%	195%
AEGON	EUR	211%	196%	67%	12%	11,4	19,4	24,3	59%	47%
PZU	PLN	230%**	236%	99%	14%	6,0	4,9	9,5*	125%	64%
ASR NL	EUR	196%	199%	76%	19%	5,9	8,2	7,4	72%	80%
Mapfre	EUR	194%**	193%	83%	19%	5,8	9,3	8,4	63%	69%
Catalana (GCO)	EUR	220%	216%	95%	20%	3,3	4,5*	4,5	72%	73%

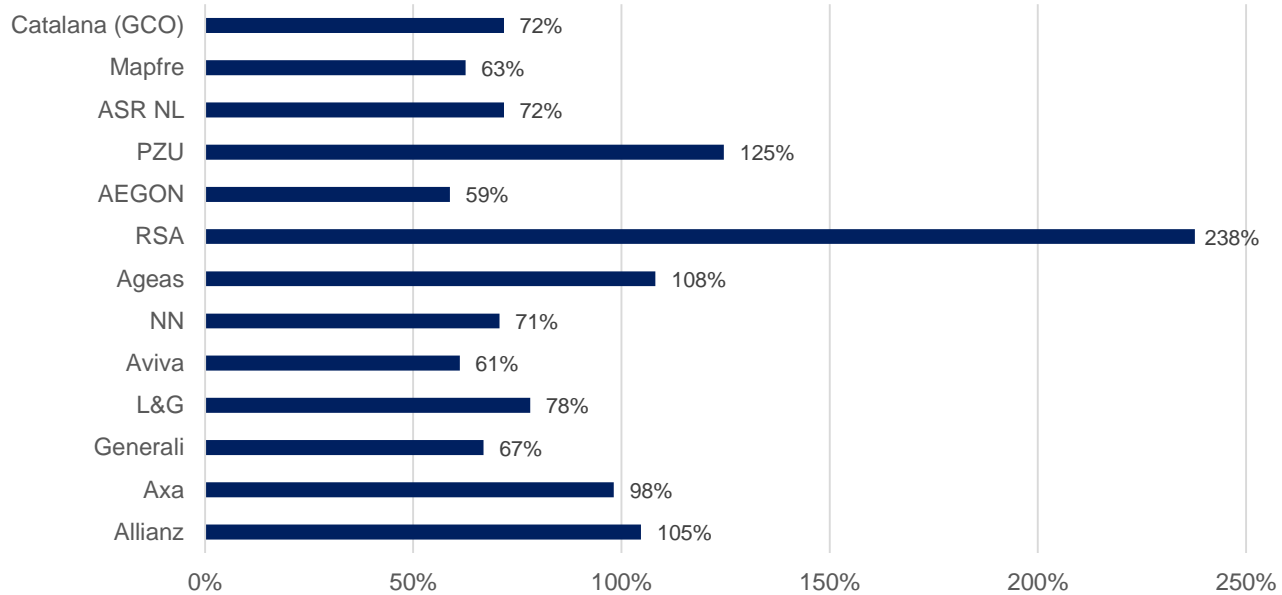
*) Per year-end 2020

***) Per September 2021



Peer comparison – Price-to-Book ratios

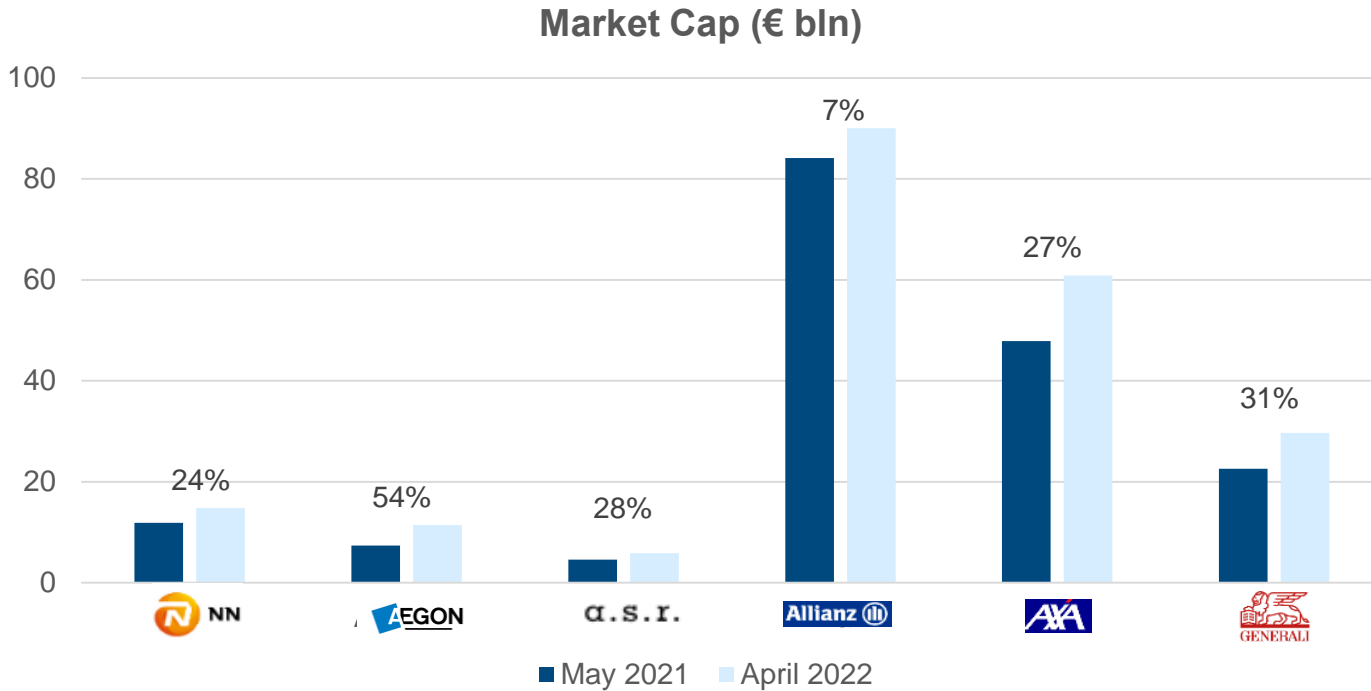
Price to Book ratio (EOF)



