2024
Annual Report
Nationale-Nederlanden Schadeverzekering Maatschappij N.V.

Annual Report contents

Composition of the Boards

The composition of the Management Board and the Supervisory Board of Nationale-Nederlanden Schadeverzekering Maatschappij N.V. (NN Schade) as at 31 December 2024 was as follows:

Management Board

Composition as at 31 December 2024

M.M.N. (Maurice) Koopman (1971), CEO and chair

J.E. (Sandra) van Eijk (1971), CFO

J.P.L. (Jolanda) Roos (1988), CRO[1]

Supervisory Board

Composition as at 31 December 2024

I.K. (Inga) Beale (1963), chair

A.T.J. (Annemiek) van Melick (1976)

T. (Tjeerd) Bosklopper (1975)

1 Peter Brewee resigned from his position as from 1 November 2024 and Jolanda Roos was appointed as CRO as from 1 November 2024.

NN Group and NN Schade at a glance

NN Group profile
NN Group N.V. (NN Group) is an international financial services company, active in 10 countries, with a strong presence in a number of European countries and Japan.

Led by our purpose and ambition, guided by our values and brand promise, and driven by our strategic commitments, we are committed to creating sustainable long-term value for all our stakeholders: customers, shareholders, employees, business partners and society at large.

With all its employees, the Group provides retirement services, pensions, insurance, banking and investments to approximately 19 million customers. We are a leading financial services provider in the Netherlands. We provide our products and services under the following brand names: Nationale-Nederlanden, Movir, AZL, BeFrank, OHRA and Woonnu as well as via our joint venture, ABN AMRO Verzekeringen, and our partnerships with ING Insurance and the Volksbank.

Our roots lie in the Netherlands, with a rich history that stretches back over 175 years. NN Group is listed on Euronext Amsterdam (NN).

Within NN Group's organisational structure, Nationale-Nederlanden Schadeverzekering Maatschappij N.V., referred to below as NN Schade, is part of the Netherlands Non-life reporting segment.

NN Schade profile
NN Schade offers a broad range of non-life insurance products – including motor, property, liability, transport, travel, pet, disability and accident insurance, to retail customers, self-employed people, SMEs (small and medium-sized enterprises) and corporate customers. NN Schade does this by using multi-channel distribution via, for example, mandated and non-mandated brokers, banks and online. The focus of NN Schade is the Netherlands, Belgium and Germany.

NN Schade consists of four business lines:

1. **P&C Intermediary** - This business line supports businesses with P&C related insurances. Distribution is largely carried out through mandated, non-mandated and co-assurance brokers.
2. **P&C Retail & Health** - The business line supports retail customers with P&C related insurances. Not only through independent brokers, but mainly direct and via the bancassurance channel.
3. **Group Income** - This business line provides absenteeism and disability products for employers. Distribution is carried out through mandated and non-mandated brokers.
4. **Individual Disability** - This business line, better known by its brand name Movir, has specialised in independent disability insurance for business professionals and offers services focused prevention.

NN Schade's business activities centre around people and trust. By acting with professionalism and behaving with integrity and skill, NN Schade believes it can build and maintain the confidence of its customers and other stakeholders. Our values of 'care, clear, commit' set the standard for conduct and serve as a compass for decision-making.

NN Schade Legal structure
NN Schade is a fully-owned subsidiary of Nationale-Nederlanden Nederland B.V. which, in turn, is a fully-owned subsidiary of NN Insurance Eurasia N.V. NN Insurance Eurasia N.V. is owned entirely by NN Group. NN Schade has a branch office in Belgium. NN Insurance Services Belgium N.V. (NN ISB), also part of NN Group, acts as a service provider for the Belgium branch office.

Report of the Management Board

NN Group strategy

Our purpose is that we help people care for what matters most to them. Because what matters to them matters to us. Our ambition is to be an industry leader, known for our customer engagement, talented people and contribution to society. All parts of our business contribute to the delivery of our ambition. NN is committed to sustainable long-term value creation for all our stakeholders. Our strategy aims to address the interests of all stakeholders, which is why we have both strategic and financial targets. Our five strategic commitments will help us achieve our ambition.

1. **Engaged customers** - We deliver an outstanding customer and distributor experience, and develop and provide attractive products and services.
2. **Talented people** - We foster a values-based culture and empower our colleagues to be their best.
3. **Contribution to society** - We contribute to the well-being of people and the planet.
4. **Financial strength** - We are financially strong and seek solid long-term returns for shareholders.
5. **Digital & data-driven organization** - We use technology & data responsibly to transform our business and drive operational excellence.

NN Schade strategy

NN Schade's strategy is based on three guiding principles and three strategic themes.

Guiding principles

Our guiding principles influence our strategic decision-making and guide us in our endeavour to maintain a future-proof business and value for our customers.

1. **Simplicity** - We focus on simplicity in all aspects of our organisation in order to make it easier for our customers to buy our products and services and to interact with our organisation whenever they need to. This is intended to result in greater effectiveness, lower cost ratios and a lower Customer Effort Score (CES).
2. **Sustainability** - We are committed to create sustainable long-term value, in our business operations, products and services, and in our interaction with our customers, intermediaries and society. In doing so we are responding to the Sustainable Development Goals of Climate Action and Good Health & Well-being. Addressing sustainability challenges is a joint effort and a better world starts with ourselves. That is why we want to contribute to a world in which future generations also have a good quality of life.
3. **Agility** - We aim to make NN Schade more agile and that means an organisation with business lines that operate as independent enterprises. This, in turn, will result in greater flexibility and lower cost ratios. We will be able to respond faster and with a greater focus on our customers' needs and market trends, for instance when it comes to developing new insurance and service propositions and more frequent pricing adjustments.

Strategic themes

Our strategic themes will help us focus our efforts during the coming years and develop sound strategic initiatives to improve NN Schade for our customers and business partners.

1. **Digitalisation & Artificial Intelligence** - Our core activities are backed up by administrative processes. In order to be efficient and to provide an excellent service to our customers, processes need to be streamlined, automated and digitalised as much as possible. Consequently, one of our priorities is the digitisation and standardisation of processes and deployment of AI driven solutions.
2. **Pricing & data** - Pricing is the cornerstone of a profitable insurance business. Because pricing needs accessible and accurate data, our aim is to ensure that all the relevant data are regularly available in a structured, automated and controlled way, wherever possible via an automated development process. In addition to that we will continuously improve our pricing models and techniques in order to ensure optimal pricing.
3. **Customer & intermediary journey** - Customers and intermediary journeys are important in terms of attracting customers and retaining and serving current customers. We therefore want to offer an intuitive and flawless customer and intermediary journey, while improving and standardising our product offerings and complementing these with relevant services. We strive for digital customer journeys and at the same time ensure a personalised approach.

In 2024, we remained committed to delivering a solid financial performance and achieving our strategic objectives.

2024 business announcements

Extending ING contract for the Belgian branch of NN Non-life

The partnership between ING and NN Non-life in Belgium has been renewed, for the next ten years. ING is the fourth-largest bank in Belgium and has chosen to continue its partnership with the Belgian branch of NN Non-life for distributing insurance solutions to retail customers. The fact that ING has chosen NN again shows that ING believes in the quality of NN insurance offerings in the retail segment and appreciates NN's services and way of working together.

Partnering with Domcura

NN Schade announced the partnership with the German insurance specialist Domcura GMBH (Domcura) in Kiel. As part of the partnership, NN Schade will become in 2025 one of the underwriters of Domcura' s private property insurance policies. Domcura is a leading player in the German insurance market, with distribution partners and over 5,000 affiliated advisors.

Insourcing Nationale-Nederlanden Verzekeren Services B.V. (NNVS)

NN Schade announced it will manage its own private property insurance policies sold through intermediaries starting from July 1, 2026. Insourcing of these activities is more in line with our current strategy. This will allow NN Schade to streamline its collaboration with brokers and the customer service processes. Focus as of 2025 will be on enhancing the usability of online portals for brokers and improving the efficiency in the whole value chain.

Other events

UWV Backlog

In September 2024, benefits agency UWV has published a statement that mistakes were made by UWV with the calculation of WIA benefits (benefit under the Work and Income according to Labour Capacity Act) for several years. According UWV, possibly tens of thousands of people who received this disability benefit may have received a too high or too low amount of benefit. A correction of these benefits could potentially also have an impact on NN as insurer for several of the products that are offered (WGA ERD, WGA Hiaat). NN is actively engaged in discussions on this topic with (a.o.) UWV and the Dutch Association of Insurers (Verbond van Verzekeraars) and has formed project groups within the organization to monitor all developments. In November 2024, UWV stated to re-assess 25,000 to 50,000 cases manually in order to determine mistakes that potentially were made, and to be able to propose the most appropriate solution to all parties involved. At this moment, no information is available on the amount of mistakes that were made in cases that could impact NN as an insurer. Also, any potential adverse impact for NN is dependent on the proposed solution by UWV, for which no information is available yet. Therefore, although there could be financial consequences for the Dutch insurance business of NN Group, it is not possible to reliably estimate or quantify NN's overall exposures at this time.

Rotterdamse Schaal

There is currently research ongoing related to the monetary compensation for non-material losses by policyholders. The aim of the research is to develop a scale of injuries and other cases eligible for compensation categorized by severity. The first draft of the guideline was published for consultation late 2024. Feedback from the consultation phase will be processed into the next version of the guideline which is expected in mid-2025. NN Schade has not formed any additional reserve on this due to its uncertain developments. NN Schade will closely monitor the developments.

Engaged Customers

At NN Group our customers are the starting point of everything we do. We engage with them to ensure we meet their real needs and offer solutions that create long-term sustainable value. We use our digital capabilities and leverage our strong distribution footprint in order to further enhance our customer experience.

NN Schade is a company that cares. We care for sick and disabled customers and we also care for entrepreneurs when the continuity of their business is at stake due to, for example, fire, damage, theft or liability. We also care about our customers' personal belongings when they are damaged, lost or stolen. All our activities are geared to helping to create a safer and stronger society. NN Schade continuously invests in the leadership capabilities, skills and knowledge of its employees and in a customer-driven culture.

Our ambition is to truly matter in the lives of our customers and add value for all our stakeholders. Our leading market position enables us to improve our customer experience and drive efficiency, as well as continuously creating value for our stakeholders, in other words our customers, shareholders, employees, business partners and society as a whole.

NN Schade offers a broad range of non-life insurance products including motor, property, liability, transport, travel, pet, disability and accident insurance, to the retail trade, self-employed people, SMEs (small and medium-sized enterprises) and corporate customers.

NN Schade does this by using multi-channel distribution in order to reach customers in their preferred way. This means that we distribute our products and services through:

- non-mandated brokers
- mandated brokers
- banks
- online
- and via platform participation

Preventing versus curing

The business line Group Income has put additional focus on preventing absenteeism among its clients this year. Therefore, Group Income set up a loyalty program for customers with zero to none absenteeism. Employees of these customers can enjoy a perk in the form of a conversation with a professional from "yet.nl". Additionally, Group Income has developed the "Happiness at Work Box" and distributed it inside and outside the company to stimulate the conversation about work happiness. A freely accessible webinar was organized for all interested parties. Finally, Group Income has strengthened the distribution of its prevention package by increasing the number of additional occupational healthcare providers it cooperates with from four to six.

Boosting digital performance for brokers

A big part of the non-life distribution takes place via the broker channel. We therefore aim for digitalisation of the services towards the (non-mandated) brokers. The business line P&C Intermediary managed to encourage brokers to utilise the available portals more-and-more (e.g. adviseur.nn.nl) for submitting and tracking actions. In 2024, P&C Intermediary grew significantly in the usage of these digital channels, including: 90% underwriting, 65% mutations, and 43% of claim handling is now done via the available portals. More important, the broker experience has further improved, considering the current Customer Effort score (on a 5-points scale) of 1.7 to 1.8 on these journeys.

Providing business insurance for sex workers

Early 2024 we started providing business insurance to sex workers who are self-employed and at least 21 years old. Initially, this concerns liability insurance and inventory and goods insurance. The condition is that the sex worker is registered with the Chamber of Commerce. According to the Sex Worker Alliance Destigmatization (SWAD), this is an important step in destigmatizing sex work. The possibility for sex workers to take out a business liability insurance is an important step for the industry to be seen as legitimate entrepreneurs. This helps to strengthen the financial position of the group of sex workers, which consists of around 20,000 entrepreneurs.

Strengthening our health insurance offering

Our customers' needs are the driving force behind the development of our products. The OHRA "fysio meeneem service" is an insurance product add-on that has gained popularity. It allows customers to carry over unused physiotherapy treatments to the next year, with a maximum of nine treatments per year.

Since 2024, OHRA's supplementary health insurance product is available with or without this service, and 8.7% of our customers used it in that year. To simplify our product offering, we have reduced the number of dental insurance products by 20%, providing customers with a clearer product range. This makes it easier for them to compare and choose the right product.

As a supporter of change, the Nationale-Nederlanden health insurance product allows customers to change their supplementary insurance in specific situations during the year. The "meegroeiservice" is now available for all NN health insurance product customers, starting 2025. This service is designed to cater to life-changing events that may lead to changing healthcare needs.

Lastly, we have added “Vi” as a service for both the Nationale-Nederlanden and OHRA health insurance product customers. The menopause can cause serious symptoms for many women, affecting their daily lives. “Vi”, an online platform, provides women with insight and smart solutions to help them cope with the menopause. Studies show that 62% of women experience severe symptoms due to the menopause.

Providing useful insights as a knowledge partner

In line with previous year(s), NN Schade published two trend reports: one on sustainable mobility and the other on sickness absence and disability. The sustainable mobility trend report highlights the current state of the mobility transition and the role that knowledge, attitudes, and behaviour play in it. As of January 1, 2024, there were 9.1 million passenger cars on Dutch roads, an increase of 1.7% (nearly 200,000 vehicles) as compared to the previous year. Only 13.8% of these cars are electric. If fossil fuel and electric vehicles had the same purchase price, this percentage could be almost 60% for individuals and self-employed workers, and 73% and 84% for SMEs and large businesses, respectively. However, the overall shift to sustainable mobility is progressing too slow, partially hindered by persistent misconceptions and a lack of knowledge.

The trend report Absenteeism and disability, published in June, was targeted at brokers and the general public, focusing on the major trends around sickness absence and disability. Although sickness absence has slightly decreased in 2023, it remains high in the Netherlands. The cost of sickness absence to the Dutch economy in 2023 was over 23 billion euros. Mental health issues continue to be one of the main causes of absenteeism among employees, and it is concerning that a growing number of employees under 35 report experiencing burnout symptoms. Our trend report also shares tips on how employers can reduce and prevent sickness absence.

Improving customer service and experience at NN Schade with research and analytics

NN Schade wants to help people care for what matters most to them and deliver an excellent customer experience. Because our customers are the starting point of everything we do, NN Schade continues to improve its customer service and experience. This has led to an overall aggregated Net Promoter Score (NPS-t) of 33.0 in 2024, continuing the upward trend of previous years (29.0 in 2023, 26.4 in 2022 and 23.8 in 2021). We are valued for our expertise, helpfulness and our problem-solving abilities. Further streamlining of our digital and frictionless services on MijnNN, MijnNNzakelijk and the broker portal “Adviseur.nn.nl” ensures convenience, less errors, and better services. Combined with enhanced workflow management, accessibility and reduced response times in the operational departments, this has a positive effect on our Customer Effort Score (CES). On the other hand, transitions and migrations were also part of daily operations within NN Schade. In this dynamic environment where customers’ expectations continuously being raised, we have been able to stabilize our Customer Effort Score at 2.0 in 2024 (2.0 in 2023, 2.1 in 2022, and 2.1 in 2021). This indicates that customers and intermediaries experience little effort in using our products and services.

We also perpetuated and strengthened our business relationship with (mandated) brokers. As in previous years, the intermediary satisfaction for NN Schade improved. In 2024, there was an +0.1 improvement to an average of 7.8 (7.7 in 2023, 7.5 in 2022 and 7.3 in 2021), which is above market average and above most competitors. This was achieved because of continuous improvements, which were mainly driven by digitalisation and automation, structured monitoring of brokers' feedback and usage of their input combined with partnership sessions, as well as close cooperation with intermediaries on projects and new plans.

In order to keep improving our customer experience, we are continuing to research and analyse our customer’s needs and customer journeys. With these insights we develop and deliver relevant products and services with high-performance, flawless, intuitive digital and personal experiences. Despite all market challenges and ongoing changes, given the achievements in 2024 and initiatives in all sub-areas, we expect to be able to continue the positive trend in 2025.

Recognition in the form of awards

We also get external recognition for our efforts to continue improving our customer experience, products and our company. We are proud to receive the following prizes:

- Adfiz performance research insurability category with our DataSmart initiative.
- DFO Award for best business insurer in the intermediary market
- Award for Best Audio Advertising for OHRA
- Retail home Insurance was chosen as the best by the Consumers' Association
- From Moneyview P&C Intermediary received the coveted 5 stars for: NN Car Insurance Full Casco, Car Insurance Limited Casco, Home Customized All-in insurance.
- P&C Retail & Health received the Moneyview 5 stars for the sustainable home insurance
- Movir received the Moneyview 5 stars for the conditions of the "Movir Momentum Sommen AOV".
- Adfiz Performance Survey (category sustainable development) for the business insurance damage reporting portal
- Adfiz Performance Survey (category chain efficiency) for the Aplaza connection.

Culture, behaviour & Talented People

At NN Group we nurture a culture aligned with our purpose, values and ambitions. One that supports continuous learning, collaboration and diversity of thinking. We consider all colleagues to be talents, and invest in an inclusive and inspiring environment, so that together we are optimally equipped to take our business into the future.

About our NN values

The NN Group values, care, clear, commit, which are published under the title NN statement of Living our Values, set the standard for conduct and provide a compass for decision-making. Every single NN employee is responsible and accountable for living up to them.

NN approach to diversity, equity and inclusion

The NN Group approach to diversity, equity and inclusion is simple. It is about embracing everyone. Together we build an environment in which people feel welcome, valued and respected. A company where our colleagues can bring their whole selves to work, where an inclusive customer experience is the status quo, and where we contribute to the well-being of our communities.

Talent Management at NN Schade

Talent development is an ongoing important topic within the Business Unit NN Non-life[1]. We are committed to improve and invest in our employees' development. Hence the participation of colleagues in NN Group and business unit Non-life specific development programs.

- The NN Group-wide LEAD programmes, for example the LEAD 4 program a leadership development program tailored for NN senior leaders. Or, the LEAD 2 program, for upcoming young leaders.
- Since 2022, Non-life[1] launched the business unit specific First Step to Leadership program for colleagues with the ambition of fulfilling a management role. More than 148 employees participated till date.
- In 2022, Non-life[1] developed a business unit specific talent program for High Valued Specialist. In 2025, this program launched with the first cohort of 12 of our talents.
- By a.o. encouraging talent management, we have fulfilled 77% of the senior management positions with internal candidates.

[1] The scope of this information is the Business Unit Non-life, consisting of all the entities (including NN Schade) and business lines within the business unit.

Employee engagement at NN Non-life

Employee engagement is important and we work towards creating an environment where employees are motivated and connected to our company. The bi-annual employee engagement survey showed an increase in the overall Business Unit NN Non-life[1] engagement. With a score of 7.7 in November 2024, we slightly increased (+0.1) compared with the results in June 2024. We believe this shows that our colleagues are generally satisfied with working at business unit NN Non-life[1].

[1] The scope of this information is the Business Unit Non-life, consisting of all the entities (including NN Schade) and business lines within the business unit.

Absenteeism at NN Non-life

We recognize the negative impact that absenteeism can have on productivity and employee morale. Sickness rates increased slowly throughout the year to 5.42%. We continue to focus on preventing absenteeism and on helping our employees to stay fit and healthy. The absenteeism frequency number slowly decreased to 0.66.

Diversity & inclusion at NN Schade

We recognize the importance of diversity in our workplace and strive to create a culture that promotes inclusivity and values different perspectives. We therefore continued to onboard colleagues with a distance from the labour market (for neuro-physical reasons). In terms of gender diversity, the male/female ratio in the overall Non-life workforce is 58% male and 42% female. The ratio in our NN Non-life senior leadership team is 64% male and 36% female. For information on gender diversity within our Management and Supervisory Boards and management team, please refer to the Composition of the Boards memorandum.

We are proud to report that one of our talents was the NN Group's representative at the Young Captain Award 2024, and that one of our senior directors was in the MT Next Leadership 50 this year.

Contribution to society

At NN Group we aim to contribute to the well-being of people and the planet. We do business with the future in mind and contribute to a world where people can thrive for many generations to come.

At NN Schade, we aim to be a positive force in our customers' life. We believe this includes taking responsibility for the well-being of society as a whole and supporting local communities. Our values guide us in terms of fulfilling our role as a good corporate citizen. Adopting a sustainable role in society remains a key priority in NN Schade's core activities and processes and that implies, among other things, offering products and services that are suitable and transparent and contribute to the financial well-being of our customers, as well as to the well-being of people and planet. We care about the role we play in society and encourage all employees to spend one day a year on a social initiative.

Sustainability in our business

NN Group joined the Forum for Insurance Transition to Net Zero (FIT), a new forum that aims to support the much-needed acceleration and scaling up of voluntary climate action by the insurance industry and key stakeholders. FIT draws on the experience gained with the Net-Zero Insurance Alliance (NZIA) that first transformed net-zero insurance from theory into practice. NN Group joined FIT as a founding member because NN believes collaboration and knowledge-sharing with key players in the international (re)insurance market is essential for the financial industry to reach its net-zero targets.

Renewing Home Insurance with 8 sustainable features

In response to climate change, the P&C Retail & Health business line has enriched its home insurance with eight sustainable features. Sustainable repair is at the core of this renewed product making us the frontrunner in the Dutch market. Our renewed home insurance was launched first with the NN label, followed by ING Verzekeringen, with other retail labels to follow next year. Highlighted features of our Home Insurance:

1. Higher insulation value during repair of damages
2. Sustainable repair of damages instead of replacement
3. Mobile electronics replacement policy
4. Coverage for biobased construction
5. Standard coverage for sustainable installations
6. Compensation for power loss during damage repairs to solar panels
7. Mental health assistance for significant damages
8. Comprehensive family coverage for multi-generational homes

Repairing sustainably

Carrying out repairs is more sustainable than replacing and this helps us in our ambition towards reducing our carbon footprint and work towards NN Group’s commitment. NN Schade has its own sustainable repair network, made up of carefully selected suppliers, for the repair of damage to home contents, fixtures, fittings and buildings. The aim of NN Schade is to help more customers via the sustainable repair network. The first products have adopted sustainable repair in their specifications and in the claims journeys the customer is explicitly made aware of the possibility for having the damage repaired via our sustainable repair network. The business line P&C Retail and Health (including OHRA, SNS, ING, NN Bank) has deployed the sustainable repair network for 66% of the home insurance claims in 2024, achieving the 2024 ambition of 65%. We will continue our efforts to make the repair more sustainable and to expand the repair possibilities to more business lines, in more products and for more types of damages.

Implementing Cumulation and Climate model

We insure millions of customers in the Netherlands and until recently these customers were perceived as separate or individual risks. However, in many occasions these customers may be located closely together (e.g. apartment building; or business park) or are located near a vicinity with higher than usual risk (e.g. near a firework factory). When underwriting risks it is important to also consider these ‘cumulation risks’. To tackle this challenge, we have developed and implemented data-driven modules that increase insights in cumulation risk. The model also makes use of Polygon data and combines this with our own internal customer data and other external geographical data sources (e.g. rainfall maps, flood risk). By combining these insights, we can improve our pricing & acceptance activities.

Participating in DESTRESS research

Stress is increasingly becoming the cause of long-term absenteeism and disability. According to experts from the so-called DESTRESS initiative, this costs the Netherlands more than one billion euros per year. This is why the Business lines Movir and Group Income have decided to participate in the DESTRESS study. As knowledge partners and insurers for employers, employees, and self-employed entrepreneurs, both business lines are working together to reduce stress and increase the resilience of the Dutch workforce.

Launching NN program on Mental Well-being with Stichting Noaber

NN Group is investing EUR 3 million in the 'Mental Health and Resilience' program. The program was developed in collaboration with the Noaber Foundation and focuses on reducing and preventing mental health problems of young people up to the age of 25. The goal is to reach 150,000 young people in the community, at school and work, and online. The Noaber Foundation donates to social organizations in the Netherlands that promote the mental well-being of young people. The program focuses on three pillars: secure attachment and positive upbringing, a positive social context, and the power of a meaningful life. Within these pillars, the aim is to strengthen existing initiatives, bring stakeholders and partners from the field together, and identify innovative pilot projects that are scalable and can have more impact.

Donations at NN Schade

In 2024, NN Schade donated more than 160,000 euros to several charitable organisations to support the financial, physical and mental well-being of people in our communities. For example, NN Schade donated to Geldfit, an initiative that helps individuals with financial questions and concerns. Geldfit provides personalized guidance and connects individuals with relevant local organisations to regain control over their finances.

Volunteering at NN Schade

In 2024, more than 845 of our colleagues volunteered. During working hours they contributed more than 1,971 volunteering hours to organisations like Stichting Jarige Job. Colleagues packed birthday boxes for children living in poverty, mostly during Your Community Matters Week.

Financial strength

At NN Group we are committed to maintaining a strong balance sheet and creating solid financial returns for shareholders by using our financial strength, scale and international footprint, and by efficiently managing our customers' assets and our own insurance portfolios.

Impact of inflation

The impact of higher inflation varies throughout our businesses, and is being absorbed through premium increases, additional reserving and improvements in data and underwriting capabilities. Approximately half of our P&C portfolio has limited sensitivity to short-term inflation, the other part is manageable. The impact of wage inflation on our Group Income claims is manageable, while the impact on our individual disability business is limited and largely hedged.

Analysis of results

NN Schade operating result was EUR 293 million versus EUR 331 million in 2023. The combined ratio for full-year 2024 was 94.0%, compared with 93.0% in 2023.

P&C claims benefited from mild weather. The combined ratio of P&C increased to 93.1% from 92.0% in 2023, mainly reflecting large fire claims in the first quarter.

The technical result on the Disability portfolio was lower compared to 2023, which benefited from a favourable claims experience, whereas the result on expenses and claims was lower in 2024. The combined ratio of Disability increased to 96.0% from 95.2% in 2023. We expect the Disability portfolio's combined ratio to remain higher as the contractual service margin builds up over time.

Contractual Service Margin was EUR 518 million ultimo 2024 versus EUR 495 million ultimo 2023.

The results before tax decreased to EUR 292 million from 329 million in 2023, mainly reflecting a lower operating result.

amounts in millions of euros	**2024**	**2023**
Insurance revenue, net of reinsurance	3,595	3,466
Claims incurred, net of reinsurance	2,366	2,247
Commissions	657	622
Insurance expenses	258	237
Insurance and reinsurance result	**314**	**360**
Investment result	76	93
Other expenses not attributed to insurance result	99	116
Other result	2	-8
Total operating result	**293**	**329**
Non-operating items:	11	4
- of which gains/losses and impairments	1	-20
- of which revaluations	13	28
- of which market and other impacts	-3	-4
Special items	-12	-6
Result before tax	**292**	**325**
Taxation	71	74
Net result	**221**	**251**

Key figures

amounts in millions of euros	**2024**	**2023**
Gross premiums written	3,767	3,615
Contractual Service Margin	518	495
Total administrative expenses	363	355
Combined ratio:	94.0%	93.0%
– of which Claims ratio	65.8%	64.8%
– of which Expense ratio	28.2%	28.1%

Digital & data-driven organisation

At NN Schade we aim to excel in developing and providing attractive products and services, and to operate with efficiency, agility and speed. To continue doing so, we will make use of digital and data capabilities.

At NN Schade we use technology & data responsibly to transform our business and drive operational excellence. As technology continues to advance and customers become increasingly digital, we continue our digital transformation to remain competitive. By leveraging data and technology, we can improve our operational efficiency, enhance customer experience, and provide better, more personalized insurance solutions. Our core activities are backed up by administrative processes, and in order to be efficient and provide excellent service to our customers, we aim for our processes to be streamlined, automated, and digitized as much as possible. Additionally, we use data to better inform business decisions, personalize customer experience, and deliver innovative insurance products and services. Consequently, our priorities are digitization and standardization of processes and deployment of AI-driven solutions.

Developing the Personal Injury Portal

The bodily injury department handles all personal injury claims arising from the Third Party Liability Insurance and Accident Insurance of the various NN Schade labels. To better assist victims in settling their personal injury claims, we have developed the Personal Injury Portal. In the past bodily injury victims were often contacted through the phone or email whenever there was a question or change in status of their claim. To become more efficient and better serve our customers we have setup the ‘bodily injury portal’. In the portal, victims of light and less severe personal injury can easily track the settlement of their damages, upload documents, and communicate with their personal injury handler. Victims are often not customers of NN Schade and can now be better assisted in the settlement of their personal injury through the portal. Furthermore, the setup and data-driven approach of the portal is an enabler to achieve shorter lead times through efficiency improvements and automation of processes.

Implementing OCR at Group Income

At the business line Group Income digitisation and automatization are also key to improve customer experience and operational efficiency. This year Group Income therefore implemented a Smart OCR AI solution to read UWV Nota’s. The Dutch employee insurance agency (UWV) sends invoice statements detailing the wages of disabled employees that NN must pay to customers. Previously, customers themselves or NN claim handlers manually retyped these often lengthy statements. To streamline this, a Smart OCR AI solution was developed, which reads and processes the relevant information, linked to a UX-designed front-end. It also automatically detects and rejects unnecessary personal information. Overall, enhancing both customer experience and operational efficiency.

Using Large Language models on internal knowledge base

Supporting employees in the operational departments requires a knowledge base with a lot of different documents (e.g. policies, work manuals, procedures). Finding the right information on how to process a case can take a lot of time. Especially, if this information is not stored or easily located in a central knowledge database.

To overcome this challenge, the business line P&C Retail & Health uses the RAG technique to connect Large Language Models to own internal data sources, leading to an internal AI-supported knowledge base. It enables employees to ask their questions directly to a chatbot and get the answers without having to read through all documents themselves. An employee asks a question and within seconds receives a complete answer including direct links to the documentation used to generate the answers. As this solution has proven to significantly impact employee efficiency, next step is making the solution available to other departments to enable them to more efficiently retrieve information from their knowledge bases.

Creating an intake & document assistant at the business line Movir

To become more operational efficient, Movir created AI assistants that use multiple AI techniques to automate manual work in the claim handling process. Based on the claim data received from the customer and based on call logs with the customer, the AI assistants make use of Large Language Models to generate a claim intake summarisation, summarize documents and support with problem analyses.

By automating these previously manual documentation steps, Movir can support its customers more efficiently throughout the claims process and focus the time and attention of our colleagues on more impactful actions towards our customers.

Developing one Non-life Data Analytics Platform

In recent years, NN Schade has been setting up a central Data Analytics Platform. In 2024, the data from almost all source systems in the business lines has been extracted, modelled, and made available in one Data Platform. This means that end-users in the various business lines can access this data in their own end-user environment to develop data science applications, perform analyses, and build dashboards. Following the business lines, we have started migrating Finance to the new data platform last year. We have also developed a solution to share data safely and in a controllable manner between NN Non-life and other business units. This is how we work together towards a data-driven organisation.

Remuneration policy

For information regarding remuneration policy reference is made to Note 34 ‘Key management personnel compensation'.

Risk management

For information regarding risk management reference is made to Note 36 'Risk management'.

Capital and liquidity management

For information on liquidity and financing, reference is made to Note 37 'Capital and liquidity management'.

Non-financial statement

NN Schade is exempt from the requirements of the Decree disclosure of non-financial information (Besluit bekendmaking niet-financiële informatie, the 'Decree'). NN Schade is an indirect subsidiary of NN Group. NN Group includes a non-financial statement in its Report of the Management Board for NN Group as a whole pursuant to the Decree. For the annual report of NN Group we refer to https://www.nn-group.com/investors/annual-reports.htm

Key performance indicators

To monitor and measure progress we set concrete objectives for each of the strategic commitments, including non-financial KPIs and targets alongside our financial targets.

Conclusions with regard to 2024 and thoughts on the future

NN Schade made progress on all strategic priorities and continued to deliver a solid financial performance. We strengthened and improved our customer experience and managed to increase our role in society by improving the products and services we offer in line with our sustainability ambitions.The ambition for 2025 is to continue executing our strategic ambitions, whilst keeping a solid financial performance. For further details about investments, financing, staff employment and other circumstances that are relevant for the business developments and profitability, reference is made to the annual report NN Group N.V. 2024.

The management board thanks the employees and business partners for their dedication and continuous efforts that has resulted in realizing the strategic objectives of the company as explained above.

Manage our Risks

Introduction
Accepting and managing risks is an integral part of our insurance business and therefore, risk management is fundamental. Appropriate risk management enables NN Schade to meet obligations towards clients, regulators and other stakeholders.

The Manage our Risks paragraph has the following structure:

Risk Management System, consisting of:
1. System of Governance / Risk Governance,
2. Risk Control Cyle.

Risk Profile, categorised into:
3. Strategic risks, including climate change,
4. Financial risks (based on the structure of our internal model),
5. Non-financial risks.

1. System of Governance / Risk Governance
NN Schade's System of Governance comprises amongst others the following elements:

- General governance elements, including amongst others reporting lines, decision structures, company policies, and segregation of duties,
- Remuneration,
- Persons who effectively run NN Schade or have other key functions, who should be 'Fit and Proper',
- Key Functions: the Risk Management, Compliance, Actuarial and Internal Audit Functions,
- System of Risk Management and Internal Control,
- Investment activities,
- Capital and liquidity management, and
- Managing and overseeing outsourcing critical or important operational functions and activities.

The prudent person principle stipulates that insurers may only invest in assets and instruments whose risks the undertaking concerned can properly identify, measure, monitor, manage, control and report and appropriately take into account in the assessment of its overall solvency needs.

Three lines of defence
NN Schade follows NN Group's risk governance based on the three lines of defence concept, which outlines the decision-making, execution and oversight responsibilities for NN Schade's risk management.

The *three lines of defence* defines three risk management levels, each with distinct roles, decision authorities, execution responsibilities and oversight responsibilities. This concept helps to ensure that risks are managed in line with the risk appetite as decided by the Supervisory Board and cascaded throughout NN Group.

1
First line of defence

Executive Board management boards other managers
- Make business decisions
- Accountable for financial performance, sales, operations, investments, underwriting
- Sell products that reflect local needs and thus know their customers and are well-positioned to act in both the customers' and NN Group's best interest
- Accountable for risk taking

2
Second line of defence

Risk, Actuarial, Legal and Compliance teams
- Support management in their decision-making and risk/return trade-offs
- Countervailing power to prevent risk concentrations and unwanted/excessive risk taking
- Developing policies for their specific risk and control areas
- Encouraging, challenging, and monitoring sound risk management throughout NN
- Escalation power in relation to business activities that are judged to present unacceptable risks to NN Group

3
Third line of defence

Corporate Audit Services
- Provides independent assurance on the effectiveness of NN Group's business and support processes, including governance, quality of risk management and quality of internal controls
- Assesses first line of defence activities as well as second line of defence activities

The Risk Management, Compliance, Actuarial and Internal Audit Functions are key functions under Solvency II and apply the regulatory requirements as part of their responsibility.

Manage our Risks continued

First line of defence: Executive management

Management Board

The Management Board is responsible for ensuring that NN Schade has adequate internal risk-management and control systems in place so that it is aware, in good time, of any material risks the company has and that these risks can be managed properly. The Management Board retains responsibility for NN Schade’s risk management, the day-to-day management and the overall strategic direction of the company, including the management of the structure, operation and effectiveness of NN Schade’s internal risk-management and control systems. Within the Management Board a Chief Risk Officer (the CRO) has been designated and is entrusted with the day-to-day execution of these tasks. The CRO of NN Schade reports functionally to the CRO of NN Group.

