2024

Solvency and Financial Condition Report

Nationale-Nederlanden Schadeverzekering Maatschappij N.V.

nationale
nederlanden

Content

Solvency and Financial

Condition Report

Summary

NN Schade's approach to the Solvency and Financial Condition Report

This Solvency and Financial Condition Report (SFCR) provides public quantitative and qualitative disclosures for Nationale-Nederlanden Schadeverzekering Maatschappij N.V. (NN Schade) on Solvency II as required by the Solvency II legislation. NN Schade already discloses most of the information that is required to be included in the SFCR in its 2024 Annual Report (Annual Report). In order to ensure the most transparent and user-friendly approach, the information that is already included in the Annual Report is not duplicated in this SFCR. Therefore, this SFCR is prepared as a supplement to NN Schade's Annual Report. It includes all information required to be disclosed in the SFCR, either through a specific reference to the Annual Report or as supplemental information.

As required by the Delegated Regulation (EU) 2015/35/Annex XX 'Structure of the Solvency and Financial Condition Report and Regular Supervisory Report', this SFCR follows the required standard chapter layout. The subjects addressed are based on

- Directive 2009/138/EC/and (amended) Directive 2014/51/EU section 3 – Public Disclosures (articles 51-56),
- Delegated Regulation (EU) 2015/35 and (amended) Delegated Regulation (EU) 2016/467 chapter XII Public Disclosures (articles 292-298),
- Guidelines on reporting and public disclosure' (EIOPA-BoS-15/109) as issued by the European Insurance and Occupational Pensions Authority ('EIOPA').

NN Schade is required to submit the so-called Quantitative Reporting Templates (QRTs) to its supervisor Dutch Central Bank (DNB). A subset of these QRTs, which are required to be publicly disclosed and which provide quantitative information in accordance with Solvency II as at 31 December 2024, are included in the appendix to this SFCR.

The amounts disclosed in this SFCR are, consistent with the amounts in the Annual Report, in thousands of euros unless stated otherwise.

The Solvency ratio, as well as the amounts disclosed in this SFCR are not final until filed with the regulators.

Chapter A 'Business and performance' describes the overall business profile and structure of NN Schade. It also provides insight into the underwriting and investment performance of NN Schade. Chapter B 'System of Governance' explains the organisational governance structure and looks into the role and execution of key Solvency II functions. Chapter C 'Risk profile' analyses NN Schade's exposure to financial and non-financial risks and explains the risk mitigation techniques in place. Chapter D 'Valuation for solvency purposes' elaborates on the differences in presentation and measurement of balance sheet elements between Solvency II and International Financial Reporting Standards as endorsed by the European Union ('IFRS-EU'). Chapter E 'Capital management' discusses the composition of Available and Eligible Own Funds and the calculation of the Solvency Capital Requirement (SCR).

General Developments 2024

Material changes in 2024

A - Major change business and performance

NN Schade's consistent strategy is to give meaning to the five strategic commitments (see Report of the Management Board, part of the Annual Report 2024), based on three guiding principles and three strategic themes. Sustainability has become a business-as-usual topic. As mentioned in the Report of the Management Board, in response to climate change, the P&C Retail & Health business line have enriched its home insurance with eight sustainable features.

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

Operating result declined from EUR 329 million in 2023 to EUR 293 million in 2024. The combined ratio for 2024 was 94% (2023: 93%). The increase of the combined ratio can be ascribed to both P&C-business as well as Health. The result before tax decreased to EUR 292 million from EUR 325 million in 2023. More explanations are given in the Annual accounts 2024.

Summary continued

B - System of Governance

Risk Management Function

In 2024 the CRO became the Solvency II Key Function Holder for the Risk Management Function and reports to the NN Schade CEO.

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

New or modified products or services are subject to a product approval and review process (PARP) to safeguard transparency and meeting customer needs. In 2023, we noticed more regulatory focus on Product Oversight and Governance (POG) and NN Schade followed up on reviews and investigations done by regulators derived from the Value for Money toolbox. In 2024 NN Schade took measures to further improve the PARP.

C – Risk profile

NN Schade has entered into a partnership with the German insurance company Domcura A.G. 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 Schade providing dwelling insurance through Domcura's mandated brokers.

The Standard Formula approach has been applied for the foreign portfolios, namely the Belgian Branch 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.

D – Valuation for solvency purposes

In general, Solvency II valuation requires a market consistent approach to the valuation of assets and liabilities. The default reference framework for valuing assets and liabilities is IFRS as endorsed by the European Union ('IFRS-EU').

Reference is made to the 2024 Annual Report of NN Schade for more detailed information on the IFRS balance sheet.

During 2024 best estimate assumptions were reviewed and updated where necessary. Assumption changes reflect movements in the financial markets and recalibration of non-market assumptions.

Both for IFRS as well as Solvency II purposes, no significant changes were made to the recognition and valuation bases nor on estimations of the other liabilities during the reporting period.

E – Capital management

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.

Regarding capital management there are no major changes. The development of the Solvency II ratio is explained below.

Eligible Own Funds

Solvency II requires to hold Eligible Own Funds for covering the Solvency Capital Requirement. The Eligible Own Funds are classified in three tiers depending on whether the own funds items are available to absorb losses on a going concern basis and/or in the case of winding-up as prescribed in the Solvency II Legislation. Tier 1 Own Funds items are the highest grade capital and Tier 3 Own Funds are the lowest grade capital.

Eligible Own Funds

In EUR thousand	2024	2023
Tier 1 (restricted and unrestricted)	1,668,576	1,805,249
Tier 2	148,765	146,875
Tier 3	4,424	
Total Eligible Own Funds	**1,821,765**	**1,952,124**

Summary continued

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

Solvency Capital Requirement

In EUR thousand	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
LAC DT	-446,229	-409,363
Total SCR	**1,433,525**	**1,356,309**

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.

NN Schade's Solvency II ratio

The following table presents the Solvency II ratio of NN Schade at year-end:

Solvency ratio

In EUR thousand	2024	2023
Eligible Own Funds (EOF)	1,821,765	1,952,124
Minimum Capital Requirement (MCR)	587,521	570,505
Solvency Capital Requirement (SCR)	1,433,525	1,356,309
Surplus	388,240	595,815
Ratio (%) (EOF/SCR)	**127%**	**144%**

The Solvency II ratio of NN Schade decreased to 127% from 144% due to decrease in Eligible Own Funds and increase in the SCR.

Business and performance

A. Business and performance

Introduction
This chapter of the SFCR contains general information on NN Schade, a simplified organisational structure and NN Schade's financial performance over 2024.

A.1 Business

General
Reference is made to the section 'NN Group and NN Schade at a Glance' in the 2024 Annual Report of NN Schade for the legal form of NN Schade and NN Schade's position within the legal structure of NN Group.

The supervisory authority responsible for financial supervision of NN Schade:

Dutch Central Bank
Frederiksplein 61
1017 XL Amsterdam
The Netherlands

The contact details of NN Schade's external auditor are:

KPMG Accountants N.V.
Mr. A.R.B. de Bruin
Laan van Langerhuize 1
1186 DS Amstelveen
The Netherlands

Information on the appointment of the external auditor is included in the section 'Corporate governance- External auditor' in the 2024 Annual Report of NN Schade.

Qualifying holdings
A 'qualifying' holding is a direct or indirect holding which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking.

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 fully owned by NN Group.

As at 31 December 2024, there were no holders of qualifying holdings in NN Group.

Material lines of business and related undertakings
Reference is made to section 'NN Group and NN Schade at a glance' and section 'Report of the Management Board' in the 2024 Annual Report of NN Schade for more information on the material lines of business of NN Schade.

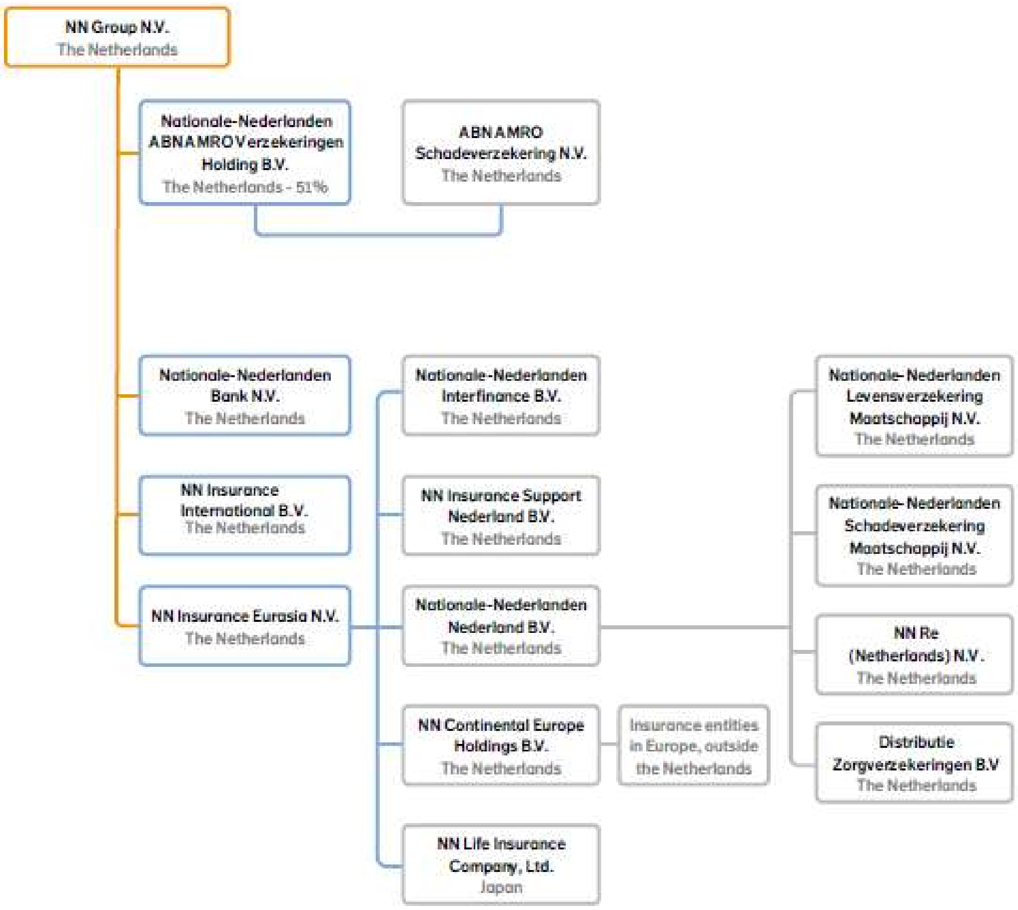
For information on any significant business events or other events that have occurred over the reporting period reference is made to the section 'Report of the Management Board – Financial strength' in the 2024 Annual Report of NN.

Reference is made to the section 'Corporate governance' in the 2024 Annual Report of NN Schade for information on the governance and organisational structure of NN Schade.

Business and performance continued

Simplified group structure

The simplified group structure as at 31 December 2024 is as follows:



A.2 Underwriting Performance (see A.3 below)

A.3 Investment Performance

For information on underwriting and investment performance, reference is made to the section 'Report of the Management Board - Financial strength' in the 2024 Annual Report of NN Schade. For the underwriting performance, reference is made to QRT S.05.01.02 ‘Premiums, claims and expenses by line of business’ in the Appendix.

Further reference is made to Note 17 ‘Investment result’ in the 2024 Annual Report of NN Schade for information on income arising from investments by asset class and the components of such income.

Gains and losses on investments recognised directly in equity are disclosed in Note 9 ‘Equity’- revaluation reserve and in the statement of comprehensive income in the 2024 Annual Report of NN Schade.

Information on investment in securitisations is included Note 4 ‘Investments at fair value through profit or loss’ in the 2024 Annual Report of NN Schade. Most of the investments in securitisations issued by third parties relate to debt instruments of structured entities regarding asset-backed securities classified as loans.

Business and performance continued

A.4 Performance of other activities

NN Schade has no other activities.

A.5 Any other information

Reference is made to the section 'Report of the Management Board' in the 2024 Annual Report of NN Schade for any other material information regarding the business and performance of NN Schade.

System of governance

B. System of governance

Introduction
This chapter of the SFCR contains information on the system of governance of NN Schade in addition to governance information included in the NN Group 2024 Annual Report and 2024 Annual Report of NN Schade as disclosed on NN Group's website. The additional information includes relevant committees within the Management Board, a description of the main roles and responsibilities of the Key Functions and NN Schade's approach to the 'fit and proper' requirements and Own Risk and Solvency Assessment.

B.1 General information on the system of governance
This chapter describes the structure of the committees, and explains the responsibilities, members and interdependencies of each committee. This chapter sets out the governance and control framework effective in 2024.