Source: company disclosures and Triple A analysis

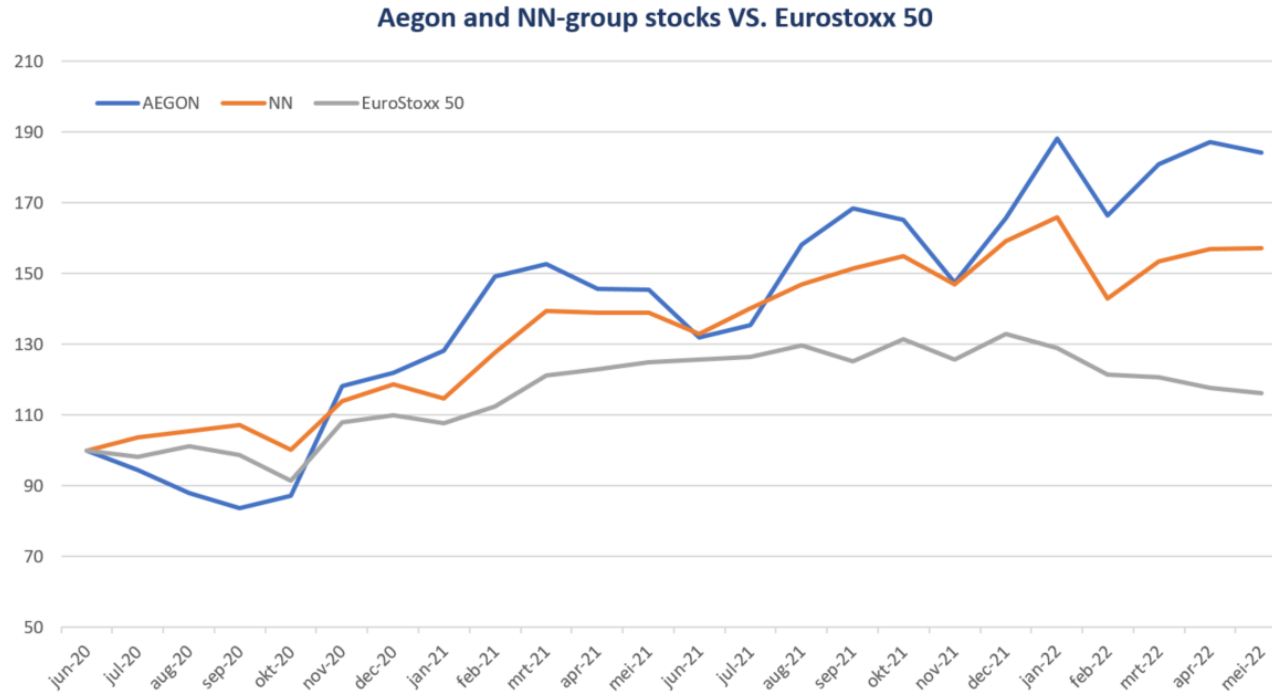


Peer comparison – Stock performance past year



Source: company disclosures and Triple A analysis

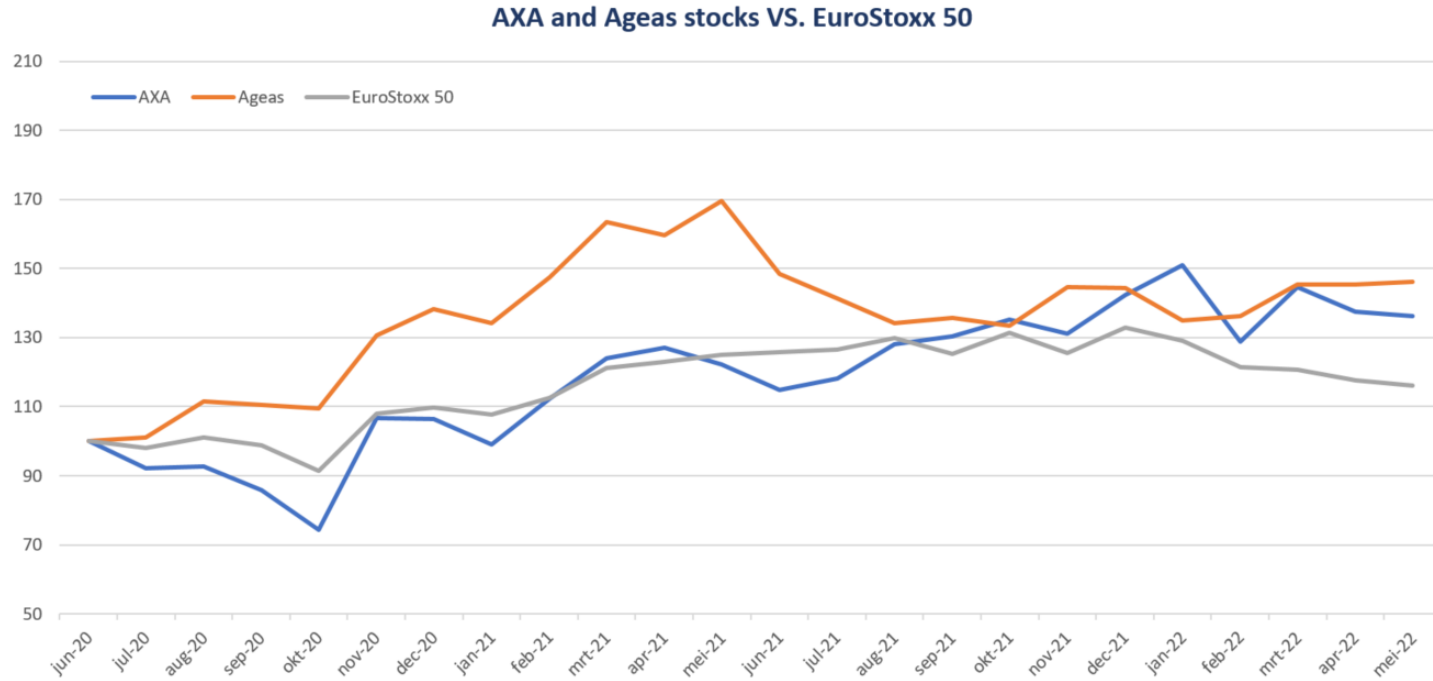
Stock performance EuroStoxx 50 versus Dutch Groups



Source: company disclosures and Triple A analysis



Stock performance EuroStoxx 50 versus EUR peers



Source: company disclosures and Triple A analysis



Agenda

- Introduction
- Capital Generation 2021 Dutch insurance groups
- Capital Generation 2021 European groups
- **Relevant developments** ←
- Capital Generation other Dutch insurers
- Concluding remarks

Relevant developments in 2022+

- Developments in 2022
- Difference in interest policy
- Rerisking and possible tax impact
- Implications of EIOPA 2020 review and EC review package
- Harmonization of capital requirements mortgages?



2022 is expected to be a more tough year for insurers



- **Uncertainties following Ukrain war in 2022**
- **Risk of economic slowdown and increased inflation**