Supervisory Board

The Supervisory Board is responsible for supervising the Management Board and the general course of affairs of NN Schade and its business, and providing advice to the Management Board.

Risk Policy framework

NN Schade's risk policy framework ensures consistent risk management and adherence to set risk appetite and limits across NN Group. Policies and minimum standards cover risk measurement, management, and governance, approved by the Management Board of NN Group, with local policies approved by the Management Board of NN Schade. Any potential waivers to Group policies or standards require approval from the Management Board of NN Group or its delegate. NN Schade may perform activities consistent with NN Group strategy and the approved Business Plan as long as they comply with internal risk management and control frameworks, laws and regulations, collective agreements, and NN Group values, and are not under the decision-making authority of the Management Board of NN Group. NN Schade operates transparently, providing relevant information to the relevant Management Board members and Support Function Head(s) at the Head Office, particularly when deviating from policies or standards, its Business Plan, or when impacting NN Group's financial position and/or reputation.

The CEO of NN Schade is responsible for executing the strategy and financial performance of the business, ensuring compliance with laws and regulations, and operating a sound internal risk and control system in line with NN Group's values. The CEO must also ensure the long-term viability of NN Schade.

NN Schade Risk Management regularly interacts with Head Office regarding product and mandate approval, risk limit setting, risk reporting, ORSA, policy setting and implementation monitoring, and model and assumption review and validation, covering all types of risks. Ad-hoc interactions occur when proposing a material business initiative or investigating a significant incident or adverse business performance, leading to a risk review and risk opinion and advice when relevant.

Second line of defence Solvency II Key Functions: Risk Management Function, Compliance Function and Actuarial Function

Risk Management Function

The NN Schade CRO is a member of the NN Schade Management Board and steers an independent risk organization that supports decision-making and prevents excessive risk-taking and reports hierarchically to the NN Schade CEO and functionally to the NN Group CRO. The NN Schade CRO is the Solvency II key function holder for the Risk Management Function and is responsible for setting and monitoring compliance with risk policies, formulating risk management strategy, supervising risk management and business control systems, reporting risks and processes, making risk management decisions, sharing best practices across NN Group, and developing the Partial Internal Model. The CRO department has multi-disciplinary teams focused on strategic, operational, financial, product, and business risk across NN Schade.

Model Validation

NN Schade has outsourced its Model Validation to NN Group to ensure the models are fit for their intended use, particularly for Solvency II. Model Validation validates risk and valuation models at various stages of their lifecycle, covering developmental evidence assessment, process verification, and outcome analysis. The maximum period between two model validations is up to five years, with validation frequency based on materiality, determined by quantitative and qualitative criteria, such as the Market Value of Liabilities/Assets and Solvency Capital Requirement. Model Validation can also start validating before the due date based on portfolio/market developments or regulatory changes. The severity of findings resulting from a model validation, as well as the materiality of the model, determine the validation opinion. Changes to models with an impact above certain pre-set materiality thresholds require approval from the Group CRO, Group CFO, or NN Group Management Board.

Compliance Function

To effectively manage business conduct risk, the Management Board of NN Schade has established a Compliance Function and a Legal Function, each with its own head who report hierarchically to the Director Legal & Compliance, who is a member of the NN Schade management team. The Head of Compliance is the Solvency II Key Function Holder for Compliance and responsible for day-to-day management of the NN Schade compliance function and preparing and executing the Compliance Year Plan as approved by the NN Schade Management Board. The Compliance Function is positioned independently from the business it supervises. Both the Director Legal & Compliance and the Head of Compliance have a functional reporting line to the Chief Compliance Officer of NN Group. To ensure operational independence of the Compliance Function, the Head of Compliance has a direct and unfiltered reporting line to the CEO NN Schade and the NN Schade Supervisory Board.

The Compliance Function's purpose is to understand and advocate rules, regulations, and laws for effective risk management, work proactively with the business to manage conduct and product suitability risk, develop tools to strengthen risk management, align business outcomes with risk appetite, deepen the culture of compliance, and monitor compliance with policies, standards, and relevant laws and regulations.

Actuarial Function

The Actuarial Function at NN Schade reports hierarchically to the CRO of NN Schade and functionally to the Actuarial Function Holder of NN Group. Its primary objective is to ensure reliable and adequate technical provisions under Solvency II and IFRS to protect NN Schade from loss or reputational damage. The Actuarial Function understands and advocates effective management of the calculation process of technical provisions, advises the business on managing risks, informs management and the supervisory board on the adequacy and reliability of technical provisions, develops tools to strengthen risk management, supports the NN Schade strategy, and strengthens the culture of professional risk management. It also provides a second line opinion on first line business initiatives that can materially impact NN Schade's or NN Group's risk profile or provides additional assurance for presented key first line risk-related information.

Third line of defence: Corporate Audit Services (CAS)

Internal Audit Function

NN Schade has outsourced its internal audit to CAS, the internal audit department within NN Group, which provides independent assurance on the effectiveness of NN Group's business and support processes. CAS keeps in close contact with home and local supervisors and regulators, as well as the external auditor, providing information such as risk assessments and relevant reports. CAS has authority to obtain information from NN Schade, access all departments and offices, require staff and business management to supply information and explanations, allocate resources, and obtain necessary assistance. The Executive Board of NN Group is responsible for the role and functioning of CAS, supervised by the Supervisory Board and supported by the Audit Committee. The General Manager of CAS is accountable to the CEO of NN Group and functionally to the chair of the Audit Committee.

Manage our Risks continued

2. Risk Control Cycle

NN Schade manages risks inherent to its business model and operating environment within its risk appetite and framework. Every employee has a role in identifying and managing risk proactively. A risk control cycle ensures that NN Schade operates within its risk appetite, consisting of setting business and risk objectives, identifying and assessing risks, effective mitigation through controls, and continuously monitoring the effectiveness of controls. The cycle is supported by a sound risk culture and enables NN Schade to meet its business objectives and support the NN Group strategy, Business Plan, and performance management.

Risk Strategy

NN Schade's risk appetite is the link between its strategy, capital plan, and regular risk management as part of business plan execution. The Risk Appetite Statements define the amount of risk NN Schade is willing to take for each type of risk, while also describing how NN Schade aims to avoid unwanted or excessive risk taking and optimize the use of capital. The statements are translated into more detailed risk limits, tolerances, policies, and standards.

NN Schade’s key Risk Appetite Statements are:

Risk Appetite Statement	Description	Risk appetite
Managing Strategy	We create long-term value for all our stakeholders and contribute to the well-being of people and planet, so we continuously evaluate and adapt our business model (such as product portfolio, distribution channels, and organization) to the external environment to meet evolving customer needs. When doing so, we moderately accept risks from the same, including in attracting and retaining business leaders and (world class) talents.	Moderate
Solvency Risks	**Solvency Risk:** We accept financial risks on our balance sheet so we can offer financial security through products and services for our customers as well as predictable and attractive returns for our investors. We only accept risks that we understand, can price and effectively manage. We like to avoid having to raise equity capital after a 1-in-20 year event. **Market and counterparty default risks:** In managing our investments, we generate excess return by taking spread, liquidity, default, equity and property risk as we consider those rewarding risks. We limit exposure to, or volatility due to, non-rewarding risks (in particular concentration, interest rate, currency and inflation risk) or risks to which we have already a high exposure. **Underwriting and pricing risks:** Underwriting risks are at the core of our business; we deem them rewarding and actively pursue them. We have moderate appetite for risk concentrations in our portfolios (in particular windstorm risk in the Netherlands), and actively manage those through reinsurance.	Limited
Liquidity Risk	We want to meet our payment and collateral obligations, even under severe liquidity stress scenarios, while actively pursuing illiquid assets to back illiquid liabilities on our balance sheet.	Limited
Sound Business Conduct	We have no appetite for material breaches of business integrity related Policies and Standards.	Avoid
People Conduct Culture	We nurture a culture aligned with our purpose, values and ambitions, which supports continuous learning, collaboration, and diversity of thinking, and limit risks to the same.	Limited
Product Suitability	We only market products and services that add value to our customers over their expected lifetime in line with their preferences, and can be explained in a simple, transparent manner.	Avoid
Operational Risks	We accept but limit losses from non-financial risk and therefore manage to the agreed tolerances.	Moderate
Technology Risks	We limit losses arising from technology risks, and therefore we ensure our technology assets are sufficiently resilient and responsibly used.	Limited
Reliable Reporting	We have no appetite for material errors in external financial and non-financial reporting, and internal reports used for managerial decision making.	Avoid
Business Continuity	We avoid, to the extent possible and even under severe circumstances, sustained discontinuation of business (people, offices, IT).	Limited

In 2024, NN Schade adjusted the wording of the risk appetite statement for Solvency Risk to better reflect the Risk Appetite and adjusted the risk appetite statement for Operational Risk and Losses to include broader non-financial risks in addition to human errors and process failures.

Manage our Risks continued

Risk Taxonomy

NN Schade has defined and categorised it's different risk types into a risk taxonomy as outlined below:

Risk Appetite		Risk Class	Description
Managing Strategy	Strategic Risks	External Strategic Risks	Emerging or changing risks in NN Schade's external environment that may not yet be fully assessed or quantified (''uncertainties'') but that could, in the future, affect the viability of NN Schade's strategy.
		Internal Strategic Risks	Risks related to shaping NN Schade's business arising from making incorrect business decisions, implementing decisions poorly, or being unable to adapt to changes in NN's operating environment.
Solvency Risks	Financial Risks	Market Risks	Risks related to (the volatility of) financial and real estate markets.
		Counterparty Default Risks	Risks related to the failure to meet contractual debt obligations.
		Underwriting & Pricing / Non-market Risks	Financial risks related to insurance liabilities due to inadequate pricing and provisioning assumptions (i.e. product-related risks from NN Schade's perspective).
Liquidity Risks		Liquidity Risks	Risks related to being unable to settle financial obligations when due.
Sound Business Conduct	Non-financial Risks	Business Conduct Risks	Risks related to unethical or irresponsible behaviour when doing or representing the business (red lines).
People Conduct Culture		People Conduct Risks	Risks related to the attitude and behaviour of our workforce.
Product Suitability		Product Suitability Risks	Product related risks from a client perspective.
Operational Risks Reliable Reporting		Business Operating Risks	Risks related to inadequate or failed business processes (internally, or externally performed by business partners).
Technology Risks		Business Technology Risks	Risks related to inadequate or failed information technology (systems).
Business Continuity		Business Continuity Risks	Risks of accidents or external events impacting continuation or security of (people or assets in) our business operations.

Sustainability risks are risks related to environmental, social and governance (ESG) factors (including climate change) that can cause material negative impact on NN Schade's long-term performance, reputation, value, balance sheet or operations. ESG factors cannot be seen in isolation but may have impact on strategic, financial and non-financial risks and are therefore integrated in several areas of our taxonomy.

The following paragraphs explain in detail how we mitigate or manage these risks.

Risk Metrics

Risk monitoring is a regular process to assess and evaluate developments in the risk profile. It determines whether risks are within the risk appetite and in line with policies and standards. Monitoring activities are performed following developments qualitative and quantitative boundaries (risk metrics) around risk taking, such as:

- Risk limit - the maximum exposure to a risk management is willing to accept, and should not be breached.
- Risk tolerance - the level of exposure to a risk at which management wants to be actively informed – it serves as a trigger to review the exposure regularly and reflects an ambition level within which management wants to act in the medium term.
- Key Risk Indicators (KRIs) - assists management in determining whether specific areas or business objectives are at risk of moving beyond the risk appetite. The KRIs indicate when specific actions might be necessary to stop or reduce increasing risk levels.
- Policies and standards - define objectives and requirements to ensure that processes and risks are managed consistently throughout NN Group.

Manage our Risks continued

Key Risk Limits and Tolerances

Risk appetite statements are implemented within the business through the use of risk tolerances and limits, as prescribed in specific policies for relevant risk categories.

Risk class	Risk appetite monitored through:
External and Internal Strategic Risks	Various metrics related to the Business Plan, such as progress on main strategic initiatives and deviation between actual and planned strategic targets.
Solvency Risks	**Solvency II ratio**: the ratio of Eligible Own Funds (EOF) to Solvency Capital Requirement (SCR). NN Schade aims to be capitalised adequately at all times. To ensure adequate capitalisation, NN Schade is managed to its commercial capital levels (based on the Solvency II ratio) in accordance with the risk associated with the business activities. **Solvency II ratio sensitivities**: assess the changes for both EOF and SCR under various market scenarios as decided by NN Group Management Board (for example changes in interest rates or other financial market factors). **Own Funds at Risk limits**: NN Schade has implemented limits to monitor the impact of moderate stress events and is monitoring the level of capital and financial flexibility this requires at the holding level. **Operating Capital Generation:** Operating Capital Generation is an indicator for 1) Recovery capacity of the Solvency II ratio in case of stress and 2) Dividend capacity. **Reinsurance treaty**: This indicator measures exposure of insured objects outside reinsurance treaty. **Interest Rate Risk limits**: NN Schade has implemented limits and tolerances for interest rate risk exposures. **Product and underwriting limits**: limits designed to manage deviations between expected and realised claims and payments, longevity risks, etc. **Policies and standards** on investment management, mandates and asset allocation, responsible investments, reinsurance and products and underwriting.
Liquidity Risks	**Required sales ratio**: liquidity risks are monitored by assessing the required sales ratio between liquid assets and liquidity requirements for severe stress scenarios and different time horizons. **A minimum buffer** of immediately available liquidity (cash and committed facilities) in order to be able to meet collateral calls from derivative exposures.
Counterparty Default Risks	**Concentration Risk limits**: to prevent excessive concentration risk, NN Group has concentration risk limits on corporate and sovereign issuers, asset type and country of risk.
Non-financial Risks	**Annual Loss Tolerance and materiality**: tolerances on potential yearly loss, reputation impact and financial reporting accuracy. **Restricted List**: designed to prevent investments in securities that are not in line with NN Group's values and/or applicable laws and regulations, as established in NN's Responsible Investment Framework. **Various KRIs** to measure whether processes are executed according to target (e.g. number of incidents, customer complaints, outage of primary systems, etc.). **Policies and standards** that define objectives and requirements around compliance, IT, anti-fraud, operations, security and business continuity.

Risk Assessment

Risk assessments are regularly performed throughout NN Schade, to identify which risks we are exposed to and how relevant they are. For market, counterparty default and non-market risks, the Partial Internal Model (PIM) of NN Schade is leading in risk assessments/measurement. Risks that do not directly impact the balance sheet generally require professional judgement in identification and quantification: qualitative risk assessments (non-financial risks) and scenario analysis (strategic/emerging risks) are used to assess identified risks and set up adequate controls.

Risk Class	Risk Assessment via:
Strategic & Emerging Risks	Business planning; Strategic Risk Assessment (SRA) and scenario analysis, including Own Risk and Solvency Assessment (ORSA).
Market Risks	Asset Liability Management (ALM) studies, Strategic Asset Allocation (SAA) and New Asset Class Assessment (NACA).
Liquidity Risks	SAA, NACA.
Counterparty Default Risks	NN PIM; Limit structure.
Non-Market Risks	NN PIM; Product approval and review process (PARP), Limit structure, reinsurance.
Non-Financial Risks	Detailed risk assessments on processes and projects (including aspects of IT, financial economic crime, fraud, etc.); Systematic Integrity Risk Assessment (SIRA), looking at behavioural and integrity risks, as well as the ECF Maturity Reflection, looking at risk maturity and culture).

Manage our Risks continued

In the remainder of the paragraph we describe some of the assessments as described above in more detail. Main mitigation techniques, such as our limit structure for financial risks, are discussed in more detail in the Risk profile paragraph, where we discuss all our main risk types and how we measure and manage them.

Own Risk and Solvency Assessment (ORSA)

NN Schade conducts risk assessments as part of regular risk management activities to identify significant risks that may threaten its strategic and capital imperatives. A strategic risk assessment was performed mid 2024, and the key risks were addressed in the 2024 ORSA report. The ORSA is prepared at least once a year and articulates NN Schade's strategy and risk appetite, describes key risks and how they are managed, and evaluates the capital position through stress and scenario testing. Emerging risks, including sustainability risks, are also covered in the ORSA. Stress testing can also be initiated externally by parties such as De Nederlandsche Bank and European Insurance and Occupational Pensions Authority.

Strategic Asset Allocation (SAA)

Regulated (re)insurance entities of NN Group execute a SAA study once every three years, in which the target allocation and bandwidth are set for each asset class. The SAA study is reviewed annually, using updates for the assumptions on return, risk and feasibility, and a review of constraints and objectives.

Product approval and review process (PARP)

The PARP has been developed to enable effective design, underwriting, and pricing of all insurance products, and ensure these can be managed throughout their lifetime. The process establishes requirements regarding the product risk profile features to ensure products are aligned with NN Schade’s strategy. The PARP takes into account customer benefits and product suitability, expected sales volumes, value-oriented pricing metrics and relevant policies and regulations. It also includes requirements and standards to assess risks as per the risk categories, as well as the assessment of the administration and accounting aspects of the product.

New asset class assessment (NACA) and investment mandate process

NN Schade maintains a NACA for approving investments in new asset classes. NN Group establishes a global list of asset classes in which NN Schade may invest. Investments in these asset classes are governed through investment mandates given to the asset manager(s).

Process Detailed Risk Assessments

Process Detailed Risk Assessments are performed periodically on all (sub-) processes by the relevant process owners, with particular attention to risks in process hand-over points, where activities change between departments and/or responsible managers. Owners assess on an annual basis what the most important non-financial risks are within their process, looking for example at aspects of IT, data quality, human error, changes to systems and processes, etc.

Risk Control

Risk Control refers to activities undertaken to ensure proper mitigating measures are designed, documented and executed such that risks are managed within defined risk limits and tolerances, as well as in line with policies and standards.

Risk Class	Risks are mitigated/controlled through:
External Strategic Risks	Scenario analysis and contingency/recovering planning.
Internal Strategic Risks	Adjusting the strategic targets/business model to meet the changing environment, implemented through strategic initiatives/programmes; Business planning, monitoring of strategic execution and scenario analysis.
Market Risks	Monitoring based on limits and tolerances, and adjusting asset positions if necessary; Hedging/use of derivatives; Monitoring investment mandates for external investment managers.
Counterparty Default Risks	Monitoring based on limits and tolerances and adjusting asset positions if necessary.
Underwriting and Pricing Risks	Monitoring based on limits and tolerances, and adjusting asset positions if necessary; PARP; (External) (re)insurance.
Liquidity Risks	Monitoring based on limits and tolerances and adjusting asset positions if necessary; Cash management/treasury techniques.
Non-Financial Risks	Business and key controls and control testing; Incident management and external insurance; Risk culture awareness and training; Project risk logs and monitoring; Business continuity management.

NN Schade is actively managing its solvency position in order to detect and anticipate on a crisis. Through its Preparatory Crisis Plan NN Schade has determined a set of measures for potential response to a crisis, should it occur. The aim of this Preparatory Crisis Plan is to ensure that tools, measures and processes are in place that would enable NN Schade to quickly recover to an acceptable minimum solvency (and liquidity) level when faced with financial distress and/or recovery.

In the Risk Profile section, we describe mitigating activities per risk type in more detail.

Risk Monitoring & Reporting

Risk monitoring helps us assess and evaluate developments in the risk profile. It determines whether risks are managed within the applicable risk appetite, related limits and tolerances, and in line with policies and standards. Results of the risk monitoring are reported regularly to the responsible managers of departments, as well as the management and supervisory boards of both NN Group and its entities. This includes information on, for example, strategic projects, financial risk limits and developments, control effectiveness, control deficiencies and incidents, and second line opinions and advice. Action is taken by management when monitoring indicates that risks are being inadequately controlled.

Risk Reporting

On a quarterly basis, the Management Board and Supervisory Board of NN Schade are presented with an Own Funds and Solvency Capital Requirement report, an Effective Control Framework (ECF) report and a Financial Risk Dashboard (FRD) report. The first report aims to provide an overview of the quarterly Solvency II capital position and development. The ECF report provides one consistent, holistic overview of the risks of NN Schade. It focuses on comparing current risk levels to our risk appetite, provides action points from a second-line perspective, and aims to encourage forward looking risk management.

The FRD is a second line report, monitoring risk metrics related to a strong balance sheet. The FRD includes several metrics: Solvency II ratio, Solvency II sensitivities, interest rate risk, liquidity risk and concentrations via asset mandates. The Solvency II ratio Sensitivities assesses the changes in various scenarios for both Eligible Own Funds and SCR at NN Schade level.

The 2024 Strategic Risk Assessment identified the following five key risks:

Rank	Key Risk	Risk Class
1	Changing Economy	Strategic & Market Risks
2	Insurance Market Consolidation	Strategic Risks
3	Climate Change	Strategic Risks
4	Platforms & Data Quality	Strategic & Technology Risks
5	Cyber Risk	Technology Risks

Risk Control Cycle: Risk Culture

Management plays a crucial role in creating a sound risk culture by demonstrating a solid risk management focus, fostering diversity of thoughts, promoting transparency, ensuring operational management takes proper responsibility, addressing dysfunctional behaviour, ensuring adequate staffing and training, actively managing risks throughout the product lifetime, and taking full responsibility for sign-off. Regular assessments are performed to assess and improve risk culture and maturity, providing the CEO with timely information and fostering internal discussions on what a good risk culture entails.

NN Schade performs regular assessments of risk culture and maturity within its risk management cycle to ensure effective functioning of the risk control cycle. The Maturity and Risk Culture assessment provides the CEO with periodic confirmation that the framework is complete and operated as intended by the first and second line, ensuring timely communication of necessary information from a risk perspective. The assessment also fosters awareness and internal discussions on what constitutes a good risk culture.

3. Strategic risks

- Internal Strategic Risks: Risks related to shaping NN Schade’s business arising from making incorrect business decisions, implementing decisions poorly, or being unable to adapt to changes in NN Schade’s operating environment.
- External Strategic Risks: Emerging or changing risks in NN Schade’s external environment that may not yet be fully assessed or quantified (‘’uncertainties’’) but that could, in the future, affect the viability of NN Schade’s strategy.

Internal Strategic Risks

Risk profile

Economic, technological, environmental and demographic developments are impacting the strategic context in which we operate. To remain relevant to our customers in the long run, we need to timely anticipate these developments. Internal Strategic risks are risks arising from making incorrect business decisions, implementing decisions poorly, or being unable to adapt to changes in the operating environment. NN Schade manages business on a risk-return basis to meet strategic objectives whilst considering the interests of all stakeholders. In the annual Strategic Risk Assessment the Risk Board of NN Schade identified the following internal strategic risks: Insurance Market Consolidation, Platforms & Data Quality.

Risk mitigation

Internal Strategic risks are mainly managed by undertaking strategic initiatives to adjust our organisation, products or businesses to address new regulatory, technological or demographic developments. We realise organic growth in the markets we are active by developing new ecosystems or products. Further, we undertake targeted acquisitions or sale of businesses in markets where we feel we can grow/withdraw. The Risk function is involved in these M&A activities through providing a Risk Opinion that supports decision making, or involvement in the integration/separation programs. We also undertake scenario analysis to analyse potential future events that can impact our strategy and/or capital position, e.g. in the ORSA.

Risk measurement

Strategic risks are not fully quantified, instead several metrics are reported, such as (externally) progress versus our strategic commitments and (internally) progress on strategic initiatives.

External Strategic Risks (including climate change)

Risk profile

External Strategic Risks are newly developing risks, or changing risks, that cannot yet be fully assessed or quantified but that could, in the future, affect the viability of NN Schade's strategy. Most of these risks have a high degree of uncertainty with regard to how they can impact us, or the size of the impact. In the annual Strategic Risk Assessment the Risk Board of NN Schade identified the following external Strategic Risks: Changing Economy and Climate Change.

A specific External Strategic Risk that receives significant attention is Climate change. We distinguish physical and transition climate risks. Physical climate risk is most prominent on the short term, caused by weather events such as windstorms, floods or hail, resulting in increased claims and higher expenditures, influencing the margins of our property & casualty insurance products. Transition risk, meaning risks related to the transition to a lower carbon economy, may adversely affect individual businesses, economic sectors and the broader economy, thereby also having an impact on the asset side of our balance sheet through our investment portfolio. Besides changes in government policies and regulation, the value of financial assets could be influenced by factors such as technological developments and shifts in consumer preferences and investor sentiment.

Risk mitigation

NN Schade manages External Strategic Risks by conducting regular risk assessments to understand how they evolve and how a combination of events can impact the company. Scenario analysis is used to understand how the risk profile would be affected under certain circumstances and to create backup and contingency plans. Mitigating activities around climate change include helping customers take precautionary measures, monitoring claims experience and adjusting contract conditions if necessary, using catastrophe models for underwriting, deploying a groupwide catastrophe reinsurance program, and using qualitative and quantitative scenario-based analysis to understand the impact of physical and transitional risks in the medium and long term. Insights gained are used to formulate the investment strategy and integrate climate change aspects into risk management practices.

Risk measurement

NN Schade implements a forward-looking physical climate risk tool, that enables them to qualify and quantify where possible the impact of physical climate risks. The company deploys qualitative and quantitative scenarios and stress testing to understand the impact of both physical and transitional risks, both during the business plan period as well as beyond, including EIOPA and DNB climate-related scenarios.

4. Financial risks

This section is structured as follows:

- Partial Internal Model (PIM)
- PIM - Assumptions and limitation
- Model changes
- EIOPA Solvency II 2020 review
- Solvency II ratio of NN Schade - including description of main types of risks

Partial Internal Model (PIM)

The Solvency Capital Requirement (SCR) is calculated based on NN Schade's actual risk exposure. According to Solvency II regulations, the SCR represents the capital required to ensure that the (re)insurance company can meet its obligations over the next 12 months with a probability of at least 99.5%. The risk-based framework for calculating solvency capital requirements is a combination of Internal Model (IM) and Standard Formula (SF) components, known as the Partial Internal Model (PIM). The largest components use internally developed methodologies to model market, business and insurance risks to determine the solvency position.

NN Schade has entered into a partnership with the German insurance company Domcura. Domcura specializes in providing various insurance products, including property, liability, and life insurance. Domcura has a special focus on digital solutions and online platforms, simplifying the insurance process for customers. This partnership involves NN providing dwelling insurance through Domcura's mandated brokers.

Manage our Risks continued

The Standard Formula approach has been applied for the foreign portfolios, namely the Belgian Branche and the German portfolio. To determine the comprehensive solvency capital for NN Schade, Integration Technique 3 has been employed to aggregate the PIM SCR (Dutch business) with the SF SCR of the foreign portfolios.

Furthermore, the capital requirement for operational risk is determined using the Standard Formula approach.

The decision to use a PIM is based on the belief that an internal model generally better reflects the risk profile of NN Schade and offers additional benefits for risk management purposes:

- A PIM approach can more accurately reflect the specific assets in the portfolio and, therefore, the market risk, such as sovereign bonds and other credit spread risks.
- A PIM approach is better suited to reflect the insurance risks of NN Schade's portfolio.
- In the case of disability/morbidity risks, the product features and experience in the Dutch market differ from those in the wider European market, for example greater emphasis is placed on claimants returning to work in the Netherlands.
- Risk-based strategic portfolio management that may increase our ability to generate capital.

Assumptions and limitations

Risk-free rate and volatility adjustment:

The assumptions regarding the underlying risk-free curve are critical, as this curve is used to discount future cash flows and calculate the market values of assets and liabilities. For liabilities, NN Schade uses the methodology prescribed by EIOPA for the risk-free rate, including the credit risk adjustment (CRA) and the ultimate forwards rate (UFR). Where deemed necessary, the risk-free rate is adjusted with the volatility adjustment for the calculation of Own Funds.

Valuation assumptions – replicating portfolios:

NN Schade uses replicating portfolio techniques that rely on financial instruments to represent the insurance product-related cash flows, options and guarantees. These replications are then used to determine and revalue insurance liabilities and mortgages under a large number of simulated market scenarios.

Diversification and correlation assumptions:

As an integrated financial services provider offering various products across different business segments and geographic regions, and investing into a wide range of assets, diversification is key to NN Schade's business model. The diversification accounts for the fact that not all potential worst-case losses are likely to materialise at the same time. The PIM takes diversification effects into account when aggregating results.

Where possible, correlation parameters are derived through statistical analysis based on historical data. In cases historical data or other portfolio-specific observations are insufficient or not available, correlations are set by expert judgement via an established well-defined and controlled process. Similar to other risk models, correlations and expert judgements are also monitored for appropriateness given availability of more recent data and are subject to regular development, validation, and regulatory oversight. Based on these correlations, industry-standard approaches such as Gaussian copula and VaR–CoVaR approach are used to determine the dependency structure of quantifiable risks.

Model limitations:

The components of NN Group's PIM for Market and Counterparty default risk and the models for risk aggregation and replication have been developed and are run centrally, and thus carry an inherent risk that the developed models include aspects which might be less appropriate for individual entities. On a regular basis the Business Units perform 'Fit For Local Use' assessments. Models also undergo regular reviews and monitoring, under agreed governance, and in addition, model validations are performed by an independent model validation team. Such reviews can result in additional monitoring and/or locally calculated and further centrally processed adjustments.

NN Schade's PIM is the result of balancing an easy-to-communicate methodology with efficient calculations and appropriate accuracy and granularity in the underlying risks. Despite certain limitations resulting from this approach, the PIM is considered materially robust, appropriate, compliant with Solvency II, and provides the right risk-taking incentive.

Due to the granular modelling approach and the wide variety of NN Schade's assets and liabilities, the PIM is more complex than the Standard Formula.

Inherent model limitations of the PIM are related to the calibration of a 1-in-200 year stress event for a full spectrum of market and non-market risks, which are based on sometimes limited historical data. Limitations also relate to the overall aim of determining forward-looking distributions of risk factors under stress based on historical data as well as the use of modelling assumptions and expert judgements.

Manage our Risks continued

Model changes

Model changes to the PIM are subject to strict governance. Major model changes require approval from DNB, the Dutch supervisor. Minor adjustments can be approved locally up to a specific threshold. Beyond this threshold, DNB reviews all minor model changes for their suitability.

The following are the most important model changes that took place in 2024:

- NN Group previously used the Variance-Covariance (VarCoVar) method for aggregating Non-Market Risks and Market Risks under its Partial Internal Model (PIM). While this approach was simple and commonly known, it had limitations, such as assuming normal distributions and using only the 1-in-200 loss (SCR) without considering the full loss distribution.
  To address these shortcomings, NN Group applied for a Major Model Change (MMC) where the VarCoVar approach is replaced by simulation-based copula approach in June 2024. This method allows for more accurate risk aggregation by using the true loss distributions provided by business units, improving risk assessment, pricing, and regulatory compliance.
- Implementing a floor for the Individual and Group Income portfolio: the changes in the model impact the multiyear shocks related to both incidence rates and reinstatement rates.
- Enhancing cash flow models: The liability cash flows for both IFRS17 and Solvency II are now calculated using a new system. These changes have resulted overall in a decreasing SCR where the impact on homogenous risk group (HRG) would lead to either an increase or decrease in the SCR for that HRG.

EIOPA Solvency II 2020 review

After a long period of negotiations between the European Commission, the European Council and the European Parliament, a revised Solvency II directive (Level I) was published in the Official Journal of 8 January 2025. The amended regulation will be effective as of 30 January 2027, which means that reporting after this date will reflect the changes from the Solvency II 2020 review. Some key aspects in the agreement are not detailed out in the Solvency II directive but will be clarified later in the process (part of Level II and Level III). This relates for example to the parameterisation of elements that are relevant for the determination of the risk margin and the Volatility Adjustment. The revised Solvency II directive forms the basis for the revision of the Level II and III regulation, which can lead to further changes.

Solvency II ratio of NN Schade

The table below presents NN Schade’s Solvency II ratio as of December 31, 2024 and December 31, 2023, respectively.

Solvency II ratio of NN Schade

	2024	2023
Eligible Own Funds (EOF)	1,821,765	1,952,124
Solvency Capital Requirement (SCR)	1,433,525	1,356,309
Solvency II ratio (EOF/SCR)	**127%**	**144%**

Solvency Capital Requirement

The following table shows the NN Schade’s SCR as of December 31, 2024 and December 31, 2023, respectively.

Solvency II Capital Requirements

	2024	2023
Market risk	467,784	446,579
Counterparty default risk	13,198	13,133
Non-market risk	1,706,370	1,457,817
Total BSCR (before diversification)	**2,187,352**	**1,917,529**
Diversification	-427,321	-266,862
Total BSCR (after diversification)	**1,760,031**	**1,650,667**
Operational risk	119,723	115,005
LACDT	-446,229	-409,363
Total SCR	**1,433,525**	**1,356,309**

Audit committee

NN Schade is exempt from the requirement to set up an audit committee pursuant to the 'Besluit instelling auditcommissie'. NN Schade is an indirect subsidiary of NN Group, which complies with the requirements referred to in Article 3 under a of the Besluit instelling auditcommissie. In addition, audit committee's duties mentioned in Article 2 paragraph 2 are assumed by NN Schade's Supervisory Board. For the composition of the Supervisory Board, reference is made to the Composition of the boards section on page 3.

Financial reporting process

In the annual meeting of 2015 it has been decided to prepare the Annual Report in English instead of Dutch.

As NN Schade is part of NN Group, the policies and procedures for establishing and maintaining adequate internal control over financial reporting are the same as those applied by NN Group for its consolidated financial statements.

The internal control over financial reporting is a process designed under the supervision of the CFO, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

The internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets.
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the annual accounts in accordance with generally accepted accounting principles (International Financial Reporting Standards as endorsed by the European Union and Part 9 of Book 2 of the Dutch Civil Code).
- Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of assets that could have a material effect on the annual accounts.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Tax related topics as being part of the fiscal unity NN Group: the current tax position and (legislative) developments impacting the tax function such as Pillar II; NN Group's tax strategy; tax policy and principles of conduct; developments in the area of public tax reporting.

Conformity statement

Going concern

Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis.

Product approval and review process (PARP) and customer golden rules

We want to give customers value for money, transparency, and products and services that align with societal expectations and legislative developments. New or modified products or services are subject to a product approval and review process (PARP) to safeguard transparency and meeting customer needs.

In 2024 NN Schade redesigned the governance, process and the supporting tooling.

Our customer golden rules are an integral part of the PARP:

- We strive to meet customers' needs throughout their life cycle
- Offer fair value to customers
- Explain the risks, returns and costs of our products and services
- Regularly assess products, services and distribution practices
- Only work with professional and licensed distributors

At the end of 2022, the EU European Insurance and Occupational Pensions Authority (EIOPA) published the regulatory toolbox, Value for Money for Unit Linked (UL) and a warning regarding Credit Protection Insurance (CPI) products. NN has implemented new specific principles derived from Value for Money in our Product Policy and PARP templates. In 2023, we noticed more regulatory focus on Product Oversight and Governance (POG) and NN followed up on reviews and investigations done by regulators derived from the Value for Money toolbox.

DORA

NN Group launched a program with the goal of supporting business units in becoming compliant to the Digital Operational Resilience Act (DORA). NN Schade set up a program governance with appointed DORA leads per business line and a DORA SteerCo. A self-assessment was performed, based on a questionnaire of 242 questions and a validation exercise took place in identifying gaps. Group program launched 5 workstreams for updating policies and standards and non-Life expert representatives were assigned to the workstreams. All business lines assessed their compliance on the updated assessment framework. A sample-based review on high attention areas was performed. In addition, risk exposure and action plans to adhere to DORA regulation were made by the 1st line. The business lines made improvement plans based on work packages, with focus on embedding structural improvements in existing and new controls. After the DORA effective date (17 January 2025) there were still some after care actions outstanding before handover to Business as Usual and sharing the Information register with DNB in order to close the DORA related gaps.

