2024

Annual Report

Nationale-Nederlanden Levensverzekering Maatschappij N.V.

Annual Report contents

Composition of the boards

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

Management Board

Composition as at 31 December 2024

L.M. (Leon) van Riet (1964), CEO and chair

A. (Arun) Sivaramakrishnan (1973), CFO

P. (Peter) Brewee (1972)[1], CRO

G.J. (Gerard) van Rooijen (1972)

Resigned in 2024

W.G. (Wilbert) Ouburg (1985)[2]

Supervisory Board

Composition as at 31 December 2024

J.L. (Janet) Stuijt (1969), chair

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

J.W. (Hans) Schoen (1954)

1 Appointed as from 1 October 2024 by the General Meeting on 1 October 2024.
2 Resignation as from 1 October 2024 by resignation letter.

NN Group and NN Leven at a glance

NN Group

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

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

With all our employees, we provide retirement services, pensions, insurance, investments and banking products to approximately 19 million customers. We are a leading financial services provider in the Netherlands.

We provide our products and services under the following brand names: Nationale-Nederlanden, Movir, AZL and BeFrank, OHRA and Woonnu as well as via our joint venture, ABN AMRO Verzekeringen, and our partnership with ING Insurance.

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

Within NN Group's organisational structure, NN Leven is part of the reporting segment Netherlands Life.

NN Leven

NN Leven offers a range of group life and individual life insurance products. Its group life policies are primarily group pension products. The company provides pension solutions to businesses of all sizes. It offers insured and non-insured pension solutions, bundled and unbundled options and works in close cooperation with pension administrator AZL N.V. (AZL).

NN Leven's individual life insurance business primarily consists of the closed-book operation of the individual life portfolios (comprising a range of discontinued products sold prior to 2012) of NN Leven, RVS Levensverzekering N.V. (RVS Leven), Delta Lloyd Levensverzekering N.V. (Delta Lloyd Leven) and Nationale-Nederlanden Services N.V. (NN Services).

NN Leven and ABN AMRO Levensverzekering N.V. (AAL) entered into a legal merger on 31 March 2023 and the merger became effective as from 1 April 2023 and AAL ceased to exist as per 1 April 2023.

NN Leven has a strong position in the Dutch pension market. It is NN Group's largest business measured by the balance sheet total and the largest Dutch life insurer measured by gross premium income and by balance sheet totals. In addition, NN Leven offers Defined Contribution (DC) pension products through its subsidiary BeFrank PPI N.V., which is the leading Premium Pension Institution (PPI) in the Netherlands.

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

Legal structure NN Leven

NN Leven is a fully-owned subsidiary of Nationale-Nederlanden Nederland B.V. (NN Nederland) 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.

Report of the Management Board

Strategy

Our purpose is to help people care for what matters most to them. Because what matters to them matters to us.

Our ambition is to be an industry leader, known for our customer engagement, talented people, and contribution to society. All parts of our business contribute to the delivery of our ambition.

NN Leven is committed to sustainable long-term value creation for all our stakeholders. Our strategy aims to address the interests of all stakeholders, which is why we have strategic, sustainability and financial targets. Our five strategic commitments will help us achieve our ambition.

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

At the end of 2023, we redefined our five strategic commitments and introduced a new commitment on becoming a 'digital and data-driven organisation', while combining our commitments on customers and products and services into a single commitment, 'engaged customers'. This update reflects our focus on transforming our business by further simplifying our technology and operations, giving us room to grow our business further.

The goal of NN Leven is to deliver an excellent customer experience, while meeting our operational efficiency ambition. We have a proven track record in reducing costs by improving efficiency whilst at the same time improving client satisfaction.

NN Leven is organised into two Business Lines: Pensions and Services. Pensions is our open book proposition, while Services manages the closed book operations. Pensions focuses on commercial success and profitability with DC pension products (including guaranteed decumulation products) and PPI covering the total Dutch pension market from SMEs to corporates as well as individual Term Life products. Services focuses on efficiency through IT simplification and migrations. Services primarily consists of the closed book operation of the group life portfolios and the individual life portfolios (comprising a range of discontinued products sold prior to 2012).

NN Leven's strategy aims for an effective response to changing dynamics in the Dutch Life and Pension market such as volatile markets, intensified competition in certain segments, regulatory changes, and developments in life expectancy.

In July 2023, the future pensions act / Wet toekomst pensioenen (Wtp) became effective. By January 1st, 2028, all pension contracts must be adjusted to contribution based. NN Leven has an active project for the implementation of the Wtp and is well prepared for this transition. During 2024, more than 50% of our clients that had expiring pension contracts changed to a Wtp contract.

Going forward, NN Leven will continue to focus on delivering on key aspects: adapting to the changes in the pension market and the shift to defined contribution, improving customer service, enhancing the effectiveness of our control landscape, operational efficiency to reduce cost levels through actions such as simplifying our IT landscape, refining the investment mix on the balance sheet taking into account managing insurance and business risks. Adapting to regulatory change remains an important management priority.

Engaged customers

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

NN Leven ranks 1st place in intermediary satisfaction in both Term Life Insurance and Pensions. The r-NPS score for Pension Participants, Individual Life Customers and Pensions Employers increased compared to 2023 and is at or above market average.

In 2024, NN Leven kept improving the Human Capital Planner (HCP) tooling with the introduction of additional insights for employers to help them in continuity of their workforce and reduce sick leaves by preventive measures. An updated version of the Wtp Indication tool was launched as well. This tool provides employers financial insights in the consequences of transitioning towards the Wtp.

At NN Leven we excel in developing and providing attractive products and services, focused on our customers' needs. Operating with efficiency, agility and speed. To ensure we continue doing so, we will make optimal use of digital and data capabilities.

NN Leven offers the full spectrum of pensions solutions consisting of defined contribution (DC), insured defined benefit (DB) and (collective) term life insurance. BeFrank is our Premium Pension Institution (PPI).

Also offered by NN Group are a general pension fund (APF) solution via De Nationale, and pension fund administration and advisory services via AZL.

NN Leven aims to offer true value propositions for a competitive price. We believe that with a combination of pension products, related services and a good customer experience, we will establish a sustainable long-term relationship with our customers. In a fast-changing market, with the new Pension Agreement and a society where the influence of the individual is growing, we are building a company that truly matters to our stakeholders. By investing in innovation, we make our propositions easier accessible for customers, for example with an AI driven approach for onboarding of new term-life customers and providing new DC accumulation features that help employers prepare for new legislation and have an efficient process in place during the transition period.

Despite the ongoing shift towards DC pension plans, we see that Defined Benefit (DB) remains important for some of our customers. NN Leven continues to serve these customers through our DB proposition. In decumulation, DC adds to our guaranteed pension books as mature DC assets are converted to guaranteed direct pension annuities.

Overall, NN Leven offers modern pension solutions in both DB and DC, with and without guarantees. This enables clients to organise their retirement arrangements with a risk profile that meets their current needs.

For the closed book operation of pensions and individual life policies (comprising a range of discontinued products sold prior to 2012) focus is on reducing expenses in line with the run-off of the portfolio and at the same time improving customer service. Key actions to enable this are migrating policies from legacy to target systems, outsourcing IT and operations, and digitalising processes.

Talented people

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

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

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

In 2024, we continued focusing on building a future ready workforce. We have introduced, as part of the Future Ready strategy, new Future Ready Behaviours (Team up, Speak up, Step up). We have increased our digital skills and data literacy by education and training. All with the intention to improve overall data literacy and create a common foundation of knowledge and understanding on our way to become a digital and data driven organisation.

At NN Leven, we believe it is important for employees to be competent and to be able to serve our customers the best way possible. Employees who advise or inform customers and/or intermediaries must meet clear expertise requirements. These requirements, known as professional qualifications, are intended to ensure a customer-oriented and demonstrably competent organisation. Employees with customer contact must hold valid and relevant Wft diplomas.

Our overall employee engagement has increased from 7.3 (Nov 23) to 7.8 (Dec 24), all underlying drivers show an increase compared to the survey in November 2023. The well-being and involvement of our employees has our continued attention and we use feedback from employees to make NN Leven an even better place to work.

At NN Leven, the number of employees is 2,054 at 31 December 2024 of which approximately 60% are male and 40% are female.

Contribution to society

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

At NN Leven, focusing on diversity and inclusion is not just about doing the right thing, it's about empowering people by respecting and praising what makes them unique. NN Leven employees are free to truly value their differences in a safe, positive, and nurturing environment. At NN Leven, we care about diversity in the workplace and more broadly in society. We strive to make people feel respected and valued for who they are as individuals and as a group. We want to make sure that our employees feel valued, heard and part of the success of our organisation.

We take our role in society seriously. Activities range from financial education to health and well-being initiatives. These involve raising funds and employees volunteering their time for special projects. For example, NN Leven became partner of the Dutch National Elderly fund (Nationaal Ouderenfonds) dedicated to combating loneliness among the elderly and connecting them with society.

NN Leven, together with NN Group, supports the establishment of the Research Centre for Longevity Risk in collaboration with the University of Amsterdam (UvA). At the centre, UvA scientists study the trends in survival rates and life expectancy, and how these are affected by different relevant factors. The research conducted in the centre contributes to the management of longevity risk, and is vital for governments, policymakers and other stakeholders in the financial sector.

It also helps raising awareness about accruing a pension. This is in line with our purpose to help people care for what matters most to them.

In 2024 we provided people financial insights about the consequences of the new Pension Agreement during a PensioenTV Broadcast. Furthermore, we tried to generate more pension awareness during the 'Wiser in Financials' (Wijzer in geldzaken) week. During this week, our PPI BeFrank received the annual jury award for the most innovative initiative in simplifying pension choices with their guidance for survivor's pension (nabestaandenpensioen).

BeFrank also became B-corp certified in 2024 and joined a growing global network of companies that are demonstrably committed to people, the environment and society.
NN Leven has a policy framework in place to ensure that its assets are invested responsibly. Amongst others, the policy includes requirements to systematically incorporate environmental, social and governance (ESG) factors into the investment process. Consideration of ESG factors, alongside traditional financial data, helps to make better informed decisions and optimise the risk-return profile of investment portfolios. To our customers we provide dashboard information showing them the impact of their life cycle investments in terms of sustainability characteristics.

Report of the Management Board **continued**

Also in 2024, NN Group Procurement started ESG engagement with the top 5 selected suppliers for NN Leven.

Financial strength

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

Analysis of results

in EUR (millions)	2024	2023
Profit margin	200	180
Technical result	38	60
Service expense result	9	-14
Insurance and reinsurance result	247	224
Investment result	1,326	1,343
Other result	-108	-110
Operating result insurance business	1,465	1,459
Operating result non-insurance businesses	5	7
Total operating result	1,470	1,466
Non operating items	-474	-251
of which gains/losses and impairments	-994	-266
of which revaluations	551	83
of which market and other impacts	-31	-68
Special items	-27	-414
Result before tax	969	801
Taxation	-113	-173
Minority interests	-110	71
Net result	746	699

The operating result was broadly stable at EUR 1,470 million from EUR 1,466 million in 2023. This reflects higher insurance and reinsurance result partly offset by a lower investment result. The profit margin increased due to a higher contractual service margin ('CSM') release. The lower technical result mainly reflects a lower risk adjustment release driven by a reduction in the risk adjustment on the balance sheet.

The result before tax increased to EUR 969 million from EUR 801 million in 2023, which contained a provision of EUR 360 million related to the unit-linked insurance products settlement. In addition, 2024 benefitted from higher results on revaluations on real estate and other assets such as private equity and infrastructure partly offset by lower revaluations on derivatives that reflect accounting asymmetries. Results on gains and losses were lower due to the sale of debt securities and mortgages.

Key figures

in EUR (millions)	2024	2023
New sales life insurance (APE)	412	358
Assets under Management DC business total (in EUR billion, end of period)	39	33
Value of new business	96	51
Administrative expenses	373	365
Operating capital generation	1,059	1,033
NN Leven Solvency II ratio[1]	187%	196%

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

New sales (APE) rose by 15% to EUR 412 million from EUR 358 million in 2023, mainly driven by higher sales from renewals of existing defined benefit pension contracts, and three pension buyout contracts totaling EUR 900 million.

The value of new business (VNB) increased by 88% to EUR 96 million from EUR 51 million reflecting higher defined benefit sales and the contribution from pension buyouts.

Assets under management DC increased to EUR 39.1 billion compared with 32.7 billion at 31 December 2023, driven by net inflows of EUR 2.3 billion and positive market movements.

Full-year 2024 operating capital generation increased to EUR 1,059 million from EUR 1,033 million in 2023, mainly due to a higher investment spread resulting from wider government bond and mortgage spreads, partly offset by unfavorable experience variances.

For more information on the change of the Solvency II ratio compared to prior year, reference is made to Section 'Manage our risks' and Note 41 'Risk management' of the Consolidated annual accounts.

Digital & data driven organisation

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

In order to streamline our IT landscape, improve effectiveness and achieve our expense reduction ambitions, we will continue to invest in IT simplification initiatives. This is a multi-year programme and executed in close cooperation with the central IT organisation of NN Group. Although requiring significant effort as well as initial investments, it is bringing efficiency gains by creating state-of-the art and standardised target IT systems, decommissioning legacy systems, removing manual workload and, as well, improving internal control measures to address certain identified deficiencies in the old systems. We increasingly employ robotics and apply STP (straight through processing) to improve quality and achieve a higher customer satisfaction at a lower cost. NN Leven is also striving to continuously improve data quality and adequately addressing identified shortcomings in customer communication. We recognise that we still have challenges and work to be done to further improve our data quality and customer processes.

For our legacy pension portfolio, the focus is on increasing customer satisfaction and cost effectiveness. The aim is to convert this closed book portfolio to completely paid-up and further decrease costs.

Achieving further lower operating costs and rationalization of the administration systems will be realised by automation through applying Robotics, Business Process Management and Smart Scanning.

NN Leven continues to invest in innovative technology solutions including in the field of AI. Already since October 2023, part of our pension participants living abroad can provide proof of life with facial recognition. And, via Automated Call Logging, phone calls are summarised automatically.

In 2024, we also further expanded and optimised our digital online services, with the ambition to build frictionless digital journeys. By doing so, customers and brokers have more (digital) ways to engage with us via the NN-portal, NN-app, via chatbots and live-chat and provide via these channels a broad range of Self Service-functionality. Since the beginning of 2024, pension participants are able to log into mijn.nn with their DigiD. This is the fulfilment of a long-awaited wish from participants, brokers and employers.

Based on the achievements we have realised in the last few years, we remain on track towards our ambition to deliver an excellent customer experience, while also meeting our expense efficiency ambitions.

The initiatives on, for example, IT simplification, enhancing efficiency and reducing our time-to-market will help with our ambitions for profitable growth. Together with other business units of NN Group, NN Leven started off with initiatives on cross-sell to make optimal use of our rich client base. The 'Good Employership' (Goed Werkgeverschap) program helps us to move from a single-line pension product provider to a broad business partner to clients and advisors by offering additional services. This includes an integrated proposition for pension accrual during a participant's active period and the pension benefit period that follows, enhancing the customer experience, participants guidance on individual choices and increasing the overall DC business results.

Dutch Individual Life unit-linked products

In the Netherlands, unit-linked products have received negative public attention since the end of 2006. As at 31 December 2024, the portfolio of NN Leven comprised approximately 284.920 active unit-linked policies.

On 9 January 2024, NN Leven announced a settlement with consumer interest groups ConsumentenClaim, Woekerpolis.nl, Woekerpolisproces, Wakkerpolis and Consumentenbond regarding unit-linked products sold in the Netherlands by NN Leven, including Delta Lloyd and AAL.

The settlement relates to all unit-linked products of policyholders affiliated with the aforementioned interest groups and is subject to a 90% acceptance rate of affiliated policyholders that have received an individual proposal for compensation. As part of the settlement, all pending (collective) proceedings with respect to unit-linked products against NN Leven will be discontinued once the settlement is executed, which is currently anticipated before end 2025. The settlement also includes that no new legal proceedings may be initiated by the aforementioned interest groups or their affiliated persons/parties.

To cover the settlement costs, a provision of approximately EUR 360 million was recognised in the fourth quarter of 2023. This includes EUR 60 million for hardship cases, and customers unaffiliated with one of the aforementioned interest groups that have not previously received compensation.

Reference is made to Note 35 'Legal proceedings' of the Consolidated annual accounts.

Risk management

For information regarding risk management reference is made to Section 'Manage our risks' and Note 41 'Risk management' of the Consolidated annual accounts.

Capital and liquidity management

For information on liquidity and financing, reference is made to Note 42 'Capital and liquidity management' of the Consolidated annual accounts.

Non-financial statement

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

Rapportage van het Intern Toezicht 2024

The 'Rapportage van het Intern Toezicht 2024' concerning the Pension Fund Governance on the so called 'rechtstreeks verzekerde regelingen' was approved in the Supervisory Board meeting on 28 March 2025. The report can be found on the website of Nationale-Nederlanden. More information is available in the 'Wie zijn wij?' section of www.nn.nl.

Conclusions 2024 and going forward

NN Leven continued to progress on its strategic ambitions in 2024. NN Leven maintained its leading commercial position in the Dutch market. We are actively assisting the transition to a sustainable future pension system as envisaged by the Wtp. We have introduced Wtp compliant products and are actively educating and guiding the market and our clients towards the transition. NN Leven closed three buy-outs for an amount of EUR 900 million thus securing the pensions for 13,000 customers and adding to its balance sheet. Customer satisfaction level remained stable at market average in terms of r-NPS while employer satisfaction level increased to above market average. On intermediary satisfaction level, monitored by IG&H, we are market leader in overall valuation by intermediaries as well as on all of the five underlying drivers we are (joint) best in class. Financial markets witnessed a significant increase in spreads on government bonds and mortgages, which NN Leven uses to match its liabilities. This resulted in a lower Solvency II ratio for NN Leven but higher future capital generation from these assets. We continue to optimise our balance sheet. Amongst other actions, in 2024 we sold a portion of our mortgage portfolio to enable reinvestment into other instruments and reinsured a part of our immediate annuity portfolio. IT simplification at NN Leven continues its strong progress in bringing down costs and simplifying the IT environment and we continued to successfully migrate policies to our target systems.

For further details about investments, financing, staff employment and other circumstances that are relevant for the business developments and profitability, reference is made to the annual report NN Group N.V. 2024.

Manage our Risks

Introduction

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

The Risk Management paragraph has the following structure:

1. Risk Governance
2. Risk Control Cycle
3. Risk Profile, categorised into:
    a. Strategic risks (including sustainability risks)
    b. Financial risks (based on the structure of our Partial Internal Model); and
    c. Non-financial risks.

NN Leven has one international branch in the Czech Republic. The insurance risks of the Czech branch are reinsured to NN Re. We exclude the Czech branch from this Risk Management paragraph.

1. Risk Governance

NN Leven's risk governance follows the three lines concept, which outlines the decision-making, execution and oversight responsibilities for NN Leven's risk management. This structure has been embedded in each of NN Leven's organisational layers.

Three lines[1]

The three lines define three levels, each with distinct roles, decision authorities, execution responsibilities and oversight responsibilities. This concept helps that risks are managed in line with the risk appetite as defined by the Management Board of NN Leven and cascaded throughout NN Leven.

First line	Second line	Third line
Management Board, other managers	Risk, Actuarial, Legal and Compliance teams	Corporate Audit Services
• Make business decisions • Accountable for financial performance, sales, operations, investments, underwriting • Sell products that reflect local needs and thus know their customers and are well-positioned to act in both the customers' and NN Leven's best interests • Accountable for risk taking and risk management	• Support management in their decision-making and risk/return trade-offs • Countervailing power to prevent risk concentrations and unwanted/ excessive risk taking • Develop policies, standards, best practices, and Charters for their specific risk and control areas • Encourage, challenge, and monitor sound risk management throughout NN Leven • Escalation power in relation to business activities that are judged to present unacceptable risks to NN Leven	• Provides independent assurance on the effectiveness of NN Leven's business and support processes, including governance, quality of risk management and quality of internal controls • Assesses first line activities as well as second line activities

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

Manage our Risks continued

First line: Executive Management

Management Board

The Management Board is ultimately responsible for managing NN Leven, including the objectives and strategic direction of the company, the day-to-day management, and for ensuring that the company 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 ultimate responsibility for NN Leven's risk management whilst delegating certain powers to the Crisis Committee, Asset and Liability Committees (ALCO) and Model Committees (MoC).

NN Leven may independently perform all activities that are consistent with the strategy of NN Group and the approved (three year) business plan, NN Group's values, in line with the risk appetite and compliant with policies, standards, laws and regulations. Decisions can be made by NN Leven's Chief Executive Officer, unless decisions require Group MB approval pursuant to the NN Group decision structure.

The Chief Executive Officer (CEO) is responsible for:
- The profitability, as well as the business and operational activities, and as such the risk and control, in the area of NN Leven;
- The execution in the area of NN Leven of any strategies that conform to the strategic framework of NN Group;
- Fulfilling CEO's statutory responsibilities;
- Implementing and maintaining a sound control framework and operating in accordance with laws and regulations, NN Group governance, policies, standards and internal controls and NN values;
- Sustainability of the corresponding business unit in the long term; and
- Sharing best practices across NN Group.