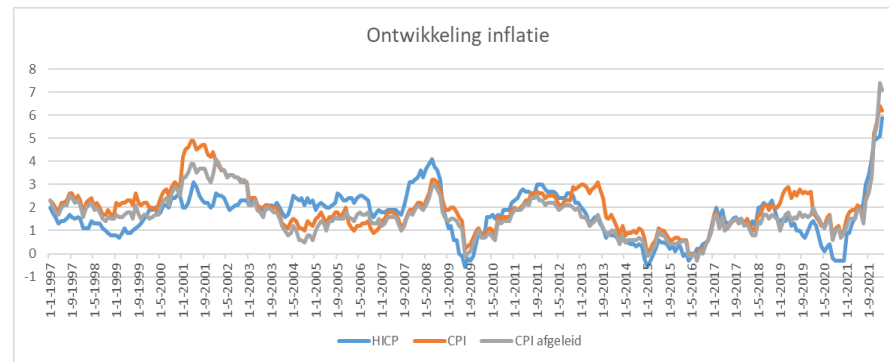
Inflation

- Not covered in SCR standard formula
- But a true risk for insurers



Increased volatility

- Invasion Ukrain
- Economic slowdown
- Commodity prices

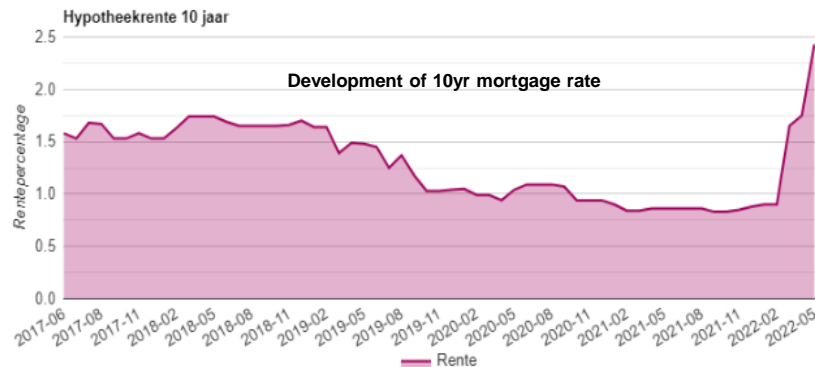
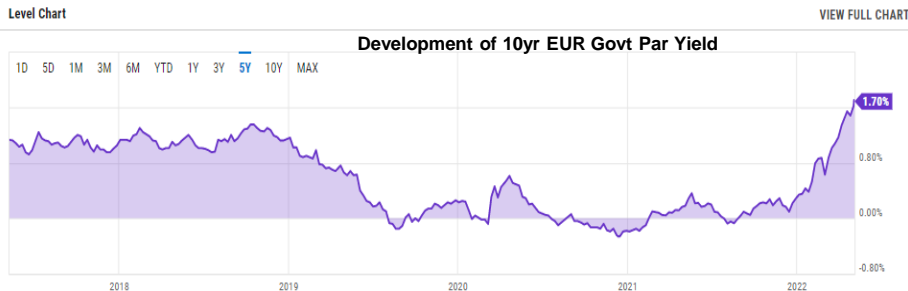


Rapid rise of interest rates and (mortgage) spreads in 2022






- Higher interest rates traditionally considered as beneficial to insurers
- Interest rates and (mortgage) spreads are rising very fast now
- Hedging complex under Solvency II framework especially in case on long dated liabilities






- Interest rates**
- Rapid rise of interest rates
 - Increasing long rates may cause problems for long dated insurance liabilities (UFR)

- Mortgage rates**
- Drop in value of mortgage of 10%+
 - Solvency pressure for insurers with material mortgage investments



Interest rate policy

Interest rate sensitivity	Parallel IR sensitivity		Non-Parallel
	IR+50bps	IR-50bps	+10bps steepening between 20y-30y
NN Group 	-4%	+5%	-8%
AEGON NL 	-8%	+7%	-7%
a.s.r. 	+5%	-5%	-3%
Achmea 	-3%	-1%	n.a.
Athora NL 	-1%	+4%	n.a.






Interest rate sensitivity	Parallel IR sensitivity	
	Solvency ratio	IR-50bps
Axa 	+9%	-14%
Allianz 	+4%	-5%
Generali 	+9%	-10%
Aviva 	+9%	-8%
Ageas 	+10%	-12%

- What is interest rate hedging Strategy?
 - Hedging own funds
 - Hedging solvency surplus or solvency ratio
 - Other?, Tactical interest rate bets?
- What is interest rate hedging strategy?
 - Adverse development for: NN, Aegon, Achmea, Athora
 - Positive development for: Large EUR groups and ASR



Re-risking and impact of DTA

- Re-risking of investments is an important theme for coming years
- Important to also take notice of possible adverse tax effects, both at group level and at solo level
 - Especially in case of a rapid re-risking strategy in a low interest environment

DTA Eligibility		Total net DTA	Non-Eligible DTA	DTA Eligibility	Eligible DTA
NN Group		€ 853 Mn	€ 0 Mn	100%	853
AEGON NL		€ 675 Mn	€ 0 Mn	100%	675
a.s.r.		€ 0 Mn	€ 0 Mn	100%	0
Achmea		€ 554 Mn	€ 0 Mn	100%	554
Athora NL		€ 633 Mn	€ 389 Mn	45%	315

EIOPA 2020 review – impact Dutch insurers

- Some insurers have disclosed the estimated impact of the new EIOPA proposals (December 2020)

a.s.r.: -/-10%-point

Pers | Utrecht | 18 december 2020 | 13:30 E3/Amsterdam

Update on EIOPA SII review

On Thursday, 17 December 2020, the European Insurance and Occupational Pensions Authority (EIOPA) published its Opinion on the Solvency II Review, which has been sent to the European Commission (EC) as input for new legislation. The new regulation is expected to be implemented by 2024 at the earliest. a.s.r. performed a preliminary impact assessment of the proposed changes.



It currently estimates the net impact on its Solvency II ratio (Standard Formula) to be -10%-points, excluding phase-in measures, at the expected implementation date in 2024. Including these measures the impact on the reported Solvency is expected to be approximately neutral in 2024. The EIOPA Opinion does not lead to a change in a.s.r.'s capital management policy.

NN Group: -/-5%-point

< All news

EIOPA publishes Opinion on the Solvency II review

17 December 2020, 18:33 CET

NN Group has taken note of EIOPA's Opinion to the European Commission on the Solvency II review published on 17 December 2020. The Opinion, which consists of a proposed package of measures, will be used as input for the European Commission to draft a legislative proposal which will be discussed with the European Council and European Parliament in the coming years. The resulting legislation is currently expected to be implemented at the earliest in 2024.

Based on the EIOPA Opinion and current market conditions, the net impact from the proposed changes to the risk-free curve extrapolation and risk margin calculation on NN Group's Solvency II ratio at the expected implementation date is expected to be approximately -5%-points. This is compensated by an increase of operating capital generation of approximately EUR 50 million per annum as from the implementation date. These proposals do not change our capital return policy.

- Impact of EIOPA will largely depend on:
 - Duration of liabilities as long-duration liabilities are hit harder
 - Duration mismatch of assets and liabilities
 - Materiality of risk margin

EIOPA 2020 review – EC response

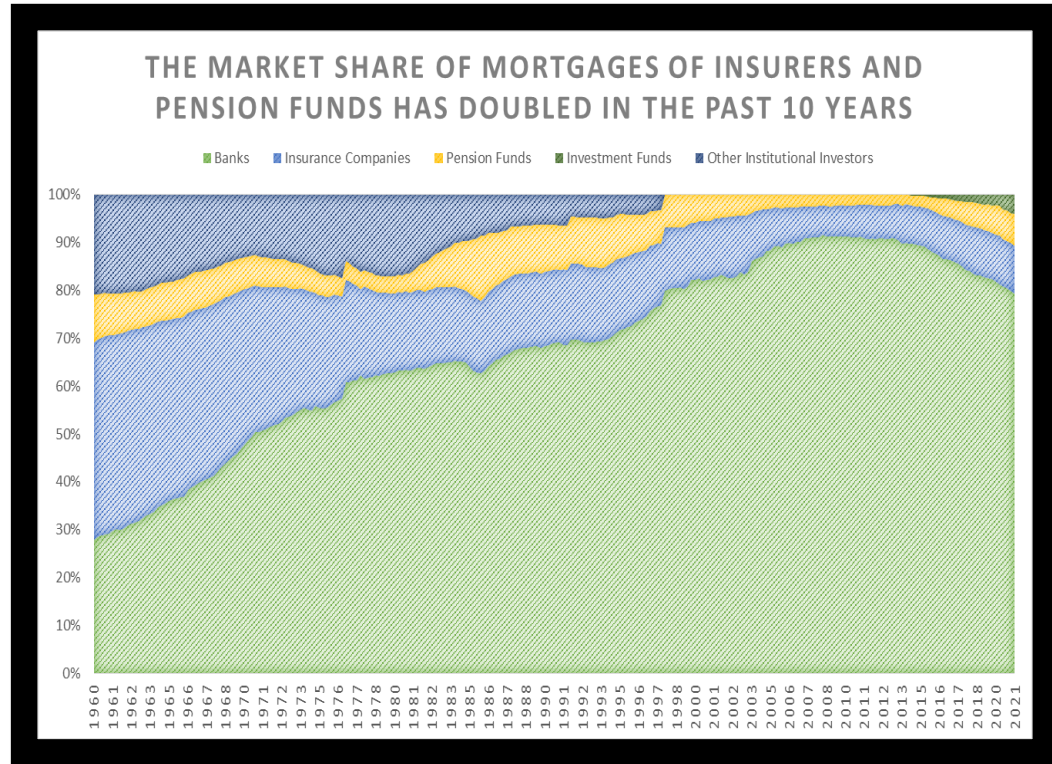
- EC published “review package” per Sept 2021, different from EIOPA recommendations on key items
- Insurers will **initially benefit** from the SII amendment, but life insurers will **suffer in the longer term**
- Implications:
 - More formal authority for regulators to **withhold dividends, share buybacks** and **bonuses**
 - Insurers will have to hold **EUR 90 billion less in short term** (16% of required capital)
 - **Joint benefit** will **shrink to EUR 30 billion** in the longer term