External auditor

On 19 May 2022, the general meeting of NN Group reappointed KPMG Accountants N.V. (KPMG) as the external auditor of NN Group for the financial years 2023 through 2025. On 23 May 2022, the general meeting of NN Schade (General Meeting) reappointed KPMG as external auditor of NN Schade for the financial years 2022 through 2025.

The external auditor attended the meetings of the Supervisory Board on 2 April 2024 and also on 23 September 2024 and 16 December 2024.

In 2023, NN Group initiated the process to select a new external auditor as of the financial year 2026. It will be proposed to the general meeting of NN Group to appoint EY Accountants B.V. (EY) as its external auditor for the financial years 2026 through 2029 at the annual general meeting of NN Group on 15 May 2025. If appointed, it will also be proposed to the General Meeting in 2025 to appoint EY as the external auditor of NN Schade for the financial years 2026 through 2029.

More information on NN Group's policy on external auditors independence is available on the website of NN Group.

Data privacy

NN Schade is aware of the need to strike an appropriate balance between individual choices, privacy and social responsibility. As digitalization continues rapidly, we are conscious that to safeguard the privacy of our customers it is more important than ever to secure their personal data and handle it responsibly. NN Schade does this by complying with all legislative data protection requirements, of which the EU General Data Protection Regulation (GDPR) is the most important. In the Privacy statement NN Schade explains how the GDPR is translated into our day-to-day operations. We foster the careful processing of (personal) data by providing repeated training and regular information on our intranet. In 2023 all employees have been requested to complete a mandatory GDPR e-learning ("Privacy Matters") as a follow up on a previous mandatory GDPR e-learning.

The NN DPO Charter provides a mandatory framework that establishes the function of Data Protection Officer (DPO). NN Schade has appointed a DPO that is assigned a clear mandate and responsibilities in line with the DPO Charter and the GDPR. Our DPO continuously monitors compliance with the GDPR and acts as a point of contact for supervisory authorities and data subjects. The DPO monitors the number of complaints and data breaches. These numbers are within an acceptable range. The consequences of inadequate cybersecurity can be far-reaching for both individuals and companies.

Artificial Intelligence

For many years data have been vital in serving today's customers effectively. In the past year there has been a tremendous worldwide focus on the possible use cases of Artificial Intelligence (AI). We see that the use of AI is getting more and more impact on our data processing, from straightforward document handling processes to the most complex processing of (personal) data.

Using AI to analyse customer propositions helps us amongst others to strengthen our interactions with customers, forge more intuitive partnerships and create superior tailor-made solutions.

Our data and AI analyses are currently focused on product/market optimalisation, process efficiency and fraud and claim analytics but also other specific use cases are actively being explored. It is vital that for all AI use cases the application is trustworthy by design. As soon as NN Group started using AI, we developed our own ethical guidelines to facilitate the development and use AI in a trustworthy manner. These NN AI Guidelines are based on the seven requirements of trustworthy AI, as set out in the Ethics Guidelines for Trustworthy AI by the European Commission in 2019. In addition, we have anticipated the European AI Act, entered into force August 2024 by embedding NN's ethical guidelines in the NN Group governance by establishing the NN AI Framework and mandatory AI Assessments. The AI Working Group validates all AI systems or models to be used within NN by using the yardstick of the NN AI Framework and AI Assessments, focusing on the relevant aspects of trustworthy AI, such as lawful processing of personal data, preventing bias and discrimination and appropriate assessment of ethical dilemmas. The aforementioned also enables us to deploy AI in line with the Ethical Framework for data-driven applications of the Dutch Association of Insurers (Verbond van Verzekeraars) as well.

NN Group will take further appropriate and definite steps to comply with this Act, which will become applicable in stages. NN already has integrated the first set of applications that will become applicable in 2025 into its NN AI Framework. In the upcoming year, NN will further develop its NN AI Framework to align with the risk-based approach of the AI Act. NN Group also monitors other relevant upcoming legislation, such as the proposed AI Liability Directive, as well as actively contributes to input for supervisory authorities developing their guidance in relation to the use of AI-Systems and algorithms.

Composition of the Boards; diversity and inclusion

NN Group aims to have an adequate and balanced composition of its boards. In order to ensure such composition at all times, several relevant selection criteria are balanced and (re)appointments to these boards are made on the basis of harmonised policies and in accordance with legal and regulatory requirements.

As of 1 January 2021, NN Group aims to have a gender diversity of at least 40% women and 40% men for its boards. As of 2021, NN Group also has a target to have at least 40% women in senior management positions. Since 2022, these positions included the Management Board of NN Group, managerial positions reporting directly to a Management Board member of NN Group and all senior managerial positions reporting to a business unit CEO.

In addition, in 2022, a target was set to have at least 40% women in management team positions within each Dutch NN Group company in scope of the act on gender diversity in boards of Dutch companies (Wet tot wijziging van Boek 2 van het Burgerlijk Wetboek in verband met het evenwichtiger maken van de verhouding tussen het aantal mannen en vrouwen in het bestuur en de raad van commissarissen van grote naamloze en besloten vennootschappen, 'the Act on gender diversity'), which entered into force on 1 January 2022.

In support of the ambitious gender diversity targets, NN Group has set an action plan, that has been adopted by all NN Group companies in scope of the Act on gender diversity. This action plan supports a healthy and diverse succession pool for senior management throughout the organisation, as part of our Diversity and Inclusion and Key Talent Management policy and processes.

We have set out various actions on the different drivers behind our Diversity and Inclusion roadmap such as: enhanced processes, data & monitoring, visibility and networks, and mindset & awareness.

Actions include among others:

- The 40% target must be taken into account in the succession planning and process for appointments of persons in board and senior management positions
- At least once a year Talent Review & Succession Planning sessions for senior management positions are organised
- Strive for a minimum of 50% females on shortlists for senior management positions
- A list of female talent pool is kept and participation in succession planning sessions and leadership and development programmes is ensured
- Engagement with female talent pool and increase visibility (examples: networking events, mentoring programme Women in Leadership Network, etc.)
- Performing equal pay analysis

Composition of NN Schade's Management and Supervisory Boards and management team

NN Schade's aim to have a gender diversity of at least 40% women and 40% men for its boards, and the fact that its Management and Supervisory Boards both consist of only three members, require these boards to consist of at least one female and at least one male. In 2024 the composition of the Management Board met this target, as it consisted of two females and one male. The composition of the Supervisory Board also met the target, as it consisted of two females and one male.

NN Schade's management team consists of its Management Board members and ten additional positions. Being composed of seven females and six males, 54% of NN Schade's management team positions were held by women and 46% of such positions were held by men as at 31 December 2024. NN Schade aims to have a gender diversity in management of at least 40% (wo)men in the management team. With a recent change in management positions, the percentage of women increased to 54% and meets the gender diversity target. Next to the retention of valuable knowledge and promotion of internal talent, diversity remains important to NN Schade in future appointments.

In future appointments of Management and Supervisory Board members and management team members, NN Schade will continue to take into account all applicable laws and regulations and relevant selection criteria including gender diversity targets.

We believe our company is strongest when we embrace the full spectrum of humanity. Regardless of what we look like, where we come from, or who we love. That is why NN Group, including NN Schade, takes a stand for diversity, inclusion and equal opportunities for all. When people inside of our company represent the people outside our company, we can be more responsive to what they expect, want and need, also in changing circumstances. After all, change is a constant factor in our lives, also in the financial sector.

In 2024 there were five Supervisory Board meetings.

More information can be found in the Diversity and inclusion section on page [39-40] of the 2024 NN Group Annual Report and the NN Statement on Diversity and Inclusion.

Code of Conduct for Insurers

NN Schade signed up to the Code of Conduct for Insurers. This Code is a cornerstone of NN Schade's operations. The Code of Conduct for Insurers contains three core values: 'providing security', 'making it possible' and 'social responsibility'. These core values ensure that we never lose sight of the essence of what we do: adding value for our customers and society. NN Schade aims to offer security in both the short and the long term by bolstering continuity and boosting confidence. The Code of Conduct for Insurers is available on the website of the Dutch Association of Insurers (www.verzekeraars.nl).

The NN Code of Conduct

Founded on our company values, the NN Code of Conduct and Manager Annex are directly linked to the NN statement of Living our Values and other relevant underlying policies and standards. The Manager Annex includes additional expectations for our business leaders, including managers and board members so they can help everyone to embody our values and meets our standards. Together, the NN Code of Conduct and Manager Annex include guidelines for how we interact with colleagues and customers, handle information and (personal) data, manage conflicts of interest, fraud, bribery and corruption, address financial economic crime, use equipment, the internet and AI, and report and deal with breaches. Each year, the NN Code of Conduct and Manager Annex is reviewed, along with the underlying policies and standards. All internal employees must formally acknowledge their understanding of the code of conduct and their commitment to applying the underlying policies and standards each year. All managers also need to formally acknowledge the Manager Annex annually.

NN Schade's Anti-Fraud department supports all business lines with Fraud Risk Management, including policy development, process implementation, risk assessments, prevention and detection, investigation, monitoring, and reporting. These activities are guided by the Anti-Fraud Policy.

The Hague, 24 March 2025

The Management Board
Nationale-Nederlanden Schadeverzekering Maatschappij N.V.

Balance sheet

Amounts in thousands of euros, unless stated otherwise

Balance sheet

	notes	31 December 2024	31 December 2023
Assets			
Cash and cash equivalents	2	9,697	7,390
Investments at fair value through other comprehensive income (FVTOCI)	3	7,578,750	7,300,891
Investments at fair value through profit or loss	4	181,207	178,196
Investments in subsidiaries and associates	5	44,918	46,888
Derivatives	13	625	1,035
Investments		**7,815,197**	**7,534,400**
Reinsurance contracts	11	145,602	224,183
Reinsurance contracts		**145,602**	**224,183**
Property and equipment	6	7,015	7,620
Intangible assets	7	8,876	8,490
Deferred tax assets	21	2,318	
Other assets	8	334,780	456,806
Other		**352,989**	**472,916**
Total assets		**8,313,788**	**8,231,499**
Equity			
Share capital		6,807	6,807
Share premium		25,834	25,834
Accumulated revaluation investments		-299,278	-371,782
Accumulated revaluations (re)insurance contracts		432,754	508,797
Share of associates reserves		6,774	1,329
Other reserves		1,136,463	1,162,572
Unappropriated profit		220,822	250,819
Total shareholders' equity		**1,530,176**	**1,584,376**
Undated subordinated loan		130,000	130,000
Total equity	9	**1,660,176**	**1,714,376**
Liabilities			
Insurance contracts	10	6,295,576	6,168,420
Reinsurance contracts	11	4,325	
Insurance and reinsurance contracts		**6,299,901**	**6,168,420**
Subordinated debt	12	153,099	156,104
Funding		**153,099**	**156,104**
Derivatives	13	78,689	59,134
Deferred tax liabilities	21	67,003	82,032
Other liabilities	14	54,920	51,433
Other		**200,612**	**192,599**
Total liabilities		**6,653,612**	**6,517,123**
Total equity and liabilities		**8,313,788**	**8,231,499**

References relate to the notes starting with Note 1 ‘Accounting policies’. These form an integral part of the Annual accounts.

Profit and loss account

Profit and loss account

For the year ended 31 December	notes	2024	2023
Release of contractual service margin		61,781	54,642
Release of risk adjustment		24,254	22,375
Expected claims and benefits		789,901	784,878
Expected attributable expenses		201,197	187,841
Recovery of acquisition costs		2,704	1,107
Experience adjustments for premiums		11,715	12,167
Insurance income Premium Allocation Approach		2,671,325	2,554,636
Insurance income	15	**3,762,877**	**3,617,646**
Incurred claims and benefits		794,482	771,340
Incurred attributable expenses		221,715	205,916
Amortisation of acquisition costs		2,704	1,107
Changes in incurred claims and benefits previous periods		1,828	1,843
(Reversal of) losses on onerous contracts		-2,309	1,907
Insurance expenses Premium Allocation Approach		2,346,469	2,113,642
Insurance expenses	16	**3,364,889**	**3,095,755**
Net insurance result		**397,987**	**521,891**
Net reinsurance result		-86,741	-166,432
Insurance and reinsurance result		**311,246**	**355,459**
Investment income		200,649	202,256
Gains (losses) on investments		634	-7,596
Other investment result		2,792	-6,696
Investment result	17	**204,075**	**187,964**
Finance result on (re)insurance contracts	18	101,577	76,056
Finance result other		12,219	12,011
Finance result		**113,796**	**88,067**
Net investment result		**90,279**	**99,897**
Net fee and commission result	19	-3,198	-5,531
Non-attributable operating expenses	20	-110,800	-121,690
Other		4,756	-2,830
Other result		**-109,242**	**-130,051**
Result before tax		**292,283**	**325,305**
Taxation	21	71,461	74,486
Net result		**220,822**	**250,819**

References relate to the notes starting with Note 1 ‘Accounting policies’. These form an integral part of the Annual accounts.

Statement of comprehensive income

Statement of comprehensive income

For the year ended 31 December	2024	2023
Net result	**220,822**	**250,819**
– finance result on (re)insurance contracts, recognised in OCI	-76,043	-207,872
– revaluations on debt securities and loans at fair value through OCI	60,161	190,587
– realised gains (losses) transferred to the profit and loss account	1,905	10,315
- changes in cash flow hedge reserve	883	838
– share of OCI of investments in subsidiaries and associates	-699	-5,290
– foreign currency exchange differences	-398	2,203
Items that may be reclassified subsequently to the profit and loss account	**-14,191**	**-9,219**
– revaluations on equity securities at fair value through OCI	21,172	-28,497
– revaluations on property in own use	-36	-76
– other changes	3,598	
Items that will not be reclassified to the profit and loss account	**24,734**	**-28,573**
Total other comprehensive income	**10,543**	**-37,792**
Total comprehensive income	**231,365**	**213,027**
Comprehensive income attributable to		
Shareholders of the parent	231,365	213,027
Total comprehensive income	**231,365**	**213,027**

Reference is made to Note 21 ‘Taxation’ for the disclosure on the income tax effects on each component of comprehensive income.

Statement of cash flows

Statement of cash flows

For the year ended 31 December	2024	2023
Result before tax	**292,283**	**325,305**
Adjusted for		
– depreciation and amortisation	2,638	8,150
– changes in (re)insurance	-223,265	-305,699
– realised results and impairments on investments	-10,951	7,365
– reversal of impairments on investments at fair value through OCI	-3,544	4,248
– other	-938	-11,709
Net premiums, claims, and attributable expenses on (re)insurance contracts	328,457	388,516
Tax paid (received)	-45,050	-248,984
Changes in		
– derivatives	-17,582	-6,292
– other assets	103,792	70,213
– other liabilities	-14,564	7,765
Net cash flow from operating activities	**411,276**	**238,878**
Investments and advances		
– investments at fair value through OCI	-1,020,549	-1,172,538
– investments at fair value through profit or loss	-5,000	-81,000
– investments in subsidiaries and associates		-1,500
– other investments	-1,146	
Disposals and redemptions		
– divestments at fair value through OCI	894,230	1,276,477
– divestments at fair value through profit or loss	5,191	25,215
Net cash flow from investing activities	**-127,274**	**46,654**
Dividend paid	-273,000	-284,000
Coupon on undated subordinated loan	-8,695	-7,280
Net cash flow from financing activities	**-281,695**	**-291,280**
Net cash flow	**2,307**	**-5,748**

Included in Net cash flow from operating activities

	2024	2023
Interest received	158,313	163,963
Interest paid	-13,153	-14,739
Dividend received	40,289	43,092

Cash and cash equivalents

	2024	2023
Cash and cash equivalents at the beginning of the year	7,390	13,138
Net cash flow	2,307	-5,748
Cash and cash equivalents at the end of the year	**9,697**	**7,390**

Statement of changes in equity

Statement of changes in equity (2024)

	Share capital	Share premium	Revaluation reserves	Other reserves[1]	Total Shareholders' equity	Undated subordinated loan	Total equity
Balance at 1 January 2024	**6,807**	**25,834**	**137,015**	**1,414,720**	**1,584,376**	**130,000**	**1,714,376**
Finance result on insurance contracts recognised in OCI			-78,347		-78,347		-78,347
Finance result on reinsurance contracts recognised in OCI			2,304		2,304		2,304
Revaluations on debt securities at fair value through OCI			6,583		6,583		6,583
Revaluations on loans at fair value through OCI			53,578		53,578		53,578
Revaluations on equity securities at fair value through OCI			21,172		21,172		21,172
Realised gains (losses) transferred to the profit and loss account			1,905		1,905		1,905
Changes in cash flow hedge reserve			883		883		883
Share of OCI of investments in subsidiaries and associates			-699		-699		-699
Foreign currency exchange differences			-398		-398		-398
Other changes			3,598		3,598		3,598
Revaluations property in own use			-36		-36		-36
Total amount recognised directly in equity (OCI)			**10,543**		**10,543**		**10,543**
Net result for the period				220,822	220,822		220,822
Total comprehensive income			**10,543**	**220,822**	**231,365**		**231,365**
Dividend				-273,000	-273,000		-273,000
Realised gains/losses on equity securities			-14,082	14,082			
Coupon on undated subordinated loan				-6,452	-6,452		-6,452
Changes in the composition of the group and other changes[2]				-6,113	-6,113		-6,113
Balance at 31 December 2024	**6,807**	**25,834**	**133,476**	**1,364,059**	**1,530,176**	**130,000**	**1,660,176**

1 Other reserves includes retained earnings, share of associate reserve and unappropriated result. Other reserves also include a legal reserve for internally generated software for an amount of EUR 985 thousand.

2 Changes in the composition of the group and other changes include mainly the reclassification between revaluation reserves and the other reserves.

Statement of changes in equity continued

Statement of changes in equity (2023)

	Share capital	Share premium	Revaluation reserves	Other reserves[1]	Total Shareholders' equity	Undated subordinated loan	Total equity
Balance at 1 January 2023	**6,807**	**209,834**	**173,237**	**1,268,530**	**1,658,408**	**130,000**	**1,788,408**
Finance result on insurance contracts recognised in OCI			-215,692		-215,692		-215,692
Finance result on reinsurance contracts recognised in OCI			7,820		7,820		7,820
Revaluations on debt securities at fair value through OCI			147,842		147,842		147,842
Revaluations on loans at fair value through OCI			42,745		42,745		42,745
Revaluations on equity securities at fair value through OCI			-28,497		-28,497		-28,497
Realised gains (losses) transferred to the profit and loss account			10,315		10,315		10,315
Changes in cash flow hedge reserve			838		838		838
Share of OCI of investments in subsidiaries and associates			-5,290		-5,290		-5,290
Foreign currency exchange differences			2,203		2,203		2,203
Revaluations property in own use			-76		-76		-76
Total amount recognised directly in equity (OCI)			**-37,792**		**-37,792**		**-37,792**
Net result for the period				250,819	250,819		250,819
Total comprehensive income			**-37,792**	**250,819**	**213,027**		**213,027**
Dividend		-184,000		-100,000	-284,000		-284,000
Realised gains/losses on equity securities			1,570	-1,570			
Coupon on undated subordinated loan				-5,402	-5,402		-5,402
Changes in the composition of the group and other changes				2,343	2,343		2,343
Balance at 31 December 2023	**6,807**	**25,834**	**137,015**	**1,414,720**	**1,584,376**	**130,000**	**1,714,376**

1 Other reserves includes retained earnings, share of associate reserve and unappropriated result.

Notes to the Annual accounts

1 Accounting policies

Basis of preparation

Nationale-Nederlanden Schadeverzekering Maatschappij N.V. (NN Schade) is a public limited liability company (naamloze vennootschap) incorporated under Dutch law. NN Schade has its official seat in The Hague, the Netherlands and its office address in The Hague, the Netherlands. NN Schade is recorded in the Commercial Register under number 27023707. The principal activities of NN Schade are described in the section 'Report of the Management Board'. Amounts in the Annual accounts are in thousands of euros, unless stated otherwise.

NN Schade prepares its Annual accounts in accordance with International Financial Reporting Standards as endorsed by the European Union (IFRS-EU) and Part 9 of Book 2 of the Dutch Civil Code. In the Annual accounts, the term IFRS-EU is used to refer to these standards, including the decisions NN Schade made with regard to the options available under IFRS-EU. IFRS-EU provides a number of options in accounting policies. The key areas, in which IFRS-EU allows accounting policy choices and the related NN Schade accounting policy, are summarised as follows:

- NN Schade disaggregates insurance finance result between profit or loss and in the 'Revaluation reserve' in 'Other comprehensive income' (OCI) in equity.
- NN Schade's accounting policy for property in own use is fair value, with changes in the fair value reflected, after tax, in the 'Revaluation reserve' in 'Other comprehensive income' (equity). A net negative revaluation on individual properties is reflected immediately in the Profit and loss account.
- For hedge accounting NN Schade continues to apply the IAS 39 hedge accounting requirements.

NN Schade's accounting policies under IFRS-EU, its decision on the options available and significant judgement used are included in the relevant notes.

The preparation of the Annual accounts requires the use of estimates and assumptions. These estimates and assumptions affect the reported amounts of the assets and liabilities and the amounts of the contingent liabilities at the balance sheet date, as well as reported income and expenses for the year. The actual outcome may differ from these estimates.

Consolidation

NN Schade uses the exemption of article 407 Part 9 Book 2 of the Dutch Civil Code and IFRS 10.4 'Consolidated Financial Statements' to present only the company financial statements.

Changes in IFRS-EU effective in 2024 and upcoming changes

Changes in accounting standards that became effective

The following changes to existing standards became effective in 2024:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

These changes had no impact on NN Schade's Annual accounts.

Upcoming changes in IFRS-EU

The following amendments and revisions to standards and interpretations have been issued by the IASB but are not yet effective:

- Amendments to IAS 21 Lack of Exchangeability
- Amendments to the classification and measurement of financial instruments- Amendments to IFRS 9 and IFRS 7
- IFRS 18 Presentation and disclosure in financial statements
- IFRS 19 Subsidiaries without public accountability: disclosures
- Annual improvements to IFRS Accounting Standards - Volume 11.

These changes are not expected to have a material impact on NN Schade's shareholder's equity or net result.

Notes to the Annual accounts continued

Changes in presentation
The presentation of, and certain terms used in, the Balance sheet, Profit and loss account, Statement of cash flows, Statement of changes in equity and the notes was changed to provide additional and more relevant information or (for changes in comparative information) to better align with the current period presentation. The impact of these changes is explained in the respective notes when significant.

Material accounting policies and significant judgements
NN Schade has identified the accounting policies that are most material to its business operations and to the understanding of its results. These material accounting policies are those which involve the most complex or subjective judgements and assumptions and relate to insurance contracts, acquisition accounting, the determination of the fair value of financial assets and liabilities and impairments. In each case, the determination of these items is fundamental to the financial condition and results of operations and requires management to make complex judgements based on information and financial data that may change in future periods. As a result, determinations regarding these items necessarily involve the use of assumptions and subjective judgements as to future events and are subject to change, as the use of different assumptions or data could produce significantly different results. All valuation techniques used are subject to internal review and approval. For further details on the application of these accounting policies, reference is made to the applicable notes to the Annual accounts and the information below.

General accounting policies
Foreign currency translation
Functional and presentation currency
Items included in the Annual accounts of each NN Schade entity are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Annual accounts are presented in euros, which is NN Schade's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions. The release of the contractual service margin of insurance contracts is translated similarly. Exchange rate differences resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, except when deferred in equity as part of qualifying cash flow hedges, qualifying net investment hedges or as result of applying the OCI option on insurance contracts.

Exchange rate differences on non-monetary items, measured at fair value through profit or loss, are reported as part of the 'fair value gain or loss'. Exchange rate differences on non-monetary items measured at fair value through other comprehensive income (equity) are included in the 'revaluation reserve' in equity.

Exchange rate differences in the profit and loss account are generally included in 'Foreign currency exchange results' as part of investment result. Exchange rate differences relating to the disposal of debt and equity securities are considered to be an inherent part of the capital gains and losses. On disposal of group companies, any foreign currency exchange difference deferred in equity is recognised in the profit and loss account in 'Result on disposals of group companies'.

Recognition and derecognition of financial instruments
Financial assets and liabilities are generally (de)recognised at trade date, which is the date on which NN Schade commits to purchase or sell the asset. Loans and receivables are recognised at settlement date, which is the date on which NN Schade receives or delivers the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where NN Schade has transferred substantially all risks and rewards of ownership. If NN Schade neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it derecognises the financial asset if it no longer has control over the asset.

Realised gains and losses on investments are determined as the difference between the sales proceeds and (amortised) cost. For equity securities, the cost is determined using a weighted average per portfolio. For debt securities, the cost is determined by specific identification (generally FIFO).

Maximum credit risk exposure
The maximum credit risk exposure for items on the balance sheet is generally the carrying value for the relevant financial assets. For the off-balance sheet items, the maximum credit exposure is the maximum amount that could be required to be paid. Reference is made to Note 30 'Contingent liabilities and commitments' for these off-balance sheet items. Collateral received is not taken into account when determining the maximum credit risk exposure. The manner in which NN Schade manages credit risk and determines credit risk exposures is explained in Note 36 'Risk management'.

Notes to the Annual accounts continued

Statement of cash flows

The statement of cash flows is prepared in accordance with the indirect method, classifying cash flows as cash flows from operating, investing and financing activities. In the net cash flow from operating activities, the result before tax is adjusted for those items in the profit and loss account and changes in balance sheet items, which do not result in actual cash flows during the year.

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition. Investments qualify as a cash equivalent if they are readily convertible into a known amount of cash and are not subject to significant risk of changes in value.

Cash flows arising from foreign currency transactions are translated into the functional currency using the exchange rates at the date of the cash flows.

2 Cash and cash equivalents

Cash and cash equivalents are recognised at their nominal value which approximates the fair value.

Cash and cash equivalents

	2024	2023
Cash and bank balances	9,697	7,390
Cash and cash equivalents	**9,697**	**7,390**

During 2024, NN Schade decided to discontinue its cash pooling arrangements through NN Insurance Eurasia N.V. (‘Eurasia’). Consequently, the cash pooling bank accounts, held by Eurasia on behalf of NN Schade, were transferred to NN Schade during November 2024.

3 Investments at fair value through other comprehensive income

Investments at fair value through other comprehensive income include debt securities and loans that are held in a business model ‘held to collect and sell’ and of which the cash flows are considered solely payments of principal and interest on the principal amount outstanding. The objective of this business model ‘held to collect and sell’ is to fund the insurance contracts. To achieve this objective, NN Schade collects contractual cash flows as they come due and sells financial assets to maintain the desired profile of the asset portfolio. Investments at fair value through other comprehensive income also include equity securities held by NN Schade within the Group so as to align the accounting for financial assets under IFRS 9 as much as possible to the accounting for insurance liabilities under IFRS 17.

Investments at fair value through other comprehensive income are initially recognised at fair value plus transaction costs. For debt securities and loans, the difference between cost and redemption value is amortised through the effective yield in the profit and loss account. Interest income on debt securities and loans is recognised in the profit and loss account in ‘Investment result’ using the effective interest method. Dividend income from equity securities classified as Investments at fair value through other comprehensive income is recognised in the profit and loss account in ‘Investment result’ when the dividend has been declared. Investments at fair value through other comprehensive income are subsequently measured at fair value. Unrealised gains and losses arising from changes in the fair value are recognised in other comprehensive income (equity). For debt securities and loans, realised gains and losses on disposal, are recognised in the profit and loss account in ‘Investment result’.

Impairments

Impairment applies to all debt securities and loans measured at amortised cost and at fair value through other comprehensive income. Initially, a provision is recognised for expected credit losses within the next 12 months. This is referred to as ‘Stage 1’. If there is a significant increase in credit risk between the moment of initial recognition and the reporting date, but the exposure is not in default, the exposure is classified in ‘Stage 2’. If the exposure is in default (i.e. credit impaired), it is classified in ‘Stage 3’. For both ‘Stage 2’ and ‘Stage 3’, a provision is recognised for expected credit losses over the remaining lifetime of the financial asset.

An asset is in default if it is probable that NN Schade will not be able to collect all amounts due (principal and interest) according to the contractual terms. Default risk is determined by considering credit risk and transfer risk. NN Schade uses external and internal credit ratings as primary driver in determining whether credit risk has increased significantly together with other qualitative factors (such as market value indicators and portfolio manager assessments). If, at initial recognition, an asset is deemed to have low credit risk (i.e. for all financial assets with an internal or external rating of 'investment grade'), a significant increase in credit risk will occur when the asset’s credit rating falls below 'investment grade'. NN Schade will, in principle, not rebut the presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, except in specific cases if qualitative factors indicate there has not been a significant increase in credit risk.

The lifetime expected credit losses are calculated based on probability weighted macro-economic scenarios. The impairment for assets classified in stage 1 and stage 2 is determined by using Probability of Default, Loss Given Default and Exposure at Default parameters. Impairment on assets classified in stage 3 is determined by assessing the expected recoverable amount.

Determining impairments is an inherently uncertain process involving various assumptions and factors including condition of the counterparty, assessment of credit risk, statistical loss data, and discount rates. Estimates and assumptions are based on management's judgement and other information available. Significantly different results can occur as circumstances changes and additional information becomes known.

In certain circumstances NN Schade may grant borrowers postponement and/or reduction of loan principal and/or interest payments for a temporary period of time to maximise collection opportunities and, if possible, avoid default, foreclosure or repossession. When such postponement and/or reduction of loan principal and/or interest payments is executed based on credit concerns it is also referred to as 'forbearance'. If the forbearance results in a substantial modification of the terms of the loan, the original loan is derecognised and a new loan is recognised at its fair value at the modification date whereas the significance of increases in credit risk is determined as set out above. If the forbearance did not result in a substantial modification, the significance of an increase in the credit risk is determined by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed. The amount of the reversal is recognised in the profit and loss account. NN Schade writes-off (part of) the gross carrying amount of a financial asset when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Reference is made to Note 36 'Risk management' for more information on credit risk.

Investments at fair value through other comprehensive income

	2024	2023
Debt securities	4,105,420	4,018,735
Equity securities	1,325,900	1,156,024
Loans	2,147,430	2,126,132
Investments at fair value through other comprehensive income	**7,578,750**	**7,300,891**

Changes in investments at fair value through other comprehensive income (2024)

2024	Debt securities	Equity securities	Loans	Total
Opening balance	4,018,735	1,156,024	2,126,132	7,300,891
Additions	647,632	229,633	143,284	1,020,549
Disposals[1] and redemptions	-621,895	-80,635	-191,701	-894,231
Revaluations[1]	12,536	21,204	71,656	105,396
Amortisation	-691		-3,587	-4,278
Transfers and reclassifications			328	328
Foreign currency exchange differences	49,103	-326	1,318	50,095
Closing balance	**4,105,420**	**1,325,900**	**2,147,430**	**7,578,750**

1 Revaluations and disposals include impairment on investments at fair value through other comprehensive income for an amount of EUR 3,544 and EUR 555 (2023: EUR -4,617 and EUR 626), respectively.

Changes in investments at fair value through other comprehensive income (2023)

2023	Debt securities	Equity securities	Loans	Total
Opening balance	4,094,181	1,031,441	2,088,763	7,214,385
Additions	788,154	209,442	174,942	1,172,538
Disposals and redemptions	-1,026,160	-63,018	-186,673	-1,275,851
Revaluations	195,811	-24,044	56,973	228,740
Amortisation	-6,150		-3,759	-9,909
Transfers and reclassifications			-4,144	-4,144
Foreign currency exchange differences	-27,101	2,203	30	-24,868
Closing balance	**4,018,735**	**1,156,024**	**2,126,132**	**7,300,891**

Impairment – Investments at fair value through other comprehensive income (2024)

2024	Stage 1 12 month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
Opening balance	-6,336	244	-76	-6,168
Transfers between stage 1,2 and 3	-31	34	-3	
Additions	4,009	-451	-14	3,544
Disposals	409	146		555
Closing balance	**-1,949**	**-27**	**-93**	**-2,069**

Notes to the Annual accounts continued

The loss allowance for investments at fair value through other comprehensive income of EUR -2,069 (2023: EUR -6,168) does not reduce the carrying amount of these investments (which are measured at fair value) but gives rise to an equal and opposite gain in other comprehensive income and is included in the line 'Revaluations' in the table of Changes in investments at fair value through other comprehensive income.

Impairment – Investments at fair value through other comprehensive income (2023)

2023	Stage 1 12 month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
Opening balance	-2,204	115	-88	-2,177
Transfers between stage 1,2 and 3	5	-5		
Additions	-4,714	71	26	-4,617
Disposals	577	63	-14	626
Closing balance	**-6,336**	**244**	**-76**	**-6,168**

4 Investments at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if it is not measured at amortised cost or at fair value through other comprehensive income. Financial assets at fair value through profit or loss include debt securities and loans of which the cash flows are not considered solely payments of principal and interest on the principal amount outstanding, and investments in investment funds.

Transaction costs on initial recognition are expensed when incurred. Interest income from debt securities and loans classified as investments at fair value through profit or loss is recognised in the profit and loss account in 'Investment result' using the effective interest method. Dividend income from equity securities classified as investments at fair value through profit or loss is recognised in the profit and loss account in 'Investment result' when the dividend has been declared.

Investments at fair value through profit or loss

	2024	2023
Debt securities	897	5,863
Equity securities and investment funds	180,310	172,333
Investments at fair value through profit or loss	**181,207**	**178,196**

5 Investments in subsidiaries and associates

Subsidiaries

Subsidiaries are companies in which NN Schade has the power, directly or indirectly, to govern the financial and operating policies and that are controlled by NN Schade. Subsidiaries are recognised using the equity method of accounting.

Changes in balance sheet values due to changes in the revaluation reserves of subsidiaries are reflected in the 'Share of subsidiaries and associates reserve', which forms part of 'Shareholder's equity'. Changes in balance sheet values due to the results of these subsidiaries, accounted for in accordance with NN Schade accounting policies, are included in the profit and loss account. Other changes in the balance sheet value of these subsidiaries, other than those due to changes in share capital, are included in the 'Share of subsidiaries and associates reserve'.

Associates

Associates are all entities over which NN Schade has significant influence but not control. Significant influence generally results from a shareholding of 20% or more of the voting rights, but also the ability to participate in the financial and operating policies through situations including, but not limited to, one or more of the following:

- Representation on the board of directors
- Participation in the policy making process
- Interchange of managerial personnel.

Associates are initially recognised at cost (including goodwill) and subsequently accounted for using the equity method of accounting. Subsequently, NN Schade's share of profits or losses is recognised in the profit and loss account and its share of changes in reserves is recognised in other comprehensive income (equity). The cumulative changes are adjusted against the carrying value of the investment. When NN Schade's share of losses in an associate equals or exceeds the book value of the associate, NN Schade does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Notes to the Annual accounts continued

Investments in subsidiaries and associates (2024)

2024	Statutory seat	Interest held	Balance sheet value	Total assets	Total liabilities	Total income	Total expenses
de Vereende N.V.	Rijswijk	35.73%	12,795	93,511	57,701	39,595	35,435
DAS Holding N.V.	Amsterdam	30.86%	31,672	313,601	210,970	232,229	239,439
Bemiddelingskantoor Nederland B.V.	Rijswijk	100.00%	451	663	212	1,270	1,785
Investments in subsidiaries and associates			**44,918**				

Associates include interests in the non-life insurance companies de Vereende N.V. (de Vereende) and DAS Holding N.V. (DAS Holding).

The subsidiaries and associates of NN Schade are subject to legal and regulatory restrictions regarding the amount of dividends that can be paid to NN Schade. These restrictions are, for example, dependent on the Dutch laws for declaring dividends or as a result of minimum capital requirements imposed by Dutch regulators. In addition, the subsidiaries and associates also consider other factors in determining the appropriate levels of equity needed.