Structure of governance and changes in system of governance
For a description of the structure of NN Schade's administrative and management body, reference is made to 'Manage our Risks' in the 2024 Annual Report of NN Schade. This source also describes the main roles and responsibilities of these bodies, provides a brief description of the segregation of responsibilities within these bodies and describes their relevant committees.

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.

MB committees
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.

While the Management Board retains responsibility for the risk management of NN Schade, it has delegated certain other responsibilities to committees. The Management Board committees are the Risk Board, the Model Committee, and the Assets & Liabilities Committee. Subcommittees of these Management Board committees are in place to cover specific areas of business or topics. As part of the improvements to the PARP, a PAR committee was formed with delegated decision making from the Risk Board related to products.

Roles and responsibilities of Key Functions
NN Schade has organised its Solvency II Key Functions in accordance with the applicable Solvency II regulations. All Solvency II Key Function Holders within NN Schade have passed the DNB's fit and proper test. All the Solvency II Key Functions are able to carry out their duties objectively and free from undue influence, and do not simultaneously perform conflicting activities. They all have been given an appropriate standing in the organisation and can report relevant findings directly to the relevant Board(s).

Risk function
CRO

The NN Schade CRO is a member of the NN Schade Management Board and reports hierarchically to the CEO and functionally to the NN Group CRO. The NN Schade CRO steers an independent risk organisation which supports the first line in their decision-making, with sufficient countervailing power to prevent excessive risk taking. The NN Schade CRO must ensure that both the Management Board and the Supervisory Board are at all times informed of and understand the material risks to which NN Schade is exposed.

Risk Management Function
The Risk Management Function is a Solvency II Key Function within NN Schade. The CRO is the Solvency II Key Function Holder for the Risk Management Function and reports to the NN Schade CEO. Reference is made to 'Manage our Risks' in the 2024 Annual Report of NN Schade for a description of the Risk Management function.

Compliance Function
The Compliance Function is a Solvency II Key Function within NN Schade. The Head of Compliance is the Solvency II Key Function Holder for the Compliance Function and reports to the Director of Legal & Compliance. Reference is made to 'Manage our Risks' in the 2024 Annual Report of NN Schade for a description of the Compliance function.

Actuarial Function
The Actuarial Function is a Solvency II Key Function within NN Schade. The Actuarial Function Holder is the Solvency II Key Function Holder for the Actuarial Function and reports the NN Schade CRO. Reference is made to 'Manage our Risks' in the 2024 Annual Report of NN Schade for a description of the Actuarial Function.

Internal Audit Function
The Internal Audit Function is a Solvency II Key Function within NN Schade. NN Schade has outsourced internal audit to CAS, the internal audit department within NN Group. Reference is made to 'Manage our Risks' in the 2024 Annual Report of NN Schade for a description of the Internal Audit Function.

System of governance continued

Remuneration
Remuneration is performed in line with the remuneration policies defined by NN Group. Reference is made to Note 34 'Key management personnel compensation' as disclosed in the 2024 Annual Report of NN Schade for information on the remuneration policy and practices regarding administrative, management and supervisory bodies and employees. Other information on remuneration is disclosed on NN Group's website: NN Group - Remuneration (nn-group.com).

Transactions with related parties
Reference is made to Note 33 'Related parties' and Note 34 'Key management personnel compensation' in the 2024 Annual Report of NN Schade for information about material transactions during the reporting period. Section B.7 in this SFCR contains more information on intra-group outsourcing arrangements. Transactions with people who exercise a significant influence on NN Schade and with members of the Management Board and Supervisory Board are disclosed in Note 34 'Key management personnel compensation' in the 2024 Annual Report of NN Schade.

Adequacy of system of governance
The NN Schade Management Board concludes that the NN Schade's System of Governance is adequate and effective, supports its strategic objectives and operations and provides for sound and prudent management of the company. The latest System of Governance Review activities, which included a follow-up review of improvement measures, were concluded with discussion and conclusion scheduled for Q1 2025.

Consistent use of risk management, internal control systems and reporting procedures
Reference is made to 'Manage our Risks' in the 2024 Annual Report of NN Schade for a description of how the risk management and internal control systems and reporting procedures are implemented consistently throughout the organisation.

Own Risk and Solvency Assessment (ORSA) at group and entity level
NN Group did not make use of the option provided for in the third subparagraph of Article 246(4) of Directive 2009/138/EC to conduct the Own Risk and Solvency Assessments at the level of the group and at the level of any subsidiary in the group simultaneously. NN Schade conducts their Own Risk and Solvency Assessments at the level of NN Schade as a whole.

B.2 Fit and proper requirements
For a description of NN Schade's specific requirements concerning skills, knowledge, and expertise applicable to the persons who manage NN Schade, reference is made to 'Manage our Risks' in the 2024 Annual Report of NN Schade. Requirements concerning skills, knowledge and expertise applicable to people who have other key functions, are included in the respective job profiles.

Various NN Group policies and charters include provisions aiming to ensure that the people who effectively manage NN Schade and the people fulfilling Solvency II Key Functions are fit and proper. During recruitment all candidates must have the professional qualifications, knowledge and experience that are required for sound and prudent management (fit) and be of good reputation and have integrity (proper). Where applicable the candidates must pass the DNB or AFM fit and proper test.

All people holding Solvency II Key Functions are assessed against their performance objectives, leadership behaviours and any other requirements from their job profiles during the annual performance cycle and specifically during the year-end appraisal.

B.3 Risk management system including the Own Risk and Solvency Assessment
Description of NN Schade's risk management system
Reference is made to 'Manage our Risks' in the 2024 Annual Report of NN Schade for:

- a description of the risk management system, which comprises of strategies, processes and reporting procedures,
- how NN Schade is able to effectively identify, assess, monitor, manage and report, on a continuous basis, and
- the risks to which NN Schade is or could be exposed on an individual and aggregated level.

Also, in 'Manage our Risks', a description is included on how the risk management system including the risk management function are implemented and integrated into the organisational structure and decision-making processes of NN Schade.

Own Risk and Solvency Assessment
The Own Risk and Solvency Assessment (ORSA) aligns business strategy and objectives, key risk appetite statements, risk and capital management with the annual business plan process. The ORSA report helps the Management Board assess the overall risk and capital profile of the business under various scenarios. It is a process to identify, assess, monitor, manage and report risks faced by an insurance entity and determine own funds necessary to ensure overall solvency needs are met. The ORSA is a high-level analysis of capital adequacy based on the current and emerging risk profile of an entity, given its strategy and risk appetite. It does not serve to calculate the capital requirement, but capital add-ons can be considered as a result of the ORSA. It is an integral part of business planning.

System of governance continued

Regular frequency

NN Schade, prepares an ORSA at least once a year. In the ORSA, NN Schade:

- articulates its strategy and risk appetite;
- describes its key risks and how they are managed;
- analyses whether or not its risks and capital are appropriately modelled; and
- evaluates how susceptible the capital position is to shocks through stress testing and scenario analysis, including a multiyear view.

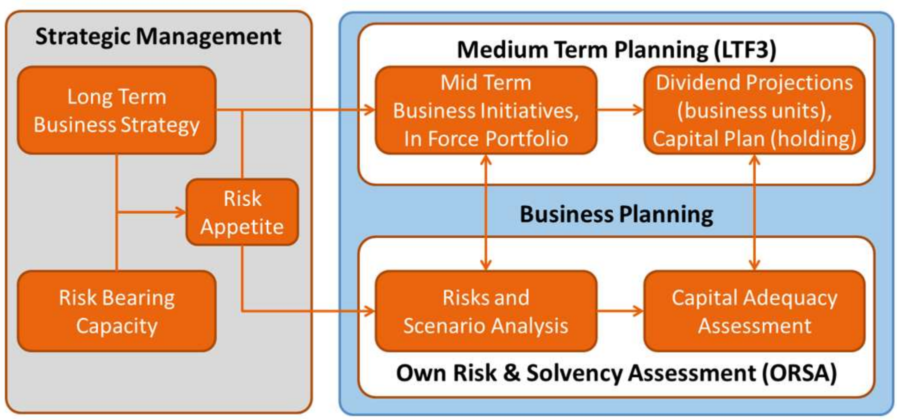
Stress testing examines the effect of exceptional but plausible scenarios on the capital position of NN Schade. Stress testing can also be initiated outside the ORSA, either internally or by external parties such as De Nederlandsche Bank (DNB) and the European Insurance and Occupational Pensions Authority ('EIOPA'). The ORSA includes a forward looking overall assessment of the solvency position of NN Schade considering the risks it holds.

Monitoring between regular ORSAs: possible ad-hoc ORSA

To the extent necessary, outcomes of the ORSA are translated in ad-hoc ORSA triggers (i.e. events that lead to a significant shock in the risk profile and/or capital position), risk metrics and management actions for identified material risks. Monitoring of ad-hoc ORSA triggers and risk metrics is performed as part of the regular Finance & Risk control cycle. Developments are documented in internal Finance & Risk reports and discussed during board and/or delegated committee meetings. The CRO of NN Schade is responsible for identifying the need of a(n) (partial) ad-hoc ORSA. In such cases, NN Group will be informed and the relevant national supervisory authority will also be informed.

The regular ORSA process as undertaken within NN Schade

The ORSA is linked to strategic management and business planning processes as illustrated below:



Strategy and risk appetite

A thorough (re-)assessment of strategy is usually done once every 3-5 years or when material developments in the external or internal environment require to do an earlier re-assessment. Yearly assessments are made to adjust the strategy for developments in the past year and/or revised assumptions on the future. Setting (and adjusting) the risk appetite is inextricably part of strategy setting (and adjusting).

Risk Assessment

Key to the ORSA is the identification of potentially solvency threatening risks by the Management Board, given their strategy and risk appetite. Basis for this risk assessment is NN Group's risk taxonomy. Modelled risks are subject to an appropriateness test and additional statistical stress testing, both contributing to adequate capitalisation of these risks. Focus is therefore on non-modelled risks.

Appropriateness test of regulatory capital calculation

The assumptions and models for calculating regulatory solvency requirements are assessed against the actual risk profile. Differences are analysed in terms of future model improvements and/or non-modelled risks. The outcome of the analysis may lead to mitigating actions to overcome model shortcomings. If the deviations or uncertainties are considered material, quantification of the deviation is necessary and can result in changes in the determination of required capital.

Capital projections

The projection basis is consistent with the best-estimate assumptions and parameters used for the Business Plan best estimate financial forecasts, among others the yearly updated Macro Economic Scenario.

The Actuarial Function is to confirm that the base-case and projected technical provisions represent a true and fair view of future liabilities. The Actuarial Function also provides input concerning the risks arising from the calculation of technical provisions.

System of governance continued

The Risk Function is also involved in the ORSA process, amongst others in assessing the stress testing in relation to the identified key risks and mitigating measures in place.

Regulatory solvency is at the heart of the ORSA: NN Schade must ensure that it is able to meet regulatory required solvency ratios at all times. In addition, NN Schade assesses:

- The quantity and quality of Own Funds over the Business Plan period
- The composition of Own Funds across tiers and how this composition may change as a result of redemption, repayment and maturity dates during the Business Plan period.

Note that in principle only NN Group raises capital in the financial markets.

Stress testing and overall assessment of capital adequacy

Based on the Business Plan and the outcomes of the ORSA risk assessment, (reverse) stress scenarios and their parameters are developed and documented. The Management Board is responsible for identifying the key uncertainties and the related scenarios.

Scenario testing, as well as (reverse) stress testing are required for each ORSA. When the outcomes of performed stress tests show solvency ratios dropping below 100%, realistic strategies for recovering Solvency ratios will be considered and documented in the ORSA report. One of the management actions is a capital downstream to restore Solvency ratios.

Ultimately, after all assessments and considerations (including formulated management actions) the ORSA is to conclude whether, going forward, NN Schade is adequately capitalised under a wide range of scenarios over the planning horizon.

Governance of NN Schade’s Partial Internal Model

Model Validation

NN Schade has outsourced its Model Validation to NN Group. NN Group’s Model Validation Function aims to ensure that NN Schade’s models are fit for their intended use. For this purpose, the Model Validation Function carries out validations of risk and valuation models in particular those related to Solvency II. Any changes to models that have an impact larger than certain pre-set materiality thresholds require approval from either the Group CRO, Group CFO or the NN Group Management Board.

Model validation performs validation on reliability of models at different stages during their life cycle: at initiation, prior to approval, when the model has been redeveloped or modified, and on a regular basis (based on a planning discussed and agreed with the Model Development departments). The validation process covers a mix of developmental evidence assessment, process verification and outcome analysis.