Item	Impact
Curve	<ul style="list-style-type: none">• Curve changes, alternative extrapolation, resulting in lower curve• Five year phase-in period
Risk Margin	<ul style="list-style-type: none">• Cost-of-capital rate reduces from 6% to 5%
Volatility Adjustment (VA)	<ul style="list-style-type: none">• More favourable VA due to introduction of a country-risk-corrected spread
Equity Risk	<ul style="list-style-type: none">• Relaxing Long term equity (LTE) is introduced (~22% SCR Equity)• Damping mechanism is adjusted from 10% to 17% (in times of stress, equity capital charges will fall to 22%)
Interest Rate Risk	<ul style="list-style-type: none">• EC follows the EIOPA advice such as shocking negative interest rates
Mortgage Loans	<ul style="list-style-type: none">• EC expects an adjustment for mortgages to bring capital requirement more in line with banks



Harmonization mortgage capital requirements?

- The share of banks in the Dutch mortgage market is declining
- From historical perspective insurance companies had much bigger share



Harmonization mortgage capital requirements?

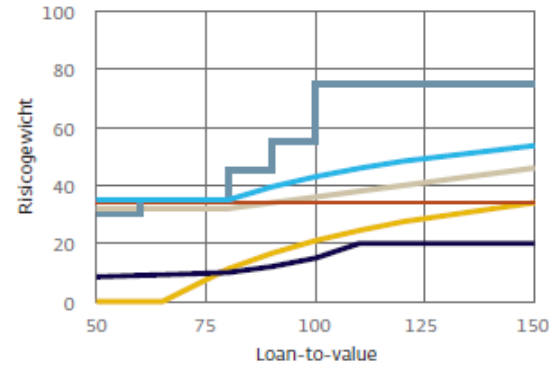
- EC concerns about arbitrage: avoid any risk of cross-sector regulatory arbitrage
- Intention to amend the DA on the treatment of mortgages
- Calibration of SCR Counterparty Default Risk in line with Basel framework

Note at DNB graph:

- Banks: diversification and taxes are part of the capital requirement framework
- Insurers: assumed 50% reduction due to diversification and tax (LACDT) impact
- Pension funds: assumed 40% reduction due to diversification

Grafiek 8 Kapitaalbeslag niet-gesecuritiseerde hypotheek, banken verzekeraars en pensioenfondsen¹²

Procenten



- Banken - Standaard Formule huidige
- Banken Standaard Formule - Nieuwe consultatievoorstel Basel
- Banken - Intern Model - huidige
- Verzekeraars - Standaard Formule
- Verzekeraars - Intern Model
- Pensioenfondsen

Bron: DNB.

Source: DNB Kredietmarkten in beweging (2016)

DNB analysis compares apples with pears

- EC concerns about arbitrage: avoid any risk of cross-sector regulatory arbitrage
- Banks
 - Standalone SCR contribution resulting from Basel III framework
 - Capital requirements for credit risk and operational risk
- Insurers
 - Standalone SCR contribution resulting from Basel III framework
 - Capital requirements for credit risk and operational risk

Differences in business model and capital requirements

	Insurance companies	Banks
Business Model	Use cash flows of mortgage loans to cover long-term insurance liabilities cash flows.	Use mortgage loans in interest equation (obtain margin in funding cost relative to return generated by mortgage loans)
Capital Reqts	<ul style="list-style-type: none"> ▪ Value at Risk approach ▪ Economic value basis ▪ Market/ALM risk, Credit risk, Insurance Risk and Oper Risk ▪ Diversification between risks and allowance for tax (LACDT) 	<ul style="list-style-type: none"> ▪ Value at Risk approach ▪ Accounting basis ▪ Credit risk and Oper Risk ▪ No diversification

Capital charge (%mortgage loans) under different measures

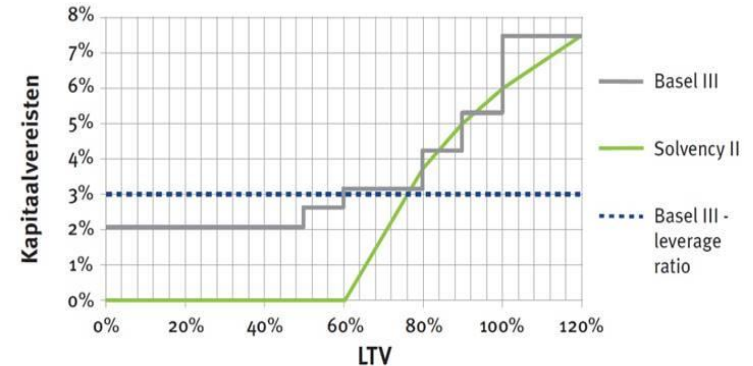
	LTV =====>	50	75	80	90	100	125
Insurance - SCR mortgages from DNB paper (2016)		0.0%	0.8%	1.0%	1.3%	1.6%	2.4%
Insurance - Standalone SCR mortgages		0.0%	3.0%	3.8%	5.0%	6.0%	7.8%
Ratio		-	27%	25%	26%	27%	31%

Standalone capital requirements: apples with apples

Capital charge (%mortgage loans) on standalone basis (with div & tax)

LTV <==== >	50	75	80	90	100	125
Regulation						
Banks - Standardized approach current Basel 3	4.4%	4.4%	4.4%	4.9%	5.4%	6.2%
Banks - Standardized approach Basel 3 revised	2.5%	4.3%	4.6%	5.2%	5.6%	6.4%
Insurance - SCR before diversification S2	0.0%	3.0%	3.8%	5.0%	6.0%	7.8%
Pension funds - Required capital before diversification	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%

- Capital requirements more or less in line for LTV buckets 80-120 !
- Main areas of difference:
 - Insurers: Zero capital reqts for LTV below 60
 - Banks: Capital floor for internal models (50%=>72.5% floor)
 - Banks: exemption for NHG unlike insurers