Regular oversight interaction between Head Office and NN Leven takes place with respect to, amongst others, product approval, mandate approval, risk limit setting, risk reporting, Own Risk and Solvency Assessment (ORSA), policy setting and implementation monitoring, model and assumption review and validation. These interactions cover all types of risks.

Supervisory Board

The Supervisory Board is responsible for supervising the Management Board and the general course of affairs of NN Leven and assists the Management Board with advice. The Supervisory Board has drawn up 'Rules of Procedure' which includes its duties, responsibilities and working methods. In undertaking its duties, the Supervisory Board focuses on the interests of NN Leven and its affiliated companies, while taking the interests of its stakeholders, such as customers, employees, and shareholders, into consideration in a balanced manner.

Second line: Key Functions Risk Management, Compliance, Actuarial and the Legal Function

Risk Management Function

Within the Management Board, the Chief Risk Officer (CRO) is entrusted with the day-to-day execution of the Risk Management Function.

The NN Leven CRO steers an independent risk organisation which supports the first line in its decision-making, but which also has sufficient countervailing power to prevent excessive risk taking. The NN Leven CRO is also responsible for the organisation of Risk at NN Leven. The NN Leven 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 Group is exposed.

Responsibilities of the Risk Management Function include:
- Formulating NN Leven's risk management strategy and ensuring that it is implemented consistently throughout NN Leven;
- Supervising the operation of NN Leven's risk management and business control systems, including NN Leven's Partial Internal Model (PIM);
- Reporting on NN Leven's risks, as well as the effectiveness of internal business controls;
- Making risk management decisions with regard to matters which may have an impact on the financial results of NN Leven or its reputation, without limiting the responsibility of each individual member of the Management Board in relation to risk management;
- The NN Leven Internal Model, including all internal model related activities such as model development; and
- Provide, together with the other second line functions, a second line opinion when first line business initiatives can materially impact the risk profile of NN Leven and/or provide additional assurance for presented key first line risk related information.

The NN Leven CRO has co-responsibility together with the business (first line) for risk management in NN Leven and to translate the risk appetite into methodologies and policies to support and monitor management's control of risk. The CRO ensures that dashboards and other risk measurement tools are appropriately maintained and developed. The CRO is ultimately responsible for all risk related information required for financial reports and statements.

The NN Leven CRO is member of the NN Leven Board and reports hierarchically to the NN Leven CEO and functionally to the NN Group CRO.

At NN Leven, the CRO acts in his role as Risk Management Function Holder accordingly to the Solvency II directive article 44 – Risk Management and delegates related tasks respectively to the Head of Non-Financial Risk Management, Head of Financial Risk Management and Head of Insurance Risk Management.

Manage our Risks continued

Model validation

Model validation, part of the Risk Management Function, is internally outsourced to NN Group. NN Group Model Validation (Model Validation) aims to ensure that all material models are fit for their intended use. For this purpose, Model Validation carries out validations of risk and valuation models related to Solvency II regulation and, among others, IFRS. The validation reports on NN Leven models are presented to the NN Leven Model Committees.

Model Validation can perform different types of validations during the lifecycle of a model to assure the reliability of a model and mitigate the identified model risk. 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.

Compliance Function

To effectively manage business conduct risk, NN Leven has an independent Compliance Function headed by the Head of Compliance, who is the Key Function Holder for Compliance. The Compliance Function is positioned independently from the business it supervises. This independent position is, amongst others, warranted by independent reporting, unrestricted access to senior management as well as structural, periodic meetings with the NN Leven CEO and the NN Leven Supervisory Board.

Responsibilities of the Compliance Function include to:

- Understand and advocate rules, regulations and laws for the effective management of risks in scope of the Compliance Function;
- Proactively work with and advise the business to manage sound business conduct, people conduct and product suitability risk throughout our products' life cycle and our business' activities to meet stakeholder expectations;
- Develop and enhance tools to enable the three lines to detect, communicate, manage and report on business conduct risks;
- Support NN Leven's strategy by independently and objectively challenging decision-making in relation to and management of risks in scope of the Compliance Function whereby a risk-based approach is used to align business outcomes with NN Leven's risk appetite;
- Foster a sound risk culture by encouraging a culture of trust and accountability and addressing non-compliant or otherwise non-constructive conduct in an appropriate manner;
- Develop and maintain a framework to advise and support the first line in adhering to material laws and regulations as described in the Compliance Function Charter; and
- Monitor that management and employees act in accordance with NN Group's and NN Leven's policies and standards as well as relevant material laws and regulation pertaining to integrity and conduct.

The Head of Compliance reports hierarchically to the NN Leven CEO and functionally to the Chief Compliance Officer of NN Group. The Compliance Function keeps in close contact with supervisors via regular meetings.

Legal Function

The General Counsel/Head of Legal NN Leven is entrusted with the day-to-day responsibility for NN Leven's Legal Function and steers an independent legal organisation which supports and challenges the first line in their decision-making. The Head of Legal reports hierarchically to the CEO and functionally to the General Counsel of NN Group.

Actuarial Function

The primary objective of the Actuarial Function is to review whether technical provisions (under Solvency II and IFRS) are reliable and adequate, such that NN Leven is able to meet its obligations towards policyholders.

The Actuarial Function operates within the context of NN Leven's broader risk management system. Within this system, the role of the Actuarial Function is to:

- Understand and advocate the rules, regulations and laws for effective management of the calculation process of technical provisions, covering elements such as data quality, assumption setting, models and methods, as well as underwriting and reinsurance arrangements;
- Proactively advise the business to manage the risk of unreliable and inadequate technical provisions;
- Inform management and the Supervisory Board on its opinion on the adequacy and the reliability of the (calculation of) technical provisions, the adequacy of reinsurance arrangements and the underwriting policy at least on an annual basis through the Actuarial Function Report;
- Provide second line opinions on the overall underwriting policy and adequacy of reinsurance arrangements;
- Develop and enhance tools to strengthen the three lines to detect, communicate, manage and to report on risks related to unreliable or inadequate technical provisions;
- Support NN Leven's strategy by establishing clear roles and responsibilities to help embed good (actuarial) practices throughout the organisation by using a risk-based approach to align insights with NN Leven's risk appetite;
- Strengthen the culture of professional risk management by challenging management and experts to increase the culture of trust, accountability, transparency and integrity in evaluating, managing of and reporting on risks to unreliable or inadequate technical provisions; and
- Provide a second line opinion when first line business initiatives can materially impact the risk profile of NN Leven or NN Group and/or provide additional assurance for presented key first line risk related information.

Manage our Risks continued

The Actuarial Function reports hierarchically to the CRO of NN Leven and has a functional reporting line to the NN Group Chief Actuary. The Actuarial Function of NN Leven has unrestricted access to the NN Leven Management Board and NN Leven Supervisory Board in relation to actuarial topics.

Third line: Corporate Audit Services

Internal Audit Function

The Internal Audit Function is internally outsourced to Corporate Audit Services NN Group (CAS). CAS provides independent assurance on the effectiveness of NN's business and support processes, including governance, quality of risk management and quality of internal controls. They assess the first line activities as well as the second line activities. CAS supports NN Leven in accomplishing its mission and objectives through a systematic, documented approach to examine, evaluate, and improve the design and effectiveness of (NN Leven's framework of) governance, risk (management) processes, and internal control.

CAS keeps close contact with supervisors and regulators as well as with the external auditor via regular meetings in which current (audit) issues are discussed, as well as internal and external developments and their impact on NN Leven and CAS. CAS also provides information like risk assessments and relevant (audit) reports.

The General Manager of CAS and all CAS employees are authorised to:

- Obtain without delay, from General Managers within NN Leven, information on any significant incident concerning NN Leven's operations including but not limited to security, reputation and/or compliance with regulations and procedures;
- Obtain without delay, from responsible managers within NN Leven, a copy of all letters and reports received from external review agencies (e.g. external auditor, supervisors, regulators and other agencies providing assurance-related services);
- Have free, full, unrestricted and unfettered access - at any time deemed appropriate - to all NN Leven departments, offices, activities, books, accounts, records, files, information. CAS must respect the confidentiality of (personal) information acquired;
- Require all NN Leven staff and business management to supply such information and explanations, as may be needed for the performance of assessments, within a reasonable period of time;
- Allocate resources, set frequencies, select subjects, determine scope of work and apply appropriate techniques required to accomplish the CAS's objectives; and
- Obtain the necessary assistance of personnel in various departments/offices of NN Leven where CAS performs audits, as well as other specialised/professional services where considered necessary from within or outside NN Leven. CAS exercises its authority with the minimum possible disruption to the day-to-day activities of the area being assessed.

System of governance evaluation in 2024

In 2024, various elements of NN Leven's System of Governance were reviewed and discussed by the Management Board of NN Leven, as referred to under Solvency II. Where appropriate, improvements were implemented.

2. Risk Control Cycle

Risks represent potential future events that could adversely impact our business performance and achieving our strategic targets. Strong risk management helps us monitor developments in our operating environment and act where necessary. We manage any risks inherent to our business model and the environment in which we operate within NN Leven's risk appetite and framework. Every employee has a role to play in identifying risks in their area of responsibility and managing them in a proactive way. It is important to know which risks we need to avoid and which we are prepared to take, to ensure an adequate return for the risks assumed within the business, and to be aware of large existing and emerging risks.

The risk control cycle supports that we operate within our risk appetite:

1. Define risk strategy through risk appetite, policies and standards;
2. Identify and assess the risks that need to be managed;
3. Mitigate risks through controls and/or other mitigation measures;
4. Monitor effectiveness of mitigating measures and report on them.

This cycle is supported by a sound risk culture.

The risk control cycle is integrated within NN Leven and supports the strategy (business plan process) and (monitoring of) the subsequent execution (a.o. financial control cycle and HR cycle).

Step 1: Risk Strategy

The risk strategy is determined together with the business strategy. During this strategy-setting process, strategic and emerging risks need to be considered carefully. These risks for example look at sensitivities around assumptions behind the proposed business strategy, or the possibility that a proposed business strategy does not align with NN Group's values and You Matter brand promise.

The risk strategy further clarifies what risks (and to what extent) NN Leven is willing to take in pursuit of business objectives. Risk appetite statements describe how NN Leven weighs strategic decisions and communicates its strategy to key stakeholders with respect to the desired

Manage our Risks continued

level of risk-taking. They thereby define our preferences for or against certain risk types. This helps us avoid unwanted or excessive risk taking and optimise our use of capital. To the extent necessary, the risk appetite can be further operationalised into risk metrics (see under *Risk metrics* in this chapter). Furthermore, requirements and/or guidance on how to mitigate risks can be provided through policies and standards.

Embedding a sound risk culture within properly organised and governed business processes and projects is an important part of NN Leven's risk strategy.

Risk taxonomy

NN Leven has defined and categorised its risk landscape in a risk taxonomy:

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

Note: Sustainability risks are risks related to environmental, social and governance (ESG) factors that can cause material negative impact to NN Leven's long-term performance, reputation, value, balance sheet or operations. We consider sustainability risks to be transversal, meaning they manifest through various risk types recognised in our Risk taxonomy, such as strategic, financial and non-financial risks. ESG factors are seen as risk drivers, potentially influencing the risk levels across these categories. By integrating sustainability risks into our overall risk management framework, we are better equipped to identify and manage the risks and opportunities associated with sustainability matters.

Risk appetite framework

We have the following risk appetite levels:

Risk Appetite	Description
Avoid	We apply considerable efforts to avoid these risks happening, or even eliminate them. If they materialise, we apply a zero-tolerance attitude to address incidents.
Limited	We accept these risks, but we still try to limit them with reasonable efforts to manage potential impact.
Moderate	We accept these risks, but neither avoid nor seek them actively. We use a risk/reward or risk/cost consideration to manage these risks.
Actively pursue	We are risk-seeking for this type of risk, accepting uncertainty or volatility, as we expect taking the risk will be ultimately rewarded.

The risk appetite is evaluated at least annually, as part of the Own Solvency and Risk Assessment process, in sync with the Business Plan process. The risk appetite is approved by the Management Board of NN Leven.

Manage our Risks continued

Our key risk appetite statements are:

Risk Appetite Statement	Risk Appetite	Description
Managing Strategy	Moderate	We create long-term value for all our stakeholders and contribute to the well-being of people and planet, so we continuously evaluate and adapt our business model to the external environment (product portfolio, distribution channels, organisation, etc.) to meet evolving customer needs. When doing so, we moderately accept risks from the same, including in attracting and retaining business leaders and (world class) talents.
Solvency Risks	Limited	We accept financial risks on our balance sheet so we can offer financial security through products and services for our customers as well as predictable and attractive returns for our investors. We: • like to avoid having to raise equity capital after a 1-in-20 year event (statement at NN Group level, cascaded towards NN Leven as laid-out in the capital policy of NN Leven); • only accept risks that we understand, can price and effectively manage; and • limit exposure to, or volatility due to, non-rewarding risks (particularly concentration, interest rate, currency and inflation risk) or risks to which we already have a high exposure.
Liquidity Risks	Limited	We want to meet our payment and collateral obligations, even when under severe liquidity stress, while also actively pursuing illiquid assets to back illiquid liabilities on our balance sheet.
Sound Business Conduct	Avoid	We have no appetite for material breaches of business integrity-related policies and standards.
People Conduct Culture	Limited	We nurture a culture aligned with our purpose, values and ambitions, which supports continuous learning, collaboration and diversity, and limit risks to the same.
Product Suitability	Avoid	We only market products and services that add value to our customers over their expected lifetime in line with their preferences, and can be explained in an understandable and transparent manner.
Operational Risks	Moderate	We moderately accept human errors and as such failures in processes, and therefore manage to agreed tolerances.
Technology Risks	Limited	We limit losses arising from technology risks, and therefore we ensure our technology assets are sufficiently resilient and responsibly used.
Reliable Reporting	Avoid	We have no appetite for material errors in external financial and non-financial reporting, and internal reports used for managerial decision-making.
Business Continuity	Limited	We avoid, to the extent possible and even under severe circumstances, sustained discontinuation of business (people, offices, systems).

Risk metrics

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

- Risk limit - maximum exposure to a risk that management is willing to accept and should not be breached.
- Risk tolerance - level of exposure to a risk, where management wants to be actively informed. A tolerance is set to function as a trigger for reviewing the exposure regularly and reflects an ambition level within which management wants to act in the medium term.
- Key Risk Indicator (KRI) - can assist management in determining whether specific areas or business objectives are at risk of moving beyond the risk appetite. The KRIs indicate when specific actions might be necessary to stop or reduce increasing risk levels.
- Policies and standards - next to risk metrics, requirements and/or guidance on how to mitigate risks can be provided through policies and standards

Manage our Risks continued

Our key metrics include the following:

Risk Class	Risk metrics
Strategic Risks	We manage and monitor strategic risks among others by regularly monitoring how we perform relative to our strategic commitments, a.o.: • Customer engagement (Net Promotor Score): customers' willingness to recommend our company (i.e. products and services); • Employee engagement: measuring employee satisfaction; • Operating Capital Generation (OCG): the movement in the solvency surplus (Own Funds before eligibility over SCR at 100%) due to operating items. • Progress of main strategic initiatives.
Solvency Risks	• Solvency II ratio: the ratio of Eligible Own Funds (OF) to Solvency Capital Requirement (SCR). NN Group aims to capitalise its business units adequately at all times. To ensure adequate capitalisation, NN Leven manages its commercial capital levels (based on the Solvency II ratio) in accordance with the risk associated with the business activities. • Solvency II ratio sensitivities: show how the NN Leven OF and SCR are impacted under various scenarios. • Own Funds at Risk (OFaR): NN Leven has implemented a limit to monitor the impact of moderate stress events. • Market Risk and Counterparty Default Risk metrics: NN Leven has several risk metrics to limit concentration risks with respect to counterparties, countries, type of assets and industries. • Interest rate risk limits and tolerances: NN Leven has implemented limits and tolerances for interest rate risk exposures. • Longevity Risk tolerance: NN Leven has implemented a tolerance for longevity risk exposure. • Policies and standards: these define objectives and requirements around investment management, mandates and asset allocation, responsible investments, products and underwriting. • Restricted list and Exclusion list: the lists are designed to prevent investments in securities not in line with NN Group's values and/or applicable laws and regulations, as established in NN's Responsible Investment Framework.
Liquidity Risks	• Required sales ratio: liquidity risks are monitored by assessing the ratio between liquid assets and liquidity requirements for severe stress scenarios and different time horizons.
Non-Financial Risks	• Control completeness: timely execution and complete registration of control monitoring by management and control functions. • Control effectiveness: controls are embedded and effectively executed to prevent or mitigate risks within the risk appetite. • Overdue issues: the number of issues that are (not) timely solved within agreed remediation period. • Incident cost (losses): the number of realised incidents that have a financial and/or reputational impact. • Legal claims: the number of realised legal claims that have a financial and/or reputational impact. • Mandatory trainings: the percentage of the completed mandatory trainings. • Code of conduct / oath: acknowledge by employees on adhere to the Code of Conduct. • Number of whistleblower cases: the number of (new) whistleblower cases, and how many are completed or under investigation. • Availability IT systems: the time a system or service is accessible and operational for users. • Reporting materiality: potential deficiencies in reporting processes are evaluated, individually and on an aggregate level, against the applicable reporting materiality. • Policies and standards that define objectives and requirements around compliance, IT, operations, security and business continuity.

Manage our Risks continued

Step 2: Risk Assessment

Risk assessments specifically seek to identify and assess risks to the business of NN Leven. The quantitative risk profile for financial risks is mostly measured using NN Group and NN Leven models on predefined confidence levels ('shocks') and reported against risk limits. Non-quantifiable risks, and non-financial impact of quantifiable risks, are assessed through control effectiveness in relation to acceptable impact. Tail events (low probability, high impact) are explored through scenario analysis and addressed with (tested) business continuity plans or contingency plans.

Risk Class	Risk assessed via
Strategic Risks	Business planning; Strategic Risk Assessment (SRA) and scenario analysis, including Own Risk and Solvency Assessment (ORSA).
Market Risks	Asset Liability Management (ALM) studies, Strategic Asset Allocation (SAA) and New Asset Class Assessment (NACA).
Counterparty Default Risks	Assessment of maximum exposure on asset class, issuer and country basis.
Underwriting & Pricing Risks	Product Approval and Review Process (PARP).
Liquidity Risks	SAA, NACA.
Non-Financial Risks	Risk assessments on processes and projects (including aspects of IT, financial economic crime, fraud, etc.); Systematic Integrity Risk Assessment (SIRA), looking at behavioural and integrity risks; ECF Maturity Reflection, looking at risk maturity and culture.

Below we describe some of these risk assessments in more detail.

Strategic Risk Assessment (SRA) and Own Risk and Solvency Assessment (ORSA)

NN Leven prepares an ORSA at least once a year. NN Leven assesses the resilience of its strategy and capital position through applying qualitative and quantitative techniques to identify and assess both opportunities and risks. As part of the ORSA, a Strategic Risk Assessment (SRA) is performed at least annually by the Management Board of NN Leven. The outcomes of the SRA are key risks, being risks that are potentially solvency-threatening or could have a significant negative impact on the achievement of one or more of the business objectives in NN Leven's strategy or business plan. Key risks are assessed in the ORSA using a forward-looking view, with scenario analysis and stress testing, to assess NN Leven's capital strength across the business planning period and ability to withstand potential impact from these risks. Impact is mainly assessed on the Solvency II capital position, but also on liquidity or operating capital generation where relevant. NN Leven also assesses the appropriateness of its Partial Internal Model (PIM), which is used to calculate required capital for the Solvency II ratio.

Strategic Asset Allocation (SAA)

NN Leven executes an SAA study once every three years, in which the target allocation and bandwidth are set for each asset class. The SAA study is reviewed annually, using updates for the assumptions on return, risk and feasibility, and a review of constraints and objectives.

Product Approval and Review Process (PARP)

The PARP has been developed to enable effective design, underwriting and pricing of all insurance products, and safeguards these can be managed throughout their lifetime. The PARP takes into account customer benefits and product suitability, expected sales volumes, value-oriented pricing metrics, requirements from relevant policies and regulations, as well as the administration and accounting aspects of the product.

New Asset Class Assessment (NACA) and investment mandate process

NN Leven maintains a NACA for approving investments in new asset classes. At group level, NN Group establishes a global list of asset classes in which NN Leven may invest, and NN Leven maintains a local asset list that is a subset of the global asset list prescribing in which asset classes NN Leven may invest. Investments in these asset classes are governed through investment mandates given by NN Leven to the asset manager(s).

Process risk assessments

Process risk assessments are performed periodically on (sub-)processes by the relevant process owners, with particular attention to risks in process handover points, where responsibility for activities moves between departments and/or managers. Owners annually assess what the most important non-financial risks are within their process, looking at for example aspects of IT, data quality, human error, changes to systems and processes, etc.

Manage our Risks continued

Step 3: Risk Control

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

Risk Class	Risks are mitigated/controlled through
Strategic Risks	• Scenario analysis and contingency/recovery planning. • Adjusting the strategic targets/business model to meet the changing environment, implemented through strategic initiatives/programmes. • Business planning, monitoring of strategic execution.
Market Risks	• Monitoring based on limits and tolerances and adjusting asset positions if necessary. • Hedging/use of derivatives. • Monitoring investment mandates for external investment managers.
Counterparty Default Risks	• Monitoring based on limits and tolerances and adjusting asset positions if necessary.
Underwriting and Pricing Risks	• Hedging with financial instruments (asset-liability management). • Diversified portfolio with a range of group life and individual life insurance products. • PARP. • Reinsurance.
Liquidity Risks	• Monitoring based on limits and tolerances and adjusting asset positions if necessary. • Cash management/treasury techniques.
Non-Financial Risks	• Controls and control testing. • Incident management and external insurance. • Risk culture, awareness, and training. • Project risk logs and monitoring. • Business continuity management.