Investments in subsidiaries and associates (2023)

2023	Statutory seat	Interest held	Balance sheet value	Total assets	Total liabilities	Total income	Total expenses
de Vereende N.V.	Rijswijk	35.73%	10,845	91,276	60,923	37,029	31,275
DAS Holding N.V.	Amsterdam	30.86%	35,073	311,858	198,205	219,579	232,830
Bemiddelingskantoor Nederland B.V.	Amstelveen	100.00%	970	970		375	2,259
Investments in subsidiaries and associates			**46,888**				

Changes in investments in subsidiaries and associates

	2024	2023
Investments in subsidiaries and associates – opening balance	46,888	54,778
Additions		1,500
Share in changes in equity (revaluations)	-699	-5,290
Share of result	-1,271	-4,100
Investments in subsidiaries and associates – closing balance	**44,918**	**46,888**

6 Property and equipment

Land and buildings held for own use are stated at fair value at the balance sheet date. Increases in the carrying value are recognised in other comprehensive income (equity). Decreases in the carrying value that offset previous increases of the same asset are charged against other comprehensive income (equity); all other decreases are recognised in the profit and loss account. Increases that reverse a revaluation decrease on the same asset previously recognised in net result are recognised in the profit and loss account. Depreciation is recognised based on the fair value and the estimated useful life (in general 20-50 years). On disposal, the related revaluation reserve in equity is transferred within equity to 'Retained earnings'.

The fair value of land and buildings is based on regular appraisals by independent, qualified valuers or internally. All significant holdings of land and buildings are appraised at least annually. Subsequent expenditure is included in the asset's carrying value when it is probable that future economic benefits associated with the item will flow to NN Schade and the cost of the item can be measured reliably.

Equipment is stated at cost less accumulated depreciation and any impairment losses. The estimated useful lives are generally as follows: two to five years for data processing equipment and four to ten years for fixtures and fittings. Expenditure incurred on maintenance and repairs is recognised in the profit and loss account when incurred. Expenditure incurred on major improvements is capitalised and depreciated. The difference between the proceeds on disposal and net carrying value is recognised in the profit and loss account in 'Other income'.

Methods of depreciation

Items of property and equipment are depreciated. The carrying values of the assets are depreciated on a straight-line basis over the estimated useful lives. Methods of depreciation, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Notes to the Annual accounts continued

Property and equipment

	2024	2023
Property in own use	6,310	6,410
Equipment	705	1,210
Property and equipment owned	**7,015**	**7,620**

Changes in Property in own use

	2024	2023
Property in own use – opening balance	6,410	6,612
Revaluations		-102
Depreciation	-100	-100
Property in own use – closing balance	**6,310**	**6,410**
Gross carrying value	8,791	8,791
Accumulated depreciation, revaluations and impairments	2,481	2,381
Net carrying value	**6,310**	**6,410**
Revaluation surplus / deficit – opening balance	**-66**	**36**
Revaluation during the year		-102
Revaluation surplus / deficit – closing balance	**-66**	**-66**
Accumulated impairments	**5**	**5**

Changes in Equipment

	Data processing equipment		Fixtures and fittings and other equipment			Total
	2024	2023	2024	2023	2024	2023
Equipment – opening balance	90	130	1,120	1,520	1,210	1,650
Depreciation	-90	-40	-415	-400	-505	-440
Equipment – closing balance	**0**	**90**	**705**	**1,120**	**705**	**1,210**
Gross carrying value	2,041	2,041	3,142	3,142	5,183	5,183
Accumulated depreciation	-2,041	-1,951	-2,437	-2,022	-4,478	-3,973
Net carrying value	**0**	**90**	**705**	**1,120**	**705**	**1,210**

7 Intangible assets

Computer software

Computer software that has been purchased or generated internally for own use is stated at cost less amortisation and any impairment losses. The expected useful life of computer software will generally not exceed three years.

Other intangible assets

Other intangible assets include brand names, client relationships and distribution channels. These assets are stated at cost less amortisation and any impairment losses. The estimated useful life is generally between 2 and 18 years.

Methods of amortisation

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives. Methods of amortisation, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Amortisation is included in ‘Other operating expenses’.

Impairment of intangible assets

Impairment reviews with respect to intangible assets are performed at least annually and more frequently if events indicate that impairments may have occurred. The identification of impairment is an inherently uncertain process involving various assumptions and factors. Estimates and assumptions (including unobservable Level 3 inputs) are based on management’s judgement and other information available.

Intangible assets are tested for impairment by comparing the carrying value with the best estimate of the recoverable amount of the individual intangible asset.

Notes to the Annual accounts continued

Intangible assets (2024)

2024	Software	Other	Total
Intangible assets – opening balance	240	8,250	8,490
Additions	1,146		1,146
Amortisation	-260	-500	-760
Intangible assets – closing balance	**1,126**	**7,750**	**8,876**
Gross carrying value	6,594	11,025	17,619
Accumulated amortisation	-5,468	-3,275	-8,743
Net carrying value	**1,126**	**7,750**	**8,876**

Intangible assets (2023)

2023	Software	Other	Total
Intangible assets – opening balance	340	8,750	9,090
Amortisation	-100	-500	-600
Intangible assets – closing balance	**240**	**8,250**	**8,490**
Gross carrying value	5,448	12,450	17,898
Accumulated amortisation	-5,208	-4,200	-9,408
Net carrying value	**240**	**8,250**	**8,490**

Amortisation of software and other intangible assets is included in the profit and loss account in 'Other operating expenses' and 'Intangible amortisation and other impairments' respectively.

8 Other assets

The other assets mainly comprises receivables. The other assets are valued at amortised cost.

Other assets

	2024	2023
Income tax receivable		18,245
Accrued interest and rents	55,961	53,364
Payments in advance	65,029	66,017
Cash collateral amounts paid	85,000	75,023
Current account with group companies	120,770	202,811
Other	8,020	41,346
Other assets	**334,780**	**456,806**

9 Equity

Total equity

	2024	2023
Share capital	6,807	6,807
Share premium	25,834	25,834
Accumulated revaluation investments	-299,278	-371,782
Accumulated revaluations (re)insurance contracts	432,754	508,797
Share of associates reserves	6,774	1,329
Retained earnings	1,136,463	1,162,572
Unappropriated profit	220,822	250,819
Shareholders' equity	**1,530,176**	**1,584,376**
Undated subordinated loan	130,000	130,000
Total equity	**1,660,176**	**1,714,376**

Notes to the Annual accounts continued

Share Capital

	Ordinary shares (in number)		Ordinary shares (Amounts in thousands of euros)	
	2024	2023	2024	2023
Authorised share capital	4,550,000	4,550,000	22,750	22,750
Unissued share capital	3,188,659	3,188,659	15,943	15,943
Issued share capital	**1,361,341**	**1,361,341**	**6,807**	**6,807**

Ordinary shares

All shares are in registered form. Shares may be transferred by means of a deed of transfer, subject to the approval of the General Meeting. The issued and fully paid ordinary share capital consists of 1,361,341 ordinary shares with a par value of EUR 5.00 per share.

Distributable reserves

NN Schade is subject to legal restrictions regarding the amount of dividends it can pay to its shareholders. These restrictions come from two sources: the national civil code and capital requirements from prudential supervision. Total freely distributable reserves are the minimum of freely distributable capital on the basis of solvency requirements (Eligible Own Funds in excess of the Solvency Capital Requirement) and freely distributable equity based on requirements in the Dutch civil code.

The Dutch Civil Code contains the restriction that in case of negative balances in individual reserves legally to be retained, no distributions can be made out of retained earnings to the level of these negative amounts.

Changes in Shareholders' equity (2024)

2024	Share capital	Share premium	Reserves	Total shareholders' equity
Shareholders' equity – opening balance	6,807	25,834	1,551,735	1,584,376
Total amount recognised directly in equity (other comprehensive income)			10,543	10,543
Net result for the period			220,822	220,822
Dividend			-273,000	-273,000
Coupon on undated subordinated loan			-6,452	-6,452
Other changes			-6,113	-6,113
Shareholders' equity – closing balance	**6,807**	**25,834**	**1,497,535**	**1,530,176**

NN Schade distributed in total EUR 273 million interim dividend during 2024 (2023: EUR 284 million).

Changes in Shareholders' equity (2023)

2023	Share capital	Share premium	Reserves	Total shareholders' equity
Shareholders' equity – opening balance	6,807	209,834	1,441,767	1,658,408
Total amount recognised directly in equity (other comprehensive income)			-37,792	-37,792
Net result for the period			250,819	250,819
Dividend		-184,000	-100,000	-284,000
Coupon on undated subordinated loan			-5,402	-5,402
Changes in the composition of the group and other changes		2,343		2,343
Shareholders' equity – closing balance	**6,807**	**28,177**	**1,549,392**	**1,584,376**

Changes in Share premium

	2024	2023
Share premium – opening balance	25,834	209,834
Dividend		-184,000
Share premium – closing balance	**25,834**	**25,834**

Notes to the Annual accounts continued

Changes in Accumulated revaluations investments (2024)

2024	Property revaluation reserve	Investment revaluation reserve	Cash flow hedge reserve	Total
Revaluation reserve – opening balance	-49	-371,136	-597	-371,782
Revaluations		81,333		81,297
Realised gains (losses) transferred to the profit and loss account		1,905		1,905
Realised gains (losses) transferred to retained earnings		-14,082		-14,082
Changes in cash flow hedge reserve			883	883
Other revaluations	-36	2,501		2,465
Revaluation reserve – closing balance	**-85**	**-299,479**	**286**	**-299,278**

Changes in Accumulated revaluations investments (2023)

2023	Property revaluation reserve	Investment revaluation reserve	Cash flow hedge reserve	Total
Revaluation reserve – opening balance	27	-542,024	-1,435	-543,432
Revaluations	-76	162,090		162,014
Realised gains (losses) transferred to the profit and loss account		10,315		10,315
Realised gains (losses) transferred to retained earnings		1,570		1,570
Changes in cash flow hedge reserve			838	838
Other revaluations		-3,087		-3,087
Revaluation reserve – closing balance	**-49**	**-371,136**	**-597**	**-371,782**

Changes in Accumulated revaluations (re)insurance contracts

	2024	2023
Revaluation reserve – opening balance	508,797	716,669
Changes in insurance contracts	-80,124	-215,692
Changes in reinsurance contracts	2,302	7,820
Other changes	1,779	
Revaluation reserve – closing balance	**432,754**	**508,797**

Changes in Total other reserves (2024)

2024	Retained earnings	Share of associates reserve	Unappropriated profit	Total other reserves
Other reserves – opening balance	1,162,572	1,329	250,819	1,414,720
Net result for the period			220,822	220,822
Transfers from (to) share of associates reserve	-5,445	5,445		
Transfers from (to) retained earnings	250,819		-250,819	
Dividend	-273,000			-273,000
Realised gains/losses on equity securities	14,082			14,082
Coupon on subordinated loan	-6,452			-6,452
Other changes	-6,113			-6,113
Other reserves – closing balance	**1,136,463**	**6,774**	**220,822**	**1,364,059**

Changes in Total other reserves (2023)

2023	Retained earnings	Share of associates reserve	Unappropriated profit	Total other reserves
Other reserves – opening balance	1,070,338	4,031	194,161	1,268,530
Net result for the period			250,819	250,819
Transfers from (to) share of associates reserve	2,702	-2,702		
Transfers from (to) retained earnings	194,161		-194,161	
Dividend	-100,000			-100,000
Realised gains/losses on equity securities	-1,570			-1,570
Coupon on subordinated loan	-5,402			-5,402
Other changes	2,343			2,343
Other reserves – closing balance	**1,162,572**	**1,329**	**250,819**	**1,414,720**

Notes to the Annual accounts continued

Appropriation of result

The result is appropriated pursuant to Article 21 of the Articles of Association of NN Schade, of which the relevant provisions state that the appropriation of result shall be determined by the General Meeting, on the proposal of the Management Board, as approved by the Supervisory Board. It is proposed to add the net result of EUR 220,822 thousands for the year to the retained earnings.

Undated subordinated loan

Interest rate	Year of issue	Due date	First call date	Notional amount		Balance sheet value	
				2024	2023	2024	2023
5.600%	2014	Perpetual	27 June 2024		130,000		130,000
6.660%	2024	Perpetual	27 September 2030	130,000		130,000	

In June 2014, Delta Lloyd Schadeverzekering N.V. (DL Schade) issued a subordinated loan with a nominal value of EUR 130 million with Delta Lloyd N.V. (Delta Lloyd Group). As a result of the merger between NN Group and Delta Lloyd Group during 2017 the obligations of DL Schade under this subordinated undated loan was owned by NN Group. In 2024 NN Schade repaid EUR 130 million subordinated loan with a fixed coupon of 5.600% that was first callable 27 June 2024. At the same time a new subordinated loan of EUR 130 million was issued with a fixed coupon of 6.660% with a first call date of 27 September 2030. The repayment and issuance of the undated subordinated loan during 2024 was a non cash transaction. The new undated subordinated loan may only be redeemed at the option of NN Schade (first call date on 27 September 2030). As this loan is undated and includes optional deferral of interest at the discretion of NN Schade, this is classified under IFRS-EU as equity. Coupon payments are distributed out of equity if and when paid or contractually due.

The subordinated loan is classified as Restricted Tier 1 capital.

In 2024, coupon payments on the undated subordinated loan of EUR 6,452 thousand after tax (2023: EUR 5,402 thousand after tax) have been distributed out of the retained earnings.

10 Insurance contracts

IFRS 17 allows certain accounting policy choices and requires judgment in setting certain assumptions. The most important accounting policies and assumptions that are relevant to NN Schade are set out below.

Key accounting policies

Accounting models

NN Schade applies two out of three accounting models in IFRS 17. The General Model is applied to Group/Individual income contracts. The Premium Allocation Approach is applied to the P&C contracts in NN Schade. The Variable Fee Approach is not applicable to NN Schade.

Finance result on (re)insurance contracts and ‘OCI option’

NN Schade determines per portfolio of insurance contracts whether the effect of changes in discount rates and other financial assumptions on the estimated cash flows and the risk adjustment is accounted for in other comprehensive income when using the OCI-option; if the OCI option is not used, it is accounted for in profit or loss. Amounts recognised in other comprehensive income are recycled through profit or loss so that the amount in other comprehensive income will be nil at the end of the term of the portfolio of insurance contracts. This recycling is done by accreting interest on the insurance liability through profit or loss using a locked-in discount rate at initial recognition of the contract, which is unlocked for financial assumption changes after initial recognition, if any. This interest accretion is presented in ‘Finance result on (re)insurance contracts’.

For contracts accounted for under the General Model and Premium Allocation Approach, in principle the OCI option is used.

Level of aggregation

Insurance contracts are aggregated per 'CSM group' under IFRS 17. A CSM group consists of contracts within the same portfolio, the same profitability bucket and issued in the same annual period. Contracts are in the same portfolio if these are managed together and have similar risks. Groups of contracts issued in the same annual period are referred to as an annual cohort.

Uncertainty on the settlement of the claim amount

NN Schade accounts for uncertainty on the settlement of the claim amount as part of the liability for incurred claims (for P&C contracts) or as part of the liability for remaining coverage (for Income contracts).

Generic assumptions

NN Schade applies a year-to-date approach, i.e. NN Schade changes the treatment of previous accounting estimates made when reporting over the year. Insurance-related receivables and payables are presented as part of the insurance contracts.

Notes to the Annual accounts continued

Acquisition costs
NN Schade recognises an asset for any directly attributable insurance acquisition costs incurred relating to groups of to be recognised insurance contracts or their renewals (with the exception of contracts measured under the Premium Allocation Approach with a coverage period of one year or less, where the acquisition costs are expensed immediately in the profit and loss account). The asset for incurred acquisition costs to be attributed to insurance contracts is derecognised when groups of insurance contracts to which the insurance acquisition costs are allocated, are recognised.

For all contracts under GMM and for all PAA insurance contracts with a coverage period of over one year, the amortisation of acquisition costs takes place over the premium payment period in proportion to the revenue recognised. Amortisation is adjusted when estimates of current or future profits, to be realised from a group of insurance contracts, are revised.

Transition approach
NN Schade has used the fair value transition approach for almost all Income business. In the fair value, the Cost of Capital rate in the risk adjustment is set at 6%, expenses also include non-directly attributable expenses and no Group diversification is considered. For P&C contracts, the modified retrospective transition approach has mostly been used. In the modified retrospective transition approach, NN Schade used mainly the modifications for historical cash flows, the historical release of the risk adjustment and determining groups of contracts. For the remainder, the full retrospective approach has been used.

Coverage units
Coverage units are determined based on the expected insurance contract services. The insurance contract services are determined considering the (weighted) quantity of the benefits provided from insurance services. For insurance services, the quantity of benefits can, amongst others, be based on the insurance liability using assumptions set at initial recognition or the maximum amount a policyholder might validly claim during a certain period. The total amount of coverage units for a group of insurance contracts is the probability weighted present value of the insurance contract services. Expected policies in force are used to determine the expected duration.

Premium Allocation Approach
NN Schade measures and reports the P&C contracts under the Premium Allocation Approach. When using the Premium Allocation Approach, future cash flows related to the Liability for Remaining Coverage excluding loss component (i.e. the unearned premium reserve) are not adjusted for the time value of money and the effect of financial risk as at initial recognition. It is expected that the time between providing each part of the coverage and the related premium due date is no more than one year. The loss component covers expected losses on future coverage. NN Schade adjusts future cash flows related to the liability for incurred claims for the time value of money and the effect of financial risk. Under PAA, NN Schade accounts for the acquisition costs directly in the profit and loss account when incurred, if the coverage period is no more than one year.

Key assumptions
Morbidity
Assumptions for reinstatement rates and incidence rates are most material for Income business. These assumptions are calibrated based on own experience reflecting the characteristics of the relevant portfolio. Where possible, these assumptions are age, gender and portfolio specific and in case of reinstatement rates also dependent on the duration of disability. Other assumptions can be relevant such as transition rates from partially to fully disabled, average disability percentages, use of remaining work capacity etcetera.

Loss ratios
The loss ratios are used to determine expected future claim payments resulting from unearned and future premiums. These claim ratios also form the basis for the IBN(E)R for event year for P&C contracts. For Income, claim ratios are also used for IBN(E)R of the event year and some of the prior years, especially the years still within the waiting period.

Expense assumptions
Expenses that are considered directly attributable are allocated to groups of insurance contracts, and estimates of these expected future expense cashflows are included in the insurance liability as a component of the fulfilment value. Non-attributable expenses are recognised directly in the profit and loss account when incurred. In principle, expenses that are necessary to serve the policyholder (including expenses to meet regulatory requirements as insurance company) are directly attributable whereas other expenses (i.e. corporate expenses) are not. For the projection of attributable expense to the future, expense inflation assumptions are applied. These take into account expected price inflation (derived where possible from observable market inputs), which is adjusted where necessary to take into account portfolio and business specific factors. Inflation regarding expense assumptions is considered a financial assumption if contractually or legally linked to observable market inputs and non-financial if not.

Other assumptions
Lapse assumptions are non-economic assumptions and reflect the expected policyholder behaviour. Payment patterns are calibrated in order to account for the timing of future claim payments. These assumptions are calibrated based on NN Schade’s own experience.

Notes to the Annual accounts continued

Indexation

For some Income portfolios the indexation of premiums and claims are contractually linked to an external inflation index and is therefore subject to financial risk. As a result, variance in this external inflation index is accounted for in OCI.

Discount rates

Discount rates are determined using a liquid risk-free curve to which an illiquidity premium is added. The liquid risk-free curve is only set for the EURO; in case there are other currencies, they are converted to EURO's. The illiquidity premium is derived from NN Schade's own asset portfolio, where the asset yield is adjusted for expected and unexpected credit losses.

For the Euro currency, the risk-free curve is based on the swap rate and includes a last liquid point (LLP) of 30 years and a long-term forward rate (LTFR). At 31 December 2024 the LTFR was 3.2% (2023: 3.15%).

The table below sets out the yield curves used to discount the cash flows of insurance contracts as at 31 December 2024 and 31 December 2023.

Range of yield curves

	Insurance contracts	
	2024	2023
1 year	2.95%	3.98%
5 years	2.85%	2.95%
10 years	2.97%	3.01%
20 years	2.96%	3.02%
30 years	2.71%	2.80%
40 years	2.69%	2.77%

Risk adjustment

The risk adjustment for non-financial risk is determined using the Cost of Capital methodology based on the Solvency II Partial Internal Model. The risk adjustment reflects diversification with non-market risks, with market risks within NN Schade and with other business units within NN Group. The Cost of Capital rate represents NN Schade's view on the compensation required for bearing non-financial risk; the Cost of Capital rate used in the fulfilment value of insurance liabilities is 4% (2023: 4%). Changes in the risk adjustment related to changes in estimates of financial risk are disaggregated to other comprehensive income if the OCI option is applied to the specific portfolio. The risk adjustment used by NN Schade corresponds with a range of confidence levels as set out below. In this, the implied confidence levels are determined both for a one-year and an ultimate view, gross of reinsurance, using a normal distribution to translate economic capital to confidence level.

Corresponding confidence levels risk adjustment

	2024		2023	
	1 year view	Ultimate view	1 year view	Ultimate view
Non-life	69%	63%	70%	64%

UWV Backlog

In September 2024, benefits agency UWV has published a statement that mistakes were made by UWV with the calculation of WIA benefits (benefit under the Work and Income according to Labour Capacity Act) for several years. According UWV, possibly tens of thousands of people who received this disability benefit may have received a too high or too low amount of benefit. A correction of these benefits could potentially also have an impact on NN as insurer for several of the products that are offered (WGA ERD, WGA Hiaat). NN is actively engaged in discussions on this topic with (a.o.) UWV and the Dutch Association of Insurers (Verbond van Verzekeraars) and has formed project groups within the organization to monitor all developments. In November 2024, UWV stated to re-assess 25,000 to 50,000 cases manually in order to determine mistakes that potentially were made, and to be able to propose the most appropriate solution to all parties involved. At this moment, no information is available on the amount of mistakes that were made in cases that could impact NN as an insurer. Also, any potential adverse impact for NN is dependent on the proposed solution by UWV, for which no information is available yet. Therefore, although there could be financial consequences for the Dutch insurance business of NN Group, it is not possible to reliably estimate or quantify NN's overall exposures at this time.

Rotterdamse Schaal

There is currently research ongoing related to the monetary compensation for non-material losses by policyholders. The aim of the research is to develop a scale of injuries and other cases eligible for compensation categorized by severity. The first draft of the guideline was published for consultation late 2024. Feedback from the consultation phase will be processed into the next version of the guideline which is expected in mid-2025. NN Schade has not formed any additional reserve on this due to its uncertain developments. NN Schade will closely monitor the developments.

Notes to the Annual accounts continued

Insurance contracts (2024)

2024	General Model	Premium Allocation Approach	Total
Non-life contracts for remaining coverage	3,884,310	219,153	4,103,463
Non-life contracts for incurred claims and benefits	15,968	2,176,145	2,192,113
Non-life insurance contracts	**3,900,278**	**2,395,298**	**6,295,576**
Total insurance contracts	**3,900,278**	**2,395,298**	**6,295,576**
- of which presented as assets			
- of which presented as liabilities	3,900,278	2,395,298	6,295,576
Total insurance contracts	**3,900,278**	**2,395,298**	**6,295,576**

Insurance contracts (2023)

2023	General Model	Premium Allocation Approach	Total
Non-life contracts for remaining coverage	3,660,690	205,896	3,866,586
Non-life contracts for incurred claims and benefits	130,091	2,171,743	2,301,834
Non-life insurance contracts	**3,790,781**	**2,377,639**	**6,168,420**
Total insurance contracts	**3,790,781**	**2,377,639**	**6,168,420**
- of which presented as assets			
- of which presented as liabilities	3,790,781	2,377,639	6,168,420
Total insurance contracts	**3,790,781**	**2,377,639**	**6,168,420**

Notes to the Annual accounts continued

General Model

Insurance contracts under General Model (2024)

2024	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total General Model
- opening balance presented as assets				
- opening balance presented as liabilities	3,165,443	129,843	495,495	3,790,781
Net opening balance	**3,165,443**	**129,843**	**495,495**	**3,790,781**
- insurance contracts initially recognised in the period	-93,934	11,850	82,911	827
- changes in estimates that adjust the contractual service margin	-19,381	25,480	-6,099	
- changes in estimates that do not adjust the contractual service margin	-1,849	-50		-1,899
Changes that relate to future service	**-115,164**	**37,280**	**76,812**	**-1,072**
- release to profit or loss		-24,281	-61,781	-86,062
- experience adjustments not adjusting the contractual service margin	12,173			12,173
Changes that relate to current service	**12,173**	**-24,281**	**-61,781**	**-73,889**
- changes in incurred claims and benefits previous periods	1,828			1,828
Changes that relate to past service	**1,828**			**1,828**
- finance result through profit or loss	67,726	2,270	7,396	77,392
- finance result recognised in OCI	62,963	814		63,777
Finance result on insurance contracts	**130,689**	**3,084**	**7,396**	**141,169**
- premiums received	1,132,696			1,132,696
- acquisition costs paid	-13,533			-13,533
- claims, benefits and attributable expenses paid	-1,077,702			-1,077,702
Cash flows	**41,461**			**41,461**
Other movements	-727	727		
Net closing balance	**3,235,703**	**146,653**	**517,922**	**3,900,278**
- closing balance presented as assets				
- closing balance presented as liabilities	3,235,703	146,653	517,922	3,900,278
Net closing balance	**3,235,703**	**146,653**	**517,922**	**3,900,278**

Notes to the Annual accounts continued

Insurance contracts under General Model (2023)

2023	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total General Model
- opening balance presented as assets				
- opening balance presented as liabilities	2,911,645	149,956	395,948	3,457,549
Net opening balance	**2,911,645**	**149,956**	**395,948**	**3,457,549**
- insurance contracts initially recognised in the period	-160,172	13,681	146,766	275
- changes in estimates that adjust the contractual service margin	28,331	-29,358	1,027	
- changes in estimates that do not adjust the contractual service margin	4,991	118		5,109
Changes that relate to future service	**-126,850**	**-15,559**	**147,793**	**5,384**
- release to profit or loss		-22,375	-54,642	-77,017
- experience adjustments not adjusting the contractual service margin	-11,085			-11,085
Changes that relate to current service	**-11,085**	**-22,375**	**-54,642**	**-88,102**
- changes in incurred claims and benefits previous periods	1,843			1,843
Changes that relate to past service	**1,843**			**1,843**
- finance result through profit or loss	53,091	2,698	6,397	62,186
- finance result recognised in OCI	205,234	15,093		220,327
Finance result on insurance contracts	**258,325**	**17,791**	**6,397**	**282,513**
- premiums received	1,053,160			1,053,160
- acquisition costs paid	-2,851			-2,851
- claims, benefits and attributable expenses paid	-918,668			-918,668
Cash flows	**131,641**			**131,641**
Other movements	-76	30	-1	-47
Net closing balance	**3,165,443**	**129,843**	**495,495**	**3,790,781**
- closing balance presented as assets				
- closing balance presented as liabilities	3,165,443	129,843	495,495	3,790,781
Net closing balance	**3,165,443**	**129,843**	**495,495**	**3,790,781**

Notes to the Annual accounts continued

Insurance contracts recognised in the period (2024)

2024	Onerous Insurance contracts issued	Other Insurance contracts issued	Total Insurance contracts initially recognised
Estimates of the present value of future cash inflows	**-7,009**	**-732,914**	**-739,923**
- acquisition costs	244	7,470	7,714
- claims, benefits and attributable expenses	7,236	631,039	638,275
Estimates of the present value of future cash outflows	**7,480**	**638,509**	**645,989**
Risk adjustment	356	11,494	11,850
Contractual service margin		82,911	82,911
Total insurance contracts initially recognised in the period	**827**		**827**

Insurance contracts recognised in the period (2023)

2023	Onerous Insurance contracts issued	Other Insurance contracts issued	Total Insurance contracts initially recognised
Estimates of the present value of future cash inflows	**-1,864**	**-780,246**	**-782,110**
- acquisition costs		1,364	1,364
- claims, benefits and attributable expenses	2,034	618,540	620,574
Estimates of the present value of future cash outflows	**2,034**	**619,904**	**621,938**
Risk adjustment	105	13,576	13,681
Contractual service margin		146,766	146,766
Total insurance contracts initially recognised in the period	**275**		**275**

Notes to the Annual accounts continued

Liabilities for remaining coverage and incurred claims and benefits under General Model (2024)

2024	Liability for remaining coverage		Liability for incurred claims and benefits	Total General Model
	Remaining coverage	Loss component	Estimates of the present value of future cash flows	
- opening balance presented as assets				
- opening balance presented as liabilities	3,652,819	7,871	130,091	3,790,781
Net opening balance	**3,652,819**	**7,871**	**130,091**	**3,790,781**
- release of contractual service margin	-61,781			-61,781
- release of risk adjustment	-24,254			-24,254
- expected claims and benefits	-789,901			-789,901
- expected attributable expenses	-201,197			-201,197
- recovery of acquisition costs	-2,704			-2,704
- experience adjustments for premiums relating to current or past service	-11,715			-11,715
Insurance income	**-1,091,552**			**-1,091,552**
- incurred claims and benefits			794,482	794,482
- incurred attributable expenses			221,715	221,715
- amortisation of acquisition costs	2,704			2,704
- changes in incurred claims and benefits previous periods			1,828	1,828
- (reversal of) losses on onerous contracts		-2,309		-2,309
Insurance expenses	**2,704**	**-2,309**	**1,018,025**	**1,018,420**
- finance result through profit or loss	77,218	80	94	77,392
- finance result recognised in OCI	63,846		-69	63,777
Finance result on insurance contracts	**141,064**	**80**	**25**	**141,169**
- premiums received	1,132,696			1,132,696
- acquisition costs paid	-13,533			-13,533
- claims, benefits and attributable expenses paid			-1,077,702	-1,077,702
Cash flows	**1,119,163**		**-1,077,702**	**41,461**
- other movements[1]	54,922	-452	-54,471	-1
Net closing balance	**3,879,120**	**5,190**	**15,968**	**3,900,278**
- closing balance presented as assets				
- closing balance presented as liabilities	3,879,120	5,190	15,968	3,900,278
Net closing balance	**3,879,120**	**5,190**	**15,968**	**3,900,278**

1 In the other movements a reclassification is made between the columns “Remaining coverage” and “Estimate of present value of future cash flows” of EUR 54.5 million respectively, which have its origin in 2023 related to prepaid premiums received.

Notes to the Annual accounts continued

Liabilities for remaining coverage and incurred claims and benefits under General Model (2023)

2023	Liability for remaining coverage		Liability for incurred claims and benefits	Total General Model
	Remaining coverage	Loss component	Estimates of the present value of future cash flows	
- opening balance presented as assets				
- opening balance presented as liabilities	3,382,451	5,446	69,652	3,457,549
Net opening balance	**3,382,451**	**5,446**	**69,652**	**3,457,549**
- release of contractual service margin	-54,642			-54,642
- release of risk adjustment	-22,375			-22,375
- expected claims and benefits	-784,878			-784,878
- expected attributable expenses	-187,841			-187,841
- recovery of acquisition costs	-1,107			-1,107
- experience adjustments for premiums relating to current or past service	-12,167			-12,167
Insurance income	**-1,063,010**			**-1,063,010**
- incurred claims and benefits			771,340	771,340
- incurred attributable expenses			205,916	205,916
- amortisation of acquisition costs	1,107			1,107
- changes in incurred claims and benefits previous periods			1,843	1,843
- (reversal of) losses on onerous contracts		1,907		1,907
Insurance expenses	**1,107**	**1,907**	**979,099**	**982,113**
- finance result through profit or loss	62,109	67	10	62,186
- finance result recognised in OCI	220,327			220,327
Finance result on insurance contracts	**282,436**	**67**	**10**	**282,513**
- premiums received	1,053,160			1,053,160
- acquisition costs paid	-2,851			-2,851
- claims, benefits and attributable expenses paid			-918,668	-918,668
Cash flows	**1,050,309**		**-918,668**	**131,641**
Other movements	-474	451	-2	-25
Net closing balance	**3,652,819**	**7,871**	**130,091**	**3,790,781**
- closing balance presented as assets				
- closing balance presented as liabilities	3,652,819	7,871	130,091	3,790,781
Net closing balance	**3,652,819**	**7,871**	**130,091**	**3,790,781**

Notes to the Annual accounts continued

Contractual service margin

Disaggregation of the contractual service margin by transition approach (2024)

2024	Contract issued after transition and retrospective approach	Fair value approach	Total General Model
Opening balance	154,238	341,257	495,495
- insurance contracts initially recognised in the period	82,911		82,911
- changes in estimates that adjust the contractual service margin	19,161	-25,260	-6,099
Changes that relate to future service	**102,072**	**-25,260**	**76,812**
- release to profit or loss	-29,306	-32,475	-61,781
Changes that relate to current service	**-29,306**	**-32,475**	**-61,781**
Finance result through profit or loss	**6,573**	**822**	**7,395**
Other movements			
Closing balance	**233,578**	**284,344**	**517,922**

Disaggregation of contractual service margin by transition approach (2023)

2023	Contract issued after transition and retrospective approach	Fair value approach	Total General Model
Opening balance	63,306	332,642	395,948
- insurance contracts initially recognised in the period	146,766		146,766
- changes in estimates that adjust the contractual service margin	-46,380	47,407	1,027
Changes that relate to future service	**100,386**	**47,407**	**147,793**
- release to profit or loss	-14,380	-40,262	-54,642
Changes that relate to current service	**-14,380**	**-40,262**	**-54,642**
Finance result through profit or loss	**4,926**	**1,471**	**6,397**
Other movements		-1	-1
Closing balance	**154,238**	**341,257**	**495,495**

Contractual service margin by remaining term

	2024	2023
Less than 1 year	57,669	53,966
1-2 years	47,561	45,151
2-3 years	42,708	40,511
3-4 years	39,327	38,099
4-5 years	35,521	35,778
5-9 years	106,359	105,020
Over 9 years	188,777	176,970
Total	**517,922**	**495,495**

The contractual service margin by remaining term provides the expected maturity of the balance sheet amount of the contractual service margin at year end. The actual release of the contractual service margin that will be recognised in the profit and loss account in future years will differ as the release in future years will be impacted by the future development of the contractual service margin due to new contracts sold, interest accreted and changes in estimates.