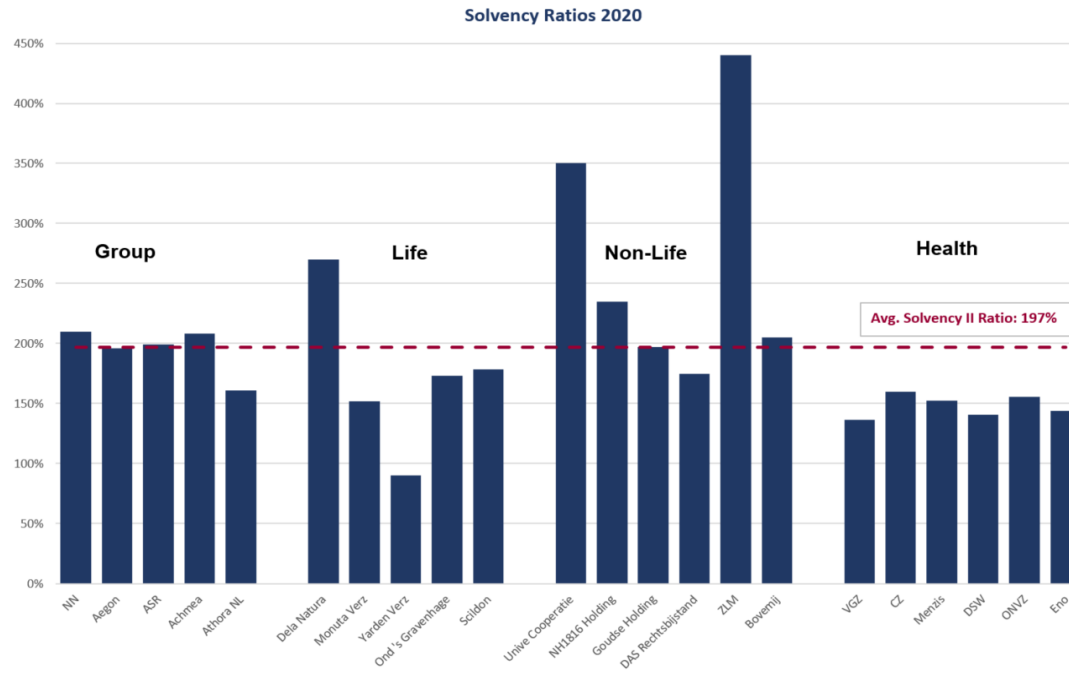


Agenda

- Introduction
- Capital Generation 2021 Dutch insurance groups
- Capital Generation 2021 European groups
- Relevant developments
- **Capital Generation other Dutch insurers** ←
- Concluding remarks

Capital generation Dutch insurers

- Majority of market operates with Solvency levels above 150% target. Health insurers typically have lower internal capital targets of around 130%
- Capital generation is mainly used by larger Dutch insurers with stock or debt listings
- How is the performance of smaller Dutch insurers compared to Dutch insurance groups?



Capital generation Dutch insurers

Dutch insurers	€ mln	SII ratio		% Unrestricted Tier 1 2020YE	LACDT / pre-tax SCR 2020YE	EOF		SCR	
		2019YE	2020YE			2020YE	Chg EOF (%) '19->'20	2020YE	Chg SCR (%) '19->'20
NN	<u>Group</u>	218%	210%	62%	21%	20,028	13%	9,5340	17%
Aegon	<u>Group</u>	201%	196%	70%	12%	18,582	1%	4,9730	3%
ASR	<u>Group</u>	194%	199%	75%	19%	8,351	6%	4,2000	3%
Achmea	<u>Group</u>	219%	208%	71%	13%	10,696	12%	5,1423	18%
Athora NL	<u>Group</u>	170%	161%	63%	0%	4,134	-5%	2,5677	1%
Dela Natura	<u>Life</u>	296%	270%	95%	9%	2,066	24%	0,7640	39%
Monuta Verz	<u>Life</u>	165%	152%	100%	25%	0,920	-4%	0,6053	6%
Yarden Verz	<u>Life</u>	116%	90%	100%	19%	0,196	-27%	0,2190	-1%
Ond 's Gravenhage	<u>Life</u>	201%	173%	98%	0%	0,262	-18%	0,1515	-4%
Scildon	<u>Life</u>	210%	178%	100%	22%	0,169	-5%	0,0949	12%
Unive Cooperatie	<u>Non-Life</u>	325%	350%	100%	16%	0,760	6%	0,2169	-2%
NH1816 Holding	<u>Non-Life</u>	206%	235%	100%	24%	0,567	14%	0,2411	0%
Goudse Holding	<u>Life / Non-Life</u>	228%	197%	76%	14%	0,417	-5%	0,2122	9%
DAS Rechtsbijstand	<u>Non-Life</u>	146%	175%	100%	12%	0,149	1%	0,0851	-16%
ZLM	<u>Non-Life</u>	445%	440%	100%	14%	0,306	7%	0,0696	9%
Bovemij	<u>Non-Life</u>	187%	205%	100%	25%	0,210	7%	0,1026	-2%
VGZ	<u>Health</u>	143%	136%	96%	0%	2,546	1%	1,8675	6%
CZ	<u>Health</u>	154%	160%	100%	0%	2,672	6%	1,6700	2%
Menzis	<u>Health</u>	156%	153%	100%	0%	1,516	-3%	0,9937	-1%
DSW	<u>Health</u>	129%	141%	100%	0%	0,331	16%	0,2354	7%
ONVZ	<u>Health</u>	124%	155%	100%	0%	0,229	15%	0,1475	-8%
Eno	<u>Health</u>	155%	144%	100%	0%	0,088	-6%	0,0610	-1%

(*) For NN and Achmea, the banking entities are included in the definition of EOF and SCF. This has led to relatively large increases in 2020.

(**) Solvency figures of health entities in 2020 are heavily influenced by the difference corona arrangements from ZINL (solidariteitsregeling en catastrofereregeling)