The validation cycle determines the maximum period between two model validations, which can be up to five years. This means that each model in scope will be independently validated at least once within the validation cycle. Model Validation can also start validating before the due date, for example following specific portfolio/market developments or regulatory changes. Materiality of a model is determined based on quantitative and qualitative criteria. Quantitative criteria relate to, amongst others, a percentage of Market Value of Liabilities/Assets, or Solvency Capital Requirement. Qualitative criteria cover model complexity, strategic importance and other factors. Models with a higher materiality are validated more frequently. Depending on materiality of the model, as well as the severity of findings resulting from a model validation, models receive a Validation Opinion. Management forms an opinion on the identified findings and proposes remedial actions, such as further adjustments of the model.

B.4 The Internal control system

Reference is made to ‘Manage our Risks’ of the Annual Report of NN Schade for a description of the implementation of the system of risk management and Internal control.

B.5 Internal Audit Function

Reference is made to ‘Manage our Risks’ of the Annual Report of NN Schade for a description of the implementation of the Internal Audit Function.

B.6 Actuarial Function

Reference is made to ‘Manage our Risks’ of the Annual Report of NN Schade for a description of the implementation of the Actuarial Function.

B.7 Outsourcing

External Outsourcing arrangements

NN Schade has outsourced part of its (IT) processes to external service providers, either directly or indirectly via NN Group. There are no significant provisions recognised for doubtful debts or individually significant bad debt expenses on outstanding balances with these providers.

External outsourcing arrangements at NN Schade follow the NN Outsourcing Policy, which includes clear definitions of the outsourced processes, services, and activities, as well as a service level agreement (SLA), financial obligations, start/end dates, and termination clauses. The policy requires adherence to applicable laws, regulations, and guidelines, and includes clauses for performance and assurance reporting, subcontracting conditions, the right to audit, and supplier assurance on internal control systems. The policy also requires adherence to NN's information security, business continuity management, and data quality requirements, and includes clauses on data exchange, activities in case of an exit, contract governance, mandatory insurance against certain risks, and referring to the national resolution authority's powers and obligations.

System of governance continued

Intra-group Outsourcing arrangements (IOA)

In the normal course of business, NN Schade entity enter into various transactions with entities within the Group. There are no significant provisions recognised for doubtful debts or individually significant bad debt expenses on outstanding balances within NN Schade.

NN Schade ensures that NN intra-group outsourcing is managed according to agreed service levels and within its risk appetite and ensures amongst others to

- Sign an agreement for NN intra-group outsourcing, between NN Schade and the NN service provider, which covers all aspects needed to manage the NN intra-group outsourcing and which clearly defines the respective rights and obligations of NN Schade and the NN service provider
- Ensure that financial conditions for the outsourced services are set at arm's length and are conducted under market-consistent conditions.

B.8 Any other information

Reference is made to the section 'Corporate Governance' in the 2024 Annual Report of NN Schade and the NN Group website: https://www.nn-group.com/our-company/corporate-governance.htm for other information regarding the system of governance of NN Schade and NN Group.

Risk profile

C. Risk profile

Introduction
This chapter of the SFCR contains information on the risk profile of NN Schade and information on the 'prudent person principle' used when investing.

Risk profile per risk category
Reference is made to Note 36 'Risk management' in the 2024 Annual Report of NN Schade for quantitative and qualitative information on the risk profile per risk category. The following risk categories have been disclosed:

C.1 Non-market risk (Underwriting risk)
In the 2024 Annual Report of NN Schade, non-market risk is disclosed in Note 36 'Risk management'. The note specifically identifies insurance risk and business risk as the two components of non-market risk.

C.2 Market risk
Market risk is disclosed in Note 36 'Risk management' in the 2024 Annual Report of NN Schade.

C.3 Counterparty risk (Credit risk)
Counterparty Default risk is disclosed in Note 36 'Risk management' in the 2024 Annual Report of NN Schade.

C.4 Liquidity risk
Liquidity risk is disclosed in Note 36 'Risk management' in the 2024 Annual Report of NN Schade.

C.5 Operational risk
Operational risk is disclosed in Note 36 'Risk management' in the 2024 Annual Report of NN Schade.

C.6 Other material risks
Strategic and emerging risks
Strategic risks are risks arising from making incorrect business decisions, implementing decisions poorly, or being unable to adapt to changes in the operating environment. Emerging 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. Reference is made to Note 36 'Risk management' the 2024 Annual Report of NN Schade, section 'Managing our risks' for any other information on any other material risks.

Business conduct risk
Business conduct risk is the risks related to unethical or irresponsible corporate behaviour, inappropriate employee behaviour and product suitability. For more details reference is made to Note 36 'Risk management' in the 2024 Annual Report of NN Schade.

Concentration risks
NN Schade manages concentration risk with a limit structure. More information on the mitigation of several types of concentration risk is included in Note 36 'Risk management' in the 2024 Annual Report of NN Schade.

Investing assets in accordance with the 'Prudent person principle'
Acceptable investments
NN Schade complies with the prudent person principles as set out in Directive 2009/138/EC article 132: Prudent person principle. NN Group maintains a Global Asset List, which contains all asset classes in which subsidiaries of NN Group are allowed to invest. Before an asset class is approved for this list, a specific assessment, called 'New Asset Class Assessment' (NACA) must be followed.

The NACA should describe all considerations on return, risk, tax, Environmental, Social and Governance (ESG) matters and operational consequences that are relevant to the decision whether NN Schade can invest in the proposed asset class.

The NACA request does not describe a specific transaction, but is a proposal for the potential investment in an investment class. The NACA should nevertheless address the quantitative impact of potential future investments and include proposed portfolio limits for the product. This should always be in line with NN Group internal policies as well as external constraints (such as regulatory limits).

Governance of investments
Within the three lines-of -defence model, investments are managed in the first line in close cooperation with NN Investment Office, reporting directly to the CFO of NN Schade. The second line function is performed by Financial Risk Management (FRM), which reports to the CRO of NN Schade. All stakeholders regularly meet in the Asset and Liability Committee (ALCO) for discussing the most material issues. The ALCO is involved in (but not limited to) oversight of market and investment risk taking, the definition of an investment strategy applicable to certain mandates and/or local financial markets, discussing quarterly figures and insights in interventions before end of quarter and capital position, risk metrics and balance sheet. Operational activities regarding investments are performed by NN Investment Office, which also provides advice on proposed or current investments.

Risk profile continued

All investments related activities are performed within the boundaries as set by NN Group. These include among others the following:

- Asset Class Standard
- Asset Liability Management policy
- Strategic Asset Allocation standard
- Concentration Risk Standard
- Financial Regulations Standard
- Interest Rate Risk Management Standard
- Investment Management Policy
- Investment Mandate Standard
- Liquidity Risk Management Standard
- Responsible Investment framework policy

Chief Investment Officer of NN Group
Based on market views, local business unit requirements and input from its assets managers, the Chief Investment Officer will:

- Propose on Investment Strategy for NN Group and the business units;
- Prepare or advise on Strategic Asset Allocation Studies and Reviews and Investment Plans based on these Studies and Reviews;
- Prepare proposals for mandates containing investment limits and delegated approval levels for the asset managers; and
- Prepare Performance Measurement Guidelines of all investment decisions taken under the delegated approval authorities.

Solvency II sensitivity analysis
Reference is made to Note 48 'Risk Management' in the 2024 Annual Report of NN Group for a description of the methods used and the assumptions made.

Risk exposure from off-balance sheet positions and transfer of risk to special purpose vehicles
Reference is made to Note 30 'Contingent liabilities and commitments' and to Note 36 'Risk management' in the 2024 Annual Report of NN Schade regarding the risk exposure of NN Schade, including the exposure arising from off-balance sheet positions and describing the measures used to assess these risks, when applicable

As at 31 December 2024, no material risks were transferred to special purpose vehicles outside NN Schade.

C.7 Any other information relevant to the risk profile of NN Schade
Techniques used for mitigation of risks
Reference is made to Note 36 'Risk Management' in the 2024 Annual Report of NN Schade for a description of the techniques used for mitigating risks and the processes for monitoring the continued effectiveness of these risk mitigation techniques.

Foreign portfolios on Standard Formula, consolidation using Integration Technique 3
NN Schade has entered into a partnership with the German insurance company Domcura A.G. 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.

The Standard Formula approach has been applied for the foreign portfolios, namely the Belgian Branch 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.

Valuation for Solvency purposes

D. Valuation for Solvency Purposes

Introduction

This chapter contains information on the valuation for solvency purposes of assets, insurance liabilities and other liabilities of NN Schade and explains the differences with the valuations in the NN Schade 2024 Annual accounts.

Reconciliation IFRS Balance sheet to Solvency II Balance sheet

As at 31 December 2024 (In EUR thousand)	IFRS	Presentation differences	Valuation differences	Solvency II
Assets				
Cash and cash equivalents	9,697			9,697
Investments at fair value through other comprehensive income (FVTOCI)	7,578,750	49,185	-96	7,627,839
Investments at fair value through profit or loss	181,207	10		181,217
Investments in subsidiaries and associates	44,918		1,370	46,288
Derivatives	625	-76		549
Investments	**7,815,197**	**49,119**	**1,274**	**7,865,590**
Reinsurance contracts	145,602	30,451	-47,446	128,607
Reinsurance contracts	**145,602**	**30,451**	**-47,446**	**128,607**
Property and equipment	7,015			7,015
Intangible assets	8,876		-8,876	
Deferred tax assets	2,318		2,106	4,424
Other assets	334,780	78,838	-64,039	349,579
Other	**352,989**	**78,838**	**-70,809**	**361,018**
Total assets	**8,313,788**	**158,408**	**-116,981**	**8,355,215**
Equity				
Shareholders' equity	1,530,176		13,922	1,544,098
Undated subordinated loan	130,000	96	-1,033	129,063
Total equity	**1,660,176**	**96**	**12,889**	**1,673,161**
Liabilities				
Insurance contracts	6,295,576	-148,134	-138,041	6,009,401
Reinsurance contracts	4,325	-4,325		
Insurance and reinsurance contracts	**6,299,901**	**-152,459**	**-138,041**	**6,009,401**
Subordinated debt	153,099	66	-4,400	148,765
Funding	**153,099**	**66**	**-4,400**	**148,765**
Derivatives	78,689	465		79,154
Deferred tax liabilities	67,003		6,575	73,578
Other liabilities	54,920	310,240	5,996	371,156
Other	**200,612**	**310,705**	**12,571**	**523,888**
Total liabilities	**6,653,612**	**158,312**	**-129,870**	**6,682,054**
Total equity and liabilities	**8,313,788**	**158,408**	**-116,981**	**8,355,215**

Reference is made to the 2024 Annual Report of NN Schade for more detailed information on the IFRS balance sheet. Reference is made to QRT S.02.01.02 'Balance sheet' in the Appendix for the full Solvency II balance sheet. The values in these tables may differ from those included in Note 36 'Risk management' in the 2024 Annual Report of NN Schade due to classification and valuation differences to reflect a risk management view.

The valuation and presentation differences between IFRS and Solvency II resulting from differences in accounting principles and methods are explained in the sections below. For items where no valuation difference occurred, reference is made to Note 22 'Fair value of financial assets and liabilities' and Note 23 'Fair value of non-financial assets' in the 2024 Annual Report of NN Schade for a description of the bases, methods and main assumptions used for their valuation.

Details of valuation and presentation differences are included in Section D.1 and D.3 below.

Valuation for Solvency purposes continued

D.1 Assets

Accounting principles, methods and main assumptions used

In general, Solvency II valuation requires a market consistent approach to the valuation of assets and liabilities. The default reference framework for valuing assets and liabilities is IFRS as endorsed by the European Union ('IFRS-EU'). For main assumptions used in fair valuing assets, reference is made to Note 22 'Fair value of financial assets and liabilities' and to Note 23 'Fair value of non-financial assets' in the 2024 Annual Report of NN Schade.

Cash and cash equivalents

In the IFRS balance sheet, cash and cash equivalents are reported at the notional amount. In the Solvency II balance sheet, cash and cash equivalents are reported at market value. There are no valuation differences between IFRS and Solvency II for cash and cash equivalents as the market value is not different from the notional value.