Premium Allocation Approach

Liabilities for remaining coverage and incurred claims and benefits Premium Allocation Approach (2024)

	Liability for remaining coverage		Liability for incurred claims and benefits		Total Premium Allocation Approach
2024	**Remaining coverage**	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	
- opening balance presented as assets					
- opening balance presented as liabilities	205,887	9	2,160,362	11,381	2,377,639
Net opening balance	**205,887**	**9**	**2,160,362**	**11,381**	**2,377,639**
Insurance income	**-2,671,325**				**-2,671,325**
- incurred claims and benefits			1,386,874	2,466	1,389,340
- incurred attributable expenses			883,518	3	883,521
- changes in incurred claims and benefits previous periods			63,520	-3,505	60,015
- (reversal of) losses on onerous contracts		-2			-2
Insurance expenses		**-2**	**2,333,912**	**-1,036**	**2,332,874**
- finance result through profit or loss		-2	26,085	175	26,258
- finance result recognised in OCI			43,858	340	44,198
Finance result on insurance contracts		**-2**	**69,943**	**515**	**70,456**
- premiums received	2,684,586				2,684,586
- claims, benefits and attributable expenses paid			-2,398,932		-2,398,932
Cash flows	**2,684,586**		**-2,398,932**		**285,654**
Other movements					
Net closing balance	**219,148**	**5**	**2,165,285**	**10,860**	**2,395,298**
- closing balance presented as assets					
- closing balance presented as liabilities	219,148	5	2,165,285	10,860	2,395,298
Net closing balance	**219,148**	**5**	**2,165,285**	**10,860**	**2,395,298**

Notes to the Annual accounts continued

Liabilities for remaining coverage and incurred claims and benefits Premium Allocation Approach (2023)

	Liability for remaining coverage		Liability for incurred claims and benefits		Total Premium Allocation Approach
2023	**Remaining coverage**	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	
- opening balance presented as assets					
- opening balance presented as liabilities	169,292	8,217	2,218,500	10,891	2,406,900
Net opening balance	**169,292**	**8,217**	**2,218,500**	**10,891**	**2,406,900**
Insurance income	**-2,554,636**				**-2,554,636**
- incurred claims and benefits			1,254,334	2,223	1,256,557
- incurred attributable expenses			838,010	2	838,012
- changes in incurred claims and benefits previous periods			12,184	-2,449	9,735
- (reversal of) losses on onerous contracts		-8,506			-8,506
Insurance expenses		**-8,506**	**2,104,528**	**-224**	**2,095,798**
- finance result through profit or loss		298	16,619	64	16,981
- finance result recognised in OCI			72,708	650	73,358
Finance result on insurance contracts		**298**	**89,327**	**714**	**90,339**
- premiums received	2,588,686				2,588,686
- claims, benefits and attributable expenses paid			-2,248,685		-2,248,685
Cash flows	**2,588,686**		**-2,248,685**		**340,001**
Other movements	2,545		-3,308		-763
Net closing balance	**205,887**	**9**	**2,160,362**	**11,381**	**2,377,639**
- closing balance presented as assets					
- closing balance presented as liabilities	205,887	9	2,160,362	11,381	2,377,639
Net closing balance	**205,887**	**9**	**2,160,362**	**11,381**	**2,377,639**

Notes to the Annual accounts continued

Gross claims development table

	2018	2019	2020	2021	2022	2023	2024	Accident year Total
Estimate of cumulative claims								
At the end of accident year	1,250,694	1,123,483	1,443,697	1,336,691	1,468,898	1,300,164	1,448,868	9,372,495
1 year later	1,245,992	1,231,724	1,348,900	1,326,299	1,424,397	1,416,615		7,993,927
2 years later	1,302,394	1,240,313	1,355,144	1,267,504	1,424,924			6,590,280
3 years later	1,336,166	1,249,196	1,293,257	1,271,012				5,149,631
4 years later	1,299,767	1,228,969	1,294,491					3,823,227
5 years later	1,268,437	1,226,826						2,495,262
6 years later	1,276,342							1,276,342
Estimate of cumulative claims	**1,276,342**	**1,226,826**	**1,294,491**	**1,271,012**	**1,424,924**	**1,416,615**	**1,448,868**	**9,359,078**
Cumulative payments	-1,186,884	-1,105,344	-1,146,285	-1,098,420	-1,170,271	-1,050,750	-703,176	-7,461,130
	89,458	**121,482**	**148,206**	**172,592**	**254,653**	**365,865**	**745,692**	**1,897,948**
Effect of discounting	-8,836	-12,098	-14,801	-16,645	-24,586	-34,782	-48,048	-159,796
Liabilities recognised	**80,622**	**109,384**	**133,405**	**155,947**	**230,067**	**331,083**	**697,644**	**1,738,152**
Liabilities relating to accident years prior to 2018								351,642
Risk adjustment								10,860
LIC expenses	2,890	4,036	4,877	5,612	8,319	11,855	37,902	75,491
Total liability for incurred claims and benefits (Premium Allocation Approach)								**2,176,145**

1 Uncertainty about the amount and timing of the incurred claims for contracts accounted for under the General Model is typically resolved within one year, thus these have not been included in this table.

2 NN Schade does not disclose claims development for years prior to 2018.

11 Reinsurance contracts

Accounting for reinsurance contracts held is mostly similar to the accounting for insurance contracts issued, with the following specific considerations:

- Reinsurance contracts held can be measured applying the General Model or the Premium Allocation Approach. Reinsurance contracts held cannot be onerous.
- Expected reinsurance recoveries include a provision for non-performance risk of the reinsurer. Changes in non-performance risk are accounted for in profit and loss. Non-performance risk includes insolvency risk, risks related to disputes, further negotiations and collateral losses.
- Losses on reinsured insurance contracts may be (partially) offset with a reinsurance loss-recovery component. This applies if the underlying insurance contracts are onerous upon initial recognition or if a change in estimates leads to onerous insurance contracts and the same change in estimates has an offsetting effect on the reinsurance contract held.

Reinsurance contracts held (2024)

2024	General Model	Premium Allocation Approach	Total
Non-life reinsurance contracts	9,588	131,689	141,277
Total non-life reinsurance contracts	**9,588**	**131,689**	**141,277**
-of which presented as assets	9,588	136,014	145,602
-of which presented as liabilities		4,325	4,325
Total non-life reinsurance contracts	**9,588**	**131,689**	**141,277**

Reinsurance contracts held (2023)

2023	General Model	Premium Allocation Approach	Total
Non-life reinsurance contracts	14,245	209,938	224,183
Total non-life reinsurance contracts	**14,245**	**209,938**	**224,183**
-of which presented as assets	14,245	209,938	224,183
-of which presented as liabilities			
Total non-life reinsurance contracts	**14,245**	**209,938**	**224,183**

Notes to the Annual accounts continued

Reinsurance contracts held under General Model (2024)

2024	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total General Model
- opening balance presented as assets	12,986	935	324	14,245
- opening balance presented as liabilities				
Net opening balance	**12,986**	**935**	**324**	**14,245**
- changes in estimates that adjust the contractual service margin	-268	-713	981	
- changes in estimates that do not adjust the contractual service margin	-573			-573
Changes that relate to future service	**-841**	**-713**	**981**	**-573**
- release of contractual service margin not attributed to loss recovery component			-1261	-1261
- release of contractual service margin attributed to loss recovery component			132	132
- release to profit or loss		-8		-8
- experience adjustments not adjusting the contractual service margin	-1,957			-1,957
Changes that relate to current service	**-1,957**	**-8**	**-1,129**	**-3,094**
- finance result through profit or loss	376	20	-3	393
- finance result recognised in OCI	-46	-233		-279
Finance result from reinsurance contracts	**330**	**-213**	**-3**	**114**
- reinsurance recoveries received	-8,680			-8,680
- reinsurance premiums paid	7,576			7,576
- changes in non-performance risk of reinsurer				
Cash flows	**-1,104**			**-1,104**
Other movements	-51		51	
Net closing balance	**9,363**	**1**	**224**	**9,588**
- closing balance presented as assets	9,363	1	224	9,588
- closing balance presented as liabilities				
Net closing balance	**9,363**	**1**	**224**	**9,588**

Notes to the Annual accounts continued

Reinsurance contracts held under General Model (2023)

2023	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total General Model
- opening balance presented as assets	50,056	1,810	-1,028	50,838
- opening balance presented as liabilities				
Net opening balance	**50,056**	**1,810**	**-1,028**	**50,838**
- changes in estimates that adjust the contractual service margin	475	901	-1,376	
- changes in estimates that do not adjust the contractual service margin	501			501
Changes that relate to future service	**976**	**901**	**-1,376**	**501**
- release of contractual service margin not attributed to loss recovery component			2,756	2,756
- release of contractual service margin attributed to loss recovery component			-28	-28
- release to profit or loss		-2,225		-2,225
- experience adjustments not adjusting the contractual service margin	-949			-949
Changes that relate to current service	**-949**	**-2,225**	**2,728**	**-446**
- finance result through profit or loss	705	41		746
- finance result recognised in OCI	1,479	408		1,887
Finance result from reinsurance contracts	**2,184**	**449**		**2,633**
- reinsurance recoveries received	-8,930			-8,930
- reinsurance premiums paid	-30,655			-30,655
- changes in non-performance risk of reinsurer	-18			-18
Cash flows	**-39,603**			**-39,603**
Other movements	322			322
Net closing balance	**12,986**	**935**	**324**	**14,245**
- closing balance presented as assets	12,986	935	324	14,245
- closing balance presented as liabilities				
Net closing balance	**12,986**	**935**	**324**	**14,245**

Notes to the Annual accounts continued

Assets for remaining coverage and incurred recoveries of claims (2024)

2024	Remaining coverage before loss component	Loss recovery component	Estimates of the present value of future cash flows	Total General Model
- opening balance presented as assets	13,920	325		14,245
- opening balance presented as liabilities				
Net opening balance	**13,920**	**325**		**14,245**
- release of contractual service margin to profit or loss not attributed to the loss recovery component	-1,261			-1,261
- release of contractual service margin to profit or loss attributed to the loss recovery component		132		132
- release of risk adjustment to profit or loss	-8			-8
- expected reinsurance recoveries	-10,638			-10,638
- incurred reinsurance recoveries			8,680	8,680
- recognition of and changes in loss recovery component		-573		-573
- changes in non-performance risk of reinsurer	1			1
Net reinsurance result	**-11,906**	**-441**	**8,680**	**-3,667**
- finance income from reinsurance contracts P&L	390	3		393
- finance income from reinsurance contracts OCI	-279			-279
Finance result on reinsurance contracts	**111**	**3**		**114**
- reinsurance recoveries received			-8,680	-8,680
- reinsurance premiums paid	7,576			7,576
Cash flows	**7,576**		**-8,680**	**-1,104**
Other movements	-337	337		
Net closing balance	**9,364**	**224**		**9,588**
- closing balance presented as assets	9,364	224		9,588
- closing balance presented as liabilities				
Net closing balance	**9,364**	**224**		**9,588**

Notes to the Annual accounts continued

Assets for remaining coverage and incurred recoveries of claims (2023)

2023	Remaining coverage before loss component	Loss recovery component	Estimates of the present value of future cash flows	Total General Model
- opening balance presented as assets	50,986	-148		50,838
- opening balance presented as liabilities				
Net opening balance	**50,986**	**-148**		**50,838**
- release of contractual service margin to profit or loss not attributed to the loss recovery component	2,756			2,756
- release of contractual service margin to profit or loss attributed to the loss recovery component		-28		-28
- release of risk adjustment to profit or loss	-2,225			-2,225
- expected reinsurance recoveries	-9,879			-9,879
- incurred reinsurance recoveries			8,930	8,930
- recognition of and changes in loss recovery component		501		501
- changes in non-performance risk of reinsurer	-18			-18
Net reinsurance result	**-9,366**	**473**	**8,930**	**37**
- finance income from reinsurance contracts P&L	746			746
- finance income from reinsurance contracts OCI	1,887			1,887
Finance result on reinsurance contracts	**2,633**			**2,633**
- reinsurance recoveries received			-8,930	-8,930
- reinsurance premiums paid	-30,655			-30,655
Cash flows	**-30,655**		**-8,930**	**-39,585**
Other movements	322			322
Net closing balance	**13,920**	**325**		**14,245**
- closing balance presented as assets	13,920	325		14,245
- closing balance presented as liabilities				
Net closing balance	**13,920**	**325**		**14,245**

Notes to the Annual accounts continued

Assets for remaining coverage and incurred recoveries of claims under Premium Allocation Approach (2024)

2024		Liability for incurred reinsurance recovery		
	Remaining coverage	PV future cash flows	Risk adjustment	Total Premium Allocation Approach
- opening balance presented as assets	-3,378	213,323	-7	209,938
- opening balance presented as liabilities				
Net opening balance	**-3,378**	**213,323**	**-7**	**209,938**
- allocation of reinsurance premiums	-156,141			-156,141
- incurred reinsurance recoveries		58,211	83	58,294
- changes in incurred reinsurance recoveries previous periods		14,330	389	14,719
- changes in non-performance risk of reinsurer		53		53
Net reinsurance result	**-156,141**	**72,594**	**472**	**-83,075**
- finance income from reinsurance contracts P&L		1,713	-34	1,679
- finance income from reinsurance contracts OCI		3,292	91	3,383
Finance result on reinsurance contracts		**5,005**	**57**	**5,062**
- reinsurance premiums paid	159,995			159,995
- reinsurance recoveries received		-160,230		-160,230
Cash flows	**159,995**	**-160,230**		**-235**
Other movements	2,258	-2,253	-6	
Net closing balance	**2,734**	**128,439**	**516**	**131,689**
- closing balance presented as assets	2,734	132,764	516	136,014
- closing balance presented as liabilities		4,325		4,325
Net closing balance	**2,734**	**128,439**	**516**	**131,689**

Notes to the Annual accounts continued

Assets for remaining coverage and incurred recoveries of claims under Premium Allocation Approach (2023)

2023		Liability for incurred reinsurance recovery		
	Remaining coverage	PV future cash flows	Risk adjustment	Total Premium Allocation Approach
- opening balance presented as assets	-16,080	259,780	387	244,087
- opening balance presented as liabilities				
Net opening balance	**-16,080**	**259,780**	**387**	**244,087**
- allocation of reinsurance premiums	-142,758			-142,758
- incurred reinsurance recoveries		54,430	-225	54,205
- changes in incurred reinsurance recoveries previous periods		-77,411	-381	-77,792
- changes in non-performance risk of reinsurer		-126		-126
Net reinsurance result	**-142,758**	**-23,107**	**-606**	**-166,471**
- finance income from reinsurance contracts P&L		2,370	-3	2,367
- finance income from reinsurance contracts OCI		8,440	215	8,655
Finance result on reinsurance contracts		**10,810**	**212**	**11,022**
- reinsurance recoveries received		-36,434		-36,434
- changes in the composition of the group - contracts acquired		7,420	84	7,504
- changes in the composition of the group - contracts divested	852	-8,273	-84	-7,505
- reinsurance premiums paid	154,608	3,110		157,718
Cash flows	**155,460**	**-34,177**		**121,283**
Other movements		17		17
Net closing balance	**-3,378**	**213,323**	**-7**	**209,938**
- closing balance presented as assets	-3,378	213,323	-7	209,938
- closing balance presented as liabilities				
Net closing balance	**-3,378**	**213,323**	**-7**	**209,938**

12 Subordinated debt

Subordinated debt is recognised initially at its issue proceeds (fair value of consideration received) net of transaction costs incurred. Subordinated debt is subsequently measured at amortised cost. Any difference between proceeds, net of transaction costs and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Financial liabilities include only instruments of which the terms and conditions represent a contractual obligation to pay interest and/or principal. Instruments that are similar in substance, but of which the terms and conditions do not include a contractual obligation to pay interest and principal are classified as equity.

Subordinated debt

Interest rate	Year of Issue	Due date	First call date	Notional amount		Balance sheet value	
				2024	2023	2024	2023
7.750%	2015	29 December 2025	N/A	80,000	80,000	83,099	86,104
EURIBOR plus 5.545%	2016	29 December 2026	29 June 2025	70,000	70,000	70,000	70,000
Subordinated debt				**150,000**	**150,000**	**153,099**	**156,104**

The amortisation of the subordinated debt of EUR 3,005 thousand (2023: EUR 2,898 thousand) is included in the profit and loss account under interest expenses.

The loan with a notional amount of EUR 80 million is owed to NN Group. The loan is a 10-years Solvency II Tier 2 capital subordinated loan with the possibility of interest deferral, early repayment and variation. The loan bears an interest rate of 7.750% annually. The loan with a notional amount of EUR 70 million is owed to NN Group. The loan is a 10-years Solvency II Tier 2 capital subordinated loan with the possibility of interest deferral, early repayment and variation. The loan bears an interest rate of 6-months EURIBOR plus 5.545% annually.

13 Derivatives

Derivatives are recognised at fair value. Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. NN Schade designates certain derivatives as hedges of highly probable future cash flows attributable to a recognised asset or liability or a forecast transaction (cash flow hedge), hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge), or hedges of a net investment in a foreign operation. Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

Reference is made to Note 24 'Hedge accounting' for further information on hedge accounting.

Derivatives (assets)

	2024	2023
Other non-trading derivatives	625	1,035
Derivatives (assets)	**625**	**1,035**

Derivatives (liabilities)

	2024	2023
Derivatives used in		
Cash flow hedges	5,531	2,440
Other non-trading derivatives	73,158	56,694
Derivatives (liabilities)	**78,689**	**59,134**

Other non-trading derivatives includes derivatives for which no hedge accounting is applied.

14 Other liabilities

Other liabilities

	2024	2023
Income tax payable	18,041	
Accrued interest	7,243	10,477
Costs payable	22,713	29,830
Provisions	465	5,206
Amounts to be settled	3,319	3,191
Other	3,139	2,729
Other liabilities	**54,920**	**51,433**

Changes in Provisions

	2024	2023
Provisions – opening balance	5,206	5,558
Releases		-352
Amount used	-4,741	
Provisions – closing balance	**465**	**5,206**

Provisions include reorganisation provisions, litigation provisions and other provisions. Reorganisation provisions include employee termination benefits when NN Schade is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Provisions are discounted when the effect of the time value of money is significant, using a before tax discount rate. The determination of provisions is an inherently uncertain process involving estimates regarding amounts and timing of cash flows.

Reorganisation provisions were also recognised on NN Group level for the cost of workforce reductions. The costs were charged to NN Schade, reference is made to Note 20 'Non-attributable operating expenses'.

The total provision accounted for on NN Group level for NN Schade as at 31 December 2024 is EUR 1,901 thousand (2023: EUR 5,319 thousand).

Notes to the Annual accounts continued

15 Insurance income

Insurance income (2024)

2024	Contracts issued after transition and retrospective approach	Fair value approach	Total
Release of contractual service margin	29,306	32,475	61,781
Release of risk adjustment	6,692	17,562	24,254
Expected claims and benefits	234,198	555,703	789,901
Expected attributable expenses	115,326	85,871	201,197
Recovery of acquisition costs	3,894	-1,190	2,704
Experience adjustments for premiums that relate to current or past service	9,052	2,663	11,715
Insurance income General Model	**398,468**	**693,084**	**1,091,552**
Insurance income Premium Allocation Approach			2,671,325
Total insurance income			**3,762,877**

Insurance income (2023)

2023	Contracts issued after transition and retrospective approach	Fair value approach	Total
Release of contractual service margin	14,380	40,262	54,642
Release of risk adjustment	3,934	18,441	22,375
Expected claims and benefits	175,172	609,706	784,878
Expected attributable expenses	86,148	101,693	187,841
Recovery of acquisition costs	1,107		1,107
Experience adjustments for premiums that relate to current or past service	9,680	2,487	12,167
Insurance income General Model	**290,421**	**772,589**	**1,063,010**
Insurance income Premium Allocation Approach			2,554,636
Total insurance income			**3,617,646**

16 Insurance expenses

Insurance expenses

	2024	2023
Incurred claims and benefits	794,482	771,340
Incurred attributable expenses	221,715	205,916
Amortisation of acquisition costs	2,704	1,107
Changes in incurred claims and benefits previous periods	1,828	1,843
(Reversal of) losses on onerous contracts	-2,309	1,907
Insurance expenses General Model	**1,018,420**	**982,113**
Insurance expenses Premium Allocation Approach	2,346,469	2,113,642
Total insurance expenses	**3,364,889**	**3,095,755**

(Reversal of) losses on onerous contracts General Model

	2024	2023
Losses on onerous contracts initially recognised in the period	827	275
Changes in estimates not adjusting the contractual service margin	-1,899	5,109
Release of risk adjustment attributed to the loss component	-26	-21
Expected claims and benefits attributed to the loss component	-1,112	-2,888
Expected attributable insurance expenses attributed to the loss component	-99	-568
(Reversal of) losses on onerous contracts General Model	**-2,309**	**1,907**

Notes to the Annual accounts continued

Insurance expenses Premium Allocation Approach

	2024	2023
Incurred claims and benefits	1,389,340	1,256,557
Incurred attributable expenses	883,521	838,012
Changes in incurred claims and benefits previous periods	60,015	9,735
(Reversal of) losses on onerous contracts	-2	-8,506
Other	13,595	17,844
Insurance expenses Premium Allocation Approach	**2,346,469**	**2,113,642**

(Reversal of) losses on onerous contracts Premium Allocation Approach

	2024	2023
Losses on onerous contracts initially recognised in the period		866
Changes in estimates regarding onerous contracts	-3	-4,679
Reversal of the loss component	1	-4,693
(Reversal of) losses on onerous contracts Premium Allocation Approach	**-2**	**-8,506**

17 Investment result

Investment result

	2024	2023
Interest income from investments in debt securities	97,350	93,820
Interest income from mortgage loans	39,563	39,131
Interest income from other loans	12,371	13,249
Interest income on (hedging) derivatives	1,026	1,026
Other interest income	10,600	5,697
Interest income	**160,910**	**152,923**
Dividend income on equity securities	40,462	43,177
Other investment income	433	721
Investment Income	**40,895**	**43,898**
Realised gains (losses) on Investments at cost and at fair value through other comprehensive income	-2,567	-16,432
Gains (losses) on investments at fair value through profit or loss	3,201	8,836
Gains (losses) on Investments at cost, at fair value through OCI and at fair value through profit and loss	**634**	**-7,596**
Share of result of investments in subsidiaries and associates	**-753**	**-2,702**
Impairments		-6,179
Reversal of impairments	3,544	2,185
Impairments on investments	**3,544**	**-3,994**
Result on derivatives and hedging	-50,256	32,296
Foreign currency exchange result	49,101	-26,861
Other Investment result	**-1,155**	**5,435**
Investment result	**204,075**	**187,964**

Interest income

Interest income, relating to the items not valued at fair value through profit or loss, are recognised in the profit and loss account using the effective interest method. When calculating the effective interest rate, NN Schade estimates cash flows considering all contractual terms of the financial instrument (for example prepayment options), but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset, or a group of similar financial assets is in default (Stage 3), interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income and expenses from derivatives are classified as interest income and interest expenses in the profit and loss, except for interest income and expenses on derivatives for which no hedge accounting is applied. The latter is classified in ‘Result on derivatives and hedging’, together with the changes in the (clean) fair value of these derivatives.

Dividend income on equity securities

Dividend income on equity securities includes EUR 38,494 thousand of dividend relating to equity securities at fair value through OCI held at 31 December 2024 (31 December 2023: EUR 33,937 thousand) and EUR 533 thousand of dividend relating to equity securities at fair value through OCI derecognised during 2024 (2023: EUR 1,169 thousand).

Result on derivatives and hedging

	31 December 2024	31 December 2023
Change in fair value of derivatives relating to		
– other non-trading derivatives	-50,256	32,296
Net result on non-trading derivatives	**-50,256**	**32,296**
Result on derivatives and hedging	**-50,256**	**32,296**

Included in 'Results on derivatives and hedging' are the fair value movements on non-trading derivatives accounted for at fair value through profit or loss used to economically hedge exposures, but for which no hedge accounting is applied. These financial assets hedge exposures in insurance contracts. The fair value movements on the financial assets are influenced by changes in the market conditions, such as interest rates and currency exchange rates. The change in fair value of the financial assets is largely offset by changes in insurance contracts, which are included in 'finance result' in the profit or loss account (when using the risk mitigation option) or in other comprehensive income (for contracts accounted for under the General Model when using the OCI option). Reference is made to Note 9 'Equity', Note 10 'Insurance contracts' and Note 18 'Finance result on (re)insurance contracts'.

Valuation results on derivatives are reflected in the Statement of cash flows in the section 'Result before tax', in the line item 'Adjusted for: other'.

Reference is made to Note 24 'Hedge accounting'.

18 Finance result on (re)insurance contracts

Interest income and expenses are included in the following profit and loss account lines.

Finance result on (re)insurance contracts

	31 December 2024	31 December 2023
Interest accreted	101,577	76,056
Finance result on (re)insurance contracts	**101,577**	**76,056**

Other interest expenses

	2024	2023
Interest expenses on derivatives	2,256	2,236
Other interest expenses	9,963	9,775
Other interest expenses	**12,219**	**12,011**

Total interest income and expenses

	2024	2023
Interest income	160,910	152,923
Interest expenses on insurance contracts	-101,577	-76,056
Other interest expenses	-12,219	-12,011
Total Interest income and expenses	**47,114**	**64,856**

In 2024, total interest income and total interest expenses for items not valued at fair value through profit or loss were EUR 161 million (2023: EUR 153 million) and EUR 114 million (2023: EUR 88 million) respectively.

Notes to the Annual accounts continued

19 Fee and commission result

Fees and commissions are generally recognised as the service is provided.

Fee and commission result

	2024	2023
Asset management fees	22	83
Insurance brokerage and advisory fees		1,141
Other	85	41
Fee and commission income	**107**	**1,265**
Asset management fees	9,852	16,717
Commission expenses and other	-6,547	-9,921
Fee and commission expenses	**3,305**	**6,796**
Net fee and commission result	**-3,198**	**-5,531**

20 Non-attributable operating expenses

Non-attributable operating expenses

	2024	2023
Staff expenses	313,584	313,684
Other operating expenses	928,871	861,694
Total other operating expenses	**1,242,455**	**1,175,378**
Less: which attributed to		
- incurred acquisition costs	-10,157	-9,760
- incurred insurance expenses	-1,121,498	-1,043,928
Non-attributable operating expenses	**110,800**	**121,690**

Staff expenses

	2024	2023
Salaries	195,442	189,518
Variable salaries	450	7
Pension costs	37,320	36,459
Social security costs	27,159	24,943
Share-based compensation arrangements	181	201
External staff costs	40,609	52,300
Education	4,149	2,924
Other staff costs	8,274	7,332
Staff expenses	**313,584**	**313,684**

NN Schade staff are employed by NN Personeel B.V.. NN Schade is charged for its staff expenses by NN Personeel B.V. under an intragroup outsourcing agreement. Although these costs are not paid out in the form of staff expenses by NN Schade, they have the characteristics of staff expenses, and they are therefore recognised as such. A provision for holiday entitlement and bonuses is recognised by NN Personeel B.V.. Actual costs are charged to NN Schade when accrued by NN Personeel B.V..

Notes to the Annual accounts continued

Other operating expenses

	2024	2023
Depreciation of property and equipment	605	540
Amortisation of software	260	100
Computer costs	52,818	44,032
Office expenses	2,152	11,600
Travel and accommodation expenses	1,289	1,398
Advertising and public relations	16,853	14,691
External advisory fees	17,130	12,577
Claims handling expenses	205,476	194,924
Insurance based commissions and fees	654,901	625,451
Insurance based related Investment fees	7,052	5,169
Cost of reorganisation	2,655	
Internal claim settlement costs reclassification	-32,320	-48,788
Other operating expenses	**928,871**	**861,694**

Fees of auditors

Reference is made to Note 46 ‘Fees of auditors’ in the Annual accounts of NN Group for audit fees and audit related fees. The services rendered by the auditor, in addition to the statutory audit, include audits in relation to reporting to regulators and to other external business parties.

Audit fees are included in ‘External advisory fees’ as part of the Other operating expenses.

Defined contribution plans

NN Schade is one of the sponsors of the NN Group defined contribution pension plan. The assets of all NN Group’s defined contribution plans are held in independently administered funds. Contributions are generally determined as a percentage of pay. These plans do not give rise to balance sheet provisions, other than relating to short-term timing differences included in ‘Other assets’ or ‘Other liabilities’. The expenses recognised in staff expenses by NN Schade for defined contribution plans amounts to EUR 37,320 thousand (2023: EUR 36,459 thousand).

Number of employees

	2024	2023
Average number of employees on full time equivalent basis	2,579	2,577
Number of employees	**2,579**	**2,577**

Remuneration of Executive Board, Management Board and Supervisory Board

Reference is made to Note 34 ‘Key management personnel compensation’.

Share plans

NN Group has granted shares to a number of senior executives (members of the Management Board, general managers and other officers nominated by the Management Board). The purpose of the share schemes is to attract, retain and motivate senior executives and staff.

Share awards

Share awards comprise upfront shares and deferred shares. The entitlement to the deferred shares is granted conditionally. If the participant remains in employment for an uninterrupted period between the grant date and the vesting date, the entitlement becomes unconditional. A retention period applies from the moment of vesting these awards (five years for Management Board and one year for Identified Staff).

Changes in Share awards outstanding on NN Group shares for NN Schade

	Share awards (in number)		Weighted average grant date fair value (in euros)	
	2024	2023	2024	2023
Share awards outstanding – opening balance	5,537	6,551	38.75	37.03
Granted	4,243	5,466	41.95	35.43
Vested	-5,258	-6,170	40.59	33.75
Forfeited		-310		37.03
Share awards outstanding – closing balance	**4,522**	**5,537**	**39.50**	**38.75**

In 2024, 1,747 share awards on NN Group shares (2023: 1,750) were granted to the members of the Management Board of NN Non-Life. To other employees of NN Non-Life 2,496 share awards on NN Group shares (2023: 3,716) were granted.

As at 31 December 2024 the share awards on NN Group shares consist of 4,522 (2023: 5,537) share awards relating to equity-settled share based payment arrangements and no share awards relating to cash-settled share-based payment arrangements.

The fair value of share awards granted is recognised as an expense under ‘Staff expenses’ and is allocated over the vesting period of the share awards.

As at 31 December 2024 total unrecognised compensation costs related to share awards amount to EUR 62 thousand (2023: EUR 67 thousand). These costs are expected to be recognised over a weighted average period of 1.4 years (2023: 1.3 years).

21 Taxation

NN Schade is part of the Dutch fiscal unity for corporate income tax and VAT of NN Group making it jointly and severally liable for the total tax payable by the fiscal unity. The tax receivables and payables concern the receivables from and payables to NN Group. NN Schade settles its current tax with NN Group, the branch with the Belgian Tax Authorities. Income tax on the result for the year comprises current and deferred tax. Income tax is generally recognised in the profit and loss account, but is recognised directly in equity if the tax relates to items that are recognised directly in equity.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the balance sheet. Deferred tax is determined using tax rates (and laws) applicable in the jurisdictions in which NN Schade is liable to taxation, that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are not discounted.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses carried forward where it is probable that future taxable profits will be available against which the temporary differences can be used. Unrecognised deferred tax assets are reassessed periodically and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Offsetting deferred tax assets with deferred tax liabilities is allowed as long as there is a legally enforceable right to offset current tax assets against current tax liabilities together with the intention to do so and the deferred taxes relate to income taxes levied by the same taxation authority on the same entity or on the same fiscal unity.

In 2024 NN Group, as head of the fiscal unity, agreed with the Dutch Tax Authorities that the tax valuation for the insurance contracts of NN Schade will be based on IFRS 17.

Pillar Two Model Rules

NN Schade is subject to the requirements of the International Tax Reform – Pillar Two Model Rules since these have become effective. NN Schade assessed the Pillar Two minimum taxation requirements applicable to most of its operations. There is no significant impact in any of the jurisdictions in which it operates and no impact on the effective tax rate. NN Schade has applied a temporary mandatory relief from the deferred tax for the impact of top-up tax and will account for it as current tax when incurred.

Notes to the Annual accounts continued

Deferred tax (2024)

	Net liability 2023	Changes through equity	Changes through net result	Changes in the composition of the group and other changes	Net liability 2024
Investments	-120,524	21,179	6,305	7,523[1]	-85,517
Insurance contracts	179,985	-27,050	-1,514		151,421
Cash flow hedges	-207	307			100
Fiscal reserves	10,320		-10,320		
Unused tax losses carried forward			-5,134		-5,134
Other	12,458	-2,244	1,124	-7,523[1]	3,815
Net deferred tax liability (asset)	**82,032**	**-7,808**	**-9,539**		**64,685**
Presented in the balance sheet as					
Deferred tax liabilities	82,032				67,003
Deferred tax assets					(2,318)
Net deferred tax liability (asset)	**82,032**				**64,685**

1 In 2024 adjustments on intercompany transactions with NN Bank for 7.5m are reclassed between categories other and investments.

Deferred tax (2023)

	Net liability 2022	Changes through equity	Changes through net result	Changes in the composition of the group and other changes	Net liability 2023
Investments	-184,655	70,081	-6,072	122	-120,524
Insurance contracts	235,294	-73,080	17,912	-141	179,985
Cash flow hedges	-499	292			-207
Fiscal reserves			10,320		10,320
Other	76,413	-1,905	-61,946	-104	12,458
Net deferred tax liability (asset)	**126,553**	**-4,612**	**-39,786**	**-123**	**82,032**
Presented in the balance sheet as					
Deferred tax liabilities	126,553				82,032
Deferred tax assets					
Net deferred tax liability (asset)	**126,553**				**82,032**

Taxation on result

	2024	2023
Current tax	81,000	114,272
Deferred tax	-9,539	-39,786
Taxation on result	**71,461**	**74,486**

Reconciliation of the weighted average statutory tax rate to NN Schade's effective tax rate

	2024	2023
Result before tax	292,283	325,305
Weighted average statutory tax rate	25.80%	25.80%
Weighted average statutory tax amount	**75,409**	**83,929**
Participation exemption	-7,205	-7,918
Other income not subject to tax	2,401	-4,203
Expenses not deductible for tax purposes	47	52
Adjustments to prior periods	809	2,626
Effective tax amount	**71,461**	**74,486**
Effective tax rate	**24.45%**	**22.90%**

In 2024, the effective tax rate of 24.45% (2023: 22.90%) was lower than the weighted average statutory tax rate of 25.8% (2023: 25.8%). This was mainly a result of tax exempt results of associates and participations.

Taxation on components of other comprehensive income

	2024	2023
Finance result on (re)insurance contracts recognised in OCI	-27,050	73,080
Revaluations on property in own use		26
Revaluations debt securities and loans at fair value through OCI	21,545	-70,781
Revaluations equity securities at fair value through OCI	-366	700
Changes in cash flow hedge reserve	307	-292
Other changes	-2,244	1,879
Income tax	**-7,808**	**4,612**

22 Fair value of financial assets and liabilities

The following table presents the estimated fair value of NN Schade's financial assets and liabilities. Certain balance sheet items are not included in the table, as they do not meet the definition of a financial asset or liability or are (re)insurance contracts. The aggregation of the fair value presented below does not represent and should not be construed as representing, the underlying value of NN Schade.

Fair value of financial assets and liabilities

	Estimated fair value		Balance sheet value	
	2024	2023	2024	2023
Financial assets				
Cash and cash equivalents	9,697	7,390	9,697	7,390
Investments at fair value through other comprehensive income	7,578,750	7,300,891	7,578,750	7,300,891
Investments at fair value through profit or loss	181,207	178,196	181,207	178,196
Derivatives	625	1,035	625	1,035
Financial assets	**7,770,279**	**7,487,512**	**7,770,279**	**7,487,512**
Financial liabilities				
Subordinated debt	148,765	146,804	153,099	156,104
Derivatives	78,689	59,134	78,689	59,134
Financial liabilities	**227,454**	**205,938**	**231,788**	**215,238**

The estimated fair value represents the price at which an orderly transaction to sell the financial asset or to transfer the financial liability would take place between market participants at the balance sheet date (exit price).

The fair value of financial assets and liabilities is based on unadjusted quoted market prices at the balance sheet date where available. Such quoted market prices are primarily obtained from exchange prices for listed instruments. Where an exchange price is not available, market prices may be obtained from external market vendors, brokers or market makers. In general, positions are valued taking the bid price for a long position and the offer price for a short position and financial liabilities. In some cases, positions are marked at mid-market prices. When markets are less liquid there may be a range of prices for the same security from different price sources; selecting the most appropriate price requires judgement and could result in different estimates of the fair value.

For certain financial assets and liabilities quoted market prices are not available, for example for financial instruments that are not traded in an active market. An active market for the financial instrument is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Assessing whether a market is active requires judgement, considering factors specific to the financial instrument.

For these financial assets and liabilities, fair value is determined using valuation techniques, based on market conditions existing at each balance sheet date. These valuation techniques range from discounting of cash flows to valuation models, where relevant pricing factors including the market price of underlying reference instruments, market parameters (volatilities, correlations and credit ratings) and customer behaviour are taken into account.

Valuation techniques are subjective in nature and significant judgement is involved in establishing the fair value for certain financial assets and liabilities. Valuation techniques involve various assumptions regarding pricing factors. The use of different valuation techniques and assumptions could produce significantly different estimates of the fair value.