Through the NN Group Preparatory Crisis Plan, NN Leven has determined a set of measures for early detection of and potential response to a crisis, should it occur. The aim of the plan is to ensure tools, measures and processes are in place that would enable NN Leven to:
- Avoid going into Recovery;
- Anticipate in good time any approaching financial distress and/or potential recovery situation; and
- Quickly recover to an acceptable minimum solvency (and liquidity) level when faced with financial distress and/or recovery.

The Management Board of NN Group is responsible for the Preparatory Crisis Plan and the plan is regularly reassessed and updated by Finance, which is filed with DNB. NN Leven updates its specific NN Leven recovery measures which are included in the Preparatory Crisis Plan.

In the Risk Profile section (section 3.) we describe mitigating activities per risk type in more detail.

Step 4: Risk Monitoring & Reporting

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

The Management Board of NN Leven receive quarterly Effective Control Framework (ECF) reports, Own Funds reports and SCR reports. The ECF report is designed to provide a single consistent, holistic overview of the risks for NN Leven. It compares current risk levels to our risk appetite and aims to encourage a forward-looking risk view. The Own Funds and SCR reports aim to give an overview of the quarterly Solvency II capital position and developments in Own Funds and SCR. Solvency II ratio sensitivities are reported on a quarterly basis to the Asset and Liability Committee of NN Leven. Solvency II ratio sensitivities are disclosed at NN Group level. The Supervisory Board also receives the quarterly Effective Control Framework (ECF) reports and is updated on solvency and risk developments as part of quarterly updates by management.

Risk Culture

Management plays a vital role in creating a sound risk culture as they are role models and the main messengers of sound risk management. This includes to:
- Show a solid risk management focus in decision-making, with a view to long term stability of the business, including understanding and use of risk models when relevant;
- Foster diversity of thoughts and solicits different views in decision-making;
- Foster a culture of transparency in which early identification of risk issues and material incidents are communicated timely to relevant parties;
- Ensure operational management take their proper responsibilities in the risk control cycle;
- Address dysfunctional behaviour of staff;

Manage our Risks continued

- Ensure adequate staffing and ensure employees are well trained for their roles; and
- Actively manage risks throughout the lifetime of products.

Within the risk management cycle, NN Leven performs regular assessments with regard to risk culture and maturity, to assess and learn whether this supports the effective functioning of the risk control cycle. The Maturity Reflection assessment provides the NN Leven CEO with a periodical confirmation that the framework is still materially complete and operated by first and second line as intended, ensuring the CEO will be timely informed about risk-related matters, either by lower first line levels or by the second line, and if not, what the ambition is. In addition, it creates awareness on what a good (risk) culture entails and fosters internal discussions on the same.

3. Risk Profile

3.a. Strategic risks

Risk profile

Strategic risks are risks, related to shaping NN Leven's (future) business, arising from the external environment and/or from being unable to adapt effectively to changes in NN Leven's operating environment.

In the annual Strategic Risk Assessment (for more detail see section 2 on the Risk Control Cycle) the Management Board of NN Leven identified various strategic risks, related to business model sustainability, managing ongoing expenses and regulatory changes.

Risk mitigation

To maintain our strong position and remain relevant to all our stakeholders, we need to be able to outperform new and different kinds of competition and enhance customer experience and engagement. NN has various programmes to strengthen the distribution strategy and the position within the value chain while mitigating potential risks at the same time, cost efficiency initiatives, strategic pricing and data initiatives and we are accelerating our digital strategy.

To remain competitive, NN Leven needs to align its revenues and cost base. Improving IT systems and efficiency is important both to keep cost levels in line with the run-off pace of the closed books and to further grow the profitably of the defined contribution (DC) portfolio. We faced continued higher inflation for procured services and higher salaries of our own staff due to inflation/Collective Labour Agreement increases. NN reduces future expenses through projects related to digitalisation (IT simplification, deploying artificial intelligence), product rationalisation, simplifying/standardising business processes and the organisational setup. We leverage scale where possible, combine data and digital capabilities and employ an Agile Way of Working where beneficial.

We follow the development of (future) regulations closely so we can take timely action. NN proactively maintains relationships with regulators and supervisors, and assesses and regularly calculates the potential impact of regulatory changes to its solvency position and risk profile.

We also undertake scenario analysis to analyse potential future events that can impact our strategy and/or capital position, amongst others in the ORSA.

Risk measurement

Several metrics are reported, such as (externally) progress versus our strategic commitments and (internally) progress on strategic initiatives (for more detail see section 2. on the Risk Control Cycle).

Sustainability risks

An important topic that receives significant attention are risks related to ESG matters, including climate change. For NN Leven's businesses, transition risk is most important. Transition risk, meaning risks related to transition to lower carbon economies which may adversely affect individual businesses, sectors and the broader economy, thereby also having an impact on our investment portfolio and related results. Pricing and investment returns of financial assets may be influenced by such factors as public policy (carbon tax, subsidies etc.), technological developments (resulting in invested companies that will be able to profit, or that will be negatively impacted by the transition) and changing consumer preferences (e.g. customers favouring greener products).

Below are the main mitigating activities around sustainability risks described.

- Dealing with sustainability risks is an integral part of our strategy. We have set specific non-financial targets, as part of our strategic commitment Contribution to *Society*, amongst others to integrate ESG aspects in our investments and our risk management framework.
- NN Leven manages climate risks by further integrating ESG aspects in its investment strategy, as laid down in the Responsible Investment Framework, where NN Leven is phasing out its investments in certain industries, as well as investing in Climate Solutions. Furthermore NN Leven uses concentration limits to avoid concentration risk in certain counterparties/industries, as well as applies stress testing to further understand the sensitivities of the investments
- Deploying qualitative and quantitative scenario analyses on climate risks, amongst others as part of our ORSA, helps us to better understand the materiality of both physical and transitional risks on our assets and liabilities, for different time horizons. Amongst mandatory deliverables we use the insights gained as further input for formulating our investment strategy and integrating climate risks in our risk management practices.
- As part of the Product Approval and Review Process (PARP) procedure, sustainability risks are assessed as part of overall pricing, as well as to what extent product information properly reflects sustainability characteristics.

Manage our Risks continued

3.b. Financial risks

Partial Internal Model (PIM)

The Solvency Capital Requirement (SCR) is calculated based on the actual risk exposure of NN Leven. Under Solvency II, the SCR is the capital required to ensure that the insurance company will be able to meet its obligations over the next 12 months with a probability of at least 99.5%. The risk-based framework for calculating Solvency Capital Requirements at NN Leven is a combination of an Internal Model and Standard Formula components, the so-called Partial Internal Model (PIM). NN Leven uses an internal model for modelling SCR for market, counterparty default and non-market risks. The capital requirement for operational risk is based on the Standard Formula approach.

The choice for a Partial Internal Model is based on the conviction that an internal model in general better reflects the risk profile of NN Leven and has additional benefits for risk management purposes:

- An internal model approach can better reflect the specific assets and therefore the market risk in the portfolio of NN Leven e.g., sovereign and other credit spread risks
- The approach used for most significant non-market risks within NN Leven such as longevity (trend uncertainty) and expense risk can be better tailored to NN Leven's specific portfolio characteristics. Diversifications effects inherent to the business model can be captured in a more adequate manner.
- The granularity of the PIM and close alignment of the modelling techniques and parameters to NN Leven's risk management approach also mean that it can support a wide range of business decisions.

Assumptions and limitations

Risk-free rate and Volatility Adjustment (VOLA)

The assumptions used to determine the risk-free curve are important, as this curve is used for discounting future cashflows and to calculate market value of liabilities. For determining valuation of liabilities on Solvency II balance sheet, NN Leven uses the methodology prescribed by EIOPA for the risk-free rate including the Credit Risk Adjustment (CRA) and the Ultimate Forward Rate (UFR). Where appropriate, the risk-free rate is adjusted with the Volatility Adjustment (VOLA) for the calculation of Own Funds.

Valuation assumptions – replicating portfolios

For SCR calculations, NN Leven uses replicating portfolio techniques to represent the insurance product-related cash flows, options and guarantees by means of standard financial instruments. The replications are used to determine and revalue insurance liabilities under a large number of simulated market scenarios.

Diversification and correlation assumptions

As for any financial services provider offering a variety of products across different business segments, and investing in a wide range of assets, diversification is key to NN Leven's business model. The resulting diversification reflects the fact that all potential worst-case losses are highly unlikely to materialise at the same time. The Internal Model takes diversification effects into account when aggregating required capitals for different risk types.

Where possible, correlation parameters are derived through statistical analysis based on historical data. In case historical data or other portfolio-specific observations are insufficient or not available, correlations are set by expert judgement via an established, well-defined and controlled process. Similar to other risk models, correlations and expert judgements are also monitored for appropriateness given availability of more recent data, and are subject to regular development, validation and regulatory oversight.

Model limitations

NN Leven's Partial Internal Model setup resulted from managing a balance between (1) an appropriate and clear methodology and (2) efficient calculations with appropriate accuracy and granularity to reflect the underlying risks. Despite limitations stemming from this, the PIM is considered to be adequate to assess NN Leven's risk profile, to determine Solvency Capital Requirements and to be used in key decision-making processes (use test).

As a result of the granular modelling approach and the wide variety of NN Leven's assets and liabilities, the PIM is more complex than the Standard Formula.

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

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

The Risk Management Function informs the Management Board and Supervisory Board on an annual basis on the performance of the PIM.

Manage our Risks continued

Solvency II 2020 review

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

Solvency II ratio

Solvency II ratio of NN Leven

The following table shows the NN Leven Solvency II ratio as at 31 December 2024 and 31 December 2023 respectively.

	2024	2023
Eligible Own Funds (EOF)	9,126	10,205
Solvency Capital Requirement (SCR)	4,872	5,198
Solvency II ratio (EOF/SCR)	187%	196%

The Solvency Capital Requirement is based on the Partial Internal Model. This comprises Internal Model calculation for all risks except for Operational risk. SCR for Operational risk is calculated using the Standard Formula. The decrease of the Solvency ratio over 2024 mainly reflects the negative impact of higher AAA and AA sovereign spreads and model refinements including regulatory updates to the UFR and VOLA.

Solvency Capital Requirement

The following table shows the NN Leven Solvency Capital Requirement (SCR) as at 31 December 2024 and 31 December 2023 respectively.

Solvency Capital Requirement

	2024	2023
Market Risk	5,108	5,237
Counterparty Default Risk	25	31
Non-market risk	2,593	2,652
Total BSCR (before diversification)	7,726	7,920
Diversification	-1,887	-1,832
Total BSCR (after diversification)	5,839	6,088
Operational Risk	387	382
Capital adjustment	17	137
Loss-Absorbing Capacity of Technical Provisions	-25	-15
Loss-Absorbing Capacity of Deferred Taxes	-1,346	-1,395
Solvency II SCR	4,872	5,198

The breakdown of specific SCR risk types and explanations for the most significant changes in the risk profile over the year 2024 are presented in the next sections. The overall market risk SCR decreased from EUR 5,237 in 2023 to EUR 5,108 million in 2024; this change can be attributed to lower equity- and real estate risk, more market risk diversification benefit, and partly offset by higher credit spread risk. The non-market risk SCR decreased from EUR 2,652 million in 2023 to EUR 2,593 million in 2024, caused largely by model refinements and a reinsurance transaction executed at year-end 2024. These changes are partly offset by the increase in non-market SCR due to the decrease in interest rates.

The loss absorbing capacity of deferred taxes (LAC DT) recognized as a percentage of gross SCR has increased from 21.2% to 21.6%. LAC DT has decreased in absolute value because of a lower gross SCR.

Corporate governance

Diversity and inclusion

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

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

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

In support of the ambitious gender diversity targets, NN Group has set an action plan, that has been adopted by all NN Group companies in scope of the Act on gender diversity. This action plan supports a healthy and diverse succession pool for senior management throughout the organisation, as part of our Diversity and Inclusion and Key Talent Management policy and processes. We have set out various actions on the different drivers behind our D&I roadmap such as: enhanced processes, data & monitoring, visibility and networks, and mindset & awareness. Actions include amongst other things:

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

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

Despite NN Leven's aim to have a gender diversity of at least 40% women and 40% men for its boards, the gender diversity of the Management Board is 0% female and 100% male.
Regrettably, the appointment of Mr. Peter Brewee as CRO as per 1 October 2024, did not enhance gender diversity. However, Mr. Brewee was considered the only suitable candidate for this role given his knowledge and experience from his previous positions and his match with the profile we were looking for. Factors like readily available and suitable candidates (based on our succession planning), retention of critical internal knowledge and capabilities played a role in the appointment.

NN Leven's aim to have a gender diversity of at least 40% women and 40% men for its boards, and the fact that its Supervisory Board consists of only three members, require the Supervisory Board to consist of at least one female and at least one male. In 2024 the composition of the Supervisory Board met this target consisting of two females and one male.

As at 31 December 2024, NN Leven's management team consisted of its Management Board members and five additional positions and composed three females (33.3%) and six males (66.7%).
In future appointments of Management and Supervisory board members and management team members, NN Leven will continue to take into account all applicable laws and regulations and relevant selection criteria, including gender diversity targets.

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

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

Going concern

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

The NN Code of Conduct

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

Audit committee

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

Financial reporting process

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

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

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

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of NN Leven's assets

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of annual accounts in accordance with generally accepted accounting principles, and that NN Leven's receipts and expenditures are handled only in accordance with authorisation of its management and directors

- Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the assets that could have a material effect on NN Leven's annual accounts

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

External auditor

On 28 May 2015, the general meeting of NN Group appointed KPMG Accountants N.V. (KPMG) as the external auditor of NN Group for the financial years 2016 through 2019. Subsequently, on 30 June 2015 the general meeting of NN Leven (General Meeting) also appointed KPMG as the external auditor of NN Leven for the same period.

On 29 May 2019, KPMG was reappointed as the external auditor of NN Group for the financial years 2020 through 2022, and was again reappointed on 19 May 2022 for the financial years 2023 through 2025. The General Meeting also reappointed KPMG as the external auditor of NN Leven, on 31 May 2019 for the financial years 2020 through 2022 and on 23 May 2022 for the financial years 2022 through 2025.

The external auditor attended the meetings of the Supervisory Board on 2 April, 1 July, 6 September and 9 December 2024.

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

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

Code of Conduct for Insurers

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

The Code of Conduct for Insurers is available on the website of the Dutch Association of Insurers (www.verzekeraars.nl).

DORA

NN Group launched a program with the goal of supporting business units in becoming compliant to the Digital Operational Resilience Act (DORA). NN Leven set up a program governance with appointed DORA leads per business line and a DORA SteerCo. A self-assessment was performed, based on a questionnaire of 242 questions and a validation exercise took place in identifying gaps. Group program launched 5 workstreams for updating policies and standards and Life expert representatives were assigned to the workstreams. All business lines assessed their compliance on the updated assessment framework. A sample-based review on high attention areas was performed. In addition, risk exposure and action plans to adhere to DORA regulation were made by the 1st line. The business lines made improvement plans based on work packages, with focus on embedding structural improvements in existing and new controls.

Data privacy

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

The NN DPO Charter provides a mandatory framework that establishes the function of Data Protection Officer (DPO). NN Leven has appointed a DPO that is assigned a clear mandate and

Corporate governance continued

responsibilities in line with the DPO Charter and the GDPR. Our DPO continuously monitors compliance with the GDPR and acts as a point of contact for supervisory authorities and data subjects. The DPO monitors the number of complaints and data breaches. These numbers are within an acceptable range.

The consequences of inadequate cybersecurity can be far-reaching for both individuals and companies. So, in addition to our focus on the (personal) data we manage and protect, NN Leven also provides cybersecurity services like Cyberwacht to consumers who have been hacked.

Artificial Intelligence

For many years data have been vital in serving today's customers effectively. In the past year there has been a tremendous worldwide focus on the possible use cases of Artificial Intelligence (AI). We see that the use of AI is getting more and more impact on our data processing, from straightforward document handling processes to the most complex processing of (personal) data. Using AI to analyse customer propositions helps us - amongst others - to strengthen our interactions with customers, forge more intuitive partnerships and create superior tailor-made solutions. Our data and AI analyses are currently focused on product/market optimalisation, process efficiency and fraud and claim analytics but also other specific use cases are actively being explored. It is vital that for all AI use cases the application is trustworthy by design. As soon as NN Group started using AI, NN Group developed its own ethical guidelines to facilitate the development and use AI in a trustworthy manner. These NN AI Guidelines are based on the seven requirements of trustworthy AI, as set out in the Ethics Guidelines for Trustworthy AI by the European Commission in 2019.

In addition, we have anticipated the European AI Act, entered into force August 2024 by embedding NN's ethical guidelines in the NN Group governance by establishing the NN AI Framework and mandatory AI Assessments. The AI Working Group validates all AI systems or models to be used within NN by using the yardstick of the NN AI Framework and AI Assessments, focusing on the relevant aspects of trustworthy AI, such as lawful processing of personal data, preventing bias and discrimination and appropriate assessment of ethical dilemmas. The aforementioned also enables us to deploy AI in line with the Ethical Framework for data-driven applications of the Dutch Association of Insurers (Verbond van Verzekeraars) as well.

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

Rotterdam, 28 March 2025

The Management Board

Nationale-Nederlanden Levensverzekering Maatschappij N.V.

Consolidated annual accounts

Consolidated balance sheet

Amounts in millions of euros, unless stated otherwise

Consolidated balance sheet

	notes	2024	2023
Assets			
Cash and cash equivalents	2	2,620	3,920
Investments at fair value through other comprehensive income	3	73,611	75,349
Investments at cost	4	118	124
Investments at fair value through profit or loss	5	40,622	35,905
Investments in real estate	6	2,512	2,620
Investments in associates and joint ventures	7	6,881	6,079
Derivatives	16	2,602	2,342
Investments		128,966	126,339
Insurance contracts	11	109	89
Reinsurance contracts	13	97	29
Insurance and reinsurance contracts		206	118
Intangible assets		1	2
Property and equipment	8	52	57
Deferred tax assets	25	8	38
Other assets	9	3,861	4,643
Other		3,922	4,740
Total assets		133,094	131,197
Equity			
Shareholder's equity		11,956	12,086
Minority interests		2,192	2,028
Undated subordinated loans		800	800
Total equity	10	14,948	14,914
Liabilities			
Insurance contracts	11	109,059	105,255
Investment contracts	12	744	800
Reinsurance contracts	13	106	125
Insurance, investment and reinsurance contracts		109,909	106,180
Subordinated debt	14	1,100	1,100
Other borrowed funds	15	1,275	2,511
Funding		2,375	3,611
Derivatives	16	3,326	3,744
Deferred tax liabilities	25	141	
Other liabilities	17	2,395	2,749
Other		5,862	6,492
Total liabilities		118,146	116,283
Total equity and liabilities		133,094	131,197

References relate to the notes starting with Note 1 'Accounting policies'. These form an integral part of the annual accounts.

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Consolidated profit and loss account

Consolidated profit and loss account

For the year ended 31 December	notes	2024	2023
Release of contractual service margin		298	256
Release of risk adjustment		40	69
Expected claims and benefits		3,513	3,518
Expected attributable expenses		335	362
Recovery of acquisition costs		67	56
Experience adjustments for premiums		2	
Insurance income	18	4,255	4,261
Incurred claims and benefits		3,522	3,573
Incurred attributable expenses		330	332
Amortisation of acquisition costs		67	56
Changes in incurred claims and benefits previous periods		-9	-14
(Reversal of) losses on onerous contracts		40	66
Insurance expenses	19	3,950	4,013
Net insurance result		305	248
Net reinsurance result		-59	-57
Insurance and reinsurance result		246	191
Investment income		2,945	2,834
Gains (losses) on investments		2,908	2,331
Other investment result		605	594
Investment result	20	6,458	5,759
Finance result on (re) insurance contracts		5,240	4,292
Result on investment contracts		3	6
Finance result other		337	325
Finance result	21	5,580	4,623
Net investment result		878	1,136
Fee and commission result	22	-58	-32
Result on disposals of group companies		13	
Non-attributable operating expenses	23	-127	-524
Other		17	31
Other result		-155	-525
Result before tax		969	801
Taxation	25	-113	-173
Net result		856	628
Net result attributable to:			
Shareholder of the parent		746	699
Minority interests		110	-71
Net result		856	628

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income

For the year ended 31 December		2024		2023
Net result		856		628
– finance result on insurance contracts, recognised in OCI	-625		-2,148	
– finance result on reinsurance contracts, recognised in OCI	56		-26	
– revaluations on debt securities at fair value through OCI	-774		1,484	
– revaluations on loans at fair value through OCI	795		572	
– realised gains (losses) transferred to the profit and loss account	772		-12	
- changes in cash flow hedge reserve	29		-59	
– foreign currency exchange differences	7		24	
Items that may be reclassified subsequently to the profit and loss account		260		-165
– revaluations on equity securities at fair value through OCI	-73		277	
Items that will not be reclassified to the profit and loss account		-73		277
Total other comprehensive income		187		112
Total comprehensive income		1,043		740
Comprehensive income attributable to				
Shareholder of the parent		940		756
Minority interests		103		-16
Total comprehensive income		1,043		740

Reference is made to Note 25 'Taxation' for the disclosure on the income tax effects on each component of comprehensive income.