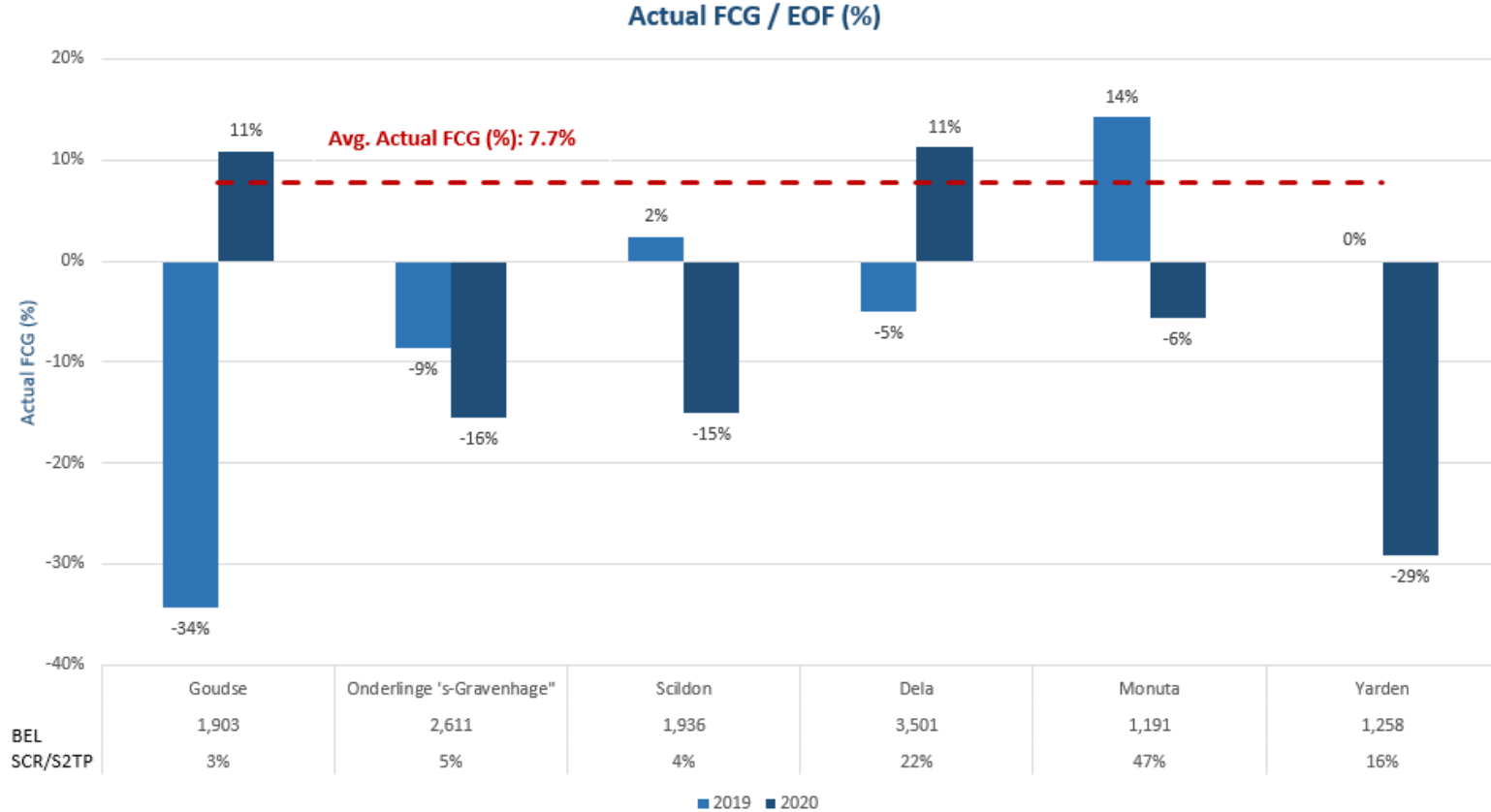
Capital generation Dutch Life insurers (1)

- Some useful measures to analyze capital generation capability
- NN and ASR have optimized their asset allocation mainly by spread generating fixed income instruments
- Dela has relatively large allocation to equity type investments

Life insurers / Groups		S2 ratio	SCR / TP	SCR Mkt / TP	SCR Mkt / SCR
		2020YE	2020YE	2020YE	2020YE
NN	Group	210%	6%	2%	58%
Aegon	Group	196%	8%	6%	42%
ASR	Group	199%	9%	4%	78%
Achmea	Group	208%	5%	3%	47%
Athora NL	Group	161%	4%	2%	58%
Dela Natura	Life	277%	19%	9%	74%
Monuta Verz	Life	152%	51%	34%	49%
Yarden Verz	Life	87%	15%	13%	78%
Ond 's Gravenhage	Life	173%	6%	3%	47%
Scildon	Life	178%	5%	2%	45%



Capital generation Dutch Life insurers (2)



Capital generation Dutch Non-Life insurers (1)

- Some local niche insurers show even better operational performance than the large companies (NN, ASR, Achmea)
- Also capital generation outperformance may be expected for Univé Schade, NH1816, ZLM and Bovemij given the past development of combined ratios

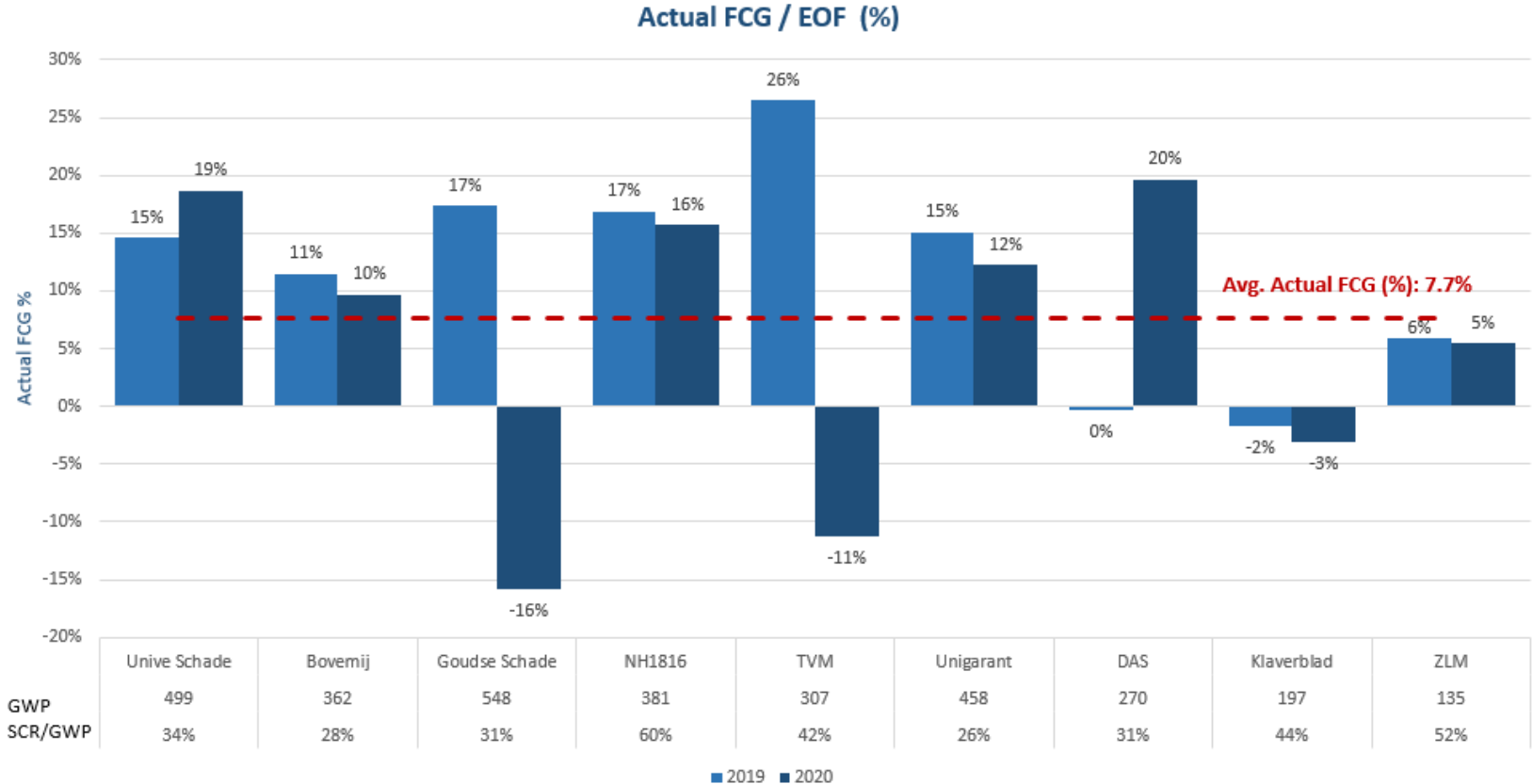
Dutch Non-Life (€ mln)	GWP	% Reins
	2020	2020
NN Schade	3.244	5%
ASR Schade	2.773	4%
Achmea Schade	3.588	5%
Unive Schade	499	2%
NH1816 Schade	381	12%
Goudse Schade	548	15%
DAS Rechtsbijstand	270	20%
ZLM	135	6%
Bovemij	362	6%