The following methods and assumptions were used by NN Schade to estimate the fair value of the financial instruments:

Investments at fair value through other comprehensive income or through profit or loss

Derivatives

Derivative contracts can either be exchange-traded or over the counter (OTC). The fair value of exchange-traded derivatives is determined using quoted market prices in an active market and those derivatives are classified in Level 1 of the fair value hierarchy. For those instruments that are not actively traded, the fair value is estimated based on valuation techniques.

Notes to the Annual accounts continued

OTC derivatives and derivatives trading in an inactive market are valued using valuation techniques because quoted market prices in an active market are not available for such instruments. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instruments. The principal techniques used to value these instruments are based on discounted cash flows, Black-Scholes option models and Monte Carlo simulation. These valuation models calculate the present value of expected future cash flows, based on 'no arbitrage' principles. These models are commonly used in the financial industry. Inputs to valuation models are determined from observable market data where possible. Certain inputs may not be observable in the market directly, but can be determined from observable prices via valuation model calibration procedures. The inputs used include prices available from exchanges, dealers, brokers or providers of pricing, yield curves, credit spreads, default rates, recovery rates, dividend rates, volatility of underlying interest rates, equity prices and foreign currency exchange rates. These inputs are determined with reference to quoted prices, recently executed trades, independent market quotes and consensus data, where available.

Equity securities

The fair value of publicly traded equity securities is determined using quoted market prices when available. Where no quoted market prices are available, fair value is determined based on quoted prices for similar instruments or other valuation techniques. The fair value of private equity is based on quoted market prices, if available. In the absence of quoted prices in an active market, fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile, prospects, price, earnings comparisons and revenue multiples and by reference to market valuations for similar entities quoted in an active market.

Debt securities

The fair value for debt securities is based on quoted market prices, where available. Quoted market prices may be obtained from an exchange, dealer, broker, industry group, pricing service or regulatory service. If quoted prices in an active market are not available, fair value is based on an analysis of available market inputs, which may include values obtained from one or more pricing services or by a valuation technique that discounts expected future cash flows using market interest rate curves, referenced credit spreads, maturity of the investment and estimated prepayment rates where applicable.

Loans

For loans and advances that are repriced frequently and have had no significant changes in credit risk, carrying values represent a reasonable estimate of fair value. The fair value of other loans is estimated by discounting expected future cash flows using a discount rate that reflects credit risk, liquidity and other current market conditions.

The fair value of mortgage loans is estimated by discounting the cash flows on a loan part-by-loan part basis taking into account the characteristics of the loans by applying a market discount rate. The valuation method takes into account the type of mortgage, remaining period until interest reset date, credit quality (NHG, LTV buckets), prepayment and product-specific characteristics.

Loans with similar characteristics are aggregated for calculation purposes.

Financial assets and liabilities at fair value

The fair value of the financial instruments carried at fair value was determined as follows:

Methods applied in determining the fair value of financial assets and liabilities at fair value (2024)

2024	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives		625		625
Investments at fair value through OCI	2,514,231	1,905,775	3,158,744	7,578,750
Investments at fair value through profit or loss	180,200	1,007		181,207
Financial assets	**2,694,431**	**1,907,407**	**3,158,744**	**7,760,582**
Financial liabilities				
Derivatives		78,689		78,689
Financial liabilities		**78,689**		**78,689**

Methods applied in determining the fair value of financial assets and liabilities at fair value (2023)

2023	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives		1,035		1,035
Investments at fair value through OCI	1,864,702	2,564,843	2,871,346	7,300,891
Investments at fair value through profit or loss	176,598	1,598		178,196
Financial assets	**2,041,300**	**2,567,476**	**2,871,346**	**7,480,122**
Financial liabilities				
Derivatives		59,134		59,134
Financial liabilities		**59,134**		**59,134**

NN Schade has categorised its financial instruments that are either measured in the balance sheet at fair value or for which the fair value is disclosed, into a three level hierarchy based on the priority of the inputs to the valuation. The fair value hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to valuation techniques supported by unobservable inputs. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide reliable pricing information on an ongoing basis.

The fair value hierarchy consists of three levels, depending on whether the fair value is determined based on (unadjusted) quoted prices in an active market (Level 1), valuation techniques with observable inputs (Level 2) or valuation techniques that incorporate inputs which are unobservable and which have a more than insignificant impact on the fair value of the instrument (Level 3). Financial assets in Level 3 include, for example, illiquid debt securities, complex OTC and credit derivatives, certain complex loans (for which current market information about similar assets to use as observable, corroborated data for all significant inputs into a valuation model is not available), mortgage loans and consumer lending, private equity securities and investments in real estate funds.

Observable inputs reflect market data obtained from independent sources. Unobservable inputs are inputs which are based on NN Schade's own assumptions about the factors that market participants would use in pricing an asset or liability, developed based on the best information available in the circumstances. Unobservable inputs may include volatility, correlation, spreads to discount rates, default rates and recovery rates, prepayment rates and certain credit spreads. Transfers into and transfers out of levels in the fair value hierarchy are recognised on the date of the event or change of circumstances that caused the transfer.

Level 1 – (Unadjusted) Quoted prices in active markets

This category includes financial instruments whose fair value is determined directly by reference to published quotes in an active market that NN Schade can access. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions with sufficient frequency and volume to provide reliable pricing information on an ongoing basis.

Level 2 – Valuation technique supported by observable inputs

This category includes financial instruments whose fair value is determined using a valuation technique (e.g. a model), where inputs in the model are taken from an active market or are observable. If certain inputs in the model are unobservable the instrument is still classified in this category, provided that the impact of those unobservable inputs elements on the overall valuation is insignificant. Included in this category are items whose value is derived from quoted prices of similar instruments, but for which the prices are modified based on other market observable external data and items whose value is derived from quoted prices but for which there was insufficient evidence of an active market.

Level 3 – Valuation technique supported by unobservable inputs

This category includes financial instruments whose fair value is determined using a valuation technique (e.g. a model) for which more than an insignificant part of the inputs in terms of the overall valuation are not market observable. This category also includes financial assets and liabilities whose fair value is determined by reference to price quotes but for which the market is considered inactive. An instrument is classified in its entirety as Level 3 if a significant portion of the instrument's fair value is driven by unobservable inputs. Unobservable in this context means that there is little or no current market data available from which the price at which an orderly transaction would likely occur can be derived.

Notes to the Annual accounts continued

Changes in Level 3 financial assets

	Investments at fair value through other comprehensive income	
	2024	2023
Level 3 Financial assets – opening balance	2,871,346	2,711,459
Amounts recognised in the profit and loss account	-4,139	16,510
Revaluations recognised in other comprehensive income (equity)	73,844	136,884
Purchase	393,420	135,241
Sale	-8,750	-227
Maturity/settlement	-167,083	-127,485
Other transfers and reclassifications	-1,212	30
Changes in the composition of the group		-1,095
Foreign currency exchange differences	1,318	29
Level 3 Financial assets – closing balance	**3,158,744**	**2,871,346**

Level 3 Financial assets at fair value

Financial assets measured at fair value in the balance sheet as at 31 December 2024 of EUR 7,761 million (2023: EUR 7,480 million) include an amount of EUR 3,159 million (41%) that is classified as Level 3 (2023: EUR 2,871 million (38%)). Changes in Level 3 are disclosed above in the table ‘Level 3 Financial assets’.

Financial assets in Level 3 include both assets for which the fair value was determined using valuation techniques that incorporate unobservable inputs and assets for which the fair value was determined using quoted prices, but for which the market was not actively trading at or around the balance sheet date. Unobservable inputs are inputs which are based on NN Schade’s own assumptions about the factors that market participants would use in pricing an asset, developed based on the best information available in the circumstances. Unobservable inputs may include volatility, correlation, spreads to discount rates, default rates and recovery rates, prepayment rates and certain credit spreads. Fair values that are determined using valuation techniques using unobservable inputs are sensitive to the inputs used. Fair values that are determined using quoted prices are not sensitive to unobservable inputs, as the valuation is based on unadjusted external price quotes. These are classified in Level 3 as a result of the illiquidity in the relevant market, but are not significantly sensitive to NN Schade’s own unobservable inputs.

Unrealised gains and losses that relate to ‘Level 3 Financial assets’ are included in the profit and loss account as follows:

- Those relating to Investments at fair value through profit or loss are included in ‘Gains (losses) on Investments at fair value through profit or loss’

Investments at fair value through other comprehensive income

The investments at fair value through other comprehensive income classified as ‘Level 3 Financial assets’ amounted EUR 3,159 million as at 31 December 2024 (2023: EUR 2,871 million) mainly consists of investments in debt securities and shares in real estate investment funds and private equity investment funds of which the fair value is determined using (unadjusted) quoted prices in inactive markets for the instruments or quoted prices obtained from the asset managers of the funds. It is estimated that a 10% change in valuation of these investments would have no significant impact on net result but would increase or reduce shareholders’ equity by EUR 316 million (2023: EUR 287 million), being approximately 18,24% (before tax) (2023: 16.05% (before tax)), of total equity.

Level 2 Financial liabilities at fair value

Derivatives

The total amount of financial liabilities classified as Level 2 at 31 December 2024 of EUR 78,689 thousand (2023: EUR 59,134 thousand) relates to derivative positions.

Financial assets and liabilities at cost

The fair value of the financial instruments carried at cost in the balance sheet (where fair value is disclosed) was determined as follows:

Cash and cash equivalents

Cash and cash equivalents are recognised at their nominal value which approximates the fair value.

Subordinated debt

The fair value of subordinated debt is estimated using discounted cash flows based on interest rates and credit spreads that apply to similar instruments.

Methods applied in determining the fair value of financial assets and liabilities at amortised cost (2024)

2024	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	9,697			9,697
Financial assets	**9,697**			**9,697**
Financial liabilities				
Subordinated debt		148,765		148,765
Financial liabilities		**148,765**		**148,765**

Methods applied in determining the fair value of financial assets and liabilities at amortised cost (2023)

2023	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	7,390			7,390
Financial assets	**7,390**			**7,390**
Financial liabilities				
Subordinated debt		146,804		146,804
Financial liabilities		**146,804**		**146,804**

23 Fair value of non-financial assets

The following table presents the estimated fair value of NN Schade's non-financial assets that are measured at fair value in the balance sheet. Reference is made to Note 6 'Property and equipment' for the methods and assumptions used by NN Schade to estimate the fair value of the non-financial assets.

Fair value of non-financial assets

	Estimated fair value		Balance sheet value	
	2024	2023	2024	2023
Property in own use	6,310	6,410	6,310	6,410
Fair value of non-financial assets	**6,310**	**6,410**	**6,310**	**6,410**

The fair value of the non-financial assets were determined as follows:

Methods applied in determining the fair value of non-financial assets at fair value (2024)

2024	Level 1	Level 2	Level 3	Total
Property in own use			6,310	6,310
Non-financial assets			**6,310**	**6,310**

Methods applied in determining the fair value of non-financial assets at fair value (2023)

2023	Level 1	Level 2	Level 3	Total
Property in own use			6,410	6,410
Non-financial assets			**6,410**	**6,410**

Changes in Level 3 non-financial assets

	Property in own use	
	2024	2023
Level 3 non-financial assets – opening balance	6,410	6,612
Amounts recognised in the profit and loss account during the year	-100	-100
Revaluation recognised in equity during the year		-102
Level 3 non-financial assets – closing balance	**6,310**	**6,410**

Level 3 – Amounts recognised in the profit and loss account during the year on non-financial assets (2024)

2024	Held at balance sheet date	Derecognised during the year	Total
Property in own use		-100	-100
Level 3 Amounts recognised in the profit and loss account during the year on non-financial assets		**-100**	**-100**

Level 3 – Amounts recognised in the profit and loss account during the year on non-financial assets (2023)

2023	Held at balance sheet date	Derecognised during the year	Total
Property in own use		-100	-100
Level 3 Amounts recognised in the profit and loss account during the year on non-financial assets		**-100**	**-100**

24 Hedge accounting

Use of derivatives and hedge accounting

NN Schade uses derivatives for effective portfolio management and the management of its asset and liability portfolios. The objective of economic hedging is to enter into positions with an opposite risk profile to an identified exposure to reduce that exposure.

The accounting treatment of hedge transactions varies according to the nature of the instrument hedged and whether the hedge qualifies under the IFRS-EU hedge accounting rules. Derivatives that qualify for hedge accounting under IFRS-EU are classified and reported in accordance with the nature of the hedged item hedged and the type of IFRS-EU hedge model that is applicable. The model applicable under IFRS-EU is cash flow hedge accounting.

To qualify for hedge accounting under IFRS-EU, strict criteria must be met. Certain hedges that are economically effective from a risk management perspective do not qualify for hedge accounting under IFRS-EU. The fair value changes of derivatives relating to such non-qualifying hedges are taken to the profit and loss account. If hedge accounting is applied under IFRS-EU, it is possible that during the hedge a hedge relationship no longer qualifies for hedge accounting and hedge accounting cannot be continued, even if the hedge remains economically effective. As a result, the volatility arising from undertaking economic hedging in the profit and loss account may be higher than would be expected from an economic point of view.

At the inception of the hedge transaction NN Schade documents the relationship between hedging instruments and hedged items, its risk management objectives, together with the methods selected to assess hedge effectiveness. In addition, NN Schade documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of the hedged items.

With respect to exchange rate and interest rate derivative contracts, the notional or contractual amount of these instruments is indicative of the nominal value of transactions outstanding at the balance sheet date; however they do not represent amounts at risk.

Cash flow hedge accounting

NN Schade’s hedge accounting consists mainly of cash flow hedge accounting. NN Schade’s cash flow hedges principally consist of (forward) interest rate swaps and cross-currency interest rate swaps that are used to protect against its exposure to variability in future interest cash flows on assets and liabilities that bear interest at variable rates or are expected to be refunded or reinvested in the future. The amounts and timing of future cash flows, representing both principal and interest flows, are projected for each portfolio of financial assets and liabilities, based on contractual terms and other relevant factors including estimates of prepayments and defaults.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income (equity) in ‘Cash flow hedge reserve’. Interest income and expenses on these derivatives are recognised in the profit and loss account consistent with the manner in which the forecast cash flows affect Net result. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account. Amounts accumulated in equity are recycled to the profit and loss account in the periods in which the hedged item affects Net result.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss previously reported in equity is transferred immediately to the profit and loss account.

For the year ended 31 December 2024, NN Schade recognised EUR 1,190 thousand (2023: EUR 1,129 thousand) in equity as effective fair value changes on derivatives under cash flow hedge accounting. The balance of the cash flow hedge reserve in equity as at 31 December 2024 is EUR 386 thousand positive (2023: EUR 804 thousand negative) gross and EUR 286 thousand positive (2023: EUR 597 thousand negative) after deferred tax. This cash flow hedge reserve will fluctuate with the fair value of the underlying derivatives and will be reflected in the profit and loss account under Interest income/expenses over the remaining term of the underlying hedged items.

The cash flow hedge reserve relates to a number of derivatives and hedged items with varying maturities up to 9 years with the largest concentrations in the range 1 year to 9 years. Accounting ineffectiveness on derivatives designated under cash flow hedge accounting resulted in EUR nil income/loss (2023: EUR nil income/loss) which was recognised in the profit and loss account.

Notes to the Annual accounts continued

As at 31 December 2024, the fair value of outstanding derivatives designated under cash flow hedge accounting was EUR -5,531 (2023: -2,440), presented in the balance sheet as EUR nihil (2023: EUR nihil) positive fair value under assets and EUR 5,531 thousand (2023: EUR 2,440 thousand) negative fair value under liabilities.

As at 31 December 2024 and 2023, there were no non-derivatives designated as hedging instruments for cash flow hedge accounting purposes. Included in ‘Interest income and Interest expenses on non-trading derivatives’ is EUR 1,026 thousand (2023: EUR 1,026 thousand) and EUR 2,256 thousand (2023: EUR 2,236 thousand), respectively, relating to derivatives used in cash flow hedges.

25 Assets by contractual maturity

Amounts presented in these tables by contractual maturity are the amounts as presented in the balance sheet.

Assets by contractual maturity (2024)

2024	Less than 1 month[1]	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity not applicable	Adjustments	Total
Cash and cash equivalents	9,697							9,697
Investments at fair value through OCI	257,480	55,759	153,926	1,969,978	5,141,607			7,578,750
Investments at fair value through profit or loss	180,310		602	295				181,207
Derivatives				545	80			625
Reinsurance contracts	6,566	-21,667	37,174	76,602	72,792		-25,865	145,602
Intangible assets	40	205	736	2,645	5,250			8,876
Deferred tax assets	-342	18	-945	4,142	-555			2,318
Other assets	3,843	5,574	278,578	15,738	31,047			334,780
Remaining assets (for which maturities are not applicable)[2]						51,933		51,933
Total assets	**457,594**	**39,889**	**470,071**	**2,069,945**	**5,250,221**	**51,933**	**-25,865**	**8,313,788**

1 Includes assets on demand.

2 Included in remaining assets for which maturities are not applicable. Due to their nature remaining assets consist mainly of assets expected to be recovered after more than 12 months.

Assets by contractual maturity (2023)

2023	Less than 1 month[1]	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity not applicable	Adjustments	Total
Cash and cash equivalents	7,390							7,390
Investments at fair value through OCI	351,749	106,978	290,330	1,647,931	4,903,903			7,300,891
Investments at fair value through profit or loss	172,333		1,090	4,773				178,196
Derivatives		1,035						1,035
Reinsurance contracts	10,789	33,043	42,149	99,527	64,810		-26,135	224,183
Intangible assets	8	142	450	2,141	5,749			8,490
Other assets	2,818	76,924	307,283	34,193	35,588			456,806
Remaining assets (for which maturities are not applicable)[2]						54,508		54,508
Total assets	**545,087**	**218,122**	**641,302**	**1,788,565**	**5,010,050**	**54,508**	**-26,135**	**8,231,499**

1 Includes assets on demand.

2 Included in remaining assets for which maturities are not applicable. Due to their nature remaining assets consist mainly of assets expected to be recovered after more than 12 months.

Expected maturity of reinsurance contracts

The table below provides the expected maturity of the cash flows, risk adjustment and contractual service margin remaining at the end of the reporting period. The maturity is based on contractual, undiscounted cash flows.

Notes to the Annual accounts continued

Expected maturity of reinsurance contracts (2024)

2024	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total General Model	Total Premium Allocation Approach	Total reinsurance assets	Total reinsurance liabilities
Less than 1 month	-2,516	1	219	-2,296	8,636	6,566	226
1-3 months	-33,289			-33,289	11,203	-21,667	419
3-12 months	4,047			4,047	31,692	37,174	1,435
1-2 years	2,787			2,787	24,437	28,349	1,125
2-3 years	2,820			2,820	16,968	20,396	608
3-4 years	2,922			2,922	12,471	15,721	328
4-5 years	2,920			2,920	9,039	12,136	177
5-9 years	16,236			16,236	18,462	34,889	191
Over 9 years	27,511			27,511	10,374	37,903	18
Adjustments[1]	-14,075		5	-14,070	-11,593	-25,865	-202
Total	**9,363**	**1**	**224**	**9,588**	**131,689**	**145,602**	**4,325**

1 The adjustments reconciles the contractual undiscounted cash flow on reinsurance contracts to the balance sheet values. The adjustments mainly relate to the impact of discounting and other adjustments not include in cash flow models (i.e. receivables/payables, immaterial out of model adjustments/ unmodelled portfolios).

Expected maturity of reinsurance contracts (2023)

2023	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total General Model	Total Premium Allocation Approach	Total reinsurance assets	Total reinsurance liabilities
Less than 1 month	-2,502	-150	690	-1,962	12,751	10,789	
1-3 months	-34,401	137	-5	-34,269	67,312	33,043	
3-12 months	5,859	972	-22	6,809	35,340	42,149	
1-2 years	7,612			7,612	31,566	39,178	
2-3 years	5,553			5,553	21,432	26,985	
3-4 years	4,671			4,671	14,538	19,209	
4-5 years	3,989			3,989	10,166	14,155	
5-9 years	12,128			12,128	19,961	32,089	
Over 9 years	22,061	1		22,062	10,659	32,721	
Adjustments[1]	-11,984	-25	-339	-12,348	-13,787	-26,135	
Total	**12,986**	**935**	**324**	**14,245**	**209,938**	**224,183**	**0**

1 The adjustments reconciles the contractual undiscounted cash flow on reinsurance contracts to the balance sheet values. The adjustments mainly relate to the impact of discounting and other adjustments not include in cash flow models (i.e. receivables/payables, immaterial out of model adjustments/ unmodelled portfolios).

26 Liabilities by maturity

The tables below include all financial liabilities and insurance contracts by maturity based on contractual, undiscounted cash flows. Furthermore, the undiscounted future coupon interest on financial liabilities payable is included in a separate line and in the relevant maturity bucket. Derivative liabilities are included on a net basis if cash flows are settled net. For other derivative liabilities the contractual gross cash flow payable is included. Reference is made to Note 10 'Insurance contracts' for a further breakdown of the maturity of insurance contracts.

Reference is made to the Liquidity Risk paragraph in Note 36 'Risk management' for a description on how liquidity risk is managed.

Notes to the Annual accounts continued

Liabilities by maturity (2024)

2024	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity not applicable	Adjustment[1]	Total
Insurance contracts	-164,878	522,750	1,044,727	2,320,861	4,013,548		-1,441,432	6,295,576
Reinsurance contracts	226	419	1,435	2,238	209		-202	4,325
Subordinated debt[2]			83,099	70,000				153,099
Derivatives	2,886	5,096	38,714	444,036	445,429		-857,472	78,689
Deferred tax liabilities	-1,550	10,296	17,213	9,306	-1,611	33,349		67,003
Other liabilities	1,597	20,440	8,069	163	4,045	20,606		54,920
Total liabilities	**-161,719**	**559,001**	**1,193,257**	**2,846,604**	**4,461,620**	**53,955**	**-2,299,106**	**6,653,612**

1 This column reconciles the contractual undiscounted cash flow on financial liabilities to the balance sheet values. The adjustments mainly relate to valuation differences, the impact of discounting and, for derivatives, to the fact that the contractual cash flows are presented on a gross basis (unless the cash flows are actually settled net).
2 Subordinated debt maturities are presented based on the first call date. For the legal date of maturity reference is made to Note 12 'Subordinated debt'.

Liabilities by maturity (2023)

2023	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity not applicable	Adjustment[1]	Total
Insurance contracts	-182,722	505,989	1,023,207	2,271,757	3,895,150		-1,344,961	6,168,420
Subordinated debt[2]				156,104				156,104
Derivatives	2,711	4,233	22,008	328,093	570,231		-868,142	59,134
Deferred tax liabilities		10,377	20,787	30,817		35,725	-15,674	82,032
Other liabilities	982	354	1,003	4,903	14,605	29,586		51,433
Total liabilities	**-179,029**	**520,953**	**1,067,005**	**2,791,674**	**4,479,986**	**65,311**	**-2,228,777**	**6,517,123**

1 This column reconciles the contractual undiscounted cash flow on financial liabilities to the balance sheet values. The adjustments mainly relate to the impact of discounting and, for derivatives, to the fact that the contractual cash flows are presented on a gross basis (unless the cash flows are actually settled net).
2 Subordinated debt maturities are presented based on the first call date. For the legal date of maturity reference is made to Note 12 'Subordinated debt'.

Expected maturity of insurance contracts

The table below provides the expected maturity of the cash flows, risk adjustment and contractual service margin remaining at the end of the reporting period. The maturity is based on contractual, undiscounted cash flows.

Expected maturity of insurance contracts (2024)

2024	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total General Model	Total Premium Allocation Approach	Total insurance liabilities
Less than 1 month	-369,880	1,961	5,308	-362,611	197,733	-164,878
1-3 months	279,468	3,828	10,312	293,608	229,142	522,750
3-12 months	402,737	16,104	42,049	460,890	583,837	1,044,727
1-2 years	238,167	19,301	47,561	305,029	384,217	689,246
2-3 years	299,114	16,713	42,708	358,535	289,387	647,922
3-4 years	267,582	14,459	39,327	321,368	217,774	539,142
4-5 years	234,945	12,532	35,521	282,998	161,553	444,551
5-9 years	750,158	38,192	106,359	894,709	340,996	1,235,705
Over 9 years	2,337,644	54,996	188,777	2,581,417	196,426	2,777,843
Adjustments[1]	-1,204,232	-31,433		-1,235,665	-205,767	-1,441,432
Total	**3,235,703**	**146,653**	**517,922**	**3,900,278**	**2,395,298**	**6,295,576**

1 The adjustments reconciles the contractual undiscounted cash flow on insurance contracts to the balance sheet values. The adjustments mainly relate to the impact of discounting and other adjustments not include in cash flow models (immaterial out of model adjustments/ unmodelled portfolios).

Notes to the Annual accounts continued

Expected maturity of insurance contracts (2023)

2023	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total General Model	Total Premium Allocation Approach	Total insurance liabilities
Less than 1 month	-371,292	1,442	5,041	-364,809	182,087	-182,722
1-3 months	288,572	3,379	9,475	301,426	204,563	505,989
3-12 months	390,429	14,597	39,450	444,476	578,731	1,023,207
1-2 years	227,299	17,458	45,151	289,908	388,067	677,975
2-3 years	292,515	15,333	40,511	348,359	280,625	628,984
3-4 years	268,241	13,091	38,099	319,431	205,243	524,674
4-5 years	242,678	11,240	35,778	289,696	150,428	440,124
5-9 years	738,496	33,474	105,020	876,990	316,971	1,193,961
Over 9 years	2,290,378	50,054	176,970	2,517,402	183,787	2,701,189
Adjustments[1]	-1,201,873	-30,225		-1,232,098	-112,863	-1,344,961
Total	**3,165,443**	**129,843**	**495,495**	**3,790,781**	**2,377,639**	**6,168,420**

1 The adjustments reconciles the contractual undiscounted cash flow on insurance contracts to the balance sheet values. The adjustments mainly relate to the impact of discounting and other adjustments not include in cash flow models (immaterial out of model adjustments/ unmodelled portfolios).

27 Assets not freely disposable

There are no assets which are not freely disposable.

28 Transferred, but not derecognised financial assets

The majority of NN Schade's financial assets that have been transferred, but do not qualify for derecognition, are debt instruments used in securities lending. NN Schade retains substantially all risks and rewards of those transferred assets. The assets are transferred in return for cash collateral or other financial assets. Non-cash collateral is not recognised in the balance sheet. Cash collateral is recognised as an asset and an offsetting liability is established for the same amount as NN Schade is obligated to return this amount upon termination of the lending arrangement.

Transfer of financial assets not qualifying for derecognition

	2024	2023
Transferred assets at carrying value		
Investments at fair value through other comprehensive income	299,813	367,516
Investments at fair value through profit or loss		2,416

29 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when NN Schade has a current legally enforceable right to set off the recognised amounts and intends to either settle on a net basis or to realise the asset and settle the liability at the same time.

The following tables include information about rights to offset and the related arrangements. The amounts included consist of all recognised financial instruments that are presented net in the balance sheet under the IFRS-EU offsetting requirements (legal right to offset and intention to settle on a net basis) and amounts presented gross in the balance sheet but subject to enforceable master netting arrangements or similar arrangement.

Notes to the Annual accounts continued

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements (2024)

Balance sheet line item	Financial instrument	Gross financial assets	Gross financial liabilities offset in the balance sheet	Net financial assets in the balance sheet	Related amounts not offset in the balance sheet: Financial instruments	Related amounts not offset in the balance sheet: Cash and financial instruments collateral	Net amount
Non-trading derivatives	Derivatives	625		625	-625		
Financial assets at fair value through profit or loss		**625**		**625**	**-625**		
Other items where offsetting is applied in the balance sheet		**6,540**		**6,540**	**-6,540**		
Total financial assets		**7,165**		**7,165**	**-7,165**		

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements (2023)

Balance sheet line item	Financial instrument	Gross financial assets	Gross financial liabilities offset in the balance sheet	Net financial assets in the balance sheet	Related amounts not offset in the balance sheet: Financial instruments	Related amounts not offset in the balance sheet: Cash and financial instruments collateral	Net amount
Non-trading derivatives	Derivatives	1,035		1,035	-1,035		
Financial assets at fair value through profit or loss		**1,035**		**1,035**	**-1,035**		
Other items where offsetting is applied in the balance sheet		**6,749**		**6,749**	**-6,687**	**-62**	
Total financial assets		**7,784**		**7,784**	**-7,722**	**-62**	

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements (2024)

Balance sheet line item	Financial instrument	Gross financial liabilities	Gross financial assets offset in the balance sheet	Net financial liabilities in the balance sheet	Related amounts not offset in the balance sheet: Financial instruments	Related amounts not offset in the balance sheet: Cash and financial instruments collateral	Net amount
Non-trading derivatives	Derivatives	78,689		78,689	-625	-78,064	
Financial liabilities at fair value through profit or loss		**78,689**		**78,689**	**-625**	**-78,064**	
Other items where offsetting is applied in the balance sheet		**7,081**		**7,081**	**-6,540**	**-540**	
Total financial liabilities		**85,770**		**85,770**	**-7,165**	**-78,604**	

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements (2023)

Balance sheet line item	Financial instrument	Gross financial liabilities	Gross financial assets offset in the balance sheet	Net financial liabilities in the balance sheet	Related amounts not offset in the balance sheet: Financial instruments	Related amounts not offset in the balance sheet: Cash and financial instruments collateral	Net amount
Non-trading derivatives	Derivatives	59,134		59,134	-1,035	-57,232	867
Financial liabilities at fair value through profit or loss		**59,134**		**59,134**	**-1,035**	**-57,232**	**867**
Other items where offsetting is applied in the balance sheet		**6,687**		**6,687**	**-6,687**		
Total financial liabilities		**65,821**		**65,821**	**-7,722**	**-57,254**	**1,735**

30 Contingent liabilities and commitments

In the normal course of business (excluding investment commitments) NN Schade is party to activities whose risks are not reflected in whole or in part in the Annual accounts. In response to the needs of its customers, NN Schade offers financial products related to loans.

Contingent liabilities and commitments (2024)

	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity not applicable	Total
Commitments	7,517	8,246	33,284	6,121		70,090	125,258
Contingent liabilities and commitments	**7,517**	**8,246**	**33,284**	**6,121**		**70,090**	**125,258**

Contingent liabilities and commitments (2023)

	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity not applicable	Total
Commitments	7,006	7,947	37,886	3,026		67,847	123,712
Contingent liabilities and commitments	**7,006**	**7,947**	**37,886**	**3,026**		**67,847**	**123,712**

NN Schade participates for EUR 11,016 thousand (2023: EUR 11,213 thousand) in collective arrangements of national industry bodies and in government required collective guarantee schemes which apply in different countries.

NN Schade has guarantees regarding DAS Holding N.V. that amount to EUR 6,235 thousand (2023: EUR 6,235 thousand).

NN Schade has commitments with Nationale-Nederlanden Bank N.V. regarding Dutch mortgages. Related construction deposits that amount to EUR 38,152 thousand (2023: EUR 44,651 thousand) are included as commitments.

NN Schade has commitments with REI Investment I B.V. regarding a loan facility that amounts to EUR 26,709 thousand (2023: EUR 23,007 thousand), with REI Diaphane Fund F.G.R. regarding a loan facility that amounts to EUR 12,803 thousand (2023: 14,875 thousand) and with Private Equity Investments II B.V. regarding a funding commitment that amounts to EUR 24,343 thousand (2023: EUR 23,730 thousand).

In 2024, NN Schade entered into a distribution agreement with ING Bank Belgium (INGB) involving an annual payment of EUR 1.5 million distribution fee to INGB for 5 years related to the distribution of NN Non-Life products.

Tax liabilities

Together with the other group companies that are part of the fiscal unity for Dutch income tax and VAT purposes, NN Schade is jointly and severally liable for income tax payable by NN Group. The income tax positions of NN Group at the end of 2024 and 2023 constitute a receivable.

31 Legal proceedings

General

NN Schade is involved in all kinds of legal proceedings involving claims by and against NN Schade which arise in the ordinary course of its business, including in connection with its activities as insurer, investor and its position as employer and taxpayer. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened legal and regulatory proceedings, NN Schade is not aware of any proceedings (including any such proceedings which are pending or threatened of which NN Schade is aware) which may have, or have in the recent past had, a significant effect on the financial condition, profitability or reputation of NN Schade.

32 Companies and businesses acquired and divested

There were no acquisitions or legal mergers during 2024.

Legal merger 2023

On 30 June 2023, NN Schade entered into a legal merger with NN Non-Life Insurance (NN NLI). On 1 July 2023, the legal merger between NN Schade and NN NLI became effective. This merger was between subsidiaries under the same parent ('under common control'). IFRS 3 Business combinations is not applicable for common control transactions. As a result of this merger, NN NLI ceased to exist as a separate legal entity and NN Schade acquired all assets and liabilities of NN NLI under universal title of succession. In accordance with the common control accounting, NN NLI’s financial data have been included in the comparative figures of NN Schade’s annual accounts as from 1 January 2022. NN NLI assets and liabilities were transferred but no adjustment for the NN Schade accounting policies was needed, as both companies applied the same NN accounting principles. The intercompany positions of NN NLI with NN Schade were eliminated from the other assets and liabilities of NN Schade.

The merger was accounted for at the book values of assets and liabilities as included in NN NLI’s 2022 statutory accounts and the impact of IFRS 17 and 9. As the merger was accounted for at existing book values, no goodwill or new intangible assets were recognised.

33 Related parties

In the normal course of business, NN Schade enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Related parties of NN Schade include, among others, associates, joint ventures, key management personnel and the defined benefit and defined contribution plans. Transactions between related parties have taken place on an arm's length basis and include distribution agreements, sourcing and procurement agreements, human resources-related arrangements, and rendering and receiving of services.

There are no significant provisions for doubtful debts or individually significant bad debt expenses recognised on outstanding balances with related parties.

NN Schade identifies the following (groups of) related party transactions:

- Transactions with NN Group concerning the payment of tax as NN Group heads the fiscal unity. Reference is made to Note 30 'Contingent liabilities and commitments'.
- Reinsurance activities through NN Re (Netherlands) N.V.
- Services carried out by group companies based on Intragroup Outsourcing Agreements.
- The distribution agreement between NN Schade, NN Insurance Belgium and ING Belgium during 2024.
- NN Schade staff members are employed by NN Personeel B.V.
- Zicht B.V. acts as mandated broker.
- Bemiddelingskantoor Nederland B.V. and Nationale-Nederlanden Bank N.V. are regular intermediaries.
- Heinenoord Invest B.V. is a holding company with entities that are mandated brokers or regular intermediaries.
- HCS Groep B.V. is a holding company which executes human capital services.
- The expenses recharged by/to NN Schade include charged expenses to/by Nationale-Nederlanden Bank N.V., Nationale-Nederlanden Levensverzekering Maatschappij N.V., Distributie Zorgverzekeringen B.V., NN Group and Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V.
- Transactions relating to the remuneration of Board members.

Income and expenses from NN Schade recharged to NN Group companies

	Parent companies		Other group companies		Total	
	2024	2023	2024	2023	2024	2023
Expenses			52,402	45,570	52,402	45,570
Income	7,957	3,441	14,868	38,341	22,825	41,782
Income and expenses from NN Schade recharged to NN Group companies	**7,957**	**3,441**	**67,270**	**83,911**	**75,227**	**87,352**

Income and expenses from NN Group companies recharged to NN Schade

	Parent companies		Other group companies		Total	
	2024	2023	2024	2023	2024	2023
Expenses	21,177	24,656	108,883	109,707	130,060	134,363
Income			133,245	72,189	133,245	72,189
Income and expenses from NN Group companies recharged to NN Schade	**21,177**	**24,656**	**242,128**	**181,896**	**263,305**	**206,552**

Assets and liabilities with related parties

	Parent companies		Other group companies		Total	
	2024	2023	2024	2023	2024	2023
Financial assets						
Investments at fair value through OCI			1,107,023	862,604	1,107,023	862,604
Reinsurance contracts			70,262	77,697	70,262	77,697
Derivatives			625	1,035	625	1,035
Subsidiaries and associates			451	970	451	970
Other assets	120,060	201,024	92,477	83,789	212,537	284,813
Total assets	**120,060**	**201,024**	**1,270,838**	**1,026,095**	**1,390,898**	**1,227,119**
Financial liabilities						
Subordinated debt	153,099	156,104			153,099	156,104
Derivatives			78,689	59,134	78,689	59,134
Other liabilities	18,143	3,790	13,537	10,520	31,680	14,310
Total liabilities	**171,242**	**159,894**	**92,226**	**69,654**	**263,468**	**229,548**

All entities within NN Group are considered to be related party.