Consolidated statement of cash flows

Consolidated statement of cash flows

For the year ended 31 December	2024	2023 Restated
Result before tax	969	801
Adjusted for		
– depreciation and amortisation	66	121
– changes in (re)insurance and investment contracts	4,938	4,025
– (un) realised results and impairments on investments	-3,640	-2,899
– other	47	-102
Net premiums, claims, and attributable expenses on (re)insurance contracts	-2,097	-2,680
Tax paid (received)	-181	-372
Changes in		
– derivatives	-857	-1,408
– other assets	1,020	2,496
– other liabilities	-135	1,839
Net cash flow from operating activities	130	1,821
Investments and advances		
– investments at fair value through OCI	-8,278	-6,300
– Investments at cost	-2	
– investments at fair value through profit or loss	-6,988	-6,266
– investments in associates and joint ventures	-698	-485
– investments in real estate	-114	-193
Disposals and redemptions		
– investments at fair value through OCI	10,319	10,229
– Investments at cost	8	937
– investments at fair value through profit or loss	6,132	5,306
– investments in associates and joint ventures	255	258
– investments in real estate	206	50
Net cash flow from investing activities	840	3,536
Proceeds from issuance of dated subordinated loans	1,050	
Repayments of dated subordinated loans	-1,050	
Proceeds from other borrowed funds	5,441	7,801
Repayments of other borrowed funds	-6,677	-9,554
Capital contribution	0	1,000
Dividend paid	-980	-980
Coupon on subordinated loans	-54	-47
Net cash flow from financing activities	-2,270	-1,780
Net cash flow	-1,300	3,577

Included in Net cash flow from operating activities

For the year ended 31 December	2024	2023
Interest received	2,430	2,320
Interest paid	-385	-67
Dividend received	641	566

Cash and cash equivalents

For the year ended 31 December	2024	2023
Cash and cash equivalents at beginning of the year	3,920	343
Net cash flow	-1,300	3,577
Cash and cash equivalents at the end of the year	2,620	3,920

Consolidated statement of changes in equity

Consolidated statement of changes in equity (2024)

	Share capital	Share premium	Reserves	Total Shareholder's equity (parent)	Minority interest	Undated subordinated loan	Total equity
Balance at 1 January 2024	23	4,228	7,835	12,086	2,028	800	14,914
Finance result on insurance contracts recognised in OCI			-625	-625			-625
Finance result on reinsurance contracts recognised in OCI			56	56			56
Revaluations on debt securities at fair value through OCI			-774	-774			-774
Revaluations on loans at fair value through OCI			795	795			795
Realised gains (losses) transferred to the profit and loss account			772	772			772
Changes in cash flow hedge reserve			34	34	-5		29
Foreign currency exchange differences			7	7			7
Revaluations on equity securities at fair value through OCI			-71	-71	-2		-73
Total amount recognised directly in equity (OCI)	0	0	194	194	-7	0	187
Net result for the year			746	746	110		856
Total comprehensive income	0	0	940	940	103	0	1,043
Dividend			-980	-980			-980
Coupon on undated subordinated loan			-40	-40			-40
Changes in composition of the group and other changes			-50	-50	61		11
Balance at 31 December 2024	23	4,228	7,705	11,956	2,192	800	14,948

Consolidated statement of changes in equity

Consolidated statement of changes in equity (2023)

	Share capital	Share premium	Reserves	Total Shareholder's equity (parent)	Minority interest	Undated subordinated loans	Total equity
Balance at 1 January 2023	23	3,228	8,034	11,285	1,988	800	14,073
Finance result on insurance contracts recognised in OCI			-2,148	-2,148			-2,148
Finance result on reinsurance contracts recognised in OCI			-26	-26			-26
Revaluations on debt securities at fair value through OCI			1,484	1,484			1,484
Revaluations on loans at fair value through OCI			572	572			572
Revaluations on equity securities at fair value through OCI			236	236	41		277
Realised gains (losses) transferred to the profit and loss account			-12	-12			-12
Changes in cash flow hedge reserve			-73	-73	14		-59
Foreign currency exchange differences			24	24			24
Total amount recognised directly in equity (OCI)	0	0	57	57	55	0	112
Net result for the year			699	699	-71		628
Total comprehensive income	0	0	756	756	-16		740
Capital contribution		1,000		1,000			1,000
Dividend			-980	-980			-980
Coupon on undated subordinated loan			-35	-35			-35
Changes in composition of the group and other changes			60	60	56		116
Balance at 31 December 2023	23	4,228	7,835	12,086	2,028	800	14,914

Notes to the Consolidated annual accounts

1 Accounting policies

Basis of preparation

NN Leven is a public limited liability company (naamloze vennootschap) incorporated under Dutch law and domiciled in Rotterdam, the Netherlands. NN Leven is recorded in the Commercial Register under number 24042211. The principal activities of NN Leven are described in 'NN Group and NN Leven at a Glance'. Amounts in the annual accounts are in millions of euros, unless stated otherwise.

NN Leven prepares its Consolidated annual accounts in accordance with the International Financial Reporting Standards as endorsed by the European Union (IFRS-EU), and where applicable with Part 9 of Book 2 of the Dutch Civil Code (DCC) in accordance with article 362 paragraphs 8 and 9 of Book 2 of the DCC. In the Consolidated annual accounts, the term IFRS-EU is used to refer to these standards, including the decisions NN Leven made with regard to the options available under IFRS-EU. IFRS-EU provides a number of options in accounting policies. The key areas, in which IFRS-EU allows accounting policy choices and the related NN Leven accounting policy, are summarised as follows:

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

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

Changes in IFRS-EU effective in 2024

The following changes to existing standards became effective in 2024:

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

These changes had no material impact on NN Leven's Consolidated annual accounts.

Upcoming changes in IFRS-EU

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

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

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

Changes in presentation

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

Consolidated statement of changes in equity and the notes

In 2024, NN Leven updated the methodology to determine the Share of associates reserve in the Consolidated annual accounts. The comparative figures as at 31 December 2023 were adjusted accordingly. This resulted in a reclassification between components of Shareholder's equity in the 2023 comparative figures. The related reclassification is included in the line 'Opening balance - Retained earnings and Share of associate reserve' in the 2023 disclosure of changes in equity and amounted to EUR 324 million. There was no impact on total shareholders' equity and net result.

Furthermore, in 2024 a reclassification of EUR 98 million was made between the investment revaluation reserve and retained earnings for the comparative figures. This reclassification is included in the line 'Changes in composition of the group and other changes'. There was no impact on total shareholder's equity.

Consolidated statement of cash flows (Restated)

The Consolidated statement of cash flows for 2023 has been adjusted for the classification of unrealised results on investments. These are included in the line '(Un) realised results and impairments on investments' whereas until 2023 these were included in the line 'Other liabilities'. The related amount in 2023 was EUR 3.2 billion. As a result, the 2023 comparatives in the Consolidated statement of cash flows were adjusted as follows:

- '(Un) realised results and impairments on investments': EUR -2,899 million (previously EUR 275 million)
- 'Other liabilities': EUR 1,839 million (previously EUR -1,480 million)
- there was no impact on 'Net cash flow from operating activities'

Material accounting policies and significant judgements

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

Reference is made to Note 41 'Risk management' for a sensitivity analysis of certain assumptions.

General accounting policies

Consolidation

NN Leven comprises NN Leven N.V. and all its subsidiaries. The Consolidated annual accounts of NN Leven comprise the accounts of NN Leven N.V. and all entities over which NN Leven has control. NN Leven has control over an entity when NN Leven is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The assessment of control is based on the substance of the relationship between NN Leven and the entity and considers existing and potential voting rights that are substantive. For a right to be substantive, the holder must have the practical ability to exercise that right.

For interests in investment entities, the existence of control is determined taking into account both NN Leven's financial interests for own risk and its role as asset manager. Financial interests for risk of policyholders are not taken into account when the policyholders decide on the investment allocations of their insurance policies (i.e. the policyholder has the 'power') and assume all risks and benefits of these investments (i.e. the policyholder assumes the variable returns).

The results of the operations and the net assets of subsidiaries are included in the profit and loss account and the balance sheet from the date control is obtained until the date control is lost. Minority interests are initially measured at their proportionate share of the subsidiaries' identifiable net assets at the date of acquisition. On disposal, the difference between the sales proceeds, net of directly attributable transaction costs, and the net assets is included in net result.

A subsidiary which NN Leven has agreed to sell but is still legally owned by NN Leven may still be controlled by NN Leven at the balance sheet date and, therefore, still be included in the consolidation. Such a subsidiary may be presented as held for sale if certain conditions are met.

All intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Where necessary, the accounting policies used by subsidiaries are changed to ensure consistency with NN Leven policies. In general, the reporting dates of subsidiaries are the same as the reporting date of NN Leven N.V.

A list of principal subsidiaries is included in Note 24 'Principal subsidiaries and geographical information'.

Foreign currency translation

Functional and presentation currency

Items included in the Consolidated annual accounts of each NN Leven entity are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Consolidated annual accounts are presented in euros, which is NN Leven's functional and presentation currency.

Transactions and balances

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

Notes to the Consolidated annual accounts continued

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

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

Group companies

The results and financial positions of all group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities included in each balance sheet are translated at the closing rate at the date of that balance sheet
- Income and expenses included in each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions)
- All resulting exchange rate differences are recognised in a separate component of equity in 'Currency translation reserve'

On consolidation, exchange rate differences arising from the translation of a monetary item that forms part of the net investment in a foreign operation and of borrowings and other instruments designated as hedges of such investments are taken to shareholder's equity. When a foreign operation is sold the corresponding exchange rate differences are recognised in the profit and loss account as part of the gain or loss on sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the balance sheet date.

Recognition and derecognition of financial instruments

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

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

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

Maximum credit risk exposure

The maximum credit risk exposure for items on the balance sheet is generally the carrying value for the relevant financial assets. For the off-balance sheet items, the maximum credit exposure is the maximum amount that could be required to be paid. Reference is made to Note 34 'Contingent liabilities and commitments' for these off-balance sheet items. Collateral received is not taken into account when determining the maximum credit risk exposure. The manner in which NN Leven manages credit risk and determines credit risk exposures is explained in Note 41 'Risk management'.

Leases

The leases entered into by NN Leven as a lessee are primarily operating leases. At inception of a contract, NN Leven assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The net present value of operating lease commitments is recognised on the balance sheet as a 'right of use asset' under Property and equipment or Real estate investments and a lease liability is recognised under Other liabilities. NN Leven does not recognise a right of use asset and a lease liability for short-term leases that have a lease term of 12 months or less and for leases of low value assets. The lease payments associated with these leases are recognised as an expense.

Statement of cash flows

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

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

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

The difference between the net cash flow in accordance with the statement of cash flows and the change in 'Cash and cash equivalents' in the balance sheet is due to foreign currency exchange differences and is accounted for separately as part of the reconciliation of the net cash flow and the balance sheet change in 'Cash and cash equivalents'.

Cash flows related to mortgage loans held as investment in the insurance operations are recognised under Net cash flow from investing activities.

2 Cash and cash equivalents

Cash includes short-term investments.

NN Leven invests in several types of money market funds, some qualifying as cash equivalents and some as investments. Short-term investments in money market funds are presented as cash equivalents only if these are highly liquid and quoted in an active market and have low investment risk.

Cash and cash equivalents

	2024	2023
Cash and bank balances	515	293
Money market funds	1,985	2,407
Short-term deposits	120	1,220
Cash and cash equivalents	2,620	3,920

3 Investments at fair value through other comprehensive income

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

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

Impairments

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

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

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

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

Notes to the Consolidated annual accounts continued

In certain circumstances NN Leven may grant borrowers postponement and/or reduction of loan principal and/or interest payments for a temporary period of time to maximise collection opportunities and, if possible, avoid default, foreclosure or repossession. When such postponement and/or reduction of loan principal and/or interest payments is executed based on credit concerns it is also referred to as 'forbearance'. If the forbearance results in a substantial modification of the terms of the loan, the original loan is derecognised and a new loan is recognised at its fair value at the modification date whereas the significance of increases in credit risk is determined as set out above.

If the forbearance did not result in a substantial modification, the significance of an increase in the credit risk is determined by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

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

Reference is made to Note 41 'Risk management' for more information on credit risk.

Investments at fair value through other comprehensive income

	2024	2023
Debt securities	38,336	36,945
Equity securities	2,792	3,506
Loans	32,483	34,898
Investments at fair value through other comprehensive income	73,611	75,349

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

2024	Debt securities	Equity securities	Loans	Total
Opening balance	36,945	3,506	34,898	75,349
Additions	6,514	162	1,602	8,278
Disposals and redemptions	-4,484	-786	-5,049	-10,319
Revaluations	-1,058	-89	1,084	-63
Impairments and reversal of impairments	14		-12	2
Amortisation	-5		-56	-61
Transfers and reclassifications			-1	-1
Foreign currency exchange differences	410	-1	17	426
Closing balance	38,336	2,792	32,483	73,611

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

2023	Debt securities	Equity securities	Loans	Total
Opening balance	38,243	3,687	36,192	78,122
Additions	4,296	366	1,638	6,300
Disposals and redemptions	-7,034	-784	-2,411	-10,229
Revaluations	1,734	213	839	2,786
Impairments and reversal of impairments	-39		3	-36
Amortisation	-38		-78	-116
Transfers and reclassifications			-1,286	-1,286
Changes in the composition of the group and other changes				0
Foreign currency exchange differences	-217	24	1	-192
Closing balance	36,945	3,506	34,898	75,349

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

2024	Stage 1 12 month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
Opening balance	-66	-10	-59	-135
Transfers between stage 1,2 and 3	2		-2	0
Additions	28	-12	-14	2
Disposals	10	10	15	35
Closing balance	-26	-12	-60	-98

Notes to the Consolidated annual accounts continued

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

2023	Stage 1 12 month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
Opening balance	-38	-19	-109	-166
Transfers between stage 1,2 and 3	2	1	-3	0
Additions	-40	-8	-56	-104
Disposals	10	16	109	135
Closing balance	-66	-10	-59	-135

The loss allowance for investments at fair value through other comprehensive income of EUR 98 million (2023: 135 million) does not reduce the carrying amount of these investments (which are measured at fair value) but gives rise to an equal and opposite gain in other comprehensive income and is included in the line 'Revaluation' in the table of Changes in investments at fair value through other comprehensive income.

4 Investments at cost

Investments at cost consist of loans that are held in a business model 'held to collect' and of which the cash flows are considered solely payments of principal and interest on the principal amount outstanding.

Investments at cost are initially recognised at fair value plus transaction costs. Subsequently, these are carried at amortised cost using the effective interest method less any impairment losses. Interest income is recognised in the profit and loss account in 'Investment result' using the effective interest method.

Investments at cost

	2024	2023
Mortgage loans	117	123
Other	1	1
Investments at cost	118	124

Other contains personal loans with NN Group companies.

Changes in investments at cost (2024)

2024	Mortgage loans	Other	Total
Opening balance	123	1	124
Additions	2		2
Disposals and redemptions	-8		-8
Closing balance	117	1	118

Changes in investments at cost (2023)

2023	Mortgage loans	Other	Total
Opening balance	132	928	1,060
Additions		7,126	7,126
Disposals and redemptions	-9	-8,053	-8,062
Closing balance	123	1	124

5 Investments at fair value through profit or loss

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

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

The investment for risk of policyholders are classified at fair value through profit or loss as to align with the accounting for the corresponding insurance liabilities.

Notes to the Consolidated annual accounts continued

Investments at fair value through profit or loss

	2024	2023
For risk of policyholders		
- debt securities	14	15
- equity securities and investment funds	30,203	26,141
- loans and other	2,319	2,325
Total for risk of policyholders	32,536	28,481
For risk of company		
- debt securities	28	56
- equity securities and investment funds	7,814	6,977
- loans and other	244	392
Total for risk of company	8,086	7,425
Investments at fair value through profit or loss	40,622	35,905

6 Investments in real estate

Investments in real estate

Real estate investments are initially measured at cost, including transaction cost and are subsequently measured at fair value. Changes in the carrying value resulting from revaluations are recognised in the profit and loss account. On disposal the difference between the sales proceeds and carrying value is recognised in the profit and loss account. The fair value of real estate investments is based on regular appraisals by independent qualified valuers. All real estate investments are appraised externally at least annually. Market transactions and disposals made by NN Leven are monitored as part of the validation procedures to test the valuations. Valuations performed earlier in the year are updated if necessary to reflect the situation at the year-end.

The fair value represents the estimated amount for which the property could be exchanged on the date of valuation between a willing buyer and willing seller in an at-arm's-length transaction after proper marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The fair value is based on regular appraisals by external qualified valuers using valuation methods such as comparable market transactions, capitalisation of income methods or discounted cash flow calculations. The underlying assumption used in the valuation is that the properties are let or sold to third parties based on the actual letting status. The discounted cash flow analysis and capitalisation of income method are based on calculations of the future rental income in accordance with the terms in existing leases and estimations of the rental values for new leases when leases expire and incentives like rent-free periods. The cash flows are discounted using market-based interest rates that appropriately reflect the risk characteristics of real estate. The valuation of real estate investments takes (expected) vacancies into account. Occupancy rates differ significantly from investment to investment. For real estate investments held through (minority shares in) real estate investment funds, the valuations are performed under the responsibility of the funds' asset manager.

Subsequent expenditures are recognised as part of the asset's carrying value only when it is probable that future economic benefits associated with the item will flow to NN Leven and the cost of an item can be measured reliably. All other repairs and maintenance costs are recognised immediately in the profit and loss account. Borrowing costs on real estate investments under construction are capitalised until completion.

Real estate investments under construction are included in investments in real estate.

Reference is made to Note 27 'Fair value of non-financial assets' for more disclosure on fair value of real estate investments at the balance sheet date.

Changes in investments in real estate

	2024	2023
Investments in real estate – opening balance	2,620	2,754
Additions	114	193
Transfers from (to) other assets	-2	-1
Fair value gains (losses)	-14	-276
Disposals	-206	-50
Investments in real estate – closing balance	2,512	2,620

The total amount of rental income recognised in the profit and loss account for the year ended 31 December 2024 is EUR 170 million (2023: EUR 175 million). The real estate investments include properties that are leased (ground lease). At 31 December 2024, the corresponding right of use assets amount to EUR 70 million (2023: EUR 52 million).

The total amount of direct operating expenses (including repairs and maintenance) in relation to real estate investments recognised in rental income for the year ended 31 December 2024 is EUR 61 million (2023: EUR 62 million).

Notes to the Consolidated annual accounts continued

Investments in real estate by year of most recent appraisal

	2024	2023
Most recent appraisal in current year	100%	100%

NN Leven's total exposure to real estate is included in the following balance sheet lines:

Real estate exposure

	2024	2023
Investments in real estate	2,512	2,620
Investments at fair value through profit or loss	2,050	2,181
Investments at fair value through OCI	369	348
Investments in associates and joint ventures	4,586	4,384
Property and equipment – property in own use	26	26
Real estate exposure	9,543	9,559

Furthermore, the exposure is impacted by third-party interests, leverage in funds and off-balance commitments. Reference is made to Note 41 'Risk management'.

7 Investments in associates and joint ventures

Associates are entities over which NN Leven has significant influence, but not control. Joint ventures are entities in which NN Leven has joint control.

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

Unrealised gains and losses on transactions between NN Leven and its associates and joint ventures are eliminated to the extent of NN Leven's interest. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies of NN Leven. The reporting dates of all significant associates and joint ventures are consistent with the reporting date of NN Leven.

For interests in investment entities the existence of significant influence is determined taking into account both NN Leven's financial interests for own risk and its role as asset manager.

Associates include interests in real estate funds and private equity funds. The underlying assets of both the real estate and the private equity funds are measured at fair value through profit or loss. The fair value of underlying real estate in real estate funds is determined as included in Note 6 'Investments in Real estate'. The fair value of underlying private equity investments in private equity funds is generally based on a forward-looking market approach. This approach uses a combination of company financials and quoted market multiples. In the absence of quoted prices in an active market, fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile, prospects, price, earnings comparisons and by reference to market valuations for similar entities quoted in an active market. Valuations of private equity investments are mainly based on an 'adjusted multiple of earnings' methodology on the following basis:

- Earnings: reported earnings are adjusted for non-recurring items, such as restructuring expenses, for significant corporate actions and, in exceptional cases, for run-rate adjustments to arrive at maintainable earnings. The most common measure is earnings before interest, tax, depreciation and amortisation (EBITDA). Earnings used are usually management forecasts for the current year, unless data from management accounts for the 12 months preceding the reporting period or the latest audited annual accounts provide a more reliable estimate of maintainable earnings.
- Earnings multiples: earnings multiples are derived from comparable listed companies or relevant market transaction multiples for companies in the same industry and, where possible, with a similar business model and profile in terms of size, products, services and customers, growth rates and geographic focus. Adjustments are made for differences in the relative performance in the group of comparable companies.
- Adjustments: a marketability or liquidity discount is applied based on factors such as alignment with management and other investors and NN Leven's investment rights in the deal structure.