Investments at fair value through OCI and P&L

In the IFRS balance sheet, investments are reported at fair value through other comprehensive income (OCI) and fair value through profit or loss (P&L). In the Solvency II balance sheet, investments are reported at market value. There are no significant valuation differences between IFRS and Solvency II for investments at fair value as fair value generally equals market value (EUR -96 thousand for investments at fair value through OCI and nil for investments at fair value through P&L). Presentation differences as at 31 December 2024 (EUR 49,185 thousand for investments at fair value through OCI and EUR 10 thousand for investments at fair value though P&L) are caused by:

- Presentation of accrued interest as part of the investments, instead of a separate presentation as other assets under IFRS. Solvency II requires accrued interest to be presented as part of the investments ('dirty market value') and not separately as other assets as in the 2024 Annual accounts of NN Schade ('clean market value')

Investments in subsidiaries and associates

In the IFRS balance sheet, associates and joint ventures are reported at net asset value (equity accounting).

Valuation differences of EUR 1,370 thousand as at 31 December 2024 represents the difference between the value of the consolidated line items under IFRS and the local regulatory capital of these entities. All holdings in related undertakings were either valued using quoted market prices in active markets or by using the adjusted equity method (when a quoted market price was not available).

Derivatives

There are no valuation differences between IFRS and Solvency II for derivatives at fair value as fair value generally equals market value. The presentation differences for derivatives amounted to EUR -76 thousand as at 31 December 2024, related to the presentation of accrued interest.

Reinsurance contracts

Valuation differences of EUR -47,446 thousand as at 31 December 2024 represents the difference between IFRS 17 and Solvency II:

- In Solvency II, the initial margin in the premium over the reinsurance is recognised immediately in Own Funds. In IFRS 17, such initial margin is recognised as contractual service margin and amortised and adjusted over time.
- In Solvency II the discount rate is prescribed by the prudential regulator, whereas the discount rate under IFRS 17 is set by NN Schade taking into account the specific characteristics of NN Schade's portfolios.
- In Solvency II the risk margin is presented net of reinsurance as a liability, whereas under IFRS 17 there is a separate risk adjustment for reinsurance.

There are differences in the best estimate of future cash flows, for example, caused by different expense attribution in Solvency II and IFRS 17.

The presentation difference amounted to EUR 30,451 thousand as at 31 December 2024 consists of reinsurance related receivables presented under Other assets.

Property and equipment

In the IFRS balance sheet, property in own use is reported at fair value. In the Solvency II balance sheet, property in own use is reported at market value. There are no valuation differences between IFRS and Solvency II for property in own use as fair value generally equals market value. In the IFRS balance sheet, equipment is reported at cost less depreciation. In the Solvency II balance sheet, equipment is reported at market value. There are no valuation differences between IFRS and Solvency II for equipment, as market value is generally not different from depreciated cost.

Intangible assets

Goodwill is not recognised for Solvency II purposes. Other intangibles including software can be recognised and measured at a value other than nil if they can be sold separately and if there is a quoted market price in an active market for the same or similar intangible assets. As there is no quoted market price for NN Schade's other intangible assets, it is valued at nil for Solvency II purposes.

Deferred tax assets

In the Solvency II balance sheet, deferred tax assets and liabilities are recognised and valued in conformity with IFRS. However, due to the differences in valuation of assets and liabilities as set out in sections D.1 'Assets', D.2 'Technical Provisions' and D.3 'Other liabilities' EUR 2,106 thousand higher deferred tax assets are recognised in the Solvency II balance sheet as at 31 December 2024.

Valuation for Solvency purposes continued

Other assets

In the IFRS balance sheet, other assets are reported at their notional amounts. In the Solvency II balance sheet, other assets are reported at market value.

Presentation differences of EUR 78,838 thousand as at 31 December 2024 consist of the different presentation of accrued interest, deposits to cedants and (re)insurance related receivables. Solvency II requires accrued interest to be presented as part of the interest bearing investments ('dirty market value') and not separately as other assets as in the 2024 annual accounts of NN Schade ('clean market value').

Differences in valuation of other assets amounted to EUR -64,039 thousand as at 31 December 2024 due to IFRS Acquisition Cost to be attributed and Prepaid Acquisition Expenses, which are not recognised under Solvency II.

Changes in valuation bases

During 2024, no material changes were made to the recognition and valuation bases, or estimations used, in the measurement of assets on the Solvency II balance sheet.

D.2 Technical provisions (Insurance contracts)

Value of the technical provisions

The value of technical provisions, including the amount of the best estimate of liabilities (BEL) and the risk margin (RM) is disclosed below separately for each material line of business as at 31 December 2024:

Value of technical provisions by Solvency II Business Line

As at 31 December 2024 (In EUR thousand)	**Best Estimate Liabilities**	**Risk margin**	**Technical provisions**
Technical provision per line of Business:			
1. Non-Life	2,082,450	66,389	2,148,839
2. Health similar to Non-Life	277,232	7,839	285,071
3. Health similar to Life	3,051,744	523,747	3,575,491
Total	**5,411,426**	**597,975**	**6,009,401**

Bases, methods and main assumptions used for solvency valuation

Technical Provisions are measured for Solvency II purposes as the sum of the BEL and RM. The BEL is equal to the probability-weighted average of the present value of the future liability cash flows. The RM is defined as the amount that an empty (re)insurance entity is expected to require in excess of the BEL in order to take over and meet the (re)insurance obligations.

Best estimate of liabilities

NN Schade uses cash flow models and best estimate assumptions to determine the BEL under Solvency II. Premiums, benefits, expenses and other relevant cash flows are projected for the policy term – subject to contract boundaries – and discounted at the currency specific risk-free interest rate term structure, including the Ultimate Forward Rate ('UFR'), to allow for financial risk with currency specific Credit Risk Adjustments (CRA) and country specific Volatility Adjustment (VOLA). This is the full-cash flow approach and is typical for traditional business. Cash flows are projected on a combination of per policy basis and portfolio level.

Cash flows are projected deterministically since NN Schade does not have material embedded options or guarantees except the modelling of inflation for the Movir portfolio, where a Time Value of Options and Guarantees (TVOG) exists.

The cash flow projections used in the calculation of the BEL are based on the best estimate assumptions. The cash flow projection reflects the expected realistic future demographic, legal, medical, technological, social, environmental and economic developments that will have a material impact on the BEL.

For each material line of business, a quantitative and qualitative explanation of material differences between the bases, methods and main assumptions used for the valuation for solvency purposes and those used for their valuation in financial statements are included in the Actuarial Function Report prepared by the local Actuarial Function Holder (AFH).

NN Schade reports a relatively small portion of unmodelled Technical Provisions. For unmodelled business, Technical Provisions are estimated either by scaling of modelled business. Where these approaches are taken, the AFH has provided an opinion that the approaches are acceptable given the materiality of the Technical Provisions.

Reinsurance and other recoverables

The BEL are estimated gross, without deduction of the amounts recoverable from reinsurance contracts. The amounts recoverable from reinsurance contracts and expected losses due to counterparty default are calculated separately. The principles used to calculate the amounts recoverable are consistent with those underlying the calculation of the gross BEL.

Valuation for Solvency purposes continued

Risk margin

In addition to the BEL a RM is held to allow for non-hedgeable market and non-market risks. The calculation of the RM is performed by using a driver approach. Long-Term Guarantee (LTG) measures are excluded from the discounting, when calculating the RM.

With the driver approach, the relevant sub-risk SCRs are projected using appropriate risk drivers, multiplied by the cost of capital of 6%, then discounted at the relevant risk free rate term structure. The sub-risk margins are aggregated using the relevant diversification factors. Note that this is a simplification as Solvency II requires the individual SCRs to be diversified at each future point in time. NN Schade's simplification does not lead to a material misestimation of the RM (approx. 1%). The risk margin is presented net of reinsurance.

Assumptions

Non-financial assumptions

Best estimate assumptions are set for expenses, mortality, morbidity and other relevant insurance risks using historical experience of the insurance portfolio. Assumptions are reviewed by NN Schade at least annually and submitted to the Model Committee (MoC) for approval, following NN Schade's model governance.

Policyholder behaviour regarding lapses, are taken into account subject to the boundaries of the contracts.

Boundaries of insurance contracts for all Group Income and P&C products are set equal to the contract term. The boundaries of insurance contracts for all Individual Disability products are set to end-age.

Financial assumptions

NN Schade follows EIOPA requirements in determining the basic risk-free rates and the VOLA to determine the relevant currency specific risk free rate term structure for valuation of Technical Provisions. Because EIOPA curves are not available in time for NN Schade to start their valuations, NN Schade follows NN Group using the EIOPA methodology to independently produce the curves. These are then compared to the published EIOPA curves when these are made available to ensure consistency between the EIOPA and the NN Schade manufactured curves. At year-end 2024, the EIOPA and NN Schade curves were consistent.

Changes in assumptions

During 2024, best estimate assumptions were reviewed and updated where necessary. Assumption changes reflect movements in the financial markets, and recalibration of non-market assumptions.

Options and guarantees

NN Schade does not have material options and guarantees in the insurance liabilities.

Level of Uncertainty

For the level (degree) of uncertainty associated with the value of the technical provisions, reference is made to Note 36 'Risk management' in the 2024 Annual Report of NN Schade.

Main differences between IFRS and Solvency II valuation of technical provisions

As at 31 December 2024 (In EUR thousand)	IFRS	Presentation differences	Valuation differences	Solvency II
Technical provision per line of Business:				
1. Non-Life	2,422,719	-90,214	-183,666	2,148,839
2. Health similar to Non-Life	391,626	-23,778	-82,777	285,071
3. Health similar to Life	3,481,231	-34,142	128,402	3,575,491
Total	**6,295,576**	**-148,134**	**-138,041**	**6,009,401**

Summary of main differences between IFRS and Solvency II as at 31 December 2024

At 31 December 2024, the valuation differences between the insurance and investment contracts recognised in the IFRS balance sheet and the technical provisions recognised in the Solvency II balance sheet of NN Schade amounted to EUR -138,041 thousand.

At 31 December 2024, the presentation differences between the insurance and investment contracts recognised in the IFRS balance sheet and the technical provisions recognised in the Solvency II balance sheet of NN Schade amounted to EUR -148,134 thousand.

IFRS 17 allows certain accounting policy choices and requires judgment in setting certain assumptions that are different from those under Solvency II. The most important differences that are relevant to NN Schade are set out below.

Difference in Cash flows

Expense assumptions

In IFRS, 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. Non-attributable expenses are recognised directly in the profit and loss account when incurred. In principle, under IFRS, expenses that are necessary to serve the policyholder (including expenses to meet regulatory requirements as insurance company) are considered directly attributable whereas other expenses (i.e. corporate expenses) are not. Under Solvency II both are considered directly attributable. As less expenses are in scope of IFRS, the insurance liability under IFRS is lower.

Valuation for Solvency purposes continued

Difference in discount rates

In Solvency II the discount rate is prescribed by the prudential regulator. It converges to an ultimate forward rate (UFR) of 3.30% as at 31 December 2024 (31 December 2023 3.45 %) after the last liquid point of 20 years.

Under IFRS, NN Schade determines the discount rate by taking into account the specific characteristics of NN Schade's portfolios. A liquid risk-free curve is used to which an illiquidity premium is added. The liquid risk-free curve is set per currency, while the illiquidity premium is determined using an approach that reflects the characteristics of the NN Schade's current assets. The total asset spread 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 of 30 years and a long-term forward rate (LTFR). At 31 December 2024 the LTFR was 3.20% (31 December 2023: 3.15%).

As at 31 December 2024 (and 2023), the difference in discount rates resulted in a higher discount rate under IFRS 17 and thus a lower insurance liability.

Difference in risk adjustment / risk margin

The risk adjustment for non-financial risk in IFRS is determined using the cost of capital methodology based on the Solvency II internal model. The cost of capital methodology is similar to Solvency II, however, under IFRS, the risk adjustment reflects diversification among non-market risks and with market risks which is not the case under Solvency II. The cost of capital rate under IFRS 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%, whilst it is a prescribed 6% under Solvency II. Other differences are that operational risk is not included in IFRS and that the risk adjustment is presented in IFRS gross and in Solvency II net of reinsurance. The differences resulted in a lower risk adjustment and thus a lower insurance liability under IFRS.

Other differences

Contractual service margin

The contractual service margin is included in the insurance liability under IFRS, while there is no equivalent in Solvency II. In Solvency II any expected profit is recognised immediately in own funds when initially recognising the insurance contract.

Initial expenses/ Acquisition costs

Under Solvency II, initial expenses are absorbed immediately in own funds. In IFRS, for contracts accounted for under the General Model directly attributable acquisition costs are absorbed in the insurance liability and amortised in the profit and loss account over time. For contracts measured under the Premium Allocation Approach with a coverage period of less than one year, NN Schade elected to expense the acquisition costs immediately in the profit and loss account. So for those contracts no difference between Solvency II and IFRS 17 is present.

Payables and receivables

Insurance related payables and receivables, including policy loans, are presented in Solvency II as part of the other liabilities and other assets whilst in IFRS 17 these are presented as part of the insurance liability.