Combined ratio				
2020	2019	2018	2017	2016
100%	101%	110%	106%	109%
90%	91%	98%	94%	94%
97%	100%	99%	100%	112%
86%	95%	97%	103%	101%
83%	86%	88%	90%	96%
102%	102%	98%	101%	104%
105%	104%	96%	93%	93%
86%	93%	98%	103%	110%
80%	92%	96%	91%	83%

* Combined ratios were derived from reported QRT figures and may deviate from reported combined ratios



Capital generation Dutch Non-Life insurers (2)



Capital generation Dutch Health insurers (1)

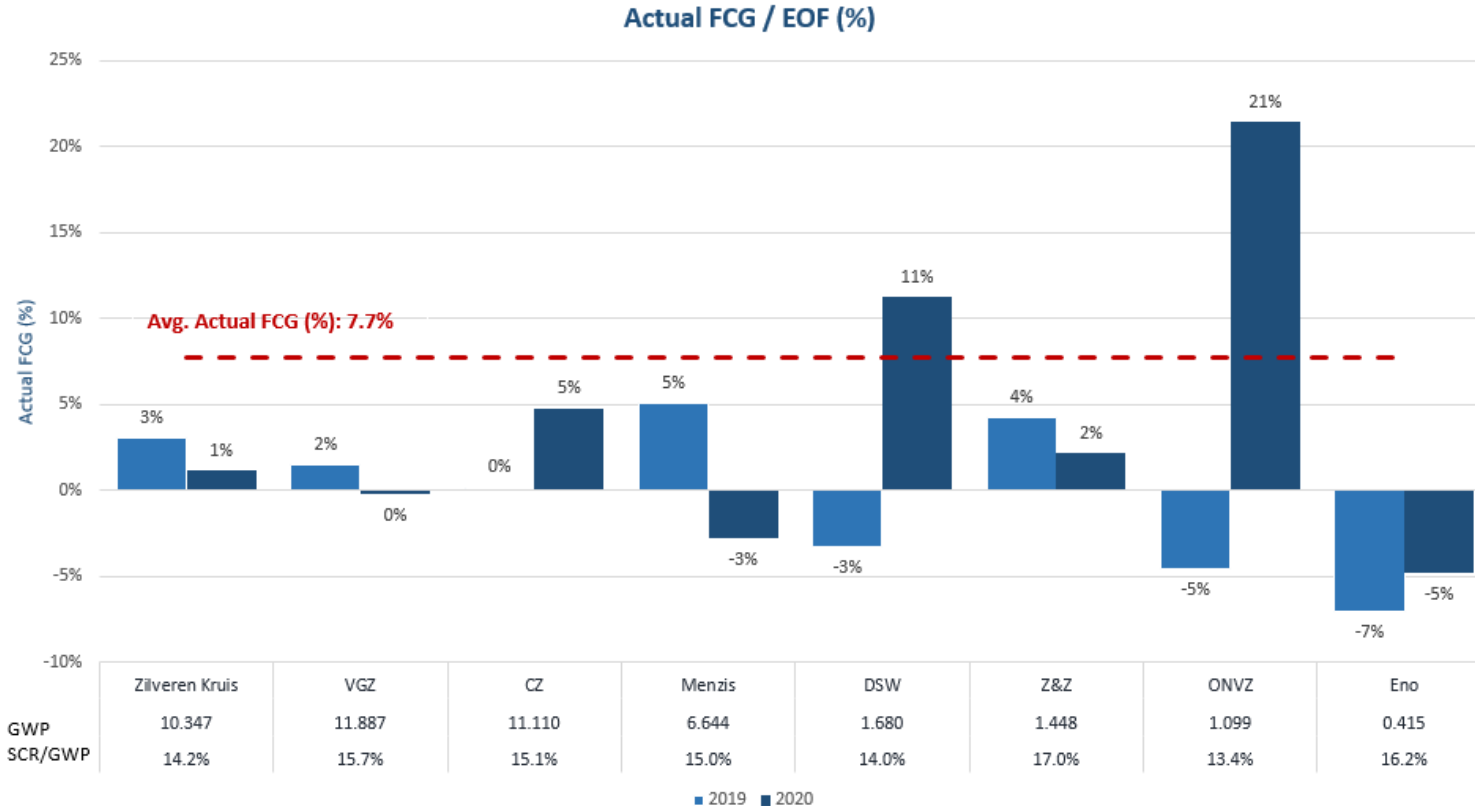
- Operational performance of Dutch health insurers is generally positive (combined ratio around 100%, but investment result generally positive, much lower than commercial insurers).
- Questionable if this business is sufficiently profitable for a listed insurance company

Dutch Health (€ mln)	GWP	% Reins
	2020	2020
Achmea & Zilveren Kruis	13.547	0%
VGZ	7.402	0%
CZ	7.778	0%
Menzis	5.536	0%
DSW	1.680	0%
ONVZ	1.099	0%
Eno	381	0%

Combined ratio				
2020	2019	2018	2017	2016
99%	100%	99%	102%	100%
101%	100%	99%	104%	102%
100%	101%	97%	102%	102%
101%	100%	99%	100%	102%
99%	102%	99%	98%	102%
98%	101%	104%	106%	103%
100%	99%	93%	101%	95%



Capital generation Dutch Health insurers (2)



Agenda

- Introduction
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Concluding remarks

- Thanks you for attending our seminar !



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Capital Generation

Jelmer Lantinga, NN Group

May 2022



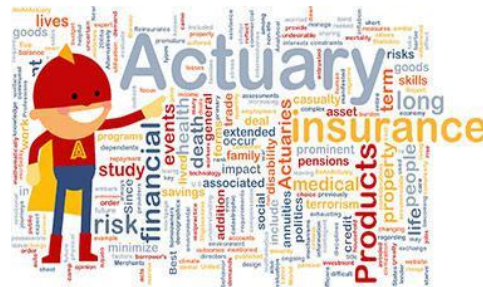
Jelmer Lantinga

Head of Performance & Analytics at NN Group

Netherlands · [Contact info](#)