Transactions with key management personnel
Transactions with members of NN Schade's Management Board and Supervisory Board are considered to be transactions with key management personnel. Reference is made to Note 34 'Key management personnel compensation' for more information on these transactions.

Transactions with associates
Associates of NN Schade are related parties of NN Schade. For more information, reference is made to Note 5 'Investments in subsidiaries and associates'.

Transactions with post-employment benefit plans
Entities administering or executing post-employment benefit plans of the employees of NN Schade are considered to be related parties of NN Schade. This relates to NN Schade's pensions funds, i.e. the ING Group DB pension fund (joint with ING Bank), the Stichting Pensioenfonds Delta Lloyd, the NN CDC pension fund and BeFrank in the Netherlands. For more information on the post-employment benefit plans, reference is made to Note 20 'Non-attributable operating expenses'.

Transactions with other related parties
Reinsurance
NN Re (Netherlands) N.V. carries out the reinsurance activities of NN Schade. The overall balance of outstanding reinsurance receivables from NN Re (Netherlands) N.V. amounts to EUR 70.3 million (2023: EUR 77.7 million).

34 Key management personnel compensation
Transactions with key management personnel (Management Board and Supervisory Board) are transactions with related parties. These transactions are disclosed in more detail as required by Part 9 Book 2 of the Dutch Civil Code.

Management Board

Amounts in thousands of euros	2024	2023
Fixed compensation		
– base salary (cash)	880	850
– pension costs[1]	87	81
– individual saving allowance[1]	109	108
Variable compensation		
– upfront cash	40	36
– upfront shares	40	36
– deferred cash	40	36
– deferred shares	40	36
Fixed and variable compensation[2]	**1,236**	**1,183**
Other benefits	229	202
Total compensation	**1,465**	**1,385**

1 The pension costs consist of an amount of employer contribution (EUR 87 thousand) and an individual savings allowance (EUR 109 thousand), which is 23.3% of the amount of base salary above EUR 137,800 for the year.
2 The fixed and variable compensation covers all compensation for the Management Board members.

The Management Board members were eligible for a range of other emoluments, such as health care insurance and expat allowances. The Management Board members were also able to obtain insurance services in the ordinary course of business and on terms that apply to all employees of NN Schade in the Netherlands.

Remuneration of the members of the Management Board is recognised in the profit and loss account in 'Staff expenses' as part of 'Total expenses'. The NN Schade Supervisory Board members do not receive compensation for their activities, except for one Supervisory Board member who is not an employee of NN Group (2023: one external Supervisory Board member). The remuneration of EUR 39 thousand (2023: EUR 36 thousand) is recognised in the profit and loss account in 'Total expenses'. Some Supervisory Board members hold remunerated (Board) positions within NN Group, but not within NN Schade. Their remuneration is part of the allocation of headquarter expenses and they do not receive any (additional) allowances for their role as Supervisory Board members. NN Schade does not provide the Supervisory Board with a pension arrangement, termination arrangements (including termination of retirement benefits) or variable remuneration in cash or in shares.

The total remuneration, as disclosed in the table above of EUR 1,461 thousand (2023: EUR 1,385 thousand), includes all variable remuneration related to the performance year 2024. Under IFRS-EU, certain components of variable remuneration are not recognised in the profit and loss account directly but are allocated over the vesting period of the award. The comparable amount recognised in 'Staff expenses' in 2024 and therefore included in 'Total expenses' in 2024, relating to the fixed expenses of 2024 and the vesting of variable remuneration of 2024 and earlier performance years, is EUR 1,418 thousand (2023: EUR 1,353 thousand).

Notes to the Annual accounts continued

With respect to performance year 2024, the total number of staff eligible for discretionary variable remuneration is 13 (2023: 14). The total approved variable remuneration budget is EUR 470 thousand (2023: 660 thousand), which will be paid in April 2025. In 2024, 0 persons (2023: 0) received a total remuneration of more than EUR 1 million. For this calculation, the individual base salary, awarded variable remuneration and, where applicable, individual saving allowances and pension contributions were included.

Remuneration policy

As an indirect subsidiary of NN Group, NN Schade is in scope of the NN Group Remuneration Framework. NN Schade is aware of the public debate about pay in the financial industry and the responsibility the industry is taking in that light. The remuneration policies of NN Group take into account all applicable regulations and codes, including the Code of Conduct for Insurers. The NN Group Remuneration Framework strikes a balance between interests of its customers, employees, shareholder and society at large, and supports the long-term objective of the company. The variable remuneration is linked to clear targets. These targets are for a large part strategic.

The general principles underpinning the NN Group Remuneration Framework are (amongst others) as follows:

- Support the attraction, motivation and retention of employees, while being compliant with applicable legislation and with the aim of applying best practices within the financial industry.
- Take into account NN Group’s business strategy, objectives, its role in society, values and risk appetite, as well as sustainable long-term value creation for all stakeholders.
- Be mindful of the role of the financial sector in society.
- Contribute to an inclusive working environment by ensuring equal opportunities, working conditions and equal pay for equal work.
- Promote robust and effective risk management, including risk management of sustainability risks (such as environment, society, governance and employee related matters) in the integration thereof in the risk management system and procedures. It supports balanced risk-taking, sustainable long-term value creation and the protection of a sound Capital Base. This will amongst others be supported by performance objective setting processes.
- Avoid improper treatment of customers and employees.
- Comply with legislation as applicable to NN Group from time to time, apply best practices in the industry, and act in the spirit of (inter)national regulations and guidance on Remuneration.

Loans and advances to members of the Management Board

	Amount outstanding 31 December		Average interest rate		Repayments	
Amounts in thousands of euros	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Management Board members						
Loans and advances to key management personnel	**167**		**2.07%**		**115**	

As of 31 December 2024, the total amount of loans outstanding by NN Group regulated entities to the Management Board members was EUR 167 thousand (2023: EUR 0 thousand). The loans and advances provided to members of the Management consist of mortgage loans. The total amount of redemptions of these mortgage loans during 2024 was EUR 115 thousand (2023: EUR 0 thousand).

35 Subsequent events

There are no specific events to report.

36 Risk Management

The table below presents NN Schade’s Solvency II ratio as of December 31, 2024 and December 31, 2023, respectively.

Solvency II ratio of NN Schade

	2024	**2023**
Eligible Own Funds (EOF)	1,821,765	1,952,124
Solvency Capital Requirement (SCR)	1,433,525	1,356,309
Solvency II ratio (EOF/SCR)	**127%**	**144%**

Solvency Capital Requirement

The following table shows the NN Schade’s SCR as of December 31, 2024 and December 31, 2023, respectively.

Notes to the Annual accounts continued

Solvency II Capital Requirements

	2024	2023
Market risk	467,784	446,579
Counterparty default risk	13,198	13,133
Non-market risk	1,706,370	1,457,817
Total BSCR (before diversification)	**2,187,352**	**1,917,529**
Diversification	-427,321	-266,862
Total BSCR (after diversification)	**1,760,031**	**1,650,667**
Operational risk	119,723	115,005
LACDT	-446,229	-409,363
Total SCR	**1,433,525**	**1,356,309**

Market risks rose in 2024, which were primarily driven by movements in the credit spread SCR and the acquisition of a real estate portfolio. This was partially offset by the sale of equities in line with the investment plan. Non-market risks increased as a result of model changes in the Group Income portfolio and other model and assumption changes. Operational risks also saw an uptick due to premium indexations.

The loss-absorbing capacity of deferred taxes (LACDT) increased in 2024 mainly due to a higher BSCR and Operational Risk.

Main types of risks

In the following sections, we will discuss the main risks that are associated with NN Schade's business. Each risk type will be analysed in terms of its risk profile, risk mitigation and risk measurement. Additionally, for Market and Non-market risks, a more detailed quantification of risk exposures will be provided by examining their underlying sub risks.

Market risk

Market Risks: Risks related to (the volatility of) financial and real estate markets.
Market risks are taken in pursuit of returns for the benefit of customers and shareholders. Accordingly, risk and return considerations and optimisation are paramount for both policyholders and shareholders. In general, market risks are managed through a well-diversified portfolio under a number of relevant policies within clearly defined and monitored limits. NN Schade reduces downside risk through various hedging programmes. In addition to managing market risks, NN Schade integrates Environmental, Social, and Governance (ESG) factors in the investment-decision making framework.

In managing our assets, we apply the prudent person principle, which means that we only invest in assets and instruments whose risks we can properly identify, measure, monitor, manage, control and report, and take into account in the assessment of our overall solvency needs.

The table below sets out the SCR for Market risks of NN Schade as at 31 December 2024 and 2023, respectively.

Market risk capital requirements

	2024	2023
Interest rate risk	75,894	76,723
Equity risk	169,314	191,066
Credit spread risk	267,582	235,275
Real estate risk	153,475	134,450
Foreign exchange risk	17,170	25,127
Inflation risk	16,939	12,419
Diversification market risk	-232,590	-228,481
Market risk	**467,784**	**446,579**

The market risk SCR increased from EUR 447 million in 2023 to EUR 468 million in 2024.

The table below sets out the asset class values of NN Schade as of December 31, 2024 and December 31, 2023, respectively. It is important to note that the values in these tables may differ from those included in the IFRS balance sheet due to classification and valuation differences to reflect a risk management view.

Notes to the Annual accounts continued

Investment assets

	Market value 2024	% of total 2024	Market value 2023	% of total 2023
Fixed income	**6,743,200**	**81%**	**6,645,966**	**81%**
Government bonds and loans	1,108,568	13%	1,000,815	12%
Financial bonds and loans	831,794	10%	659,104	8%
Corporate bonds and loans	2,727,852	33%	2,748,258	34%
Asset Backed Securities	103,121	1%	208,182	2%
Mortgages	1,958,123	24%	2,003,973	25%
Other retail loans	13,742	0%	25,634	0%
Non-fixed income	**1,540,038**	**19%**	**1,443,564**	**19%**
Common & preferred stock[1]	224,903	3%	289,204	4%
Private equity	46,455	1%	51,160	1%
Real estate[2]	932,558	11%	790,152	10%
Mutual funds (money market funds excluded)[3]	336,122	4%	313,048	4%
Money market instruments (money market funds included)[4]	**22,409**	**0%**	**20,266**	**0%**
Total investments	**8,305,647**	**100%**	**8,109,796**	**100%**

1 All preferred shares are included in common & preferred stock, even when preferred shares are modelled as bonds
2 The real estate values exclude the real estate forward commitments, since NN Schade has no price risk related to them
3 Fixed income mutual funds are included in mutual funds
4 Money market mutual funds and commercial papers included in the money market instruments

The total investment assets increased to EUR 8,301 million as at December 31, 2024 from EUR 8,110 million as at December 31, 2023. The significant changes can be traced back to, the acquisition of a real estate portfolio and transactions in line with the investment plan (sale of equities and asset backed securities, purchase of financial bonds and loans), as well as to fluctuations in both interest rates and market conditions.

Interest rate risk

Interest rate risk is defined as to the possibility of a decrease in Solvency II Own Funds due to adverse changes in the level or shape of the risk-free interest rate curve used for valuation of assets and liabilities cash flows. This risk arises from asset or liability positions that are sensitive to such changes in this risk-free interest rate curve. The PIM SCR does not account for any changes in the value of NN Schade's risk margin that may occur due to interest rate shocks.

Risk profile

As shown in the 'Market risk capital requirements' table, NN Schade's interest rate risk SCR slightly decreased from EUR 77 million in 2023 to EUR 76 million in 2024.

Risk mitigation

The interest rate position is an indicator of how closely assets and liabilities are aligned. At NN Schade, interest rate risk management is geared towards achieving this alignment by matching asset and best estimate liability cash flows to the greatest extent possible, as outlined in the local interest rate risk policy. To hedge its economic interest rate position, NN Schade invests in bonds that match liability maturities.

Risk measurement

To value EUR-denominated asset cash flows, NN Schade uses market swap curves. For asset cash flows denominated in other currencies, the relevant swap or government curve is used for that specific currency. To discount EUR-denominated liability cash flows, NN Schade uses a swap curve less credit risk adjustment (CRA) plus Volatility Adjustment (VOLA) in accordance with Solvency II guidelines. Nearly all of NN Schade's liabilities are denominated in EUR. As per Solvency II regulations, NN Schade extrapolates the EUR swap curve from the 20-year point to the Ultimate Forward Rate (UFR).

Equity risk

Equity risk is defined as to the possibility of a decrease in the Solvency II Own Funds resulting due to adverse changes in the level of equity market prices. This risk is associated with assets that are directly or indirectly linked to equity prices, including equity derivatives such as futures and options. Equity investments offer a potential portfolio diversification and up-side returns from a risk-return perspective.

Risk profile

The following table sets out the market value of the NN Schade's equity assets as at 31 December 2024 and 2023, respectively.

Notes to the Annual accounts continued

Equity assets

	2024	2023
Common & preferred stock	224,903	289,204
Private equity	46,455	51,160
Mutual funds (money market funds excluded, includes fixed income mutual funds)	336,122	313,048
Total	**607,480**	**653,412**

NN Schade's exposure to equity risk is primarily through public listed equity, but it also invests in private equity funds and equity exposures through mutual funds. Note that mutual funds are categorized as equity in the 'Equity assets' table, but predominantly consist of fixed-income funds.

As shown in the 'Market risk capital requirements' table, NN Schade's equity risk SCR decreased from EUR 191 million in 2023 to EUR 169 million in 2024, mainly caused by the sale of equity positions in line with the investment plan.

Risk mitigation

When an insurance company adds equity assets to its portfolio, it can benefit from additional diversification and the potential for higher returns. However, this exposure also carries concentration risk on individual issuers, which is mitigated through relevant investment mandates and strict counterparty limits. There is no natural hedge for equity risk on the liability side of the balance sheet. If deemed necessary, NN Schade may use derivatives to mitigate the downside risk of the equity portfolio.

Credit spread risk

Credit spread risk is defined as the possibility of a decrease in the Solvency II Own Funds due to adverse movements in the credit spreads of fixed income assets. Credit spread widening (or narrowing) can result from changes in market supply and demand, issuer rating migration, and changes in default expectations. Changes in liquidity and other risk premiums that are relevant to specific assets can play a role in the value changes as well.

In the calculation of the SCR, NN Schade assumes no change to the volatility adjustment on the liability side of the balance sheet following a shock-event. Instead, the illiquidity of liabilities is reflected in the asset shocks to ensure appropriate solvency capital requirements. This approach ensures appropriate risk incentives and is part of the approved NN PIM.

The main asset classes in scope of the credit spread risk module are government and corporate bonds, mortgages and loans.

Risk profile

NN Schade aligns its assets with its liabilities primarily by investing in government and corporate bonds, along with mortgages. According to the 'Market risk capital requirements' table, NN Schade's credit spread risk SCR increased from EUR 235 million in 2023 to EUR 268 million in 2024. This increase was mainly driven by changes in the asset portfolio. The increase in credit spread risk was due to the following factors: heightened exposure to corporate bonds (financials), increased market value of existing mortgages (lower spreads), elevated exposure to government bonds with AA ratings, heightened exposure to loans with below investment-grade ratings, and model changes in the reference portfolio.

The following table sets out the market value of NN Schade's fixed-income bonds, categorized by type of issuer, that are subject to credit spread risk as at December 31, 2024 and December 31, 2023, respectively.

Fixed-income bonds and loans by type of issuer

	Market value		Percentage	
	2024	2023	2024	2023
Manufacturing	1,154,209	1,101,082	24%	24%
Government Bonds	1,108,568	1,000,815	23%	22%
Finance and Insurance	831,794	659,104	17%	15%
Information Technology	276,706	279,712	6%	6%
Utilities	252,983	246,553	5%	5%
Asset Backed Securities	103,121	208,182	2%	5%
Transportation and Warehousing	137,536	154,383	3%	3%
Construction	114,060	147,799	2%	3%
Real Estate and Rental and Leasing	141,680	144,818	3%	3%
Professional, Scientific, and Technical Services	54,975	106,828	1%	2%
Others	595,703	567,083	12%	12%
Total	**4,771,335**	**4,616,359**	**100%**	**100%**

The table below sets out the market value of assets of NN Schade's government bonds and loans by country and maturity.

Notes to the Annual accounts continued

Market value government bond and loans exposures (2024)

		Market value of government bond and loans in 2024 by number of years to maturity[2]								
	Rating[1]	**0-1**	**1-2**	**2-3**	**3-5**	**5-10**	**10-20**	**20-30**	**30+**	**Total**
France	AA-	10,311	2,172	13,165	2,231	14,491	98,500	56,611	15,779	213,260
Belgium	AA-		1,873		2,412	23,709	87,164	15,785	1,643	132,586
Multilateral[3]	AAA	750	685	9,978	9,515	15,762	52,012	33,499		122,201
Ireland	AA	401					57,186	56,634		114,221
Austria	AA+		484	1,478		35,191	33,746	43,289		114,188
Italy	BBB			2,449	5,841	23,316	57,781			89,387
Netherlands	AAA	1,369			12,596	5,693	54,996			74,654
Spain	A-			6,714	7,344	19,054	31,383			64,495
Germany	AAA		1,054	4,538	164	19,817	13,749	21,704		61,026
Finland	AA+	685					48,532			49,217
Slovakia	A-						436			436
Others		6,601	9,584	5,578		5,015	46,119			72,897
Total		**20,117**	**15,852**	**43,900**	**40,103**	**162,048**	**581,604**	**227,522**	**17,422**	**1,108,568**

1 NN Schade uses the second best rating across Fitch, Moody's and S&P to determine the credit rating label of its bonds
2 Based on legal maturity date
3 Includes EIB, ECB, EFSF, EU and ESM

Market value government bond and loans exposures (2023)

		Market value of government bond and loans in 2023 by number of years to maturity[2]								
	Rating[1]	**0-1**	**1-2**	**2-3**	**3-5**	**5-10**	**10-20**	**20-30**	**30+**	**Total**
France	AA	8,997	10,183	2,142	13,199	17,497	106,652	48,621	17,699	224,990
Multilateral[3]	AAA	2,663	743	671	10,362	24,662	51,913	34,745		125,759
Spain	A-	58,493			13,688	18,747	14,722	1,860		107,510
Belgium	AA-	978		1,905	2,486	222	68,433	16,572	1,793	92,389
Italy	BBB	3,977			5,726	7,287	71,232	2,363		90,585
Ireland	AA-		411				31,017	56,336		87,764
Germany	AAA	575		1,026	4,869	19,897	14,405	23,619		64,391
Netherlands	AAA		4,122		34,074	5,676	19,131			63,003
Finland	AA+	3,977	692				28,751			33,420
Slovakia	A	5,002	10,744			12,920	434			29,100
Others		8,634	6,716	9,784	11,088		34,529	11,154		81,905
Total		**93,296**	**33,611**	**15,528**	**95,492**	**106,908**	**441,219**	**195,270**	**19,492**	**1,000,816**

1 NN Schade uses the second best rating across Fitch, Moody's and S&P to determine the credit rating label of its bonds.
2 Based on legal maturity date.
3 Includes EIB, ECB, EFSF, EU and ESM.

As of 2024, the top three exposures of NN Schade's sovereign debt exposure are to French, Belgium and Multilateral government bonds, which account for 42% of the total. Out of the EUR 1,109 million in government bonds and loans held by NN Schade, 75% will mature after 10 years and 22% after 20 years. These long-term government bonds are sensitive to sovereign credit spread movements in relation to EUR swap rates. All government bonds, even those with an AAA rating, contribute to credit spread risk in the PIM.

The table below sets out the market value of NN Schade's non-government fixed-income securities (excluding mortgages and derivatives) by rating and maturity.

Market value non-government bond securities and loans (2024)

	Market value of non-government bond securities in 2024 by number of years to maturity								
	0-1	**1-2**	**2-3**	**3-5**	**5-10**	**10-20**	**20-30**	**30+**	**Total**
AAA	12,744	25,523	37,576	49,806	111,514	67,192	3,134	7,113	314,602
AA	17,560	22,489	67,834	81,340	110,133	41,637			340,993
A	62,198	165,838	180,174	424,945	570,470	105,454	13,052	3,979	1,526,110
BBB	61,159	171,975	177,619	254,331	444,233	97,550	36,830	4,856	1,248,553
BB	4,069	9,216	7,925	35,674	20,205	2,085			79,174
B	747	2,731	2,644	30,094	13,396	2,806	677		53,095
CCC	45	578	803	2,851	3,004				7,281
D	3,330								3,330
No rating available	77,587	5,497	1,076	4,105	1,364				89,629
Total	**239,439**	**403,847**	**475,651**	**883,146**	**1,274,319**	**316,724**	**53,693**	**15,948**	**3,662,767**

Notes to the Annual accounts continued

Market value non-government bond securities and loans (2023)

	Market value of non-government bond securities in 2023 by number of years to maturity								
	0-1	1-2	2-3	3-5	5-10	10-20	20-30	30+	Total
AAA	30,013	11,889	24,718	45,600	117,364	116,292	18,281	69,021	433,178
AA	18,592	18,776	16,898	95,155	68,287	55,124	497		273,329
A	82,606	76,540	172,780	322,921	579,891	112,550	17,001	7,275	1,371,564
BBB	127,435	61,787	157,594	280,848	573,869	101,795	35,650	1,795	1,340,773
BB	24,916	2,381	16,631	14,501	9,886	4,327	1,194		73,836
D	599	408	3,165	5,233	5,836				15,241
No rating available	94,710	1,889	1,760	5,984	2,818	465			107,626
Total	**378,871**	**173,670**	**393,546**	**770,242**	**1,357,951**	**390,553**	**72,623**	**78,091**	**3,615,547**

The table below sets out NN Schade's holdings of loans and other debt securities as at 31 December 2024 and 2023, respectively.

Market value all loans and other debt securities (per credit rating)

	Fair value	
	2024	2023
AAA	567,812	685,272
AA	945,921	738,517
A	1,663,661	1,546,985
BBB	1,337,941	1,448,884
BB	79,173	73,836
B and lower	63,707	16,848
No rating available	37,898	14,158
Mortgages[1]	1,958,123	1,723,240
Other Retail Loans[2]	88,964	117,493
Total	**6,743,200**	**6,365,233**

1 Mortgages refer to all mortgages using the same criteria and is aligned with the Mortgages figure in the 'Investment assets' table.

2 Other retail loans include an amount of intermediary debtors EUR 75 (2023: 92) million.

Mortgages

The credit spread risk module in the PIM is used to calculate the required capital for mortgages. This module captures the effect of changes in market mortgage rates behaviour on the valuation of mortgages and their impact on Own Funds.

Risk Profile

The average Loan-to-Value (LTV) for residential mortgages, which is based on the net average loan to property indexed value, decreased from 59% at end of 2023 to 57% at the end of 2024.

The inherent credit risk of mortgages is primarily backed by the underlying property, but also through the inclusion of mortgages guaranteed by the Nationale Hypotheek Garantie (NHG) and other secondary covers such as savings, investments and life insurance policies.

Loan-to-Value on mortgage loans[1]

	2024	2023
NHG	17%	17%
LTV ≤80%	77%	70%
LTV 80% - 90%	5%	9%
LTV 90% - 100%	1%	3%
LTV >100%	0%	1%
Total	**100%**	**100%**

1 Risk figures and parameters do not include third party originated mortgages, securitised mortgages and pooled mortgages even though they appear on the balance sheet of NN Schade's balance sheet

The mortgage portfolio is under regular review to ensure troubled assets are identified early and managed properly. The loan is categorised as a non-performing loan (NPL) if the loan payment is 90 days past due or the loan is classified as Unlikely To Pay (UTP) by the problem loans department. A loan is re-categorised as a performing loan again when the amount past due has been paid in full (and the UTP status is withdrawn).

Notes to the Annual accounts continued

Credit quality: NN Schade mortgage portfolio, outstanding[1]

	2024	2023
Performing mortgage loans that are not past due	1,946,687	1,990,617
Performing mortgage loans that are past due	8,418	11,131
Non-performing mortgage loans[2]	6,720	5,956
Total	**1,961,825**	**2,007,704**
Provisions for performing mortgage loans	67	167
Provisions for non-performing mortgage loans	68	55
Total	**135**	**222**

1 Risk figures and parameters do not include third party originated mortgages, securitised and pooled mortgages although they are on the balance sheet of NN Schade
2 The non-performing loans include 'unlikely to pay' mortgage loans, which may not be past due

Collateral on mortgage loans

	2024	2023
Carrying value	1,961,825	2,007,704
Indexed collateral value of real estate	3,995,199	3,748,693
Savings held[1]	4,303	3,922
NHG guarantee value[2]	315,851	330,805
Total cover value including NHG guarantee capped at carrying value[3]	1,961,591	2,006,553
Net exposure	**234**	**1,151**

1 Savings held includes life policies and investment policies
2 The NHG guarantee value follows an annuity scheme and is not corrected for the 10% own risk (on the guaranteed NHG claim)
3 The cover value of the real estate does not include haircuts, which are applied in the determination of loan loss provisions

Risk mitigation
NN Schade strives to keep its fixed income portfolio low-risk and well diversified. To achieve this, NN Schade invests in high-quality investment grade securities and avoids large risk concentrations. NN Schade manages concentration risk by imposing rating-based issuer limits on individual issuers or groups of related issuers, effectively managing the default risk of the issuers.

Real estate risk
Real estate risk is defined as the possibility of a decrease in the Solvency II Own Funds resulting due to adverse changes in the level of real estate returns related to rental prices, required investor yield, and/or other factors. Exposure to real estate risk arises from direct or indirect asset positions that are sensitive to real estate returns.

Risk profile
NN Schade's investment in real estate is only indirect, through its stakes in REI Investment I B.V. and REI Diaphane Fund FGR.

A decrease in real estate prices could lead to a reduction in the value of NN Schade's invested capital, exposing the company to real estate price shocks. NN Schade's real estate portfolio is intended for long-term investment and is illiquid.

The table below sets out NN Schade's real estate exposure per region as at 31 December 2024 and 2023, respectively.

Real estate assets by region

	2024	2023
Western Europe	47%	47%
Southern Europe	22%	22%
UK and Ireland	13%	13%
Nordics	12%	12%
Central and Eastern Europe	6%	6%
Other	0%	0%
Total	**100%**	**100%**

According to the 'Market risk capital requirements' table, NN Schade's real estate risk SCR has increased from EUR 134 million in 2023 to EUR 154 million in 2024. The increase in real estate risk was largely driven by the acquisition of a real estate portfolio.

Risk mitigation
The real estate exposure provides in NN Schade's asset portfolio offers additional diversification. The company mitigates concentration risk on individual issuers through relevant investment mandates. Additionally, the real estate portfolio is well diversified across European countries and sectors.

Foreign exchange risk
Foreign exchange (FX) risk measures the negative impact on Solvency II Own Funds related to changes in the currency exchange rates.

Notes to the Annual accounts continued

Risk profile

NN Schade may be exposed to FX transaction risk when its assets and/or liabilities are denominated in a currency other than the euro. The SCR for foreign exchange risk has decreased by EUR 8 million to reach EUR 17 million in 2024. Foreign exchange risk decreased as a consequence of the recalibration of FX shocks and changes in the equity portfolio.

Risk mitigation

The FX risk at the local entity level is mitigated by limiting investment to the non-local currency assets or by hedging with FX forwards and cross currency swaps.

Inflation risk

Inflation risk refers to the possibility of a decrease in the Solvency II own funds resulting from unfavourable changes in inflation.

Risk profile

NN Schade's SCR for inflation risk has increased from EUR 12 million in 2023 to EUR 17 million in 2024. Inflation risk increased due to an inflation related model update on individual income.

Risk mitigation

The inflation risk is managed by utilizing investments in inflation-linked bonds.

Risk measurement

NN Schade approved their local inflation policy in 2024. As inflation risk is considered a non-rewarding risk from a risk management perspective, the appetite is limited. The inflation policy sets out a methodology for measuring inflation risk and governance for taking remediation actions if tolerances are breached. Predefined scenario analysis techniques have been established to measure inflation risk, including relevant key risk indicators as metrics for assessing inflation risk.

Counterparty Default Risks

Counterparty Default Risks: Risks related to the failure to meet contractual debt obligations
Counterparty default risk is the risk of loss due to default or deterioration in the credit standing of the counterparties and debtors (including reinsurers) of NN Schade. The SCR for counterparty default risk is calculated based on the issuer's probability of default (PD) and the loss-given-default (LGD) of each individual position, taking into account diversification across these positions.

The counterparty default risk module also covers any credit risk exposures that are not included in the spread risk sub-module.

Risk profile

As shown in the 'Solvency II Capital Requirements' table, NN Schade's SCR for counterparty default risk equals EUR 13 million in both 2023 and 2024. While there are slight differences in the distribution of counterparty default risk between CPD type I and CPD type II, the overall risk remains largely unchanged.

Risk mitigation

NN Schade employs various credit risk mitigation techniques to manage its exposure to counterparty default risk. For over the counter derivatives, the exchange of collateral under the International Swaps and Derivatives Associations contracts accompanied with Credit Support Annexes is an important example of risk mitigation. Other forms of Credit risk mitigation include reinsurance collateral exchange. For cash and money market funds, limits per counterparty are put in place. Additionally, the company mitigates reinsurance risk by carefully selecting its counterparties.

Risk measurement

The Counterparty Default Risk (CPD) module of NN Schade comprises two sub-modules:

- **CPD Type I**: applicable to exposures that may not be diversified and where the counterparty is likely to be (externally) rated, such as reinsurance contracts, derivatives and money market exposures. The Ter Berg model (also the basis for Standard Formula under Solvency II) is used as the underlying model CPD type I
- **CPD Type II**: applicable to exposures that are usually (well) diversified and where the counterparty is likely to be unrated, such as retail loans, as well as other forms of term lending not covered in Type I. The underlying model for CPD type II is based on the Basel regulatory model

The capital charges for CPD Type I and CPD Type II exposures are calculated separately and subsequently aggregated.

Liquidity Risk

Liquidity Risk: Risk related to not being able to settle financial obligations when due.
Liquidity risk is risk that NN Schade may not have sufficient liquid assets to meet its financial obligations when they become due and payable, at reasonable cost and in a timely manner. Liquidity in this context refers to the availability of funds or the certainty that funds will be available without significant losses to fulfil all commitments when due. NN Schade manages liquidity risk by having a liquidity risk framework in place that ensures that the company can meet immediate obligations even after a shock.

Liquidity stress events can be caused by either a market-wide event or an idiosyncratic event specific to NN Schade. These events can be short-term or long-term and can occur on a local, regional or global scale, affecting both cashflows related to assets and liabilities.

Risk profile

Liquidity risk covers three areas of attention: operational liquidity risk, market liquidity risk, and funding risk. Operational liquidity risk refers to the risk that funds are unavailable to meet financial obligations when they are due. Market liquidity risk is the risk that an asset cannot be sold on short-term basis without significant losses. Funding risk is the risk related to not being able to refinance maturing debt instruments, which may lead to higher funding costs. The connection between market and operational liquidity risk arises when payments are due, but there is insufficient cash available, and investment positions must be converted into cash. If market liquidity is low or there is an adverse market movement in this situation, it could result in a loss.

A liquidity event on the liability side, such as increased lapses or claims, can result in a liquidity outflow that may affect NN Schade's overall liquidity position. This outflow typically occurs over a period of time. However, NN Schade's liquidity metrics demonstrate that the company has sufficient cash and unencumbered liquid assets that can be liquidated to meet stressed liquidity needs from liabilities in a combined market and liability stress scenario. In the case of a lapse event, selling liquid assets is considered to be a logical consequence since it reduces the balance sheet.

Risk mitigation

NN Schade has the objective of matching day-to-day cash inflows- and outflows while also maintaining sufficient cash reserves in case of a liquidity stress event.

NN Schade has defined three levels of Liquidity Management to achieve this objective:

- Short-term liquidity management, which includes operational liquidity management, covers the day-to-day cash requirements under normal business conditions,
- Long-term liquidity management considers business conditions in which market liquidity risk materialises,
- Stress liquidity management looks at the company's ability to respond to a potential crisis situation.

Risk measurement

The Liquidity Risk Management Standard is used to measures liquidity risk at NN Schade by calculating the gap between liquidity needs and liquidity sources compared to available liquid assets for sale. This is calculated for different time horizons and different levels of availability of liquidity sources. The company monitors its liquidity position on a regular basis using this standard. Apart from assessing the available liquid assets for sale, NN Schade also assesses its cash buffer against a target and a minimum. However, it is important to note that liquidity risk is not part of NN Schade's PIM, and therefore there is no capital buffer related to this risk.

Non-market risk

Non-market risk: Financial risks related to insurance liabilities (due to inadequate pricing and provisioning assumptions (i.e., product related risks from an NN perspective).

Within the SCR PIM non-market risks are split between insurance risks and business risks.

Risk profile

The table below presents the non-market risk SCR composition as at 31 December 2024 and 2023, respectively. The main changes in the risk profile are discussed further below.

Non-market risk capital requirements

	2024	2023
Insurance risk	1,564,641	1,296,630
Business risk	511,802	510,067
Diversification non-market risk	-370,073	-348,880
Non-market risk	**1,706,370**	**1,457,817**

The Non-Market Risk capital charge increases from EUR 1,458 million in 2023 to EUR 1,706 million in 2024.

Risk mitigation

At NN Schade, proper pricing, underwriting, claims management, and diversification are the main risk mitigating actions for both insurance and business risks.

Insurance risk

Insurance risk refers to the risk that NN Schade may not be able to cover future insurance claims and other contractual benefits sufficiently through premiums, policy fees, and/or investment income, or that insurance liabilities may not be adequate to cover claims and benefits because their realisation differs from the assumptions used in determining the best estimate liability.

Notes to the Annual accounts continued

Risk profile
The table below presents the PIM insurance risk SCR for NN Schade as at December 31, 2024 and December 31, 2023, respectively.

Insurance risk capital requirements

	2024	2023
Mortality (including longevity) risk	32,578	27,974
Morbidity risk	1,224,084	924,010
Property & Casualty risk	791,791	777,693
Diversification insurance risk	-483,812	-433,047
Insurance risk	**1,564,641**	**1,296,630**

The SCR for insurance risk at NN Schade is mainly driven by two types of risk: Morbidity risk and Property & Casualty (P&C) risk.

Morbidity risk arises from health insurance products that cover certain illness or disability events and pay out a fixed amount or reimburses losses, such as loss of income. P&C risks arise from P&C products that cover risks such as fire damage, car accidents, personal and professional liability, windstorms, hail, and third-party liabilities.

Overall, the total insurance risk SCR has increased from EUR 1,297 million at 31 December 2023 to EUR 1,565 million at 31 December 2024.

Insurance risk increased as a consequence of model and assumption changes, and non operating variances.

Risk mitigation
NN Schade's management of insurance risks involves multiple strategies to ensure resilience against various hazards. Insurance liabilities are diversified across different geographies, product benefits, and contract lengths, which reduces the likelihood of a single event significantly impacting the company's financial condition.

The company ensures that the terms and conditions of its insurance policies align appropriately with the intended policyholder benefits. This alignment is maintained through strict underwriting standards, meticulous product design requirements, and a thorough product approval and review process.