Matching and volatility adjustment, transitional measures, and transitional risk-free interest rate-term structure

QRT S.22.01.21 'Impact of long term guarantees and transitional measures' in the Appendix provides the quantitative impact of excluding the so-called Long Term Guarantee (LTG) measures and Transitional measures from Own Funds and the SCR. QRT S.22.01.21 mandate disclosure of the quantitative impact of excluding:

- Transitional measures on technical provisions
- Transitional measures on interest rates
- Volatility adjustment
- Matching Adjustment

on:

- Technical provisions
- Basic Own Funds
- Eligible Own Funds to meet Solvency Capital Requirement
- Solvency Capital Requirement

All the elements of which the impact is excluded in this QRT are an integral part of the Solvency II framework. The resulting Own Funds and SCR should therefore not be seen as a replacement of, or alternative for, the Own Funds and SCR as determined in accordance with Solvency II. For NN Schade, the Volatility adjustment (VOLA) is of significant relevance given its liability profile and its approach to match cash-flows of these liabilities with corresponding fixed income instruments. Transitional measures in respect of technical provisions and interest rates and Matching Adjustment are not applied by NN Schade.

Valuation for Solvency purposes continued

Volatility adjustment

NN Schade applies the yield curve as published by EIOPA for the calculation of the technical provisions under Solvency II. In line with Solvency II regulations, this yield curve includes a Volatility adjustment component. As at 31 December 2024, the level of the VOLA for the Euro currency was 23 bps (31 December 2023: 20 bps). The application of the VOLA resulted in a reduction of EUR 97,719 thousand in technical provisions, contributing EUR 72,512 thousand (after tax) to Basic own funds and Eligible Own Funds as at 31 December 2024.

In the calculation of the SCR, NN Schade assumes no change to the VOLA after a shock-event, but reflects the illiquidity of liabilities in the asset shocks to ensure appropriate solvency capital requirements. This VOLA approach is approved by DNB, in particular to ensure appropriate risk incentives on asset allocation decisions. NN Schade also shocks all government bonds and its mortgage portfolio in the calculation of spread risk capital requirements.

If the VOLA would be excluded from the SCR calculation, the spread risk on government bonds and mortgages would, in the opinion of NN Schade, need to be adjusted accordingly. However, for the completion of QRT S.22.01.21 'Impact of long term guarantees and transitional measures' in the Appendix, NN Schade is required to reflect only the impact of excluding the VOLA from Eligible Own Funds and the SCR, without adjusting for the spread risk on government bonds and mortgages.

The impact of removing the VOLA from Own Funds increased in 2024 compared to 2023.

D.3 Other liabilities

Subordinated Debt

In the IFRS balance sheet, subordinated debt is reported at amortised cost. In the Solvency II balance sheet, subordinated debt is reported at market value, excluding an adjustment for the change in NN Schade's own credit risk after initial recognition. In the Solvency II value, the change in the own credit risk is not taken into account. The Solvency II value of subordinated debt is calculated using discounted cash flows based on current interest rates and credit spreads at issue date. Valuation differences between IFRS and Solvency II for Subordinated debt of EUR -4,400 thousand represent the difference between amortised cost and market value, excluding an own credit element.

Presentation differences include the different presentation of accrued interest. Solvency II requires accrued interest to be presented as part of the interest bearing liabilities ('dirty market value') and not separately as other liabilities as in the 2024 Annual Report of NN Schade ('clean market value'). In addition to this presentation difference, the subordinated debt presented as equity under IFRS is presented as liability under Solvency II. Total presentation differences for subordinated debt amounted to EUR 66 thousand as at 31 December 2024.

Derivatives

Presentation differences for derivatives amounted to EUR 465 thousand as at 31 December 2024 related to the presentation of accrued interest.

Deferred tax liabilities

In the Solvency II balance sheet, deferred tax assets and liabilities are recognised and valued in conformity with IFRS. However, due to the differences in valuation of assets and liabilities as set out in sections D.1 'Assets', D.2 'Technical Provisions' and D.3 'Other liabilities' EUR 6,575 thousand higher deferred tax liabilities are recognised in the Solvency II balance sheet as at 31 December 2024.

Reference is made to Note 21 'Taxation' in the 2024 Annual Report and Note 30 'Contingent liabilities and commitments – Tax liabilities' of NN Schade for more information on deferred tax.

Other liabilities

In the IFRS balance sheet, other liabilities are reported at the notional amount. In the Solvency II balance sheet, other liabilities are reported at market value.

Presentation differences amounted to EUR 310,240 thousand as at 31 December 2024. Presentation differences also include the different presentation of accrued interest, deposits from reinsurers and (re)insurance related payables. Solvency II requires accrued interest to be presented as part of the interest bearing liability ('dirty market value') and not separately as other liabilities as in the 2024 Annual accounts of NN Schade ('clean market value'). Differences in valuation of other liabilities amounted to EUR 5,996 thousand as at 31 December 2024 (from which 6,000 thousand are contingent liabilities).

Contingent liabilities and provisions

Part of the other liabilities are the contingent liabilities and provisions. In the IFRS balance sheet, provisions are recognised when:

- An entity has a present obligation (legal or constructive) as a result of a past event
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation
- A reliable estimate can be made of the amount of the obligation

In the IFRS balance sheet, provisions are recognised for the amount representing the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Contingent liabilities are not recognised in the IFRS balance sheet. These are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Valuation for Solvency purposes continued

In the Solvency II balance sheet, all material contingent liabilities are recognised as liabilities for the expected present value of future cash flows required to settle the contingent liability over the lifetime of that contingent liability, using the basic risk-free interest rate term structure.

Valuation differences between IFRS and Solvency II for contingent liabilities and provisions represent:

- A recognition difference: contingent liabilities are not recognised in the IFRS balance sheet, but are recognised in the Solvency II balance sheet if the exposure can be reliably estimated
- A measurement difference: provisions are measured in the IFRS balance sheet using the best estimate outcome (i.e. the full amount that may be incurred), while Solvency II requires a provision for the probability weighted outcome (i.e. the probability multiplied by the impact of the differences as at 31 December 2024).

Recognition differences for contingent liabilities amounted to EUR 6,000 thousand as at 31 December 2024. There are no measurement differences for contingent liabilities.

For more details on other provisions and contingent liabilities, reference is made to Note 30 ‘Contingent liabilities and commitments’ and Note 31 ‘Legal Proceedings’ in the 2024 Annual Report of NN Schade.

Leasing
Information on operating lease arrangements are recognised in Note 20 ‘Non-attributable operating expenses’ and Note 30 ‘Contingent liabilities and commitments’ in the 2024 Annual Report of NN Schade. There are no financial lease arrangements within NN Schade.

Expected profits in future premiums
For existing business, expected profits included in future premiums are reflected in the technical provisions and therefore contribute to the Own Funds. For more information on the expected profits in future premiums, reference is made to QRT S.23.01.01 ‘Own Funds’ as included in the Appendix.

Outflow of economic benefits
For the expected timing of the outflows of economic benefits reference is made to Note 26 ‘Liabilities by maturity’ in the 2024 Annual Report of NN Schade. Uncertainties surrounding the amount or timing of the outflows of economic benefits is described in the Liquidity Risk paragraph in Note 36 ‘Risk management’ in the 2024 Annual Report of NN Schade. The uncertainties in amount or timing of other liability cash flows are low. Deviation risk was not taken into account in the valuation of the other liabilities.

Changes during 2024
No significant changes were made to the recognition and valuation bases nor on estimations of the other liabilities during the reporting period.

D.4 Alternative methods for valuation
Differences within NN Schade
The bases, methods and main assumptions used at NN Schade level for the valuation for Solvency II purposes does not differ materially from those used by any of its subsidiaries.

Alternative valuation methods used
Alternative valuation methods are used by NN Schade to determine the fair value of assets and liabilities if quoted market prices in active markets are unavailable. Reference is made to Note 22 ‘Fair value of financial assets and liabilities’ and Note 23 ‘Fair value of non-financial assets’ in the 2024 Annual Report of NN Schade for more information on the valuation approaches used.

D.5 Any other information
Active markets
Information on the criteria used to assess whether markets are active and the valuation methods used if the markets are inactive are described in Note 22 ‘Fair value of financial assets and liabilities’.

Estimation uncertainties
For the major sources of estimation uncertainty, reference is made to Note 36 ‘Risk management’ in the 2024 Annual Report of NN Schade.

Capital management

E. Capital management

Introduction
This chapter of the SFCR contains information on the capital management of NN Schade, including the reconciliation of IFRS equity to Solvency II Own Funds, NN Schade's Minimum Capital Requirement (MCR) and detailed information on NN Schade's Partial Internal Model.

E.1 Own funds
Reference is made to Note 37 'Capital and liquidity management' in the 2024 Annual Report of NN Schade for:

- The objectives, policies and processes employed by NN Schade for managing its Own Funds, including information on the time horizon used for business planning and on any material changes over the reporting period
- The structure, amount and quality of Own Funds, including the extent to which each material own fund item is available and subordinated, as well as its duration, principal loss-absorption mechanism (PLAM) and any other features that are relevant for assessing its quality
- The amount of Eligible Own Funds to cover the SCR, classified by tiers

Solvency II Basic Own Funds represent the excess of assets over liabilities in the Solvency II balance sheet and subordinated liabilities. It comprises the following items:

- Paid-in ordinary share capital and the related share premium account
- A reconciliation reserve. The purpose of the reconciliation reserve is to reconcile the value of the above item to the total amount of the excess of assets over liabilities
- Paid-in subordinated liabilities

NN Schade did not have ancillary Own Funds during 2024 or as at 31 December 2024.

Impact of long term guarantees and transitional measures
The quantification of the impact of changing the volatility adjustment to zero, the transitional interest rates on NN Schade's financial position - represented by an adjustment on the amount of technical provisions, the SCR, the Basic Own Funds and the Eligible Own Funds - is included in Section D.2 and QRT S.22.01.21 'Impact of long term guarantees and transitional measures' in the Appendix.

Items deducted from Own Funds
Under Solvency II, Own Funds are reduced by 'foreseeable dividends, distributions and charges'. This requirement is different from reporting under IFRS where dividends are deducted from equity (and a corresponding liability is recognised) when they are declared.

Dividends are declared when these are approved by the General meeting. In addition, under Solvency II, proposed dividends that are not yet finally approved but form part of the appropriation of the net result for the year are foreseeable dividends as from the date the decision to distribute has been made by the Management Board. If such decision is made after the balance sheet date but before the publication date, these are reflected as foreseeable dividends. Dividends that are approved after the balance sheet date and relate to the new period/year (i.e. are not part of the appropriation of the result for the period), are not reflected as foreseeable dividends at the reporting date.

Quantitative explanation of the material differences between IFRS equity and excess assets over liabilities as calculated for solvency purposes is provided further in this section and section D 'Valuation for Solvency Purposes'.

Additional ratios
No additional ratios are disclosed in the Solvency and Financial Condition Report other than the ratios included in QRT S.23.01.01 'Own Funds' as included in the Appendix plus those that are included by reference into this report.

Analysis of significant changes in Own Funds
Reference is made to Note 37 'Capital and liquidity management' in the 2024 Annual Report of NN Schade for an analysis of significant changes in Own Funds.

The principal loss-absorbency mechanism
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. This loan possess a principal loss-absorbency mechanism such that, in case of specified trigger events related to non-compliance with the SCR or MCR as specified in Solvency II legislation, (part of) the principal amount of the notes can be (temporarily) written-down to immediately absorb losses. Reference is made to Note 37 'Capital and liquidity management' in the 2024 Annual Report of NN Schade for details on this loan.

Reconciliation reserve
The reconciliation reserve equals the total excess of assets over liabilities reduced by the following key elements:
- Paid-in ordinary share capital and related share premium account
- Foreseeable dividends, distributions and charges

The reconciliation reserve is included in QRT S.23.01.01 'Own funds' in the Appendix to this report.

Capital management continued

As at 31 December 2024 NN Schade has foreseeable dividends, distributions and charges due to the interest on the subordinated debt.

Reconciliation IFRS equity to Own Funds

Reconciliation IFRS equity to Solvency II Basic Own Funds

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**

The differences between IFRS Shareholders' Equity in NN Schade's 2024 Annual accounts and Solvency II Basic Own Funds of NN Schade as at 31 December 2024 are mainly caused by:

Valuation differences:

- Intangible assets are not recognised under Solvency II
- Deferred acquisition costs are not recognised under Solvency II as separate balance sheet item
- Reinsurance contracts are measured differently
- Insurance and investment contract liabilities are measured differently
- The other adjustments mainly consist of the change in net Deferred Tax Assets or Deferred Tax Liabilities caused by using different valuations for some Solvency II balance sheet items whilst the tax base of these items remained the same.