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Contents

Why (operating) capital generation at NN Group

Development of disclosure and external targets

Experience



Why capital generation

INVESTOPEDIA > INVESTING

Part of HOW TO INVEST WITH CONFIDENCE ▾

Income, Value, and Growth Stocks

By [MARK P. CUSSEN](#) Updated October 28, 2021

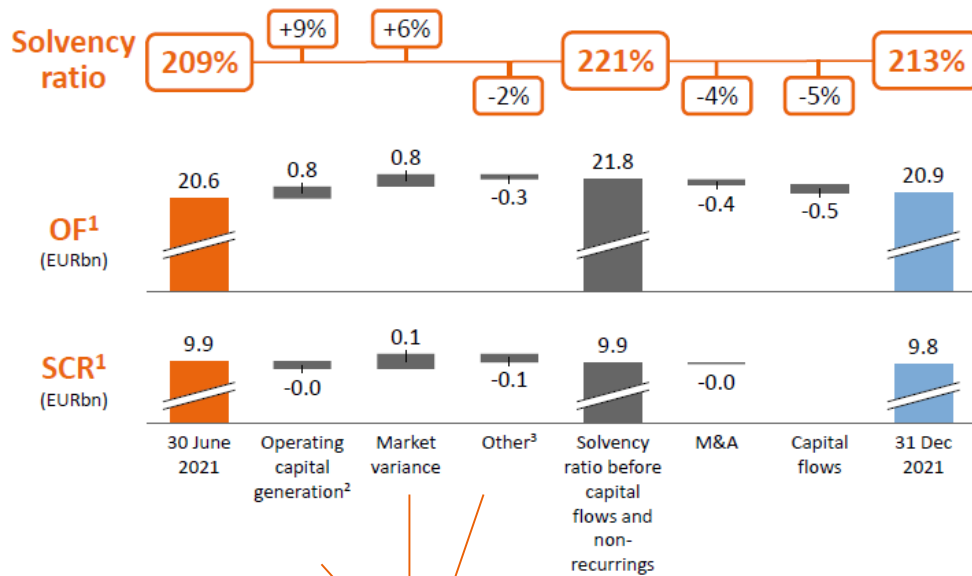
Reviewed by [ANTHONY BATTLE](#)

Fact checked by [TIMOTHY LI](#)

Investors who buy stocks typically do so for one of two reasons: They believe that the price will rise and allow them to sell the stock at a profit, or they intend to collect the dividends paid on the stock as investment income. Of course,

- NN Group is an income stock with valuation based on a reliable, sustainable stream of cashflows for stakeholders
-

Why operating capital generation



Sustainable vs one-offs/variance

- Future dividend capacity of NN Group is determined by Solvency II with Operating Capital Generation (OCG) measuring the underlying change in dividend capacity
- IFRS market practice, but not very useful for Dutch players
- However, Solvency II considered to be very complex regulation

Market view – full focus on capital generation

Morgan Stanley

UPDATE

NN Group NV (NN.AS)

2H21 OCG beats while FY23 guidance unchanged

[Read Full Report](#)

(PDF: 9 Pages)

ABN-AMRO ODDO BHF
CORPORATES & MARKETS

Thursday, February 17, 2022

NN GROUP
NN NA | NN.AS

[Download](#)
Flash - 5 pages

Outperform →

TP : 57.0 €
Upside : 13%

Quarterly earnings Composite insurance - Netherlands

SBB and OCG capital generation better, non life better, rest in line

J.P.Morgan

Europe Equity Research

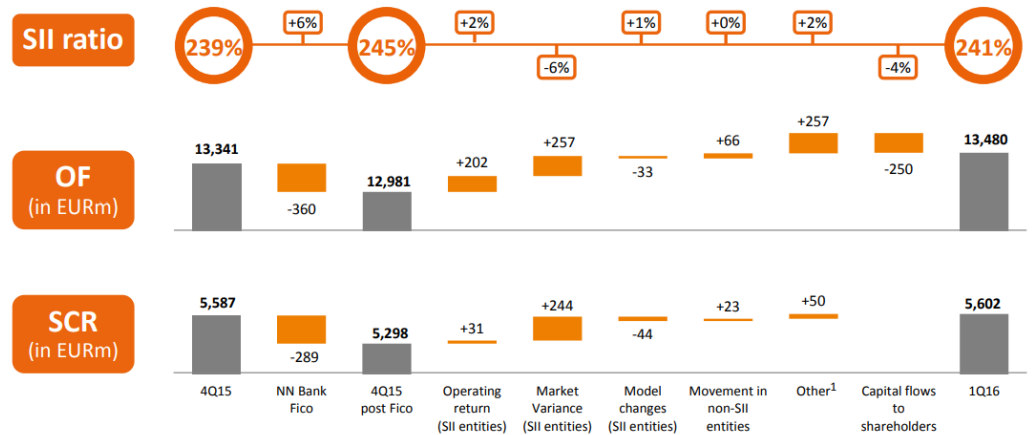
NN Group N.V. (NN NA)

FY21 results: stronger than expected capital generation, SII ratio and operating earnings in-line

One of the first with detailed disclosures in 1Q16

2016

Solvency II movement



To comprehensive disclosures and external targets in 2020

Group
medium-term
financial
targets and
dividend policy

Operating capital generation

EUR 1.5bn in 2023

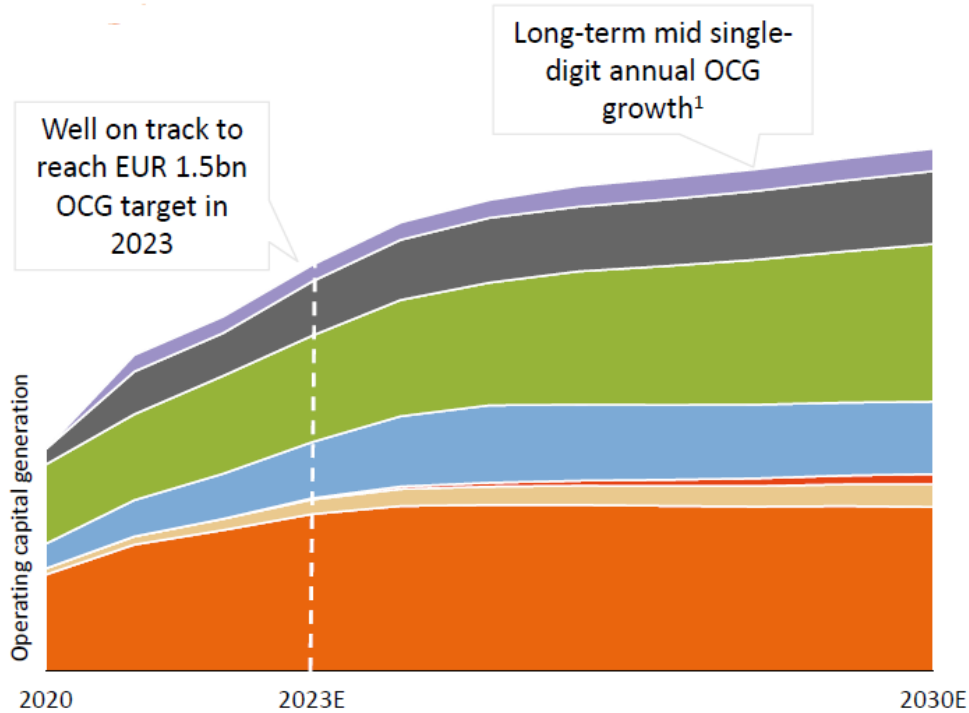
Free cash flow

In a range around OCG
over time

2020

In EUR million	2H21
Investment return	688
Life - UFR drag	-394
Life - Risk margin release	196
Life - Experience variance	-21
Life - New business	59
Non-life underwriting	125
Non-Solvency II entities (Assets Management, Japan, Bank, Other ¹²)	246
Holding expenses and debt costs	-143
Change in SCR	48
Operating capital generation	804

With prospective guidance on development



Learnings

Actuarial framework now leading for valuations

In the end its all about cash (internal and external)

Be mindful of the knowledge gap

Link to business drivers, make it relevant and actionable