Notes to the Consolidated annual accounts continued

Investments in associates and joint ventures (2024)

2024	Interest held	Balance sheet value	Total assets	Total liabilities	Total income	Total expenses
Vesteda Residential Fund FGR	24%	1,757	10,050	2,779	1,335	206
Macquarie European Infrastructure Debt Fund	47%	357	756	1	64	2
Rivage Euro Debt infrastructure 3	34%	317	927		55	7
Nestar Residencial S.I.I. S.A.	23%	268	1,762	606	105	67
CBRE Dutch Office Fund FGR	19%	263	2,129	715	79	81
Hayfin Amber GP S.A R.L.	100%	253	347	94	22	3
CBRE Dutch Residential Fund I FGR	8%	250	3,161	140	340	39
CBRE Retail Industrial Fund Iberica FGR	50%	225	988	537	109	36
Rivage Hopitaux Publics Euro	34%	207	600		17	6
Ardstone Residential Partners III	29%	203	1,068	363	33	28
NRP Nordic Logistic Fund SA	42%	187	474	30	22	5
Healthcare Activos SOCIMI S.A.	38%	177	883	416	35	26
Rivage Priv. Debt – Fund for Infrastr Climate Solutions	100%	168	169	1	14	2
Dutch Urban Living Venture FGR	49%	160	478	155	66	12
Rivage Euro Debt Infrastructure High return 2	34%	153	454		37	8
Dutch Student and Young Professional Housing Fund FGR	49%	143	370	81	45	8
CBRE Dutch Retail Fund FGR	22%	126	790	223	11	25
Allee center Kft	50%	116	251	19	20	12
Fiumaranuova s.r.l.	50%	98	202	6	18	8
Macquarie Climate Inv Debt.	58%	95	163		4	1
Bentall Green Oak Europe Secured Lending III SLP	33%	92	413	129	13	8
Octopus Commercial Real Estate Debt Fund III LP	46%	90	219	21	13	3
Prime Ventures V C.V.	18%	89	501		-12	5
DPE Deutschland III (Parallel) GmbH & Co	17%	81	676	201	214	2
CBRE UK Property Fund PAIF	8%	80	1,035	14	16	-5
Delta Mainlog Holding GmbH & Co. KG	50%	76	154	3	8	2
Boccaccio - Closed-end Real Estate Mutual Investment Fund	50%	75	199	48	15	4
Hayfin TS Fund	79%	72	97	6	6	1
NL Boompjes Property 5 C.V.	50%	66	132	1	18	1
Parcom Buy-Out Fund V CV	21%	63	359	65	64	5
CBRE Property Fund Central and Eastern Europe FGR	50%	61	181	59	26	9
Parquest Capital II B FPCI	25%	58	267	38	5	4
Dutch Climate Action Fund Equity Vintage 1 C.V.	97%	54	55			1
Other		401				
Investments in associates and joint ventures		6,881				

The above investments in associates and joint ventures mainly consist of non-listed investment entities investing in real estate and private equity.

Significant influence exists for certain associates in which the interest held is below 20%, based on the combination of NN Leven's financial interest for own risk and other arrangements, such as participation in the relevant boards.

NN Leven holds associates over which it cannot exercise control despite holding more than 50% of the share capital. For this reason, these are classified as associates and are not consolidated.

Other includes EUR 401 million of associates and joint ventures with an individual balance sheet value of less than EUR 50 million and EUR 83 million of receivables from associates and joint ventures.

The amounts presented in the table above could differ from the individual annual accounts of the associates due to the fact that the individual amounts have been brought in line with NN Leven's accounting principles.

The reporting dates of all significant associates and joint ventures are consistent with the reporting date of NN Leven.

The associates and joint ventures of NN Leven are subject to legal and regulatory restrictions regarding the amount of dividends that can be paid to NN Leven. These restrictions are, for example, dependent on the laws in the country of incorporation for declaring dividends or as a result of minimum capital requirements imposed by industry regulators in the countries in which the associates and joint ventures operate. In addition, the associates and joint ventures also consider other factors in determining the appropriate levels of equity needed. These factors and limitations include, but are not limited to, rating agency and regulatory views, which can change over time.

Notes to the Consolidated annual accounts continued

Investments in associates and joint ventures (2023)

Receivables from Associates and Joint ventures	Interest held	Balance sheet value	Total assets	Total liabilities	Total income	Total expenses
Vesteda Residential Fund FGR	24%	1,545	8,982	2,590	-481	176
CBRE Dutch Office Fund FGR	19%	273	2,214	745	-370	90
Macquarie European Infrastructure Debt Fund	50%	289	583	7		
Lazora S.I.I. S.A.	23%	267	1,693	538	87	71
Rivage Euro Debt infrastructure 3	34%	313	917	1		
CBRE Retail Industrial Fund Iberica FGR	50%	221	971	528	72	37
Ardstone Residential Partners III	30%	208	1,031	335	29	20
CBRE Dutch Residential Fund I FGR	7%	209	3,013	136	-269	43
NRP Nordic Logistic Fund SA	42%	194	493	31	10	5
Hayfin Amber GP S.A R.L.	100%	205	376	171		
Healthcare Activos SOCIMI S.A.	38%	177	855	387	33	20
CBRE Dutch Retail Fund FGR	21%	150	996	282	-47	21
Dutch Urban Living Venture FGR	49%	138	434	156	-39	7
Dutch Student and Young Professional Housing Fund FGR	49%	130	342	78	-9	6
Rivage Hopitaux Publics Euro	34%	133	389	3		
Allee center Kft	50%	118	257	20	21	7
CBRE UK Property Fund PAIF	9%	112	1,309	37	21	-1
Rivage Priv. Debt – Fund for Infrastr Climate Solutions	100%	110	111	1		
Fiumaranuova s.r.l.	50%	101	208	5	5	8
Prime Ventures V C.V.	20%	83	466	44		4
Rivage Euro Debt Infrastructure High return 2	34%	84	250	1		
Octopus Commercial Real Estate Debt Fund III LP	46%	77	168			
Parquest Capital II B FPCI	29%	83	324	41		3
Delta Mainlog Holding GmbH & Co. KG	50%	77	155	1	3	2
Parcom Buy-Out Fund V CV	21%	62	358	64	88	4
Boccaccio - Closed-end Real Estate Mutual Investment Fund	50%	73	194	48	17	3
DPE Deutschland III (Parallel) GmbH & Co	17%	60	426	67	-49	4
NL Boompjes Property 5 C.V.	50%	60	120	1	12	1
CBRE Property Fund Central and Eastern Europe FGR	50%	61	171	49	24	9
CBRE Dutch Retail Fund II FGR	10%	31	317	3	-1	4
Robeco Bedrijfsleningen FGR	26%	46	188	13		
Other		389				
Investments in associates and joint ventures		6,079				

Changes in investments in associates and joint ventures

	2024	2023
Investments in associates and joint ventures – opening balance	6,079	6,299
Additions	698	485
Share in changes in equity (revaluations)	13	-4
Share of result	582	-223
Dividends received	-249	-244
Disposals	-255	-259
Changes in composition of the group and other changes	-2	
Foreign currency exchange differences	15	25
Investments in associates and joint ventures – closing balance	6,881	6,079

8 Property and equipment

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

The fair value of land and buildings is based on regular appraisals by independent, qualified valuers or internally, similar to appraisals of real estate investments. All significant holdings of land and buildings are appraised at least annually. Subsequent expenditure is included in the

Notes to the Consolidated annual accounts continued

asset's carrying value when it is probable that future economic benefits associated with the item will flow to NN Leven and the cost of the item can be measured reliably.

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

Methods of depreciation

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

Property and equipment

	2024	2023
Property in own use	26	26
Property and equipment owned	26	26
Right of use assets	26	31
Property and equipment total	52	57

Changes in Property in own use

	2024	2023
Property in own use – opening balance	26	28
Revaluations		-2
Property in own use – closing balance	26	26
Gross carrying value	26	26
Net carrying value	26	26
Revaluation surplus – opening balance	8	10
Revaluation in year		-2
Revaluation surplus – closing balance	8	8

Changes in Right of use assets - Property

	2024	2023
Right of use assets – opening balance	31	34
Depreciation	-5	-5
Changes in composition of the group and other changes		2
Right of use assets – closing balance	26	31
Gross carrying value	52	53
Accumulated depreciation	-26	-22
Net carrying value	26	31

9 Other assets

Other assets

	2024	2023
Income tax receivable	68	79
Accrued interest and rents	1,130	1,063
Other accrued assets	10	11
Cash collateral amounts paid	1,930	2,279
Other	723	1,211
Other assets	3,861	4,643

Other contains EUR 391 million (2023: EUR 879 million) of current accounts with NN Group companies. Furthermore, EUR 190 million relates to taxes with NN Group N.V and EUR 120 million relates to third parties debtors from other operations.

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10 Equity

Total equity

	2024	2023
Share capital	23	23
Share premium	4,228	4,228
Accumulated revaluation investments	-2,527	-3,079
Accumulated revaluation (re)insurance contracts	11,133	11,691
Foreign currency exchange difference translation reserve	2	-25
Share of associate reserve	1,446	1,119
Retained earnings	-2,349	-1,871
Shareholder's equity (parent)	11,956	12,086
Minority interests	2,192	2,028
Undated subordinated loans	800	800
Total equity	14,948	14,914

Changes in **Shareholder's** equity (2024)

2024	Share capital	Share premium	Reserves	Total shareholder's equity (parent)
Shareholder's equity (parent) – opening balance	23	4,228	7,835	12,086
Total amount recognised directly in equity (other comprehensive income)			194	194
Net result for the period			746	746
Dividend			-980	-980
Coupon on undated subordinated loans			-40	-40
Changes in composition of the group and other changes			-50	-50
Shareholder's equity (parent) – closing balance	23	4,228	7,705	11,956

Changes in **Shareholder's** equity (2023)

2023	Share capital	Share premium	Reserves	Total shareholder's equity (parent)
Shareholder's equity (parent) – opening balance	23	3,228	8,034	11,285
Total amount recognised directly in equity (other comprehensive income)			57	57
Net result for the period			699	699
Capital contribution		1,000		1,000
Dividend			-980	-980
Coupon on undated subordinated loans			-35	-35
Changes in composition of the group and other changes			60	60
Shareholder's equity (parent) – closing balance	23	4,228	7,835	12,086

Shareholder's equity

Share capital

	Ordinary shares (in number)		Ordinary shares (Amounts in millions of euros)	
	2024	2023	2024	2023
Authorised share capital	22,689,015	22,689,015	114	114
Unissued share capital	18,151,212	18,151,212	91	91
Issued share capital	4,537,803	4,537,803	23	23

Ordinary shares

All shares are in registered form. No share certificates have been issued. Shares may be transferred by means of a deed of transfer, subject to the approval of the General Meeting. The par value of ordinary shares is EUR 5. The authorised ordinary share capital of NN Leven consists of 22,689,015 shares, of which 4,537,803 shares are issued and fully paid up as at 31 December 2024.

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Changes in Share premium

	2024	2023
Share premium – opening balance	4,228	3,228
Capital contribution		1,000
Share premium – closing balance	4,228	4,228

Changes in Accumulated revaluations on investments (2024)

2024	Property revaluation reserve	Investment revaluation reserve	Cash flow hedge reserve	Total
Revaluation reserve – opening balance	6	-5,904	2,819	-3,079
Revaluations		-50		-50
Realised gains (losses) transferred to the profit and loss account		772		772
Changes in cash flow hedge reserve			34	34
Realised gains (losses) on equity securities		-207		-207
Changes in composition of the group and other changes			3	3
Other revaluations				
Revaluation reserve – closing balance	6	-5,389	2,856	-2,527

In 2024, NN Leven sold equity securities with a fair value of EUR 786 million, resulting in a realised gain (after tax) of EUR 207 million, which was transferred from the accumulated revaluations investments to other reserves.

Changes in Accumulated revaluations on investments (2023)

2023	Property revaluation reserve	Investment revaluation reserve	Cash flow hedge reserve	Total
Revaluation reserve – opening balance	6	-8,303	2,892	-5,405
Revaluations		2,292		2,292
Realised gains (losses) transferred to the profit and loss account		-12		-12
Changes in cash flow hedge reserve			-73	-73
Realised gains (losses) on equity securities		21		21
Changes in composition of the group and other changes		98		98
Revaluation reserve – closing balance	6	-5,904	2,819	-3,079

In 2023, NN Leven sold equity securities with a fair value of EUR 784 million, resulting in a realised gain (after tax) of EUR -21 million, which was transferred from the accumulated revaluations investments to other reserves.

Changes in Accumulated revaluations on (re)insurance contracts

	2024	2,023
Revaluation reserve – opening balance	11,691	13,895
Changes in financial assumptions for insurance contracts	-625	-2,148
Changes in financial assumptions for reinsurance contracts	56	-26
Changes in composition of the group and other changes	11	-30
Revaluation reserve – closing balance	11,133	11,691

Changes in Foreign currency translation reserve

	2024	2024
Foreign currency exchange difference translation reserve – opening balance	-25	-49
Changes in composition of the group and other changes	19	
Foreign currency exchange difference for the period	8	24
Foreign currency exchange difference translation reserve – closing balance	2	-25

Unrealised revaluations relate to changes in the value of hedging instruments that are designated as net investment hedges.

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Changes in Other reserves (2024)

2024	Retained earnings	Share of associates reserve	Total
Other reserves – opening balance	-1,871	1,119	-752
Net result for the period	746		746
Transfers from (to) share of associates reserve	-327	327	0
Dividend	-980		-980
Realised gains (losses) on equity securities	207		207
Coupon on undated subordinated loan	-40		-40
Changes in composition of the group and other changes	-84		-84
Other reserves – closing balance	-2,349	1,446	-903

Changes in Other reserves (2023)

2023	Retained earnings	Share of associates reserve	Total
Other reserves – opening balance	-1,990	1,583	-407
Net result for the period	699		699
Transfers from (to) share of associates reserve	464	-464	0
Dividend	-980		-980
Realised gains (losses) on equity securities	-21		-21
Coupon on undated subordinated loan	-35		-35
Changes in composition of the group and other changes	-8		-8
Other reserves – closing balance	-1,871	1,119	-752

Minority interest

Minority interests represent the following entities:

- REI Investment I B.V. (23%)
- REI Diaphane Fund F.G.R. (22%)
- Private Equity Investments II B.V. (14%)
- Private Equity Investments B.V. (10%)
- Infrastructure Equity Investments B.V. (5%)
- Private Debt Investments B.V. (6%)

The entities are fully consolidated by NN Leven with a minority interest recognised in equity of EUR 2,192 million at 31 December 2024 (2023: EUR 2,028 million).

Undated subordinated loan

On 30 May 2024, NN Leven received a EUR 450 million perpetual subordinated loan from NN Group. The loan is callable at par value after 5 years (subject to regulatory approval). The coupon is payable quarterly and fixed at 5.97% per annum until 30 August 2030 and will be reset at that moment. As this loan is undated and includes optional deferral of interest at the discretion of NN Leven, this is classified under IFRS-EU as equity. Coupon payments are distributed out of equity if and when paid or contractually due.

On 31 December 2016, Delta Lloyd Leven received a EUR 350 million perpetual subordinated loan from Delta Lloyd N.V. The loan is callable at par value after 10 years and every quarter thereafter (subject to regulatory approval). The coupon is fixed at 7.60% per annum for the first 10 years and will be floating thereafter. As this loan is undated and includes optional cancellation of interest at the discretion of NN Leven, this is classified under IFRS-EU as equity. Coupon payments are distributed out of equity if and when paid or contractually due. As a result of merging Delta Lloyd N.V. with NN Group and Delta Lloyd Leven with NN Leven, this undated subordinated loan is now between NN Group and NN Leven.

In 2024, coupon payments on the undated subordinated loan of EUR 40 million after tax (2023: EUR 35 million after tax) were distributed out of the Other reserves.

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11 Insurance contracts

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

Key accounting policies

Accounting models

NN Leven applies two of the three accounting models in IFRS 17. The General Model is the default model and is applied to traditional life insurance portfolios. The Variable Fee Approach is, amongst others, not applied to unit-linked portfolio's for which the guarantees were in the money at the date of the Variable Fee Approach assessment.

Finance result on (re) insurance contracts and 'OCI option'

NN Leven determines per portfolio of insurance contracts whether the effect of changes in financial assumptions, including changes in discount rates, are reflected either fully in the profit and loss account or partially in other comprehensive income ('OCI') in equity and partially in the profit and loss account based on a systematic allocation of the expected total net finance result over the duration of the group of contracts (the 'OCI option'). Under the OCI option, amounts recognised in OCI are recycled through profit or loss so that the amount in OCI will be nil at the end of the duration of the portfolio of insurance contracts. This recycling is done by accreting interest on the insurance liability through profit or loss using a locked-in discount rate at initial recognition of the contract, which is unlocked for changes in financial assumption after initial recognition, if any. This interest accretion is presented in 'Finance result on (re) insurance contracts'.

For contracts accounted for under the General Model, in principle the OCI option is used, unless accounting for the impact of changes in financial assumptions directly in the profit and loss account resolves accounting mismatches or is otherwise preferred. For contracts accounted for under the Variable Fee Approach, the OCI option is, in principle, not applied.

Level of aggregation

Insurance contracts are aggregated per 'CSM group' under IFRS 17. A CSM group consists of contracts within the same portfolio, the same profitability bucket and issued in the same annual period. Contracts are in the same portfolio if these are managed together and have similar risks. NN Leven uses at least three profitability buckets: onerous contracts, contracts that have no possibility of becoming onerous and remaining contracts. Groups of contracts issued in the same annual period are referred to as an annual cohort. For certain groups of insurance contracts additional disaggregation is applied.

Under the EU-endorsed version of IFRS 17 (IFRS-EU), certain specific insurance contracts do not need to be disaggregated by the year in which these contracts were issued (no annual cohorts). NN Leven does not apply this IFRS-EU exemption.

If a contract would fall into a different group only because law or regulation specifically constrains NN Leven's practical ability to set a different price or level of benefits for policyholders with different characteristics, NN Leven includes those contracts in the same group.

Uncertainty on the settlement of the claim amount

For insurance products where there is uncertainty on the settlement of the claim amount, NN Leven accounts for the uncertain claim amounts, as part of the liability for remaining coverage.

Investment components excluded from insurance income and expenses

Insurance income and expenses in the profit and loss account exclude any (non-distinct) investment components. An investment component is the amount that an insurance contract requires NN Leven to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. For products containing a surrender option for the client, the non-distinct investment component is normally based on the contractual surrender value after deduction of surrender charges.

Generic assumptions

Under the General Model, NN Leven specifies at inception of the insurance contract the basis on which it expects to determine its commitment under the contract; for example, based on a fixed interest rate, or on returns that vary based on specified asset returns. That specification is then used to distinguish between the effect of changes in assumptions that relate to financial variables (that do not adjust the contractual service margin but are recognised as finance result though profit or loss or in other comprehensive income) and non-financial variables and discretionary changes to that commitment (that do adjust the contractual service margin).

Under the Variable Fee Approach, the effect of changes in financial and non-financial assumptions on the net present value of future cash flows (not stemming from changes in the policyholders' share of the underlying items) adjust the contractual service margin using current discount rates. Changes in the underlying items are included in 'Finance result on (re) insurance contracts' in the profit and loss account. Changes in estimates that adjust the contractual service margin exclude the changes in value of options and guarantees of contracts accounted for under the Variable Fee Approach that are hedged for which the Risk mitigation option is applied. These are reflected in 'Finance result on (re) insurance contracts' in the profit and loss account.

NN Leven applies a year-to-date approach, i.e. NN Leven changes the treatment of previous accounting estimates made when reporting over the year.

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A loss component is formed for contracts that are or have become onerous. The loss component will change over time due to, amongst others, interest accretion, changes in estimates and a systematic allocation of the release of expected claims, expenses and risk adjustment.

Insurance related receivables and payables including policy loans are presented as part of the insurance contracts. NN Leven considers premiums receivables from intermediaries and tied agents to be future cash flows within the boundary of an insurance contract.

Acquisition costs

NN Leven recognises an asset for any directly attributable insurance acquisition costs incurred relating to groups of to be recognised insurance contracts or their renewals. The asset for incurred acquisition costs to be attributed to insurance contracts is derecognised when groups of insurance contracts to which the insurance acquisition costs are allocated, are recognised.

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

Transition approach

NN Leven used the fair value transition approach for most portfolio's. Fair value is determined similar to fulfilment value, except that no group diversification is reflected in the risk adjustment, the cost of capital rate in the risk adjustment is set at 6% and expenses also include non-directly attributable expenses.

NN Leven uses the OCI option as described above, but set the amount in OCI at transition date (1 January 2022) to nil under the fair value transition approach for certain portfolios (i.e. for which it was not practicable to determine the amount in OCI retrospectively). General account assets are considered to be one pool of assets, backing (part of some and all of other) insurance contracts and NN Leven equity. Consequentially, the investment revaluation reserve of those assets cannot be allocated specifically to insurance contracts for which the amount in OCI was set to nil at the transition date.