Reference is made to section D 'Valuation for Solvency Purposes' for more information on the valuation and consolidation differences between IFRS and Solvency II.

Eligibility of Own Funds

NN Schade does not have restrictions affecting eligibility, transferability and fungibility of Own Funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

SCR

NN Schade uses the Partial Internal Model (PIM) to calculate capital requirements under Solvency II.

In September 2024 a morbidity model change for Individual Income was applied to close findings from DNB regarding the PIM with impact in both SCR.

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.

NN Schade has established a partnership with the German insurance company Domcura A.G. This partnership involves NN providing dwelling insurance via Domcura's mandated brokers as per January 2025. In Q4 2024 to determine the comprehensive SCR for NN Schade, Integration Technique 3 has been employed to aggregate the PIM SCR (Dutch business) with the SF SCR of German portfolio (same integration method as with Belgium branch).

Solvency Capital Requirement

In EUR thousand	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
LAC DT	-446,229	-409,363
Total SCR	**1,433,525**	**1,356,309**

Capital management continued

Reference is made to QRT S.25.05.21 in the Appendix and Note 36 'Risk management' in the 2024 Annual Report of NN Schade for further explanations by risk categories.

NN Schade determined the SCR including:

Loss-absorbing capacity of deferred taxes (LAC DT). NN Schade's total loss in a 1-in-200 adverse event would be offset by tax recoveries and these are recognised to the extent to be expected to be recoverable. The determination of LAC DT is significantly dependent on various assumptions, such as capitalisation assumptions, the assumed investment and new business returns and the projection period.

Deferred tax under Solvency II

The total deferred tax amount in Solvency II arises from:

- Taxable or deductible temporary differences because the carrying amount of assets or liabilities in the balance sheet differs from the tax base of those assets or liabilities. These differences multiplied by the tax rate are recognised as a net deferred tax liability or a net deferred tax asset (per legal entity) in the balance sheet. Reference is made to section D.1 'Assets' for the deferred tax asset recognised in the Solvency II balance sheet.
- Unused tax losses that are available for carry forward for tax purposes.
- The Loss Absorbing Capacity of deferred taxes on the Solvency Capital Requirement ('LAC DT' on the SCR).

Not all valuation differences between the tax basis and Solvency II and SCR shocks will lead to deferred tax as certain elements are exempt for tax. For example: valuation differences on certain equity securities and the equity shock in the SCR on these securities do not result in a deferred tax effect when equity returns are exempt from tax. Therefore, these are excluded from the valuation differences and SCR amounts in order to arrive at the deferred tax balances for Solvency II.

The total deferred tax amount for Solvency II is therefore built up in a number of steps:

	deferred tax assets on unused tax losses
+/-	deferred tax assets/liabilities from valuation differences between IFRS and tax basis (except for non-taxable items)
=	deferred tax asset/liability in the IFRS balance sheet (deferred tax for IFRS)
+/-	deferred tax assets/liabilities from valuation differences between Solvency II and IFRS (except for non-taxable items)
=	deferred tax asset/liability in the Solvency II balance sheet (deferred tax for Own Funds)
+	deferred tax on SCR (LAC DT on the SCR) (except for non-taxable items)
=	total deferred tax amount for Solvency II

The 'total deferred tax amount for Solvency II' represents the deferred tax position that would be reflected in a Solvency II balance sheet that is fully shocked in line with the SCR shock. Any net deferred tax asset/benefit - whether for IFRS, Own Funds or SCR - must be tested for recoverability. The general guidance on assessing recoverability is summarised as follows:

- Tax assets can only be recognised when it is concluded that their recoverability is probable. This applies to both deferred tax assets from timing differences, deferred tax assets from unused tax losses carried forward and the LAC DT on the SCR.
- Deferred tax assets are recoverable when:
  - There are sufficient deferred tax liabilities relating to the same taxation authority and the same taxable entity. These deferred tax liabilities must be expected to reverse either in the same period as the tax asset or in periods into which a tax loss can be carried back or forward
  - It is probable that the entity will have sufficient taxable profit relating to the same taxation authority and the same taxable entity in the same period as the reversal of the deductible temporary difference (or in the periods into which a tax loss arising from the deferred tax asset can be carried back or forward)
  - Tax planning opportunities are available

Deferred taxes in the IFRS and Solvency II balance sheet are nominal, undiscounted, amounts. Therefore, recoverability testing also only considers nominal, undiscounted, amounts.

Specific Solvency II guidance applies to 'Sufficient taxable profit' as, different from IFRS, this refers to Solvency II based profits (before and after a shock event) and not to regular (IFRS-based) profits.

In order to assess the recoverability of deferred tax, the total deferred tax amount for Solvency II (i.e. deferred tax in the Solvency II balance sheet plus the LAC DT on the SCR) must be equal to or lower than the total recoverable deferred tax amount in a Solvency II environment.

The recoverable amount must be assessed at the legal entity level and may not include amounts from other entities in the Group, independent of existing fiscal unities or tax groups. While from a legal, tax and economic perspective the recoverability would benefit from the existence of a fiscal unity, and therefore the benefit from a fiscal unity is 'real', the Solvency II requirements prohibits reflecting the benefit of a fiscal unity in supporting the LAC DT on the SCR. The fiscal unity may be reflected in supporting the deferred tax asset in the Solvency II balance sheet.

Capital management continued

As the total deferred tax amount for Solvency II (i.e. the deferred tax asset that exists in a fully shocked SCR balance sheet) is the highest amount, it acts as starting point for the recoverability test. This total amount reflects the differences between the tax values and the Solvency II values for all assets and liabilities and the tax benefit on the SCR. Only if the total deferred tax is non-recoverable, the recoverability of the deferred tax in Own Funds becomes separately relevant.

After a 1-in-200 adverse event shock NN Schade is dependent on recapitalisation from NN Group to continue as a going concern. The tax recoverability test of NN Schade is performed on this basis.

The total recoverable deferred tax amount in a Solvency II environment may come from various sources and includes both recoverability from items that never impact taxable profits and reverse over time as well as sources of profits and losses that would emerge in a Solvency II environment or a Solvency II environment after a SCR-type shock would have occurred. The recoverability is therefore based on an estimation of the total taxable results (including both income and expenses) that is expected to arise in a Solvency II environment after the shock. The sources of recoverability include all components of the estimated future taxable results, irrespective whether these are income (profit) or expense (loss).

The following items may be included in determining the total recoverable deferred tax amount:

- The amount of the risk margin in the technical provision
- Taxable return on capital after the shock and net of expected dividends
- Taxable part of investment spread in excess of interest accretion on liabilities and funding costs over their (expected average) remaining duration
- Profits from estimated new business
- Other taxable items

Total LAC DT of NN Schade is calculated by adding LAC DT determined separately for the portfolios of NN Schade and for the foreign portfolios, namely Belgium branch and German portfolio (as they report to different tax authorities), after which the diversification is applied.
The net deferred tax asset is classified as Tier 3 capital. Tier 3 capital cannot exceed 15% of NN Schade's SCR. Further information on Tiering is included in Note 37 ‘Capital and liquidity management’ in the 2024 Annual Report of NN Schade.

Minimum Capital Requirement

In EUR thousand	2024	2023
Eligible Own Funds to cover MCR	1,786,080	1,919,350
of which Tier 1 unrestricted	1,539,513	1,673,287
of which Tier 1 restricted	129,063	131,962
of which Tier 2	117,504	114,101
MCR (or the sum of the MCR of the related undertakings)	**587,521**	**570,505**

For the MCR (and its inputs) as calculated in accordance with the formulas in the Solvency II regulations, reference is made to QRT S.28.01.01 as included in the Appendix.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

NN Schade has not used the duration-based equity risk sub-module during the reporting period.

E.4 Differences between the Standard Formula and any Partial Internal Model used

Partial Internal Model vs Standard Formula

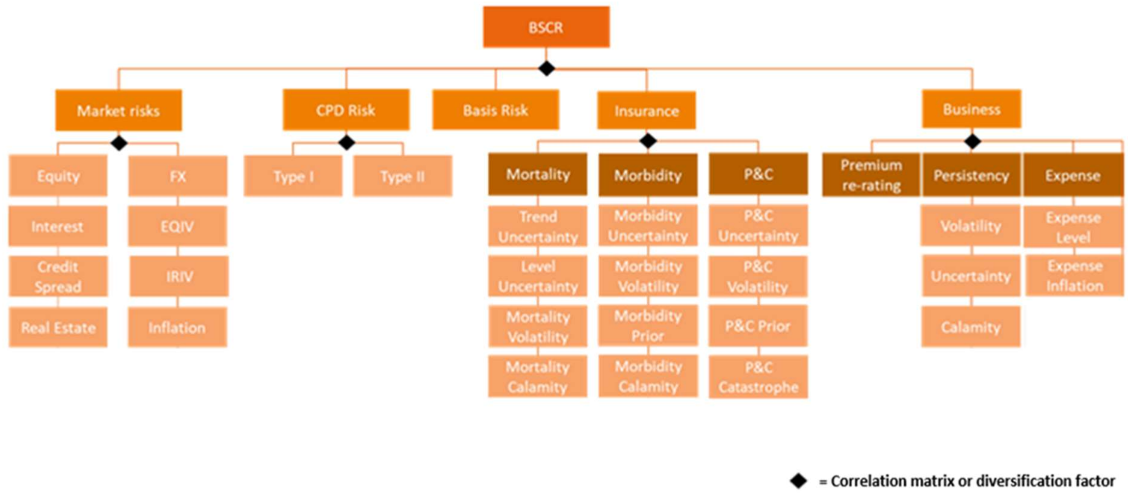
The considerations for using a Partial Internal Model are in particular:

- A Partial Internal Model approach reflects better the specific assets and therefore the market risk in the portfolio of NN Schade e.g. property risk, sovereign and other credit spread risks. In addition the approach to the most significant non-market risks within NN Schade such as Disability/Morbidity and catastrophe windstorm is better tailored to the specific portfolio characteristics and statutory reserves set up according to local company law
- In the case of Disability/Morbidity Risks the product features and experience in the Dutch market are different from those in the wider European market, e.g. greater emphasis is placed on claimants returning to work in the Netherlands
- In the case of the Non-Life catastrophe windstorm risk in P&C products the Partial Internal Model better reflects the risk profile in the NN portfolio which differs due to the type of property
- The Partial Internal Model accounts for the volatility adjustment by means of an approach recognising the illiquidity of liabilities in the asset shocks. Reference is made to section D.2 (in paragraph ‘Matching and volatility adjustment, transitional measures and transitional risk-free interest rate term structure’) for further information on NN Schade's volatility adjustment.

Capital management continued

Risks covered by the Partial Internal Model which are not –or differently- covered in the standard formula

Risk arises from the possibility that actual experience will negatively deviate from expectations, which results in economic losses for NN Schade. In this respect, NN Schade identified the following risk factors, and developed probability distributions for these various risk factors, as part of its Partial Internal Model, which leads to the Basic Solvency Capital requirement (BSCR):



In addition to the risks covered in the Standard Formula, the Partial Internal Model includes the following risks:

- Inflation risk is defined as the risk associated with adverse changes in both realised and future expected inflation rates
- Equity implied volatility refers to the possibility of adverse changes in Solvency II Own Funds due to adverse changes in the level of equity implied volatilities
- Interest rate implied volatility refers to the possibility of adverse changes in Solvency II Own Funds due to adverse changes in the level of interest rate implied volatilities
- Foreign exchange implied volatility refers to the possibility of adverse changes in Solvency II Own Funds due to adverse changes in the level of foreign currency implied volatilities
- Basis risk is the risk that occurs if the underlying asset or liability behaves differently than the underlying hedge instrument

The most important differences between the Partial Internal Model and the Standard Formula in covered risk factors in general are:

Interest Rate Risk:
- The Partial Internal Model incorporates non-parallel shocks, to the curve as well instead of only two parallel shocks used in the Standard Formula
- The Partial Internal Model allows for negative interest rates, whereas the Standard Formula does not
- In the Partial Internal Model, first, the shock is applied to the interest rates and then the resulting rates are extrapolated to the Ultimate Forward rate. In the Standard Model the interest rates are first extrapolated to the Ultimate Forward rate and afterwards the shock is applied
- In the Partial Internal Model interest rates converge to the UFR after shock and thereby follow the dynamics of the balance sheet, whereas in the Standard Formula there is no convergence to the UFR after shock

Equity Risk:
- Level of shocks differs mainly because of the higher granularity in the Partial Internal Model and calibration to the equity portfolio of NN Schade

Credit Spread Risk:
- Shocks in the Internal Model apply to all fixed income assets and mortgages, whereas the Standard Formula does not apply shocks to the sovereign bonds issued by EU governments and mortgages. Under Standard Formula, mortgages are shocked under Counterparty Default risk module.
- In contrast to the Standard Formula, the Partial Internal Model recognises that exposure to volatility on credit spreads on our assets is mitigated by the illiquid nature of the liabilities through the Aligned Reference Portfolio (ARP) approach

Real Estate Risk:
- Shock applied in the Standard Formula is calibrated to historical prices observed in the UK property market, while the shocks in the Partial Internal Model are calibrated to historical prices observed in the property markets according to actual exposures of NN Schade

Capital management continued

Counterparty Default Risk:
- Counterparty Default Risk module in the Standard Formula includes shocks applied to mortgage exposure, which are included under the Credit Spread module in the Partial Internal Model

Diversification within the Market Risk module:
- The copulas for market risk aggregation are used for PIM. For SF, the market risks are modelled using a Variance-Co-variance method. The Risk aggregation within the Partial Internal Model is performed on different level than in the Standard Formula. Partial Internal Model captures the dependency between risk drivers, while Standard Formula correlates losses

Morbidity Risk:
- For some products (e.g. WGA-EBD) the benefits are very specific to the Dutch market and depend on Dutch legislation. The regular Standard Formula calibration is based on Europe wide experience and does not fit the Dutch market well. Furthermore, the Standard Formula calculation does not take all risks into account that are present in the WIA products. Morbidity risk includes also indexation risk.