Insurance risks are also diversified between business lines and product groups. When diversification alone does not sufficiently mitigate risk, NN Schade employs concentration and exposure limits and purchases reinsurance. Retention limits are set by line of business for catastrophic events and individual risks.

To address weather-related risks within its non-life business, NN Schade uses catastrophe risk modelling for underwriting and risk assessment, relying on external vendor models to estimate the impact of large natural disasters such as windstorms, the main natural peril for their portfolio. Reinsurance covers are placed with well-capitalized external reinsurers to manage these risks effectively.

Recognizing the potential exacerbation of natural catastrophic losses due to climate change, NN Schade closely monitors and understands the linkages between natural disasters and climate change to accurately price its business. The company collaborates with external vendors and participates in industry initiatives to enhance its knowledge, data, and models, thus better preparing for changing weather patterns.

To mitigate risks that are not sufficiently addressed by diversification alone, NN Schade undertakes several risk-mitigating actions. These include setting concentration and exposure limits and acquiring reinsurance to cover major risks such as natural catastrophes. For instance, NN Schade has a reinsurance contract that offers protection against severe storms and other perils like precipitation, hail, and wildfires.

Additionally, to manage risks from large one-off events such as fires, NN Schade has reinsurance contracts per risk group. The company also participates in the Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V. (NHT) to mitigate the risk of terrorism, which could have a significant impact due to the geographic concentration of risks. Participation in the NHT limits the company’s exposure, as claims due to terrorism are first covered by the industry-wide NHT reinsurance pool. However, the unpredictable nature of terrorist attacks means that the NHT pool may not always be sufficient.

Finally, NN Schade manages credit risks associated with reinsurance according to its reinsurance policy, ensuring a comprehensive approach to risk management.

Business risk
Business risks at NN Schade include risks related to the management and development of the insurance portfolio risk, policyholder behaviour risk, persistency risk and expense risks. These risks arise due to internal, industry, regulatory/political or wider market factors.

Risk profile
The table below presents the business risk SCR for NN Schade as at 31 December 2024 and 2023, respectively.

Notes to the Annual accounts continued

Business risk capital requirements

	2024	2023
Persistency risk	408,838	414,658
Expense risk	257,105	202,174
Diversification business risk	-154,141	-106,765
Business risk	**511,802**	**510,067**

Persistency risk primarily refers to the potential loss in future profits and delay in expense reduction resulting from the lapse behaviour of in-force policies. Expense risk on the other hand relates to the fixed expenses of NN Schade, and is the risk that future actual expenses per policy will exceed the expenses assumed per policy.

In 2024, business risk increased from EUR 510 million in 2023 to EUR 512 million. Main drivers are updated assumptions in the business plan.

Risk mitigation

To manage policyholder behaviour risks, such as persistency and premium risks, NN Schade follows product development, product approval, and review processes. Appropriate advice is given to the customer, not only at the point of sale but also during the lifetime of the product, and the policyholder behaviour experience of in-force policies is assessed at least annually.

NN Schade has implemented several programs to improve customer experience and ensure that products match customer needs and the benefits and options provided by NN Schade's products. As our understanding and anticipation of policyholder behaviour improves over time, the risk of a mismatch between actual and assumed policyholder behaviour will decrease.

NN Schade has ongoing initiatives to manage expense risk. These initiatives aim to variabalise expenses to the underlying contracts in place.

Non-financial risks

- **Business Operating Risk:** Risks related to inadequate or failed business processes (internally, or externally performed by business partners).
- **Business Continuity Risk:** Risks of accidents or external events impacting continuation or security of (people or assets in) our business operations.
- **Business Technology Risk:** Risks related to inadequate or failed information technology (systems).
- **Business Conduct Risk:** Risks related to unethical or irresponsible behaviour when doing or representing the business (red lines).
- **People Conduct Risk:** Risks related to the attitude and behaviour of our workforce.
- **Product Suitability Risk:** Product related risks from a client perspective.

Business Operating, Continuity and Technology risk

Risk profile

Business Operating, Continuity and Technology risks are non-financial risks that include direct or indirect losses resulting from inadequate or failed processes (including as a result of fraud and other misconduct), systems failure (including information technology and communications systems), human error, and certain external events.

The Business Operating Risk Management areas are:

NN Schade faces several operational risks, including the risk of not detecting adverse deviations from strategy, policies, procedures, work instructions or authorized activities (Operational Control Risk), the risk of not detecting Business Partners deviating from strategy, behaviour, or performance as stipulated in contracts/agreements (Business Partner Control Risk), the risk of human errors during transaction processing (Operational Execution Risk), the risk of human errors during processing of source data into information for regulatory and strategic management reporting (Reporting Risk), the risk that actual results of business projects differ adversely from envisaged results (Operational Change Risk), the risk of damage to NN's brand and reputation, legal or regulatory sanctions or liability resulting from agreements, claims, or disclosures (Legal Risk), and the risk of intended acts by a Business Partner or customer to defraud, misappropriate property or circumvent the law, directly leading to costs for NN (External Fraud Risk).

The Business Continuity and Business Technology Risk Management areas are:

NN Schade faces several risks related to continuity, personal and physical security, IT, and technology innovation. Continuity risk involves accidents or external events that may impact the continuation of outsourced business operations. Personal and physical security risk involves criminal acts or environmental threats that may endanger employees' safety, assets, or offices. IT risk involves the risk of data corruption, misuse, or unavailability in outsourced IT systems due to external causes such as cybercrime or internal causes. Technology innovation risk involves the risk of adopting new technologies without being sufficiently aware or in control of potential negative consequences for NN's clients or reputation. In the annual Strategic Risk Assessment the Risk Board of NN Schade identified the following Technology Risk: Cyber Risk.

Risk mitigation

NN Schade conducts Detailed Risk assessments based on historical and forward-looking data to capture future risks. Mitigating measures are implemented and monitored to reduce residual risk to an acceptable level. Risk mitigation actions can be preventive in nature or implemented upon discovery of a risk. Business Operating, Continuity, and Technology Risks are mitigated through controls, specific policies and standards, and appropriate outsourcing agreements. NN Schade regularly monitors risks and controls to measure their effectiveness and ensure they are within risk appetite and policy requirements. Process owners are responsible for executing controls and assessing their adequacy. The Director of Strategy, Data, IT & Pricing oversees Business Continuity Management, Cyber Risk Management, and Business Information Security, while the CIO adopts the Standard of Good Practice of the Information Security Forum to manage IT, cyber, and cloud risks. The Enterprise Security & Compliance function leads efforts to enhance information security, collaborates with NN Schade's Security Officer, and provides education and awareness-raising to all levels of the organization.

NN Schade undertakes several regular activities to manage IT risk, including performing regular risk assessments on critical business environments, applications, and supporting systems/networks, and testing security measures. User identification and access management are in place, based on defined authorization matrices and enforcing segregation of duties, and password parameters are system-enforced with multi-factor authentication on critical applications. Anti-malware and anti-virus tooling, file integrity checking, effective security logging and monitoring, and a security incident process are also implemented. Networks are protected by intrusion detection and prevention systems, with authorized devices and software being granted access. Data is classified based on relevance and confidentiality and secured and encrypted according to required security standards. A change management process exists for relevant systems and infrastructure, including impact analyses, testing, fallback scenarios, and post-implementation review.

Operational Risk Management and Information Risk Management, as part of the second line of defence, are responsible for providing management with an objective assessment of the effectiveness of risks and controls of NN Schade.

Risk measurement

NN Schade's SCR for operational risk increased slightly from EUR 115 million in 2023 to EUR 118 million in 2024, primarily due to premium developments following indexations. The SCR is calculated based on the Standard Formula for Solvency II. As it is additive to the modelled SCR, it should be considered as net of diversification with other NN Schade risks. Business conduct risk is considered to be part of the Operational Risk SCR and is therefore not specifically calculated.

Business Conduct, People Conduct and Product Suitability Risk

Risk profile

NN Schade is committed to help our customers care for what matters most to them. To fulfil this purpose, we base our work on three core values: care, clear, commit. Our values set the standard for conduct and provide a compass for decision making. Further, NN Schade is committed to the preservation of its reputation and integrity through compliance with applicable laws, regulations and ethical standards in each of the markets in which it operates. All employees are expected to adhere to these laws, regulations and ethical standards, and management is responsible for ensuring such compliance. Compliance is therefore an essential ingredient of good corporate governance. NN Schade continuously enhances its business conduct risk management programme to ensure that NN Schade complies with international standards and laws.

Risk mitigation

In addition to effective reporting systems, NN Schade has also a whistle blower policy and procedure which protects and encourages staff to 'speak up' if they know of or suspect a breach of external regulations, internal policies or our values. NN Schade also has policies and procedures regarding anti-money laundering, anti-terrorist financing, sanctions, anti-bribery and corruption, product suitability, conflicts of interest and confidential and inside information, as well as a Code of Conduct for its personnel. Furthermore, NN Schade designates specific countries as 'ultra-high risk' and prohibits client engagements and transactions (including payments of facilitation) involving those countries.

NN Schade performs a Product Approval and Review Process (PARP) for its products and continuously invests in the maintenance of risk management, legal and compliance procedures to monitor current sales practices. Customer protection regulations as well as changes in interpretation and perception of acceptable market practices by both the public at large and governmental authorities might influence customer expectations. The risk of potential reputational and financial impact from products and sales practices exists because of the market situation, customer expectations, and regulatory activity. The Compliance Function and the business work closely together with the aim to anticipate changing customers' needs.

Risk measurement

NN Schade has a robust risk measurement program in place that covers Business Conduct, People Conduct, and Product Suitability risks. The company monitors and reports various metrics related to these risks, such as FEC screening and alert handling, integrity-related incidents, and the status of PAR completion, through its ECF reporting.

37 Capital and liquidity management

Objectives, policies and processes

Objective

The goal of NN Schade's Capital and liquidity management is to adequately capitalise NN Schade at all times to meet the interests of our stakeholders, including our customers and shareholder. The balance sheet is assessed in line with our capital and liquidity management framework which is based on regulatory, economic and rating agency requirements. NN Schade closely monitors and manages the following metrics: Own Funds/Solvency Capital Requirement (SCR), capital generation and liquidity.

Governance

The NN Schade Balance Sheet Management Department reports to the CFO of NN Schade. Activities of the department are executed on the basis of established policies, guidelines and procedures.

Balance Sheet Management is responsible for the sufficient capitalisation of NN Schade, which involves the management, planning and allocation of capital within NN Non-life segment.

Capital and liquidity management and framework

Capital and liquidity management takes place within the framework set by the NN Group Management Board for its subsidiaries on the basis of policy documents, guidelines and procedures. The main document providing guidance for the capital and liquidity management is NN Schade's Capital Policy.

Capital adequacy is ensured through the capital planning process which starts with the annual budgeting process in which a capital plan is prepared for NN Schade. Risk limits drive the target setting and are the basis of this plan. NN Group's Capital and Liquidity Management department closely monitors the capitalisation of its subsidiaries, including NN Schade. If necessary, measures are taken to ensure capital adequacy. Capital and liquidity management transactions are executed at NN Group level. The CFO of NN Schade is primarily responsible for the solvency of NN Schade and manages its solvency on a regulatory basis.

Main events 2024

Significant events of 2024

- In March 2024 NN Schade paid EUR 103 million dividend.
- In June 2024 NN Schade paid EUR 35 million dividend.
- In September 2024 NN Schade repaid the EUR 130 million subordinated loan that was first callable 27 June 2024. At the same time a new subordinated loan of EUR 130 million was issued with a fixed coupon of 6.66% and a first call date of 27 September 2030. The repaid and newly issued loan both classify as Tier 1 own funds.
- In September 2024 a morbidity model change for Individual Income was applied to close findings from DNB regarding the PIM with impact in both OF and SCR.
- In September 2024 NN Schade paid EUR 30 million dividend.
- In December 2024 change in aggregation approach based on Copula method is reflected in the SCR
- In December 2024 NN Schade paid EUR 105 million dividend.

Solvency II

Solvency II is the regulatory framework for (re-)insurance undertakings and groups domiciled in the EU.

Under the Solvency II regime, required capital (Solvency Capital Requirement) is risk-based and calculated as the post-tax value-at-risk at the confidence interval of 99.5% on a one-year horizon. Available capital (Own Funds) is determined as the excess of assets over liabilities, both based on economic valuations, plus qualifying subordinated debt. The EU Solvency II directive requires that (re-)insurance undertakings and groups hold sufficient Eligible Own Funds to cover the Solvency Capital Requirement.

NN Schade uses PIM to calculate capital requirements under Solvency II. The group capital model is named as such due to the fact that an Internal Model is used to calculate most capital requirements, while the Standard Formula is used to calculate capital requirements for operational risk.

Notes to the Annual accounts continued

Eligible Own Funds and Solvency Capital Requirement

In EUR thousand	2024	2023
IFRS Shareholder's Equity	1,530,176	1,584,376
Elimination of deferred acquisition costs and other intangible assets	-72,915	-66,998
Valuation differences on assets	-46,173	-57,365
Valuation differences on subordinated loan, liabilities and insurance and investment contracts	137,478	249,314
Deferred tax effects on valuation differences	-4,468	-32,250
Excess of assets over liabilities	**1,544,098**	**1,677,077**
Undated subordinated loan	129,063	131,962
Subordinated debt	148,765	146,875
Foreseeable dividends and distributions	-161	-3,790
Basic Own Funds	**1,821,765**	**1,952,124**
Non-available Own Funds	0	0
Non-eligible Own Funds	0	0
Eligible Own Funds to cover Solvency Capital Requirements (a)	**1,821,765**	**1,952,124**
of which Tier 1 unrestricted	1,539,513	1,673,287
of which Tier 1 Restricted	129,063	131,962
of which Tier 2	148,765	146,875
of which Tier 3	4,424	
Solvency Capital Requirements (b)	**1,433,525**	**1,356,309**
Solvency II ratio (a/b)[1]	**127%**	**144%**

1. The Solvency ratios are not final until filed with the regulators. Solvency II ratio bookyear are based on the Partial Internal Model.

The final figure of the Solvency Capital Requirement is still subject to supervisory assessment.

Further details on the NN Schade capital requirements at 31 December 2024 are provided in Note 36 ‘Risk Management’.

NN Schade’s Solvency II ratio decreased to 127% at the 31 December 2024 from 144% at the end of 2023, due to an increase in the SCR and decrease in Eligible Own Funds.

Eligible Own Funds decreased by EUR 130 million from EUR 1,952 million at 31 December 2023 to EUR 1,822 million at 31 December 2024 due to dividend upstream, unfavourable economic impacts and negative result of the model and assumptions changes partly offset by operating capital generation.

Solvency Capital Requirement increased by EUR 77 million, from EUR 1,356 million at 31 December 2023 to EUR 1,434 million at 31 December 2024, driven by increase in Non-Market Risk mostly due to model and assumptions changes and economic impacts.

Structure, amount and quality of own funds

Subordinated liabilities included in Eligible Own Funds for Solvency II reporting

In the Eligible Own Funds of NN Schade there are the following subordinated liabilities:

- Intercompany undated subordinated loan with NN Group N.V.
- Intercompany subordinated loans with NN Group N.V.

Notes to the Annual accounts continued

Subordinated liabilities included in Eligible Own Funds for Solvency II reporting

In thousands EUR						Solvency II Value	
Interest rate	Year of issue	Notional	First call date	Due date	Own Funds tier	2024	2023
5.600%	2014	130,000	27 June 2024	Perpetual	Tier 1		131,962
6.660%	2024	130,000	27 September 2030	Perpetual	Tier 1	129,063	
7.750%	2015	80,000	N/A	29 December 2025	Tier 2	78,767	76,876
EURIBOR plus 5.545%	2016	70,000	29 June 2025	29 December 2026	Tier 2	69,998	69,999

The perpetual subordinated loan (originally issued by DL Schade in 2014) with a notional amount of EUR 130 million had a coupon of 5.60% and was repaid in September 2024. In September 2024 a new subordinated loan of EUR 130 million was issued with a fixed coupon of 6.66% and a first call date of 27 September 2030. NN Schade has the right to redeem this loan on the first call date on 27 September 2030 or on any interest payment date thereafter. The repaid subordinated loan was classified as Restricted Tier 1 capital based on the transitional provisions (grandfathering). The new loan is classified as Restricted Tier 1 capital.

The dated subordinated loan issued in 2015 with a notional amount of EUR 80 million has a coupon of 7.75%, maturity date on 29 December 2025. The dated subordinated loan issued in 2016 with a notional amount of EUR 70 million has a coupon of 6-months EURIBOR plus 5.545% annually, maturity date on 29 December 2026. These subordinated loans are classified as Tier 2 capital.

Eligible Own Funds

As at 31 December 2024 NN Schade had no ancillary Own Funds (31 December 2023: nil).

There are a number of regulatory restrictions on the amounts classified as Restricted Tier 1, Tier 2 and Tier 3 capital. The following restrictions have to be taken into account:

- Restricted Tier 1 capital cannot exceed 20% of the total Tier 1 amount
- Tier 2 and Tier 3 capital together cannot exceed 50% of the Solvency Capital Requirements
- Tier 3 capital cannot exceed 15% of the Solvency Capital Requirements.
- The proportion of Tier 1 items in the Eligible Own Funds should be higher than one third of the total amount of Eligible Own Funds
- Tier 3 capital cannot exceed one third of the total amount of Eligible Own Funds

The application of the regulatory restrictions as at 31 December 2024 is reflected in the table below.

Eligible Own Funds to cover the Solvency Capital Requirements

	Available Own Funds 2024	Eligible Own Funds 2024	Available Own Funds 2023	Eligible Own Funds 2023	Eligibility restriction
Tier 1	**1,668,576**	**1,668,576**	**1,805,249**	**1,805,249**	**More than one third of total EOF**
Of which:					
- Unrestricted Tier 1	1,539,513	1,539,513	1,673,287	1,673,287	
- Restricted Tier 1	129,063	129,063	131,962	131,962	Less than 20% Tier 1
Tier 2 + Tier 3	153,189	153,189	146,875	146,875	Less than 50% SCR
Tier 2	148,765	148,765	146,875	146,875	
Tier 3	4,424	4,424			Less than 15% SCR
Total Own Funds	**1,821,765**	**1,821,765**	**1,952,124**	**1,952,124**	

Authorisation of the Annual accounts

The Annual accounts of Nationale-Nederlanden Schadeverzekering Maatschappij N.V. for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Management Board on 24 March 2025. The Management Board may decide to amend the Annual accounts as long as these are not adopted by the General Meeting.

The General Meeting may decide not to adopt the Annual accounts, but may not amend these during the meeting. The General Meeting can decide not to adopt the Annual accounts, propose amendments and then adopt the Annual accounts after a normal due process.

The Hague, 24 March 2025

The Supervisory Board

I.K. (Inga) Beale, Chair

A.T.J. (Annemiek) van Melick

T. (Tjeerd) Bosklopper

The Management Board

M.M.N. (Maurice) Koopman, CEO and chair

J.E. (Sandra) van Eijk, CFO

J.P.L. (Jolanda) Roos, CRO

Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of Nationale-Nederlanden Schadeverzekering Maatschappij N.V.

Report on the audit of the annual accounts 2024 included in the annual report

Our opinion

In our opinion the accompanying annual accounts give a true and fair view of the financial position of Nationale-Nederlanden Schadeverzekering Maatschappij N.V. as at 31 December 2024 and of its result and its cash flows for the year then ended, in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the annual accounts 2024 of Nationale-Nederlanden Schadeverzekering Maatschappij N.V. (the ‘Company’) based in The Hague.

The annual accounts comprise:

1 the balance sheet as at 31 December 2024;

2 the following statements for 2024: the profit and loss account, the statements of comprehensive income, cash flows and changes in equity; and

3 the notes comprising material accounting policy information and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the ‘Our responsibilities for the audit of the annual accounts’ section of our report.

We are independent of Nationale-Nederlanden Schadeverzekering Maatschappij N.V. in accordance with the ‘Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten’ (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ (VGBA, Dutch Code of Ethics).

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We designed our audit procedures in the context of our audit of the annual accounts as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

Summary

Materiality

- Materiality of EUR 30 million
- 1.75% of total equity

Group audit

- Coverage of 96% of insurance income
- Coverage of 100% of total assets

Risks of material misstatement

- Fraud risks: risk of management override of controls, the risk of revenue recognition identified and the valuation of insurance contract liabilities and further described in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations'.
- Non-compliance with laws and regulations (NOCLAR) risks: no reportable risk of material misstatement related to NOCLAR risks identified.
- Going concern risks: no going concern risks identified.

Key audit matters

- Valuation of insurance contract liabilities for disability insurance contracts applying the General Measurement Model Approach
- Valuation of insurance contract liabilities for Property & Casualty insurance contracts
- Valuation of illiquid investments

Materiality

Based on our professional judgement we determined the materiality for the annual accounts as a whole at EUR 30 million (2023: EUR 31 million). The materiality is determined with reference to total equity and amounts to 1.75%.

We consider total equity as the most appropriate benchmark based on our assessment of the general information needs of the users of the annual accounts of non-life insurance companies.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the annual accounts for qualitative reasons.

We agreed with the Supervisory Board that misstatements identified during our audit in excess of EUR 1.5 million would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Nationale-Nederlanden Schadeverzekering Maatschappij N.V. is at the head of a group of components. The financial information of this group is included in the annual accounts of the Company. This year, we applied the revised group auditing standard in our audit of the financial statements. The revised standard emphasizes the role and responsibilities of the group auditor. The revised standard contains new requirements for the identification and classification of components, scoping, and the design and performance of audit procedures across the group.

We performed risk assessment procedures throughout our audit to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements. To appropriately respond to those assessed risks, we planned and performed further audit procedures, either at component level or centrally. We identified eight components associated with a risk of material misstatement. For six out of these eight components we involved component auditors. We as group auditor audited the remaining components. We set component performance materiality levels considering the component's size and risk profile.

We have performed substantive procedures for 96% of insurance income and 100% of total assets. At group level, we assessed the aggregation risk in the remaining financial information and concluded that there is less than a reasonable possibility of a material misstatement.

In supervising and directing our component auditors, we:

- Issued group audit instructions (partly integrated in the group audit instructions issued by the group auditor of NN Group N.V.) to component auditors on the scope, nature and timing of their work, and received written communication about the results of the work they performed.
- Inspected the work performed by six component auditors and evaluated the appropriateness of audit procedures performed and conclusions drawn from the audit evidence obtained, and the relation between communicated findings and work performed. In our inspection we mainly focussed on significant risks and key judgement areas related to assumptions used to determine the valuation of level 3 investments.

We consider that the scope of our group audit forms an appropriate basis for our audit opinion. Through performing the procedures mentioned above we obtained sufficient and appropriate audit evidence about the financial information to provide an opinion on the financial statements as a whole.

Audit response to the risk of fraud and non-compliance with laws and regulations

In the management board report the Company describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment and the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of conduct, whistleblowing procedures, incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with Management, Supervisory Board and other relevant functions, such as Internal Audit, Legal Counsel and Compliance and included correspondence with relevant supervisory authorities and regulators in our evaluation. We have also incorporated elements of unpredictability in our audit, such as conducting a news search aimed at identifying any claims, lawsuits or other matters that would indicate that we would not be informed about relevant matters throughout the Company's processes and procedures. Our audit procedures did not reveal such indications.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company.

As a result of our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the annual accounts in case of non-compliance:

- Wet op het financieel toezicht (Wft) (including the European Solvency II directives);
- Data privacy regulation (GDPR).

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards in respect of management override of controls and revenue recognition:

Management override of controls (a presumed fraud risk)

Risk

Management is in a unique position to manipulate accounting records and prepare fraudulent annual accounts by overriding controls that otherwise appear to be operating effectively such as those related to journal entries and accounting estimates which require significant judgement such as the valuation of insurance liabilities and investments.

Response

— We assessed the design and the implementation of internal controls that mitigate the risk of fraud such as processes related to journal entries and key estimates.

- We performed data analysis of high-risk journal entries and evaluated key estimates and judgements for bias by the Company, including retrospective reviews of prior year's estimates.
- Where we identified instances of unexpected journal entries or other risks through our data analysis, we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information.
- We incorporated an element of unpredictability in our audit, as mentioned above.
- We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud or non-compliance. If so, we re-evaluated our assessment of relevant risks and its resulting impact on our audit procedures.

We refer to the key audit matters below that provide information of our approach related to areas of higher risk due to accounting estimates where management makes significant judgements.

Revenue recognition (a presumed fraud risk)

Risk and response

Insurance revenue for the period based on the General Measurement Model (GMM) Approach is to a large extent determined by the key assumptions made for the measurement of related insurance contract liabilities. We have covered our assessment of the risk of fraudulent revenue recognition and our response thereto in the key audit matter below: 'Valuation of insurance contract liabilities for disability insurance contracts applying the GMM Approach'.

Valuation of insurance contract liabilities for Property & Casualty (P&C) insurance contracts

Risk and response

The application of expert judgement (out of model) in the determination of the liability for incurred claims and benefits in the P&C business requires significant management judgement. We have covered our assessment and our response thereto in the key audit matter below: "Valuation of insurance contract liabilities for Property & Casualty insurance contracts".

For the identified fraud risks as described above, we communicated our risk assessment, audit responses and results to management and the Supervisory Board. Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The Management Board has performed its going concern assessment and has not identified any going concern risks. To assess management's assessment, we have performed, inter alia, the following procedures:

- We considered whether management's assessment of the going concern risks included all relevant information of which we are aware as a result of our audit.

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- We assessed whether the scenarios included in the Own Risk Solvency Assessment (ORSA) that was submitted to De Nederlandsche Bank N.V. (the Dutch Central Bank, DNB) and other regulatory correspondence, indicate a significant going concern risk.
- We considered whether the outcome of our audit procedures on the Company’s financial position and Solvency II capital position indicate a significant going concern risk.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management’s going concern assessment.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Compared to last year the key audit matter with respect to ‘Initial application of IFRS 17’ is not included, as the Company has transitioned to IFRS 17.

Valuation of insurance contract liabilities for disability insurance contracts applying the General Measurement Model Approach

Description

Insurance contract liabilities for disability insurance contracts (in short: insurance liabilities) amount to EUR 3.900 million as at 31 December 2024, or 47% of total liabilities. The valuation of insurance liabilities involves the use of cash flow models and methodologies and requires significant management judgement over assumptions, which also forms the basis for determining the Solvency II best estimate liability.

Elements that give rise to a significant risk of error are the use of incorrect assumptions in estimating the fulfillment cash flows under the General Measurement Model. Key assumption for disability contracts relates to morbidity.

As referred to in the section ‘Audit response to the risk of fraud and non-compliance with laws and regulations’ in this independent auditor’s report, assumption setting inherently include the risk of fraud that management may influence assumptions to manage the outcome of calculations and measurements. For example, in response to perceived pressure to achieve certain key performance targets communicated internally and externally. We consider the most critical assumption in this regard the morbidity assumption.

Given the financial significance, the level of judgement required and the inherent risk of fraud we considered the valuation of insurance contract liabilities for disability insurance contracts applying the General Measurement Model Approach a key audit matter.

Our response

Our audit approach is a mixture of controls testing and substantive audit procedures.

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Our procedures over internal controls focused on testing of controls around assumption setting and internal review procedures performed by the actuarial function. We also assessed the process for the internal validation and implementation of the models used for the valuation of the insurance liabilities.

In collaboration with our actuarial specialists we performed the following substantive audit procedures:

- Assessed the appropriateness of assumptions used in the valuation of the insurance liabilities by reference to company data as well as relevant market and industry data.
- Tested the appropriateness of the data used, assumptions and methodologies applied in the valuation of insurance contract liabilities.
- Performed substantive analysis of developments in actuarial results and movements in provisions, the risk adjustment, CSM and other comprehensive income during the year and made corroborative inquiries with management and the actuarial function.
- Challenged and assessed the appropriateness of the morbidity assumption and assessed that the assumption is in line with historical data and expected developments.
- Requested the model and assumption calendar and checked realization and inspect explanation for non-completed or additional items.
- Assessed the disclosures in the annual accounts for compliance with EU-IFRS and the Dutch Civil Code.

Our observation

We consider the valuation of the insurance contract liabilities measured using the General Measurement Model Approach to be appropriate. We refer to note 10 'Insurance contracts' of the annual accounts. No indications and/or reasonable suspicion of fraudulent activity was identified as a result of the audit procedures performed.

Valuation of insurance contract liabilities for Property & Casualty insurance contracts

Description

Insurance contract liabilities for Property & Casualty insurance contracts (in short: insurance contract liabilities) amount to EUR 2.395 million as at 31 December 2024, or 29% of total liabilities. The valuation of insurance liabilities involves management judgement over uncertain future outcomes. For Property & Casualty insurance contracts this mainly relates to the determination of the reserve for incurred but not reported (IBNR) claims, particularly the determination of the ultimate loss values. As referred to in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations' in this audit opinion, assumption setting inherently include the risk of fraud that management may influence assumptions to manage the outcome of calculations and measurements. For example in response to perceived pressure to achieve certain key performance targets communicated internally and externally. We consider the application of expert judgement adjustments (out-of-model) to be a critical assumption in this regard.

Given the financial significance and level of judgement required, we considered the valuation of the IBNR as part of the Liability of Incurred Claims a key audit matter.

Our response

Our audit approach is a mixture of controls testing around determining insurance contract liabilities as well as substantive audit procedures. Our procedures over internal controls focused on controls around the reliability of claims data and assumptions used in determining the ultimate loss values, including the governance around assumption setting and the review procedures performed by the actuaries of the Company, including the Actuarial Function Holder.

In collaboration with our actuarial specialists we performed the following audit procedures:

- Assessed the appropriateness of historical IBNR data.
- Verified the accuracy and completeness of (claims) data and assumptions used in determining the IBNR.
- Analysed developments in actuarial results during the year.
- Independently re-developed the claim triangles used in determining the IBNR.
- Assessed the appropriateness and reasonableness of the expert judgement applied (out-of-model).
- Performed corroborative inquiries with management and the actuaries, including the Actuarial Function Holder.
- Requested the model and assumption calendar and checked realization and inspect explanation for non-completed or additional items.
- Assessed the disclosures in the annual accounts for compliance with EU-IFRS and the Dutch Civil Code.

Our observation

We consider the valuation of the insurance contract liabilities for Property and Casualty insurance contracts to be appropriate. We refer to note 10 'Insurance contracts' of the annual accounts. No indications and/or reasonable suspicion of fraudulent activity was identified as a result of the audit procedures performed.

Valuation of illiquid investments

Description

For illiquid (non-listed) investments quoted prices are not available and fair values are based on valuation techniques which often involve the exercise of judgement by management and the use of assumptions, estimates and unobservable inputs. Where significant pricing inputs

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are unobservable, management has no reliable, relevant market data available in determining the fair value. For these illiquid investments the estimation uncertainty can be high, especially due to increased market volatilities. This is mainly applicable to:

- mortgages loans held by the insurance entities, which are measured at fair value through other comprehensive income;
- real estate investments; and
- private equity and private debt investments.

Given the financial significance and estimation uncertainties we considered the valuation of illiquid investments a key audit matter.

Our response

We assessed management's approach to the valuation of illiquid investments and performed the following procedures:

- Evaluated the Company's processes and controls governing the valuation of non-listed investments.
- In collaboration with KPMG valuation specialists, challenged the appropriateness of the models and methodologies used by management in calculating fair values of mortgages. We tested the source data used and assessed the appropriateness of critical valuation parameters. Our valuation specialists independently calculated whether the fair value for the mortgage portfolio as a whole as determined by management is within the acceptable fair value range.
- For real estate investments, private equity, and private debt we instructed other auditors and performed file reviews and determined that:
  - Real estate valuation specialists were involved in the substantive audit procedures of selected real estate investments.
  - The objectivity, independence and professional competence of external valuators engaged by management have been evaluated.
  - The valuation reports obtained have been inspected.
  - The source data used have been tested and the calculations made for significant assumptions such as the gross initial yield/discount rate and estimated rental values have been challenged.
  - The assumptions used against available market data and object specific underlying characteristics such as occupancy rates and contract renewals have been assessed.
  - Management's valuation of private equity and private debt investments have been tested and challenged.
  - Received and assessed the independent auditor's reports as included in the financial information of these investments.
  - Assessed the disclosures in the annual accounts for compliance with EU-IFRS and the Dutch Civil Code.

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Our observation

We consider the valuation of the illiquid investments to be appropriate. We refer to notes 3, 4 and 5 of the annual accounts.

Report on the other information included in the annual report

In addition to the annual accounts and our auditor's report thereon, the annual report contains other information. Based on the following procedures performed, we conclude that the other information:

- is consistent with the annual accounts and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the annual accounts or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the annual accounts. The Management Board is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were initially appointed by the General Meeting of Shareholders as auditor of Nationale-Nederlanden Schadeverzekering Maatschappij N.V. on 28 May 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that financial year. We were reappointed by the General Meeting of Shareholders on 19 May 2022 to continue to serve the Nationale-Nederlanden Schadeverzekering Maatschappij N.V. as it external auditor for the financial years 2023-2025.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Description of responsibilities regarding the annual accounts

Responsibilities of the Management Board and the Supervisory Board for the annual accounts

The Management Board is responsible for the preparation and fair presentation of the annual accounts in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as management determines is necessary to enable the preparation of the annual accounts that are free from material misstatement, whether due to fraud or error. In that respect the Management Board, under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the annual accounts, the Management Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the annual accounts using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the annual accounts.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the annual accounts

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the annual accounts is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at www.nba.nl/eng_oob_20241203.This description forms part of our auditor's report.

Utrecht, 24 March 2025

KPMG Accountants N.V.

A.R.B. de Bruin RA

Appropriation of result

The result is appropriated pursuant to article 21 of the articles of association of NN Schade, the relevant stipulations of which state that the appropriation of result shall be determined by the General Meeting, having heard the advice of the Management Board and the Supervisory Board.

Reference is made to Note 9 'Equity' for the proposed appropriation of result.

Contact and legal information

Prepared by

NN Schade Corporate Relations

Design

Radley Yeldar | ry.com

Contact us

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For further information on NN Schade's sustainability strategy, policies and performance, please visit http://www.nn-group.com/sustainability.htm or contact us via sustainability@nn-group.com

Disclaimer

Small differences in the tables are possible due to rounding.

The 2024 Annual Report provides an integrated review of the performance of NN Schade. Small differences in the tables are possible due to rounding. Certain of the statements in this 2024 Annual Report 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 Schade's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro or European Union countries leaving the European Union, (4) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (5) the frequency and severity of insured loss events, (6) changes affecting mortality and morbidity levels and trends, (7) changes affecting persistency levels, (8) changes affecting interest rate levels, (9) changes affecting currency exchange rates, (10) changes in investor, customer and policyholder behaviour, (11) changes in general competitive factors, (12) changes in laws and regulations and the interpretation and application thereof, (13) changes in the policies and actions of governments and/or regulatory authorities, (14) conclusions with regard to accounting assumptions and methodologies, (15) changes in ownership that could affect the future availability to NN Schade of net operating loss, net capital and built-in loss carry forwards, (16) changes in credit and financial strength ratings, (17) NN Schade's ability to achieve projected operational synergies, (18) catastrophes and terrorist-related events, (19) 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, (20) risks and challenges related to cybercrime including the effects of cyberattacks and changes in legislation and regulation related to cybersecurity and data privacy, (21) business, operational, regulatory, reputation and other risks and challenges in connection with Sustainability matters (please see the link to our Sustainability matters definition www.nn-group.com/sustainability/policies-reports-and-memberships/policy-and-report-library.htm, (22) the inability to retain key personnel, (23) adverse developments in legal and other proceedings and (24) the other risks and uncertainties contained in recent public disclosures made by NN Schade, NN Group and/or related to NN Schade and/or NN Group.

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

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