Coverage units

Coverage units are determined based on the expected insurance contract services. The insurance contract services are determined considering the (weighted) quantity of the benefits provided from insurance and investment (return/related) services. For insurance services, the quantity of benefits can, amongst others, be based on the maximum amount a policyholder might validly claim during a certain period. For investment services, the quantity of benefits can, amongst others, be based on the account value of underlying assets. The total amount of coverage units for a group of insurance contracts is the probability weighted present value of the insurance contract services. Expected policies in force are used to determine the expected duration.

Key assumptions

Mortality and morbidity assumptions

Estimates of future cash flows reflect mortality and morbidity assumptions that are internally developed and calibrated to NN Leven's own experience, reflecting the characteristics of the relevant portfolio. National mortality tables published by relevant actuarial or statistical bodies are used as benchmarks. Future projected mortality improvements (generation mortality tables) are also reflected in the assumption tables and are determined internally.

Mortality assumptions are country, age, gender and sometimes product group specific. Mortality and longevity assumptions are developed internally at NN Leven as follows. The mortality experience from NN Leven's portfolio is used for setting the baseline assumptions at the level of age, gender and homogenous risk groups. Own experience is used because an insured portfolio has structurally a different mortality experience than the general population. The internal model for future trends of mortality improvements uses a blend of national and EU mortality data and the improvement rates are defined per age and gender. Experience (both for own portfolio and national populations) is monitored through regular studies (at least on annual basis) and reflected in the measurement of insurance contracts. For the baseline assumptions calendar years are used for which the mortality experience is complete and as of 2023 a return to pre-Covid mortality rates expectations is projected in an approach similar to AG 2024 methodology (i.e. exponential reduction over time of the excess mortality generated by Covid-19).

Expense assumptions

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

Lapse and surrender rates

Lapse, cancellation and surrender assumptions reflect the expected policyholder behaviour. As such the rates depends on issue year, policy year, major product lines based on NN Leven's own experience. NN Leven reviews the lapse rates on annual basis. These rates are typically calibrated based on own experience. These rates are typically calibrated based on own experience. Such granularity is usually enough to

Notes to the Consolidated annual accounts continued

capture how the product terms and conditions as well as regulations can influence the timing and volume of lapse and surrenders. Calendar year based adjustments and dynamic policyholder behaviour are considered when needed in specific circumstances.

Other assumptions
NN Leven also uses other assumptions that reflect the characteristics of the relevant portfolio of insurance contracts, including expected retirement ages and wage benefit levels.

Discount rates
Discount rates are determined using a liquid risk-free curve to which an illiquidity premium is added. The liquid risk-free curve is set per currency, while the illiquidity premium is determined per entity using an approach that reflects the characteristics of the current assets of that entity. Spreads used in the illiquidity premium are derived from fixed income assets using Z-spreads. 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 (LLP) of 30 years and a long-term forward rate (LTFR). At 31 December 2024, the LTFR was 3.20% (2023: 3.15%).

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

Range of yield curves

	General Model		Variable Fee Approach	
	2024	2023	2024	2023
1 year	3.2%	4.1%	2.3%	3.4%
5 years	3.1%	3.1%	2.2%	2.4%
10 years	3.2%	3.2%	2.3%	2.5%
20 years	3.2%	3.2%	2.3%	2.5%
30 years	2.9%	2.9%	2.1%	2.2%
40 years	2.9%	2.9%	2.1%	2.3%

Risk adjustment
The risk adjustment for non-financial risk is determined using the cost of capital methodology based on the Solvency II internal model or standard formula for Solvency II entities and an own (internal) model for economic capital for non-solvency II insurance entities within the Group. The risk adjustment reflects diversification among non-market risks and with market risks within the entity as well as diversification with other entities within NN Leven ('Group diversification'). The cost of capital rate represents NN Leven'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%. Changes in the risk adjustment related to changes in estimates of financial risk are disaggregated to OCI if the OCI option is applied to the specific portfolio. The implied confidence levels are determined both for a one-year and an ultimate view, gross of reinsurance, using a normal distribution to translate economic capital to confidence level.

Corresponding confidence levels risk adjustment

	2024		2023	
	1 year view	Ultimate view	1 year view	Ultimate view
NN Leven	94%	70%	94%	70%

Insurance contracts (2024)

2024	General Model	Variable Fee Approach	Total General Model and Variable Fee Approach
Life Insurance contracts for risk of company	73,706	2,708	76,414
Life Insurance contracts for risk of policyholders	6,014	26,522	32,536
Life insurance contracts	79,720	29,230	108,950
Total insurance contracts	79,720	29,230	108,950
- of which presented as assets	109		109
- of which presented as liabilities	79,829	29,230	109,059
Total insurance contracts	79,720	29,230	108,950

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Insurance contracts (2023)

2023	General Model	Variable Fee Approach	Total General Model and Variable Fee Approach
Life Insurance contracts for risk of company	74,167	2,518	76,685
Life Insurance contracts for risk of policyholders	5,964	22,517	28,481
Life insurance contracts	80,131	25,035	105,166
Total insurance contracts	80,131	25,035	105,166
- of which presented as assets	89		89
- of which presented as liabilities	80,220	25,035	105,255
Total insurance contracts	80,131	25,035	105,166

General Model and Variable Fee Approach

Insurance contracts under General Model (2024)

2024	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total General Model
- opening balance presented as assets	149	-10	-50	89
- opening balance presented as liabilities	76,209	920	3,091	80,220
Net opening balance	76,060	930	3,141	80,131
- insurance contracts initially recognised in the period	-184	36	162	14
- change in estimates that adjust the contractual service margin	-99	-622	721	0
- change in estimates that do not adjust the contractual service margin	7	-16		-9
Changes that relate to future service	-276	-602	883	5
- release to profit or loss		-36	-242	-278
- experience adjustments not adjusting the contractual service margin	-25			-25
Changes that relate to current service	-25	-36	-242	-303
- changes in incurred claims and benefits previous periods	-2			-2
Changes that relate to past service	-2	0	0	-2
- finance result through profit or loss	1,772	26	33	1,831
- finance result recognised in OCI	654	189	0	843
Finance result on insurance contracts	2,426	215	33	2,674
- premiums received	2,588			2,588
- acquisition costs paid	-69			-69
- claims, benefits and attributable expenses paid	-5,275			-5,275
Cash flows	-2,756	0	0	-2,756
Other movements	-6	-1	-14	-21
Foreign currency exchange differences	-7	-3	2	-8
Net closing balance	75,414	503	3,803	79,720
- closing balance presented as assets	189	-8	-72	109
- closing balance presented as liabilities	75,603	495	3,731	79,829
Net closing balance	75,414	503	3,803	79,720

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Insurance contracts under Variable Fee Approach (2024)

2024	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total Variable Fee Approach
- opening balance presented as assets				0
- opening balance presented as liabilities	24,348	61	626	25,035
Net opening balance	24,348	61	626	25,035
- insurance contracts initially recognised in the period	-14	5	22	13
- change in estimates that adjust the contractual service margin	9	-22	13	0
- change in estimates that do not adjust the contractual service margin	21	-3	0	18
Changes that relate to future service	16	-20	35	31
- release to profit or loss		-4	-56	-60
- experience adjustments not adjusting the contractual service margin	29			29
Changes that relate to current service	29	-4	-56	-31
- changes in incurred claims and benefits previous periods	-5			-5
Changes that relate to past service	-5	0	0	-5
- finance result through profit or loss	3,366			3,366
Finance result on insurance contracts	3,366	0	0	3,366
- premiums received	1,912			1,912
- acquisition costs paid	-27			-27
- claims, benefits and attributable expenses paid	-1,107			-1,107
Cash flows	778	0	0	778
Other movements	6	1	61	68
Foreign currency exchange differences	-10	3	-5	-12
Net closing balance	28,528	41	661	29,230
- closing balance presented as assets				0
- closing balance presented as liabilities	28,528	41	661	29,230
Net closing balance	28,528	41	661	29,230

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Insurance contracts under General Model (2023)

2023	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total General Model
- opening balance presented as assets				0
- opening balance presented as liabilities	75,439	987	2,953	79,379
Net opening balance	75,439	987	2,953	79,379
- insurance contracts initially recognised in the period	-107	14	102	9
- change in estimates that adjust the contractual service margin	-186	-78	264	0
- change in estimates that do not adjust the contractual service margin	13	5		18
Changes that relate to future service	-280	-59	366	27
- release to profit or loss		-63	-204	-267
- experience adjustments not adjusting the contractual service margin	176			176
Changes that relate to current service	176	-63	-204	-91
- changes in incurred claims and benefits previous periods	-74			-74
Changes that relate to past service	-74	0	0	-74
- finance result through profit or loss	1,939	29	27	1,995
- finance result recognised in OCI	2,866	36		2,902
Finance result on insurance contracts	4,805	65	27	4,897
- premiums received	1,459			1,459
- acquisition costs paid	-66			-66
- claims, benefits and attributable expenses paid	-5,396			-5,396
Cash flows	-4,003	0	0	-4,003
Foreign currency exchange differences	-3		-1	-4
Net closing balance	76,060	930	3,141	80,131
- closing balance presented as assets	149	-10	-50	89
- closing balance presented as liabilities	76,209	920	3,091	80,220
Net closing balance	76,060	930	3,141	80,131

Notes to the Consolidated annual accounts continued

Insurance contracts under Variable Fee Approach (2023)

2023	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total Variable Fee Approach
- opening balance presented as assets				0
- opening balance presented as liabilities	20,777	57	742	21,576
Net opening balance	20,777	57	742	21,576
- insurance contracts initially recognised in the period	-13	5	16	8
- change in estimates that adjust the contractual service margin	73	4	-77	0
- change in estimates that do not adjust the contractual service margin	27	5		32
Changes that relate to future service	87	14	-61	40
- release to profit or loss		-6	-52	-58
- experience adjustments not adjusting the contractual service margin	-147			-147
Changes that relate to current service	-147	-6	-52	-205
- changes in incurred claims and benefits previous periods	59			59
Changes that relate to past service	59	0	0	59
- finance result through profit or loss	2,316			2,316
- finance result recognised in OCI				0
Finance result on insurance contracts	2,316	0	0	2,316
- premiums received	2,160			2,160
- acquisition costs paid	-29			-29
- claims, benefits and attributable expenses paid	-864			-864
Cash flows	1,267	0	0	1,267
Other movements		4	-4	0
Foreign currency exchange differences	-11		-7	-18
Net closing balance	24,348	61	626	25,035
- closing balance presented as assets				0
- closing balance presented as liabilities	24,348	61	626	25,035
Net closing balance	24,348	61	626	25,035

Tables below include amounts based upon the General Model and Variable Fee Approach, unless specifically described in the tables.

Insurance contracts recognised in the period (2024)

2024	Onerous Insurance contracts issued	Other Insurance contracts issued	Total Insurance contracts initially recognised
Estimates of the present value of future cash inflows	-616	-2,712	-3,328
- acquisition costs	15	70	85
- claims, benefits and attributable expenses	622	2,424	3,046
Estimates of the present value of future cash outflows	637	2,494	3,131
Risk adjustment	4	34	38
Contractual service margin		184	184
Total insurance contracts initially recognised in the period	25	0	25

Notes to the Consolidated annual accounts continued

Insurance contracts recognised in the period (2023)

2023	Onerous Insurance contracts issued	Other Insurance contracts issued	Total Insurance contracts initially recognised
Estimates of the present value of future cash inflows	-568	-1,841	-2,409
- acquisition costs	10	73	83
- claims, benefits and attributable expenses	571	1,635	2,206
Estimates of the present value of future cash outflows	581	1,708	2,289
Risk adjustment	3	15	18
Contractual service margin		119	119
Total insurance contracts initially recognised in the period	16	1	17

Composition of underlying items for contracts with direct participation features

Fair value of underlying items	2024	2023
- debt securities	14	15
- equity securities	30,203	26,141
- loans and other	2,319	2,325
Total	32,536	28,481

Investments in investment funds (with underlying investments in debt and equity securities, real estate and derivatives) are included in Other.

Contractual service margin

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

2024	Contract issued after transition and retrospective approach	Fair value approach	Total General Model and Variable Fee Approach
Opening balance	398	3,369	3,767
- insurance contracts initially recognised in the period	184		184
- change in estimates that adjust the contractual service margin	-15	749	734
Changes that relate to future service	169	749	918
- release to profit or loss	-49	-249	-298
Changes that relate to current service	-49	-249	-298
Finance result on insurance contracts	9	24	33
Other movements	-5	52	47
Foreign currency exchange differences	-3	0	-3
Closing balance	519	3,945	4,464

Notes to the Consolidated annual accounts continued

Disaggregation of contractual service margin by transition approach (2023)

2023	Contract issued after transition and retrospective approach	Fair value approach	Total General Model and Variable Fee Approach
Opening balance	289	3,406	3,695
- insurance contracts initially recognised in the period	119		119
- change in estimates that adjust the contractual service margin	27	159	186
Changes that relate to future service	146	159	305
- release to profit or loss	-37	-219	-256
Changes that relate to current service	-37	-219	-256
Finance result on insurance contracts	4	23	27
Foreign currency exchange differences	-4		-4
Closing balance	398	3,369	3,767

Contractual service margin by remaining term

	2024	2023
Less than 1 month	19	40
1-3 months	38	42
3-12 months	171	184
1-2 years	216	232
2-3 years	200	218
3-4 years	186	204
4-5 years	174	193
5-9 years	605	675
Over 9 years	2,855	1,979
Total	4,464	3,767

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

Notes to the Consolidated annual accounts continued

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

2024	Liability for remaining coverage		Liability for incurred claims and benefits	Total General Model
	Remaining coverage[1]	Loss component		
Opening balance presented as assets	95	0	-6	89
Opening balance presented as liabilities	79,419	62	739	80,220
Net opening balance	79,324	62	745	80,131
- release of contractual service margin	-242			-242
- release of risk adjustment	-36			-36
- expected claims and benefits	-3,208			-3,208
- expected attributable expenses	-238			-238
- recovery of acquisition costs	-36			-36
- experience adjustments for premiums relating to current or past service	-1			-1
Insurance income	-3,761	0	0	-3,761
- incurred claims and benefits			3,212	3,212
- incurred attributable expenses			220	220
- amortisation of acquisition costs	36			36
- changes in incurred claims and benefits previous periods			-3	-3
- (reversal of) losses on onerous contracts		-4		-4
Insurance expenses	36	-4	3,429	3,461
Investment components excluded from insurance expenses and insurance income	-1,808		1,808	0
- finance result through profit or loss	1,813	1	17	1,831
- finance result recognised in OCI	860		-17	843
Finance result on insurance contracts	2,673	1	0	2,674
- premiums received	2,588			2,588
- acquisition costs paid	-69			-69
- claims, benefits and attributable expenses paid			-5,275	-5,275
Cash flows	2,519	0	-5,275	-2,756
Other movements	-19	-3	1	-21
Foreign currency exchange differences	-3	3	-8	-8
Net closing balance	78,961	59	700	79,720
Closing balance presented as assets	118	0	-8	110
Closing balance presented as liabilities	79,079	59	692	79,830
Net closing balance	78,961	59	700	79,720

1 Remaining coverage includes risk adjustment and contractual service margin.

Notes to the Consolidated annual accounts continued

Liabilities for remaining coverage and incurred claims and benefits under Variable Fee Approach (2024)

2024	Liability for remaining coverage		Liability for incurred claims and benefits	Total Variable Fee Approach
	Remaining coverage[1]	Loss component		
Opening balance presented as assets				
Opening balance presented as liabilities	24,786	47	202	25,035
Net opening balance	24,786	47	202	25,035
- release of contractual service margin	-56			-56
- release of risk adjustment	-4			-4
- expected claims and benefits	-305			-305
- expected attributable expenses	-97			-97
- recovery of acquisition costs	-31			-31
- experience adjustments for premiums relating to current or past service	-1			-1
Insurance income	-494	0	0	-494
- incurred claims and benefits			310	310
- incurred attributable expenses			110	110
- amortisation of acquisition costs	31			31
- changes in incurred claims and benefits previous periods			-6	-6
- (reversal of) losses on onerous contracts		44		44
Insurance expenses	31	44	414	489
Investment components excluded from insurance expenses and insurance income	-571		571	0
- finance result through profit or loss	3,359		7	3,366
Finance result on insurance contracts	3,359	0	7	3,366
- premiums received	1,912			1,912
- acquisition costs paid	-27			-27
- claims, benefits and attributable expenses paid			-1,107	-1,107
Cash flows	1,885	0	-1,107	778
Other movements	67	2	-1	68
Foreign currency exchange differences	-14	-2	4	-12
Net closing balance	29,049	91	90	29,230
Closing balance presented as assets				
Closing balance presented as liabilities	29,049	91	90	29,230
Net closing balance	29,049	91	90	29,230

1 Remaining coverage includes risk adjustment and contractual service margin.

Notes to the Consolidated annual accounts continued

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

2023	Liability for remaining coverage		Liability for incurred claims and benefits	Total General Model
	Remaining coverage[1]	Loss component		
Opening balance presented as assets				0
Opening balance presented as liabilities	78,535	40	804	79,379
Net opening balance	78,535	40	804	79,379
- release of contractual service margin	-204			-204
- release of risk adjustment	-63			-63
- expected claims and benefits	-3,114			-3,114
- expected attributable expenses	-240			-240
- recovery of acquisition costs	-28			-28
- experience adjustments for premiums relating to current or past service				0
Insurance income	-3,649	0	0	-3,649
- incurred claims and benefits			3,217	3,217
- incurred attributable expenses			317	317
- amortisation of acquisition costs	28			28
- changes in incurred claims and benefits previous periods			-73	-73
- (reversal of) losses on onerous contracts		22		22
- other insurance expenses				0
Insurance expenses	28	22	3,461	3,511
Investment components excluded from insurance expenses and insurance income	-1,875	0	1,875	0
- finance result through profit or loss	1,990		3	1,993
- finance result recognised in OCI	2,906		-4	2,902
Finance result on insurance contracts	4,896	0	-1	4,895
- premiums received	1,459			1,459
- acquisition costs paid	-66			-66
- claims, benefits and attributable expenses paid			-5,396	-5,396
Cash flows	1,393	0	-5,396	-4,003
Foreign currency exchange differences	-4		-1	-5
Net closing balance	79,324	62	745	80,131
Closing balance presented as assets	95	0	-6	89
Closing balance presented as liabilities	79,419	62	739	80,220
Net closing balance	79,324	62	745	80,131

1 Remaining coverage includes risk adjustment and contractual service margin.

Notes to the Consolidated annual accounts continued

Liabilities for remaining coverage and incurred claims and benefits under Variable Fee Approach (2023)

2023	Liability for remaining coverage		Liability for incurred claims and benefits	Total Variable Fee Approach
	Remaining coverage1	Loss component		
Opening balance presented as assets				0
Opening balance presented as liabilities	21,438	3	135	21,576
Net opening balance	21,438	3	135	21,576
- release of contractual service margin	-52			-52
- release of risk adjustment	-6			-6
- expected claims and benefits	-404			-404
- expected attributable expenses	-122			-122
- recovery of acquisition costs	-28			-28
Insurance income	-613	0	0	-612
- incurred claims and benefits			356	356
- incurred attributable expenses			15	15
- amortisation of acquisition costs	28			28
- changes in incurred claims and benefits previous periods			59	59
- (reversal of) losses on onerous contracts		44		44
Insurance expenses	28	44	430	502
Investment components excluded from insurance expenses and insurance income	-495		495	0
- finance result through profit or loss	2,304		12	2,316
Finance result on insurance contracts	2,304	0	12	2,316
- premiums received	2,160			2,160
- acquisition costs paid	-29			-29
- claims, benefits and attributable expenses paid			-864	-864
- changes in the composition of the group - contracts divested				0
Cash flows	2,131	0	-864	1,267
Other movements	6		-6	0
Foreign currency exchange differences	-13			-13
Net closing balance	24,786	47	202	25,035
Closing balance presented as assets				0
Closing balance presented as liabilities	24,786	47	202	25,035
Net closing balance	24,786	47	202	25,035

1 Remaining coverage includes risk adjustment and contractual service margin.

12 Investment contracts

Insurance policies without discretionary participation features which do not bear significant insurance risk are presented as Investment contracts. Investment contracts are determined at amortised cost using the effective interest method.

Investment contracts

	2024	2023
Investment contracts – opening balance	800	849
Current year liabilities		
– payments to contract holders	-58	-55
– interest accrual	2	6
Investment contracts – closing balance	744	800

13 Reinsurance contracts

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

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

Longevity reinsurance

In May 2020, NN Leven entered into three reinsurance agreements to reinsure the full longevity risk associated with in total approximately EUR 13.5 billion of insurance contracts. This reinsurance reduced NN Leven's exposure to longevity risk and, consequently, the required capital under Solvency II. The three reinsurance agreements are similar in nature but are agreed with three different assuming reinsurers, Canada Life, Munich Re and Swiss Re. The risk transfer was effective as of 1 January 2020 and will continue until the relevant portfolio has run off.

In December 2021, NN Leven entered into a fourth reinsurance agreement to reinsure the full longevity risk associated with in total approximately EUR 4 billion of insurance contracts. The fourth reinsurance agreement is similar in nature to the first three contracts but is agreed with a different reinsurer, RGA. The risk transfer for the fourth contract is effective as of 31 December 2021. The risk transfer will continue until the relevant portfolio has run off.