Non-Life Catastrophe Risk:
- NN Schade's own data does not necessary fit the Standard Formula assumptions. For CAT Windstorm, the specific characteristics of the NN portfolio (e.g. building characteristics – private or commercial) and a more advanced model that predicts the path of storm have been used to more accurately capture the risk profile of the business than is possible with the Standard Formula.

Non-life Premium and Reserve Risk:
- NN Schade's distinguishes between P&C Prior risk and P&C Current risk in its Partial Internal Model. P&C Prior and Current Risk are tailored to the characteristics of NN Schade's portfolios with separate homogeneous risk groups for personal and commercial lines as well as different distribution channels. For P&C Current risk model, large losses and attritional losses are modelled separately. However, this split is not made under Standard Formula.

Diversification within the Non-Market Risk module:
- The copulas for non-market risk aggregation are used for PIM. For SF, the Non-market risks are modelled using a Variance-Co-variance method. The Variance-Co-Variance methodology is based on a pure 'bottom-up' approach, meaning that NN Schade does not consider sub-aggregation across risk types in the basic matrix. This differs from the standard approach under Solvency II.

Capital requirements for operational risk is calculated based on the Standard Formula, and added to the combined BSCR. Next, loss absorption capacity of taxes are included.

The nature and appropriateness of the data used in the Partial Internal Model
Market data is collected from pre-defined external data sources. The market data methodologies are based on the following key principles:

- All relevant market data must be used when it is available and is of sufficient quality, i.e. data derived from deep, liquid and transparent (DLT) markets; for most of the market risk models NN Schade uses standard well established market data sources,
- The market data used should be of sufficient quality; e.g. for most of the market risk models standard well established market data sources are used. The data is analysed for correctness as part of the calibration process;
- From the last observable liquid market data point, extrapolation methods must be used to complete the data set

Extrapolated data should:

- Be free of arbitrage
- Be based on sound theoretical assumptions and/or expert judgment
- Follow a smooth path from the entry point to the unconditional long-term level
- Estimates of ultimate long-term rates or levels should be stable over time, and only change because of changes in long-term expectations
- For non-market risks in general, an appropriate selection of company-specific data is made to give the best possible fit to our risk profile
- Qualitative and quantitative information on the material sources of NN Schade's diversification effects

The material diversification effects arises from:

- For diversification within market risks, reference is made to the 'Market risk capital requirements' table in Note 36 'Risk management' of the 2024 Annual Report of NN SchadeFor other diversifications, reference is made to Note 36 'Risk management' of the 2024 Annual Report of NN Schade

The use of the Partial Internal Model
The Partial Internal Model allows NN Schade to treat different risk management activities in a consistent way:

- The model provides a framework which is consistent across risk types, businesses and the key uses such as market valuation, capitalisation, product pricing, investments, monitoring of risk appetite and risk mitigation/transfer
- The model facilitates adequate risk management at all levels of the organisation and provides a framework to measure, monitor and manage risks versus NN Schade's risk appetite

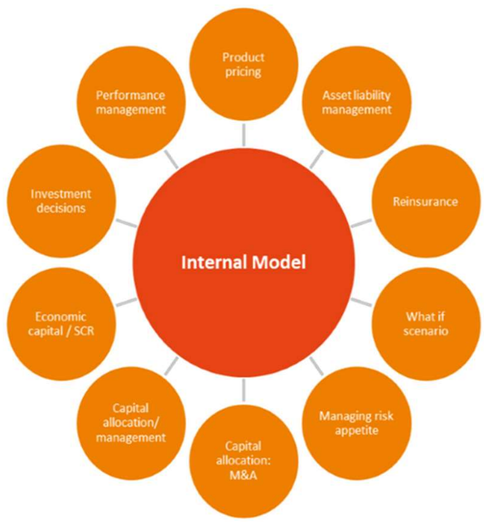
Capital management continued

The model allows NN Schade to manage risk in many different ways, e.g.:

- Manage individual risk types at a much more granular approach, i.e. a stochastic (loss distribution) approach
- Manage volatility in a stochastic rather than deterministic approach
- Supports valuation, scenario- and stress analysis by running scenarios in a simple way using replicating portfolios
- The model allows NN Schade to proactively define its risk measurement and management approach rather than awaiting (generic) industry changes to the Standard Formula

The Partial Internal Model is used for different purposes. It is used to measure and manage the risks at all levels within the company, thus covering the entire loss distribution. This information is not only used to determine the SCR to cover tail risks. It is also used for, amongst others, wider risk management, capital management and business decisions such as product pricing, portfolio management and asset allocation.

The following diagram provides an overview of the key uses of the Partial Internal Model.



The methods used in the Partial Internal Model for determining the probability distribution for risks and the Solvency Capital Requirement
Fitting a distribution to a set of data is the main process within the PIM. Therefore, no distribution is assumed as given but rather chosen based on goodness of fit tests.

The main distributions used within the PIM are from the generalised hyperbolic distribution family, which under special or limiting cases can be Normal Inverse Gaussian (NIG), Student t, or the Normal distribution.

Reference is made to Note 36 ‘Risk management’ in the 2024 Annual Report of NN Schade for more information on the risk measure and time period used in the Partial Internal Model.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement
NN Schade complied with the MCR and the SCR during the reporting period.

E.6 Any other information
Reference is made to Note 37 ‘Capital and liquidity management’ in the 2024 Annual Report of NN Schade for any other material information regarding the capital management of NN Schade.

Appendix

Appendix 1: Quantitative Reporting Templates that form part of the Solvency and Financial Condition Report

This appendix includes certain Quantitative Reporting Templates ('QRTs') of NN Schade, required to be reported to DNB and to be publicly disclosed:

Reference number	Title	Description
S.02.01.02	Balance sheet	Balance sheet information using Solvency II valuation methodology
S.05.01.02	Premiums, claims and expenses by line of business	Information on premiums, claims and expenses using the valuation and recognition principles used in NN Group's Consolidated annual report
S.12.01.02	Life and Health SLT Technical Provisions	Information on Life and Health similar to life technical provisions by line of business
S.17.01.02	Non-Life Technical Provisions	Information on Non-life and Health similar to Non-life technical provisions by line of business
S.19.01.21	Non-Life insurance claims	Information on Non-life Gross Claims paid and Best Estimate provision
S.22.01.21	Impact of long term guarantees and transitional measures	Information on the impact of the long term guarantee and transitional measures
S.23.01.01	Own funds	Information on own funds, including basic own funds
S.25.05.21	Solvency Capital Requirement	Solvency Capital Requirement - for undertakings using an internal model (partial or full)
S.28.01.01	Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity	Information on the Minimal Capital Requirement calculation.

All amounts in this appendix are recorded in EUR thousand.

Appendix continued

S.02.01.02 Balance sheet

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	4,424
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	7,015
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	5,702,520
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	46,288
Equities	R0100	224,903
Equities - listed	R0110	215,117
Equities - unlisted	R0120	9,786
Bonds	R0130	4,149,567
Government Bonds	R0140	1,221,866
Corporate Bonds	R0150	2,810,310
Structured notes	R0160	13,543
Collateralised securities	R0170	103,848
Collective Investments Undertakings	R0180	1,281,212
Derivatives	R0190	549
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	2,153,374
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	1,756,565
Other loans and mortgages	R0260	396,809
Reinsurance recoverables from:	R0270	128,607
Non-life and health similar to non-life	R0280	83,698
Non-life excluding health	R0290	83,698
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	44,909
Health similar to life	R0320	44,909
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	1,290
Insurance and intermediaries receivables	R0360	88,965
Reinsurance receivables	R0370	43,574
Receivables (trade, not insurance)	R0380	123,096
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	9,697
Any other assets, not elsewhere shown	R0420	92,654
Total assets	**R0500**	**8,355,215**

Appendix continued

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	R0510	2,433,910
Technical provisions – non-life (excluding health)	R0520	2,148,838
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	2,082,450
Risk margin	R0550	66,389
Technical provisions - health (similar to non-life)	R0560	285,071
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	277,232
Risk margin	R0590	7,839
Technical provisions - life (excluding index-linked and unit-linked)	R0600	3,575,491
Technical provisions - health (similar to life)	R0610	3,575,491
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	3,051,744
Risk margin	R0640	523,747
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	
Contingent liabilities	R0740	6,000
Provisions other than technical provisions	R0750	465
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	4,443
Deferred tax liabilities	R0780	73,578
Derivatives	R0790	79,154
Debts owed to credit institutions	R0800	3,376
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	207,565
Reinsurance payables	R0830	73,906
Payables (trade, not insurance)	R0840	44,511
Subordinated liabilities	R0850	277,828
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	277,828
Any other liabilities, not elsewhere shown	R0880	30,889
Total liabilities	**R0900**	**6,811,117**
Excess of assets over liabilities	**R1000**	**1,544,098**

Appendix continued

S.05.01.02 Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								
		Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0020	C0040	C0050	C0060	C0070	C0080	C0100	C0110	C0120
Premiums written										
Gross - Direct Business	R0110	548,073	486,596	356,006	99,121	1,099,864	295,393	106,839	27,450	72,433
Gross - Proportional reinsurance accepted	R0120					736	119			
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140		5,047	1,413	2,710	75,992	1,168	101,271	1,173	
Net	R0200	548,073	481,549	354,593	96,410	1,024,608	294,344	5,568	26,277	72,433
Premiums earned										
Gross - Direct Business	R0210	547,373	486,439	355,369	99,852	1,101,743	294,546	106,601	26,176	72,412
Gross - Proportional reinsurance accepted	R0220					736	119			
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240		5,050	1,413	2,710	76,321	1,168	100,209	1,173	
Net	R0300	547,373	481,389	353,956	97,142	1,026,158	293,497	6,392	25,003	72,412
Claims incurred										
Gross - Direct Business	R0310	351,837	432,954	224,336	22,287	504,872	155,228	73,131	17,782	53,876
Gross - Proportional reinsurance accepted	R0320		-992		8	-753	-758			
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	20	-1,738	-96	-10,066	24,184	-5,158	70,925		
Net	R0400	351,817	433,700	224,432	32,361	479,936	159,628	2,206	17,782	53,876
Expenses incurred	R0550	136,310	168,775	134,414	28,141	414,910	116,420	3,990	9,762	11,403
Balance - other technical expenses/income	R1210									
Total technical expenses	R1300									

Appendix continued

		Line of Business for: accepted non-proportional reinsurance		Total
		Casualty	Property	
		C0140	C0160	C0200
Premiums written				
Gross - Direct Business	R0110			3,091,775
Gross - Proportional reinsurance accepted	R0120			854
Gross - Non-proportional reinsurance accepted	R0130			
Reinsurers' share	R0140			188,774
Net	R0200			2,903,854
Premiums earned				
Gross - Direct Business	R0210			3,090,511
Gross - Proportional reinsurance accepted	R0220			854
Gross - Non-proportional reinsurance accepted	R0230			
Reinsurers' share	R0240			188,044
Net	R0300			2,903,321
Claims incurred				
Gross - Direct Business	R0310			1,836,303
Gross - Proportional reinsurance accepted	R0320			-2,494
Gross - Non-proportional reinsurance accepted	R0330	1,687	-4	1,683
Reinsurers' share	R0340			78,071
Net	R0400	1,687	-4	1,757,420
Expenses incurred	R0550	25		1,024,150
Balance - other technical expenses/income	R1210			-5,166
Total technical expenses	R1300			1,018,984