In December 2023 NN Leven completed two transactions to transfer the full longevity risk associated with in total approximately EUR 13 billion of insurance contracts. The transactions cover the longevity risk of approximately 300 thousand policies and have been entered into with an insurance subsidiary of Prudential Financial, Inc. and with Swiss Re. The risk transfer became effective as of 31 December 2023, and the reinsurance agreements will continue until the portfolio has run off.

In December 2024, NN Leven entered into a reinsurance agreement with Pacific Life Re International (UK branch) transferring the full longevity risk on part of its DC decumulation portfolio, representing approximately EUR 2.5 billion. The transfer date is 31 December 2024, and the reinsurance agreement remains effective until full run-off of reinsured portfolio. Furthermore, the reinsurance agreement will cover the full longevity risk associated to the future new business within the DC decumulation phase for at least 2025. This new business is acquired by NN Leven via its own DC accumulation portfolio and via annuities accumulated with other providers.

Reinsurance contracts held (2024)

2024	General Model
Reinsurance contracts	-9
-of which presented as assets	97
-of which presented as liabilities	106

Reinsurance contracts held (2023)

2023	General Model
Reinsurance contracts	-96
-of which presented as assets	29
-of which presented as liabilities	125

Notes to the Consolidated annual accounts continued

Reinsurance contracts held under General Model (2024)

2024	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total General Model
opening balance presented as assets	-700	276	453	29
opening balance presented as liabilities	131	-3	-3	125
Net opening balance	-831	279	456	-96
- reinsurance contracts initially recognised in the period	39	12	-51	0
- change in estimates that adjust the contractual service margin	-128	-166	294	0
Changes that relate to future service	-89	-154	243	0
- release to profit or loss		-12	-62	-74
- experience adjustments not adjusting the contractual service margin	10			10
Changes that relate to current service	10	-12	-62	-64
- changes in reinsurance recoveries previous periods	7			7
Changes that relate to past service	7	0	0	7
- finance result through profit or loss	-59	8	4	-47
- finance result recognised in OCI	48	24	0	72
Finance result from reinsurance contracts	-11	32	4	25
- reinsurance premiums received	-1,615			-1,615
- reinsurance premiums paid	1,732			1,732
Cash flows	117	0	0	117
Other movements	-24	19	4	-1
Foreign currency exchange differences	3			3
Net closing balance	-818	164	645	-9
closing balance presented as assets	-671	147	621	97
closing balance presented as liabilities	147	-17	-24	106
Net closing balance	-818	164	645	-9

Notes to the Consolidated annual accounts continued

Reinsurance contracts held under General Model (2023)

2023	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total General Model
opening balance presented as assets	-468	142	359	33
opening balance presented as liabilities	116			116
Net opening balance	-584	142	359	-83
- reinsurance contracts initially recognised in the period	-166	167	-1	0
- change in estimates that adjust the contractual service margin	-111	-26	137	0
Changes that relate to future service	-277	141	136	0
- release to profit or loss	-1	-13	-40	-54
- experience adjustments not adjusting the contractual service margin	8	-2	-1	5
Changes that relate to current service	7	-15	-41	-49
- changes in reinsurance recoveries previous periods	-7			-7
Changes that relate to past service	-7			-7
- finance result through profit or loss	17	1	2	20
- finance result recognised in OCI	-47	10		-37
Finance result from reinsurance contracts	-30	11	2	-17
- reinsurance recoveries received	-984			984
- reinsurance premiums paid	1,040			1,040
Cash flows	56			56
Foreign currency exchange differences	4			4
Net closing balance	-831	279	456	-96
closing balance presented as assets	-700	276	453	29
closing balance presented as liabilities	131	-3	-3	125
Net closing balance	-831	279	456	-96

As at 31 December 2024, the total reinsurance exposure including incurred reinsurance recoveries and receivables from reinsurers amounts to EUR -9 million (2023: EUR -96 million).

Reinsurance contracts recognised in the period

	2024	2,023
Estimates of the present value of future cash inflows (recoveries)	2,038	12,418
Reinsurance premiums	-1,999	-12,584
Estimates of the present value of future cash outflows	-1,999	-12,584
Risk adjustment	12	167
Contractual service margin at initial recognition (before loss recovery adjustment)	-51	-1
Total	0	0

Notes to the Consolidated annual accounts continued

Contractual service margin reinsurance contracts

	2024	2023
Less than 1 month	2	2
1-3 months	5	6
3-12 months	22	28
1-2 years	28	36
2-3 years	27	34
3-4 years	25	32
4-5 years	23	30
5-9 years	82	102
Over 9 years	431	186
Total	645	456

Disaggregation of the contractual service margin

	2024	2023
Opening balance	456	359
Reinsurance contracts initially recognised in the period	-51	-1
Change in estimates that adjust the contractual service margin	294	137
Changes that relate to future service	243	136
Release to profit or loss	-62	-40
Experience adjustments not adjusting the contractual service margin		-1
Changes that relate to current service	-62	-41
Finance income from reinsurance contracts	4	2
Other movements	4	
Net closing balance	645	456

14 Subordinated debt

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

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

Subordinated debt

Interest rate	Year of Issue	Due date	First call date	Notional amount		Balance sheet value	
				2024	2023	2024	2023
5.60%	2014	10/Feb/44	10/Feb/24		600		600
5.24%	2022	26/Feb/43	26/Aug/32	500	500	500	500
5.24%	2024	9/Nov/43	9/May/33	600	0	600	0
Subordinated debt				1,100	1,100	1,100	1,100

Under IFRS-EU the above subordinated debt instruments are classified as liabilities.

In 2014, NN Leven received a EUR 600 million subordinated loan from NN Group. On 9 February 2024 NN Leven repaid the EUR 600 million subordinated loan with NN Group at the first call date and replaced the loan with the same amount.

In August 2022, NN Leven received a EUR 500 million subordinated loan from NN Group. The EUR 500 million subordinated loans have a maturity of 20.5 years and are first callable after 10 years, subject to redemption conditions. The coupon is fixed at 5.24% per annum until the first reset date on 26 February 2033 and will be floating thereafter. The subordinated loans qualify as Tier 2 regulatory capital under Solvency II.

In 2024, NN Leven received a EUR 600 million subordinated loan from NN Group. This loan is callable at par value after 9 years. The coupon is fixed at 5.24% per annum for the first 9 years and will be floating thereafter. The subordinated loans qualify as Tier 2 regulatory capital under Solvency II.

Notes to the Consolidated annual accounts continued

15 Other borrowed funds

Other borrowed funds

	2024	2023
Credit institutions	1,261	2,508
Other	14	3
Other borrowed funds	1,275	2,511

Other borrowed funds includes repo transactions used for liquidity management purposes.

16 Derivatives

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

Reference is made to Note 28 'Hedge accounting' for further information on hedge accounting.

Derivatives (assets)

	2024	2023
Derivatives used in:		
– cash flow hedges	609	193
– hedges of net investments in foreign operations	-2	
Other derivatives	1,995	2,149
Derivatives (assets)	2,602	2,342

Other derivatives includes derivatives for which no hedge accounting is applied.

Derivatives (liabilities)

	2024	2023
Derivatives used in:		
– cash flow hedges	1,440	1,680
– hedges of net investments in foreign operations	2	
Other derivatives	1,884	2,064
Derivatives (liabilities)	3,326	3,744

17 Other liabilities

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

Other liabilities

	2024	2023
Income tax payable	-149	70
Other taxation and social security contributions	1	1
Lease liabilities	99	86
Accrued interest	356	403
Costs payable	48	75
Provisions	369	385
Amounts to be settled	256	248
Cash collateral amounts received	1,051	1,103
Other	364	378
Other liabilities	2,395	2,749

Cash collateral amounts received relate to collateralised derivatives. Other mainly relates to other creditors.

Notes to the Consolidated annual accounts continued

Changes in Provisions

	2024	2023
Provisions – opening balance	385	13
Additions	16	372
Releases	-12	
Charges	-21	-2
Changes in composition of the group and other changes	1	2
Provisions – closing balance	369	385

Provisions include a provision for the settlement with five interest groups regarding unit-linked insurance products sold in the Netherlands. The settlement provided a reliable estimate and, therefore, a provision of EUR 360 million was recognised in the fourth quarter of 2023 to cover the settlement costs. This includes EUR 60 million for hardship cases and customers unaffiliated with one of the interest groups who have not previously received compensation. Reference is made to Note 35 'Legal proceedings' for more details.

The total reorganisation provision accounted for on NN Group level for NN Leven as at 31 December 2024 is EUR 7 million (2023: EUR 15 million).

18 Insurance income

Insurance income by transition approach (2024)

2024	Contracts issued after transition and retrospective approach	Fair value approach	Total
Release of contractual service margin	49	249	298
Release of risk adjustment	6	34	40
Expected claims and benefits	232	3,281	3,513
Expected attributable expenses	44	291	335
Recovery of acquisition costs	66	1	67
Experience adjustments for premiums that relate to current or past service	2		2
Insurance income General Model and Variable Fee Approach	400	3,855	4,255

Insurance income by transition approach (2023)

2023	Contracts issued after transition and retrospective approach	Fair value approach	Total
Release of contractual service margin	37	219	256
Release of risk adjustment	5	64	69
Expected claims and benefits	137	3,381	3,518
Expected attributable expenses	25	337	362
Recovery of acquisition costs	56		56
Insurance income General Model and Variable Fee Approach	260	4,001	4,261

Insurance income by measurement model (2024)

2024	General Model	Variable Fee Approach	Total
Release of contractual service margin	242	56	298
Release of risk adjustment	36	4	40
Expected claims and benefits	3,208	305	3,513
Expected attributable expenses	238	97	335
Recovery of acquisition costs	36	31	67
Experience adjustments for premiums relating to current or past service	1	1	2
Insurance income	3,761	494	4,255

Notes to the Consolidated annual accounts continued

Insurance income by measurement model (2023)

2023	General Model	Variable Fee Approach	Total
Release of contractual service margin	204	52	256
Release of risk adjustment	63	6	69
Expected claims and benefits	3,114	404	3,518
Expected attributable expenses	240	122	362
Recovery of acquisition costs	28	28	56
Insurance income	3,649	612	4,261

19 Insurance expenses

Insurance expenses

	2024	2023
Incurred claims and benefits	3,522	3,573
Incurred attributable expenses	330	332
Amortisation of acquisition costs	67	56
Changes in incurred claims and benefits previous periods	-9	-14
(Reversal of) losses on onerous contracts	40	66
Insurance expenses General Model and Variable Fee Approach	3,950	4,013

Insurance expenses by measurement model (2024)

2024	General Model	Variable Fee Approach	Total
Incurred claims and benefits	3,212	310	3,522
Incurred attributable expenses	220	110	330
Amortisation of acquisition costs	36	31	67
Changes in incurred claims and benefits previous periods	-3	-6	-9
(Reversal of) losses on onerous contracts	-4	44	40
Insurance expenses	3,461	489	3,950

Insurance expenses by measurement model (2023)

2023	General Model	Variable Fee Approach	Total
Incurred claims and benefits	3,217	356	3,573
Incurred attributable expenses	317	15	332
Amortisation of acquisition costs	28	28	56
Changes in incurred claims and benefits previous periods	-73	59	-14
(Reversal of) losses on onerous contracts	22	44	66
Insurance expenses	3,511	502	4,013

(Reversal of) losses on onerous contracts General Model and Variable Fee Approach

	2024	2023
Losses on onerous contracts initially recognised in the period	26	17
Change in estimates not adjusting the contractual service margin	9	46
Expected claims and benefits attributed to the loss component	8	5
Expected attributable insurance expenses attributed to the loss component	-3	-2
(Reversal of) losses on onerous contracts General Model and Variable Fee Approach	40	66

20 Investment result

Interest income and expenses

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

Notes to the Consolidated annual accounts continued

Investment result

	2024	2023
Interest income from investments in debt securities	1,133	1,103
Interest income from mortgage loans	617	607
Interest income from other loans	345	375
Interest income on (hedging) derivatives	127	117
Other interest income	215	187
Interest income	2,437	2,389
Income from investments in real estate	109	113
Dividend income on equity securities	392	322
Other investment income	7	10
Total other investment income	508	445
Investment income	2,945	2,834
Realised gains (losses) on Investments at cost and at fair value through other comprehensive income	-1,043	-265
Gains (losses) on investments at fair value through profit or loss	3,964	2,871
Income from investments in real estate	-13	-275
Gains (losses) on Investments at cost, at fair value through OCI and at fair value through profit and loss	2,908	2,331
Share of result of investments in associates and joint ventures	582	-223
Impairments on investments	2	-35
Result on derivatives and hedging	-406	1,073
Foreign currency exchange result	427	-224
Other		3
Other investment result	605	594
Investment result	6,458	5,759

Gains (losses) on investments at fair value through profit or loss include gains (losses) related to investments held for risk of policyholders for EUR 3,763 million (2023: EUR 2,812 million). These gains (losses) are mostly offset by changes in fair value of underlying items as presented in 'Finance result on (re)insurance contracts'.

Results on derivatives and hedging

	2024	2023
Change in fair value of derivatives relating to		
– cash flow hedges (ineffective portion)	1	3
– other derivatives	-407	1,069
Net result on derivatives	-406	1,072
Result on derivatives and hedging	-406	1,072

Included in 'Results on derivatives and hedging' are the fair value movements on derivatives and other assets accounted for at fair value through profit or loss used to economically hedge exposures, but for which no hedge accounting is applied. These financial assets hedge exposures in insurance contracts. The fair value movements on the financial assets are influenced by changes in the market conditions, such as share prices, interest rates and currency exchange rates. The change in fair value of the financial assets is largely offset by changes in insurance contracts, which are included in 'finance result' in the profit or loss account (when using the risk mitigation option) or in other comprehensive income (for contracts accounted for under the General Model when using the OCI option). Reference is made to Note 11 and 12 'Insurance and investment contracts', Note 10 'Equity' and Note 21 'Finance result'.

Valuation results on derivatives are reflected in the Consolidated statement of cash flows in the section 'Result before tax', in the line item 'Adjusted for (un) realised and impairments on investments'. Reference is made to Note 28 'Hedge accounting'.

Notes to the Consolidated annual accounts continued

21 Finance result

Finance result on (re)insurance contracts

	2024	2023
Change in fair value of underlying items	3,823	2,908
Interest accreted	1,417	1,384
Finance result on (re)insurance contracts	5,240	4,292

Finance result other

	2024	2023
Interest expenses on derivatives	178	163
Other interest expenses	159	162
Finance result other	337	325

In 2024, total interest income and total interest expenses for items not valued at fair value through profit or loss were EUR 2,391 million (2023: EUR 2,411 million) and EUR 337 million (2023: EUR 325 million) respectively.

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

Total interest income and expenses

	2024	2023
Interest income	2,391	2,411
Interest expenses on insurance contracts	-1,372	-1,406
Finance result other	-337	-325
Total Interest income and expenses	682	680

22 Fee and commission result

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

Fee and commission result

	2024	2023
Asset management fees	29	28
Insurance brokerage and advisory fees		-7
Other	25	23
Gross fee and commission income	54	44
Asset management fees	128	126
Commission expenses and other	-16	-50
Fee and commission expenses	112	76
Net fee and commission income	-58	-32

23 Non-attributable operating expenses

Non-attributable operating expenses

	2024	2023
Staff expenses	235	233
Other operating expenses	321	712
Of which attributed to		
- incurred acquisition costs	-99	-90
- incurred insurance expenses	-330	-332
Non-attributable operating expenses	127	523

Notes to the Consolidated annual accounts continued

Staff expenses

	2024	2023
Salaries	133	133
Pension costs	25	24
Social security costs	18	17
External staff costs	49	53
Education	2	2
Other staff costs	8	5
Staff expenses	235	233

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

Employees in the Czech Republic were transferred to a shared service centre (NN Finance S.R.O). The salary costs are recognised in the line 'Other' in the other operating expenses instead of under staff expenses.

Defined contribution plans

NN Leven is one of the sponsors of the NN Group defined contribution pension plan. The assets of all NN Group's defined contribution plans are held in independently administered funds. Contributions are generally determined as a percentage of pay. These plans do not give rise to balance sheet provisions, other than relating to short-term timing differences included in 'Other assets' or 'Other liabilities'. The expenses recognised in staff expenses by NN Leven for defined contribution plans amounts to EUR 25 million (2023: EUR 24 million).

Number of employees

	2024	2023
Netherlands - average number of employees on full-time equivalent basis	1,564	1,592
Rest of Europe - average number of employees on full-time equivalent basis	13	13
Number of employees	1,577	1,605

Remuneration of Management Board and Supervisory Board

Reference is made to Note 39 'Key management personnel compensation'.

Share plans

NN Group has granted shares to a number of senior executives of NN Leven. The purpose of the share schemes is to attract, retain and motivate senior executives and staff.

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

Changes in Share awards outstanding

	Share awards (in number)		Weighted average grant date fair value (in euros)	
	2024	2023	2024	2023
Share awards outstanding – opening balance	6,591	8,207	38.97	36.17
Granted	5,800	7,142	41.95	35.43
Vested	-6,124	-7,934	40.72	35.15
Forfeited	-578	-824	38.97	37.36
Share awards outstanding – closing balance	5,689	6,591	40.13	38.97

In 2024, 3,420 share awards of NN Group Shares (2023: 3,333) were granted to the members of the Management Board of NN Leven. To other employees of NN Leven 2,380 share awards of NN Group shares (2023: 3,809) were granted.

As at 31 December 2024 the share awards of NN Group shares consisted of 5,689 share awards (2023: 6,591) relating to equity-settled share-based payment arrangements and no share awards to cash-settled share-based payment arrangements.

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

As at 31 December 2024 total unrecognised compensation costs related to share awards amounted to EUR 86 thousand (2023: EUR 80 thousand). These costs are expected to be recognised over an average period of 1.4 years (2023: 1.3 years).

Notes to the Consolidated annual accounts continued

Other operating expenses

	2024	2023
Depreciation of property and equipment	5	5
Computer costs	66	32
Office expenses	-5	-4
Travel and accommodation expenses	1	1
Advertising and public relations	8	4
External advisory fees	24	27
Insurance based commissions and fees	75	73
Insurance based related Investment fees	34	58
Addition/(releases) of provisions	7	372
Other	105	144
Other operating expenses	321	712

Provisions include a provision for the settlement with five interest groups regarding unit-linked insurance products sold in the Netherlands. To cover the settlement costs, a provision of EUR 360 million was recognised in 2023. For more information, reference is made to Note 35 'Legal Proceedings' of the Consolidated annual accounts of NN Leven.

Auditor fees are included in 'External advisory fees' as part of the Other operating expense.

Other as part of the Other operating expenses relate mainly to managing fees.

Fees of auditors

Reference is made to Note 46 'Fees of auditors' in the Consolidated annual accounts of NN Group for audit fees and audit related fees. The services rendered by the auditor, in addition to the statutory audit, includes an audit in relation to reporting to regulators or other external parties.

Auditor fees are included in 'External advisory fees' as part of the Other operating expense.

24 Principal subsidiaries and geographical information

The principal subsidiaries and their statutory place of incorporation or primary place of business are as follows:

Principal subsidiaries of NN Leven

		Proportion of ownership interest held by NN Leven	
Subsidiary	Statutory place	2024	2023
REI Investment I B.V.	The Hague, the Netherlands	77%	78%
REI Diaphane Fund F.G.R.	The Hague, the Netherlands	78%	78%
Private Equity Investments II B.V.	The Hague, the Netherlands	86%	86%
Private Equity Investments B.V.	The Hague, the Netherlands	90%	90%
Infrastructure Equity Investments B.V.	The Hague, the Netherlands	95%	95%
Private Debt Investments B.V.	The Hague, the Netherlands	94%	97%

Notes to the Consolidated annual accounts continued

Principal subsidiaries of REI Investment I B.V.