Appendix continued

		Line of Business for: life insurance obligations	Total
		Health insurance	
		C0210	C0300
Premiums written			
Gross	R1410	675,931	675,931
Reinsurers' share	R1420	5,576	5,576
Net	R1500	670,355	670,355
Premiums earned			
Gross	R1510	674,547	674,547
Reinsurers' share	R1520	5,576	5,576
Net	R1600	668,971	668,971
Claims incurred			
Gross	R1610	485,559	485,559
Reinsurers' share	R1620	8,681	8,681
Net	R1700	476,877	476,877
Expenses incurred	R1900	178,732	178,732
Balance - other technical expenses/income	R2510		222
Total technical expenses	R2600		178,954
Total amount of surrenders	R2700		

Appendix continued

S.12.01.02 Life and Health SLT Technical Provisions

		Health insurance (direct business)			Total (Health similar to life insurance)
			Contracts without options and guarantees	Contracts with options or guarantees	
		C0160	C0170	C0180	C0210
Technical provisions calculated as a whole	R0010				
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020				
Technical provisions calculated as a sum of BE and RM					
Best Estimate					
Gross Best Estimate	R0030		3,037,699	14,045	3,051,744
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		44,909		44,909
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		2,992,790	14,045	3,006,836
Risk Margin	R0100	523,747			523,747
Technical provisions - total	**R0200**	**3,575,491**			**3,575,491**

Appendix continued

S.17.01.02 Non-life Technical Provisions

		Direct business and accepted proportional reinsurance								
		Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0030	C0050	C0060	C0070	C0080	C0090	C0110	C0120	C0130
Technical provisions calculated as a whole	R0010									
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050									
Technical provisions calculated as a sum of BE and RM										
Best estimate										
Premium provisions										
Gross	R0060	-42,974	15,622	-3,592	-3,462	-14,351	-15,797	-5,342	1,002	2,943
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140		-2,705	-661	-1,736	-33,631	-890	-4,550	-464	
Net Best Estimate of Premium Provisions	R0150	-42,974	18,327	-2,931	-1,726	19,280	-14,906	-792	1,467	2,943
Claims provisions										
Gross	R0160	320,206	967,336	102,741	77,014	352,644	542,343	53,299	2,452	3,263
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240		25,235	3,230	-296	44,016	10,641	45,509		
Net Best Estimate of Claims Provisions	R0250	320,206	942,101	99,511	77,310	308,627	531,702	7,790	2,452	3,263
Total Best estimate - gross	R0260	277,232	982,958	99,149	73,552	338,292	526,546	47,957	3,454	6,206
Total Best estimate - net	R0270	277,232	960,428	96,579	75,584	327,907	516,795	6,998	3,918	6,206
Risk margin	R0280	7,839	25,460	3,987	1,783	19,189	13,996	819	196	865
Technical provisions - total										
Technical provisions - total	R0320	285,071	1,008,418	103,136	75,335	357,481	540,542	48,776	3,650	7,071
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330		22,530	2,570	-2,032	10,385	9,751	40,959	-464	
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	285,071	985,888	100,567	77,367	347,096	530,792	7,817	4,114	7,071

Appendix continued

		Total Non-Life obligation	
		Non-proportional casualty reinsurance	
		C0150	C0180
Technical provisions calculated as a whole	R0010		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050		
Technical provisions calculated as a sum of BE and RM			
Best estimate			
Premium provisions			
Gross	R0060	0	-65,950
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	-44,637
Net Best Estimate of Premium Provisions	R0150	0	-21,314
Claims provisions			
Gross	R0160	4,336	2,425,632
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	128,335
Net Best Estimate of Claims Provisions	R0250	4,336	2,297,298
Total Best estimate - gross	R0260	4,336	2,359,682
Total Best estimate - net	R0270	4,336	2,275,984
Risk margin	R0280	93	74,228
Technical provisions - total			
Technical provisions - total	R0320	4,430	2,433,910
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	83,698
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	4,430	2,350,212

Appendix continued

S.19.01.21 Non-Life insurance claims (Gross claims paid)

		Development year										
		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											12,007
N-9	R0160	771,922	474,843	123,710	63,017	43,555	38,503	29,461	17,505	16,787	14,451	
N-8	R0170	854,954	534,767	133,876	80,218	48,052	39,687	21,297	23,705	23,020		
N-7	R0180	779,578	462,856	126,766	63,874	43,947	38,201	34,360	34,836			
N-6	R0190	879,260	509,247	133,790	61,979	43,638	34,679	31,387				
N-5	R0200	747,866	507,299	150,291	65,907	48,141	36,219					
N-4	R0210	723,575	442,395	105,168	54,166	39,750						
N-3	R0220	663,887	430,215	122,794	62,602							
N-2	R0230	729,689	574,647	154,316								
N-1	R0240	711,605	603,653									
N	R0250	813,678										

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	12,007	12,007
N-9	R0160	14,451	1,593,753
N-8	R0170	23,020	1,759,577
N-7	R0180	34,836	1,584,417
N-6	R0190	31,387	1,693,980
N-5	R0200	36,219	1,555,723
N-4	R0210	39,750	1,365,054
N-3	R0220	62,602	1,279,498
N-2	R0230	154,316	1,458,652
N-1	R0240	603,653	1,315,258
N	R0250	813,678	813,678
Total	**R0260**	**1,825,918**	**14,431,597**

Appendix continued

S.19.01.21 Non-Life insurance claims (Gross undiscounted best estimate claims provisions)

		Development year										
		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											202,233
N-9	R0160		409,958	268,514	212,033	144,264	105,256	95,959	77,236	61,920	43,181	
N-8	R0170	803,044	421,476	299,270	181,445	108,665	121,556	104,171	96,196	70,088		
N-7	R0180	824,840	437,641	266,200	198,285	159,607	138,323	113,365	75,473			
N-6	R0190	846,768	418,912	269,746	238,429	162,185	123,353	92,731				
N-5	R0200	903,554	401,974	264,397	203,972	165,958	126,181					
N-4	R0210	904,275	382,537	273,061	185,776	153,794						
N-3	R0220	823,110	386,397	232,592	179,330							
N-2	R0230	917,144	419,176	268,596								
N-1	R0240	870,680	418,330									
N	R0250	972,138										

		Year end (discounted data)
		C0360
Prior	R0100	185,088
N-9	R0160	39,502
N-8	R0170	64,306
N-7	R0180	69,214
N-6	R0190	85,009
N-5	R0200	115,578
N-4	R0210	140,839
N-3	R0220	164,750
N-2	R0230	246,934
N-1	R0240	387,196
N	R0250	927,215
Total	**R0260**	**2,425,632**

Appendix continued

S.22.01.21 Impact of long term guarantees and transitional measures

		Amount with LTG measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	6,009,401			97,719	
Basic own funds	R0020	1,821,765			-72,512	
Eligible own funds to meet SCR	R0050	1,821,765			-72,512	
SCR	R0090	1,433,525			270,551	
Eligible own funds to meet MCR	R0100	1,786,080			-71,966	
Minimum Capital Requirement	R0110	587,521			3,442	

Reference is made to Section D.2 for more information on the impact of long term guarantees and transitional measures.

Appendix continued

S.23.01.01 Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	6,807	6,807			
Share premium account related to ordinary share capital	R0030	25,834	25,834			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	1,506,872	1,506,872			
Subordinated liabilities	R0140	277,828		129,063	148,765	
An amount equal to the value of net deferred tax assets	R0160	4,424				4,424
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	**R0290**	**1,821,765**	**1,539,512**	**129,063**	**148,765**	**4,424**
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	1,821,765	1,539,512	129,063	148,765	4,424
Total available own funds to meet the MCR	R0510	1,817,340	1,539,512	129,063	148,765	
Total eligible own funds to meet the SCR	R0540	1,821,765	1,539,512	129,063	148,765	4,424
Total eligible own funds to meet the MCR	R0550	1,786,080	1,539,512	129,063	117,504	
SCR	**R0580**	**1,433,525**				
MCR	**R0600**	**587,521**				
Ratio of Eligible own funds to SCR	**R0620**	**1.27**				
Ratio of Eligible own funds to MCR	**R0640**	**3.04**				

Reconciliation reserve

Reconciliation reserve		C0060
Excess of assets over liabilities	R0700	1,544,098
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	162
Other basic own fund items	R0730	37,065
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	1,506,872
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	611,354
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	235,395
Total Expected profits included in future premiums (EPIFP)	**R0790**	**846,749**

Appendix continued

S.25.05.21 Solvency Capital Requirement - for undertakings using an internal model (partial or full)

		Solvency Capital Requirement	Amount modelled	USP	Simplifications
		C0010	C0070	C0090	C0120
Risk type					
Total diversification	R0020	-3,100,467	-3,100,467		
Total diversified risk before tax	R0030				
Total diversified risk after tax	R0040				
Total market & credit risk	R0070	700,242	700,242		
Market & Credit risk - diversified	R0080	467,784	467,784		
Credit event risk not covered in market & credit risk	R0190	14,259	14,259		
Credit event risk not covered in market & credit risk - diversified	R0200	13,198	13,198		
Total Business risk	R0270	229,903	229,903		
Total Business risk - diversified	R0280	172,761	172,761		
Total Net Non-life underwriting risk	R0310	2,078,626	2,078,626		
Total Net Non-life underwriting risk - diversified	R0320	791,791	791,791		
Total Life & Health underwriting risk	R0400	1,837,468	1,837,468		
Total Life & Health underwriting risk - diversified	R0410	1,295,008	1,295,008		
Total Operational risk	R0510	119,723			
Total Operational risk - diversified	R0520	119,723			
Other risk	R0530				

		C0100
Total undiversified components	R0110	2,860,264.00
Diversification	R0060	-980,510.00
Adjustment due to RFF/MAP nSCR aggregation	R0120	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	1,879,754.00
Capital add-ons already set	R0210	
Capital add-ons already set - Article 37 (1) Type a	R0211	
Capital add-ons already set - Article 37 (1) Type b	R0212	
Capital add-ons already set - Article 37 (1) Type c	R0213	
Capital add-ons already set - Article 37 (1) Type d	R0214	
Solvency capital requirement	R0220	1,433,525.00
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	-446,229.00
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	
Net future discretionary benefits	R0460	

		Yes/No
		C0109
Approach based on average tax rate	R0590	No

		LAC DT
		C0130
Amount/estimate of LAC DT	R0640	-446,229.00
Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	R0650	-73,578.00
Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	R0660	-372,651.00
Amount/estimate of AC DT justified by carry back, current year	R0670	0.00
Amount/estimate of LAC DT justified by carry back, future years	R0680	0.00
Amount/estimate of Maximum LAC DT	R0690	-446,229.00

Appendix continued

S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

		C0010
MCR_{NL} Result	R0010	479,302

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030	277,232	548,073
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050	960,428	481,549
Other motor insurance and proportional reinsurance	R0060	96,579	354,593
Marine, aviation and transport insurance and proportional reinsurance	R0070	75,584	96,410
Fire and other damage to property insurance and proportional reinsurance	R0080	327,907	1,024,608
General liability insurance and proportional reinsurance	R0090	516,795	294,344
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110	6,998	5,568
Assistance and proportional reinsurance	R0120	3,918	26,277
Miscellaneous financial loss insurance and proportional reinsurance	R0130	6,206	72,433
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150	4,336	
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

		C0040
MCR_{L} Result	R0200	108,219

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240	3,006,836	
Total capital at risk for all life (re)insurance obligations	**R0250**		**64,394,000**

		C0070
Linear MCR	R0300	587,521
SCR	R0310	1,433,525
MCR cap	R0320	645,086
MCR floor	R0330	358,381
Combined MCR	R0340	587,521
Absolute floor of the MCR	R0350	4,000
		C0070
Minimum Capital Requirement	R0400	587,521

Contact and legal information

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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

NN Schade's annual accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and with Part 9 of Book 2 on the Dutch Civil Code. In preparing the financial information in this document, the same accounting principles are applied as in the 2024 NN Schade annual accounts, except as indicated in chapter D 'Valuation for Solvency Purposes' of the 2024 Solvency and Financial Condition Report.

All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

Certain of the statements in this 2024 SFCR 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-reportlibrary.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.

Any forward-looking statements made by or on behalf of NN Schade in this 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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