Subsidiary	Statutory place	Proportion of ownership interest held by REI Investment I B.V. 2024	2023
REI Belgium Warande B.V.	Schiphol, the Netherlands	100%	100%
REI Belgium Puurs N.V.	Brussels, Belgium	0%	100%
REI Belgium Evere	Brussels, Belgium	100%	100%
REI Belgium Gent	Brussels, Belgium	100%	100%
REI Belgium Mechelen	Brussels, Belgium	0%	100%
REI Belgium Fonsny	Brussels, Belgium	100%	100%
Grupo Berkley Tres S.L.U.	Madrid, Spain	100%	100%
REI Spain Vitoria S.L.	Vitoria-Gasteiz, Spain	100%	100%
REI Vitoria Boulevard S.L.	Vitoria-Gasteiz, Spain	100%	100%
REI Spain Logistics S.L.U.	Madrid, Spain	0%	100%
REI Henares Logistics S.A.	Madrid, Spain	0%	100%
REI Denmark Copenhagen ApS	Copenhagen, Denmark	100%	100%
REI Denmark Solvgade Holding A/S	Copenhagen, Denmark	100%	100%
REI Denmark Solvgade A/S	Copenhagen, Denmark	100%	100%
REI Denmark Kastrup ApS	Copenhagen, Denmark	100%	100%
REI Italy Anzola S.R.L.	Milan, Italy	100%	100%
Bodio 3 S.r.l.	Milan, Italy	100%	100%
Galleria Commerciale Limbiate S.r.l.	Milan, Italy	100%	100%
Italian High Street Retail Fund	Milan, Italy	100%	100%
Stadtgalerie Heilbronn GmbH & Co KG	Frankfurt, Germany	95%	95%
REI Altenwerder GmbH & Co KG	Frankfurt, Germany	95%	95%
LZA III Mobi GmbH	Frankfurt, Germany	100%	100%
LZA III Altenwerder Grundstückverwaltung GmbH	Frankfurt, Germany	100%	100%
REI Germany Bergkirchen B.V.	The Hague, the Netherlands	100%	100%
REI Logistics Bergkirchen GmbH & Co KG	Frankfurt, Germany	94%	94%
REI Germany Lurup Center B.V.	The Hague, the Netherlands	100%	100%
REI Germany Logistics B.V.	The Hague, the Netherlands	100%	100%
REI Germany Neu Ulm B.V.	The Hague, the Netherlands	100%	100%
INS Holding France SAS	Paris, France	100%	100%
INS Investment France SCI	Paris, France	100%	100%
INS Jonage SCI	Paris, France	100%	100%
INS Criquebeuf SCI	Paris, France	100%	100%
INS MER SCI	Paris, France	0%	100%
INS Saint Priest SCI	Paris, France	100%	100%
INS Saint-Vulbas SCI	Paris, France	100%	100%
INS Satolas SCI	Paris, France	0%	100%
REI France Logistics SAS	Paris, France	100%	100%
Brie Logistique SAS	Paris, France	100%	100%
Chelles SAS	Paris, France	100%	100%
Les Arpajons SAS	Paris, France	100%	100%
Logistique Portefeuille SAS	Paris, France	100%	100%
France Campus Acrueil SNC	Paris, France	100%	100%
France Campus Bagneux SNC	Paris, France	100%	100%
France Campus Holding SAS	Paris, France	100%	100%
France Campus Massy SNC	Paris, France	100%	100%
France Campus AIX SNC	Paris, France	100%	100%
France Campus Levallois SNC	Paris, France	100%	100%
INS Holding Levallois SAS	Paris, France	100%	100%
France Campus Guyancourt SNC	Paris, France	100%	100%
REI Poland Jantar sp. z o.o.	Warsaw, Poland	100%	100%
REI Netherlands B.V.	The Hague, the Netherlands	100%	100%
REI Netherlands Venlo Zonneveld B.V.	The Hague, the Netherlands	100%	100%
REI Netherlands Amstelveenseweg B.V.	The Hague, the Netherlands	100%	100%
VGI Orionweg Moerdijk B.V.	The Hague, the Netherlands	100%	100%
REI Fund Netherlands B.V.	The Hague, the Netherlands	100%	100%
Nationale-Nederlanden Intervest XII B.V.	The Hague, the Netherlands	100%	100%
REI Spain B.V.	The Hague, the Netherlands	100%	100%

For each of the subsidiaries listed above, the voting rights held equal the proportion of ownership interest.

25 Taxation

NN Leven is part of the Dutch fiscal unity for corporate income tax and value added tax (VAT) of NN Group making it jointly and severally liable for the total tax payable by the fiscal unity. Income tax on the result for the year comprises current and deferred tax. Income tax is generally recognised in the profit and loss account, but is recognised directly in equity if the tax relates to items that are recognised directly in equity.

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

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

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses carried forward where it is probable that future taxable profits will be available against which the temporary differences can be used. Unrecognised deferred tax assets are reassessed periodically and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by NN Leven and it is probable that the difference will not reverse in the foreseeable future.

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

Income tax payable amounts to EUR -149 million (2023: EUR 70 million payable). The Dutch entities within NN Leven settle current tax payable with NN Group and the foreign entities settle the tax payable with the respective tax authorities. Reference is made to Note 17 'Other liabilities'.

Pillar Two Model Rules

NN Leven is subject to the requirements of the International Tax Reform – Pillar Two Model Rules and assessed the potential impact of the Pillar Two minimum taxation requirements. In 2024, there was no significant impact in any of the jurisdictions in which it operates and no impact on the NN Leven effective tax rate. NN Leven applied the temporary mandatory relief in IFRS for the potential deferred tax impact of Pillar Two top-up tax.

Deferred tax (2024)

	Net liability 2023	Changes through equity	Changes through net result	Changes in the composition of the group and other changes	Foreign currency exchange differences	Net liability 2024
Investments	-1,845	254	58			-1,533
Investments in real estate	942		47	-18		971
Insurance contracts	-172	-202	106			-268
Cash flow hedges	961	19				980
Fiscal reserves	26		-26			0
Unused tax losses carried forward	-25		5			-20
Other	75	-16	-59	2	1	3
Deferred tax	-38	55	131	-16	1	133
Presented in the balance sheet as						
Deferred tax liabilities	0					141
Deferred tax assets	38					8
Deferred tax	38					133

Notes to the Consolidated annual accounts continued

Deferred tax (2023)

	Net liability 2022	Changes through equity	Changes through net result	Changes in the composition of the group and other changes	Foreign currency exchange differences	Net liability 2023
Investments	-2,545	737	-34	-3		-1,845
Investments in real estate	1,084		-144	2		942
Insurance contracts	538	-760	93	-43		-172
Cash flow hedges	978	-17				961
Fiscal reserves	0		26			26
Unused tax losses carried forward	-21		-2	-2		-25
Other	30	-21	20	46		75
Deferred tax	64	-61	-41	0	0	-38
Presented in the balance sheet as						
Deferred tax liabilities	75					0
Deferred tax assets	11					38
Deferred tax	64					38

Deferred tax assets are recognised for temporary deductible differences, for tax losses carried forward and unused tax credits only to the extent that realisation of the related tax benefit is probable.

Taxation on result

	2024	2023
Current tax	-19	214
Deferred tax	131	-41
Taxation on result	112	173

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

	2024	2023
Result before tax	969	801
Weighted average statutory tax rate	25.80%	25.80%
Weighted average statutory tax amount	249	207
Participation exemption	-120	-45
Other income not subject to tax	-7	21
Expenses not deductible for tax purposes	-2	
Impact on deferred tax from change in tax rates		-4
Tax benefits for previously unrecognised amounts	4	2
Adjustments to prior periods	-12	-8
Effective tax amount	112	173
Effective tax rate	11.56%	21.56%

In 2024, the effective tax rate for continuing operations of 11.56% was lower than the weighted average statutory tax rate of 25.8%. This was mainly a result of tax-exempt results of associates and participations.

In 2023, the effective tax rate for continuing operations of 21.56% was lower than the weighted average statutory tax rate of 25.8%. This was mainly a result of tax-exempt results of associates and participations.

Taxation on components of other comprehensive income

	2024	2023
Finance result on (re) insurance contracts recognised in OCI	202	760
Revaluations on debt securities and loans at fair value through OCI	-273	-740
Revaluations on equity securities at fair value through OCI	21	3
Changes in cash flow hedge reserve	-19	17
Other	16	21
Income tax	-55	61

26 Fair value of financial assets and liabilities

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

Fair value of financial assets and liabilities

	Estimated fair value		Balance sheet value	
	2024	2023	2024	2023
Financial assets				
Cash and cash equivalents	2,620	3,920	2,620	3,920
Investments at fair value through other comprehensive income	73,611	75,349	73,611	75,349
Investments at cost	125	129	118	124
Investments at fair value through profit or loss	40,622	35,905	40,622	35,905
Derivatives	2,602	2,342	2,602	2,342
Financial assets	119,580	117,645	119,573	117,640
Financial liabilities				
Investment contracts for risk of company	719	733	744	800
Subordinated debt	1,147	1,083	1,100	1,100
Other borrowed funds	1,262	2,508	1,275	2,511
Derivatives	3,326	3,744	3,326	3,744
Financial liabilities	6,454	8,068	6,445	8,155

For the other financial assets and financial liabilities not included in the table above, including short-term receivables and payables, the carrying amount is a reasonable approximation of fair value.

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

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

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

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

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

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

Cash and cash equivalents

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

Derivatives

Derivative contracts can either be exchange-traded or over the counter (OTC). The fair value of exchange-traded derivatives is determined using quoted market prices in an active market and those derivatives are classified in Level 1 of the fair value hierarchy. For those instruments that are not actively traded, the fair value is estimated based on valuation techniques. OTC derivatives and derivatives trading in an inactive market are valued using valuation techniques because quoted market prices in an active market are not available for such instruments. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instruments. The principal techniques used to value these instruments are based on discounted cash flows, Black-Scholes option models and Monte Carlo simulation. These valuation models calculate the present value of expected future cash flows, based on 'no arbitrage' principles. These models are commonly used in the financial industry. Inputs to valuation models are determined from observable market data where possible. Certain inputs may not be observable in the market directly, but can be determined from observable prices via valuation model calibration procedures. The inputs used include prices available from exchanges, dealers, brokers or providers of pricing, yield curves, credit spreads, default rates, recovery rates, dividend rates, volatility of underlying interest rates, equity prices and foreign currency exchange rates. These inputs are determined with reference to quoted prices, recently executed trades, independent market quotes and consensus data, where available.

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

Equity securities

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

Debt securities

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

Loans

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

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

Loans with similar characteristics are aggregated for calculation purposes.

Subordinated debt

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

Other borrowed funds

The fair value of other borrowed funds is generally based on quoted market prices or, if not available, on estimated prices by discounting expected future cash flows using a current market interest rate and credit spreads applicable to the yield, credit quality and maturity.

Investment contracts

For investment contracts for risk of the company the fair value has been estimated using a discounted cash flow approach based on interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued. For investment contracts for risk of policyholders the fair value generally equals the fair value of the underlying assets.

Financial assets and liabilities at fair value

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

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

2024	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives	59	2,543		2,602
Investments at fair value through other comprehensive income	30,969	10,830	31,812	73,611
Investments at fair value through profit or loss	31,889	617	8,116	40,622
Financial assets	62,917	13,990	39,928	116,835
Financial liabilities				
Derivatives	1	3,302	23	3,326
Financial liabilities	1	3,302	23	3,326

Notes to the Consolidated annual accounts continued

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

2023	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives	1	2,341		2,342
Investments at fair value through other comprehensive income	28,403	12,505	34,441	75,349
Investments at fair value through profit or loss	28,044	473	7,388	35,905
Financial assets	56,448	15,319	41,829	113,596
Financial liabilities				
Derivatives	51	3,675	18	3,744
Financial liabilities	51	3,675	18	3,744

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

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

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

Level 1 – (Unadjusted) Quoted prices in active markets

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

Level 2 – Valuation technique supported by observable inputs

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

Level 3 – Valuation technique supported by unobservable inputs

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

Notes to the Consolidated annual accounts continued

Changes in Level 3 financial assets (2024)

2024	Investments at fair value through other comprehensive income	Investments at fair value through profit or loss	Total
Level 3 Financial assets – opening balance	34,441	7,388	41,829
Amounts recognised in the profit and loss account	-530	144	-386
Revaluations recognised in other comprehensive income (equity)	1,545		1,545
Purchase	1,694	1,079	2,773
Sale	-101	-534	-635
Maturity/settlement	-4,959	-21	-4,980
Transfers out of Level 3	-311		-311
Transfers into Level 3	16		16
Foreign currency exchange differences	17	60	77
Level 3 Financial assets – closing balance	31,812	8,116	39,928

Changes in Level 3 financial assets (2023)

2023	Investments at fair value through other comprehensive income	Investments at fair value through profit or loss	Total
Level 3 Financial assets – opening balance	35,795	5,509	41,304
Amounts recognised in the profit and loss account	-83	41	-42
Revaluations recognised in other comprehensive income (equity)	775		775
Purchase	397	883	1,280
Sale	-182	-728	-910
Maturity/settlement	-2,259	-7	-2,266
Other transfers and reclassifications		1,286	1,286
Foreign currency exchange differences	1	4	5
Level 3 Financial assets – closing balance	34,441	7,388	41,829

Changes in Level 3 financial liabilities

	2024	2023
Level 3 Financial liabilities – opening balance	18	18
Amounts recognised in the profit and loss account	5	
Level 3 Financial liabilities – closing balance	23	18

Level 3 – Amounts recognised in the profit and loss account during the year (2024)

2024	Held at balance sheet date	Derecognised during the period	Total
Financial assets			
Investments at fair value through other comprehensive income	-65	-465	-530
Investments at fair value through profit or loss	144	1	145
Financial assets	79	-466	-385
Financial liabilities			
Derivatives	5		5
Financial liabilities	5	0	5

Level 3 – Amounts recognised in the profit and loss account during the year (2023)

2023	Held at balance sheet date	Derecognised during the period	Total
Financial assets			
Investments at fair value through other comprehensive income	-95	12	-83
Investments at fair value through profit or loss	45	-3	42
Financial assets	-50	9	-41
Financial liabilities			
Derivatives			0
Financial liabilities	0	0	0

Notes to the Consolidated annual accounts continued

Level 3 Financial assets at fair value
Financial assets measured at fair value in the balance sheet as at 31 December 2024 of EUR 116,835 million (2023: EUR 113,596 million) include an amount of EUR 39,928 million (34,2%) that is classified as Level 3 (2023: EUR 41,829 million (36,8%)). Changes in Level 3 are disclosed above in the table 'Level 3 Financial assets'.

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

Unrealised gains and losses that relate to 'Level 3 Financial assets' are included in the profit and loss account as follows:
- Those relating to Investments for risk of policyholders and other investments at fair value through profit or loss are included in 'Gains (losses) on Investments at fair value through profit or loss'
- Those relating to derivatives are included in 'Result on derivatives and hedging'

Investments for risk of policyholders
Investments for risk of policyholders classified as 'Level 3 Financial assets' amounted EUR 2,279 million as at 31 December 2024 (2023: EUR 2,284 million). Net result is unaffected when reasonable possible alternative assumptions would have been used in measuring these investments.

Derivatives
Derivatives classified as 'Level 3 Financial assets' are mainly used to hedge the fair value risk of the mortgage loan portfolio. These derivatives classified as Level 3 amounted nil as at 31 December 2024 (2023: nil).

Fair value through other comprehensive income
The investments at fair value through other comprehensive income classified as 'Level 3 Financial assets' amounted EUR 31,812 million as at 31 December 2024 (2023: EUR 34,441 million) mainly consists of investments in debt instruments and shares in real estate investment funds and private equity investment funds of which the fair value is determined using (unadjusted) quoted prices in inactive markets for the instruments or quoted prices obtained from the asset managers of the funds. It is estimated that a 10% change in valuation of these investments would have no significant impact on net result but would increase or reduce shareholder's equity by EUR 3,181 million (2023: EUR 3,444 million), being approximately 21.44% (before tax) (2023: 23.10% (before tax)), of total equity.

Level 3 Financial liabilities at fair value
Derivatives
The total amount of financial liabilities classified as Level 3 at 31 December 2024 of EUR 23 million (2023: EUR 18 million) relates to derivative positions.

The EUR 23 million relates to longevity hedges closed by NN Leven. It is estimated that a 5% increase in mortality assumptions for these longevity hedges reduces result and equity before tax by EUR 4 million (2023: EUR 5 million) and a 5% decrease in mortality assumptions increases result and equity before tax by EUR 10 million (2023: EUR 7 million).

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

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

2024	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	2,620			2,620
Financial assets	2,620			2,620
Financial liabilities				
Subordinated debt		1,147		1,147
Other borrowed funds		1,261	1	1,262
Investment contracts for risk of company			719	719
Financial liabilities		2,408	720	3,128

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

2023	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	3,920			3,920
Financial assets	3,920			3,920
Financial liabilities				
Subordinated debt		1,083		1,083
Other borrowed funds		2,507	1	2,508
Investment contracts for risk of company			733	733
Financial liabilities		3,590	734	4,324

27 Fair value of non-financial assets

The following table presents the estimated fair value of NN Leven's non-financial assets that are measured at fair value in the balance sheet. Reference is made to Note 6 'Investments in real estate' and Note 8 'Property and equipment' for the accounting policies, methods and assumptions used by NN Leven to estimate the fair value of the non-financial assets.

Fair value of non-financial assets

	Estimated fair value		Balance sheet value	
	2024	2023	2024	2023
Investments in real estate	2,512	2,620	2,512	2,620
Property in own use	26	26	26	26
Fair value of non-financial assets	2,538	2,646	2,538	2,646

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

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

2024	Level 1	Level 2	Level 3	Total
Investments in real estate			2,512	2,512
Property in own use			26	26
Non-financial assets	0	0	2,538	2,538

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

2023	Level 1	Level 2	Level 3	Total
Investments in real estate			2,620	2,620
Property in own use			26	26
Non-financial assets	0	0	2,646	2,646

Changes in Level 3 non-financial assets (2024)

2024	Real estate investments	Property in own use	Level 3 Amounts recognised in the profit and loss account during the year on non-financial assets
Level 3 non-financial assets – opening balance	2,620	26	2,646
Amounts recognised in the profit and loss account during the year	-13		-13
Purchase	114		114
Sale	-206		-206
Changes in composition of the group and other changes	-3		-3
Level 3 non-financial assets – closing balance	2,512	26	2,538

Notes to the Consolidated annual accounts continued

Changes in Level 3 Non-financial assets (2023)

2023	Real estate investments	Property in own use	Level 3 Amounts recognised in the profit and loss account during the year on non-financial assets
Level 3 non-financial assets – opening balance	2,754	28	2,782
Amounts recognised in the profit and loss account during the year	-275	-1	-276
Purchase	193		193
Sale	-50		-50
Changes in composition of the group and other changes	-2		-2
Level 3 non-financial assets – closing balance	2,620	26	2,646

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

2024	Held at balance sheet date	Derecognised during the year	Total
Investments in real estate	-12	-2	-14
Property in own use			
Level 3 Amounts recognised in the profit and loss account during the year on non-financial assets	-12	-2	-14

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

2023	Held at balance sheet date	Derecognised during the year	Total
Investments in real estate	-274	-1	-275
Property in own use	-1		-1
Level 3 Amounts recognised in the profit and loss account during the year on non-financial assets	-275	-1	-276

Real estate investments and Property in own use

Key assumptions

Key assumptions in the valuation of real estate include the estimated current rental value per square metre, the estimated future rental value per square metre (ERV), the net initial yield and the vacancy rate. These assumptions were in the following ranges:

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Significant assumptions

		Fair value	Valuation technique	Current rent/m2	ERV/m2	Net initial yield %	Vacancy % - lower bound	Average lease term in years
The Netherlands								
	Retail	10	DCF	123	158	8.1	33.87	8.3
	Industrial	213	DCF	58 - 209	81-210	3,62-5,09	0	10.6
	Office	137	DCF	386-403	433-435	4,57-4,79	1.25	5.5
	Residential	120	DCF	246-316	269-329	3,45-4,42	4,98-6,11	8.3
	Residential	4	Residual Value	n/a	n/a	n/a	n/a	n/a
	Ground positions	3	Residual approach	n/a	n/a	n/a	n/a	n/a
	IPUC	192	Residual approach	n/a	n/a	n/a	n/a	n/a
Germany								
	Retail	155	DCF	21-30	19-26	5,69-6,84	8.1	3.9
	Industrial	249	DCF	52 - 108	64-108	4.38 - 4.90	2.1	5.0
France								
	Industrial	242	DCF	0-77	60-74	0-5,8	0.0	4.3
	Residential	212	DCF	241-368	245-361	4,28-5,1	1.6	7.8
Spain								
	Retail	253	DCF	216-275	204-266	6,37-8,62	5.3	4.1
Italy								
	Retail	219	DCF	125-534	150-735	2,02-6,99	1.1	4.1
	Industrial	32	DCF	57.1	64.4	5.6	0.0	6.0
Belgium								
	Retail	90	DCF	185-318	167-309	5,03-7,38	2.7	3.2
	Office	7	DCF	236.4	194.4	7.1	27.6	0.7
	Residential	24	DCF	190.9	192.9	4.4	0.0	24.4
Denmark								
	Industrial	72	DCF	177-183	175-187	5,69 - 6,69	0.0	8.6
	Residential	124	DCF	300.6	328.7	4.0	0.0	0.0
Poland								
	Retail	83	DCF	171.1	177.1	9.0	3.4	2.8
Real estate under construction and other		71						
Total Real estate		2,512						

Sensitivities

Significant increases (decreases) in the estimated rental value and rent growth in isolation would result in a significantly higher (lower) fair value of the real estate investments. Significant increases (decreases) in the long-term vacancy rate and discount rate in isolation would result in a significantly lower (higher) fair value of the real estate investments.

During 2024 and 2023, the number of transactions in relevant real estate markets has decreased, resulting in larger uncertainties around the inputs to the valuations and, therefore, increased uncertainty in the fair value of real estate investments.

28 Hedge accounting

Hedge accounting

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

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

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

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

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

In 2017, NN Leven entered into a longevity hedge, based on a general index of Dutch mortality. The maximum pay-out of the hedge amounts to EUR 100 million, payable after twenty years. The hedge is financed by annual premium payments to the counterparty. The longevity hedge is accounted for as derivative. The hedge reduces the impact of longevity trend scenarios implying more improvement in life expectancy. The purpose of the hedge is to reduce the longevity risk.

Cash flow hedge accounting

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

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income (equity) in 'Cash flow hedge reserve'. Interest income and expenses on these derivatives are recognised in the profit and loss account consistent with the manner in which the forecast cash flows affect Net result. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account. Amounts accumulated in equity are recycled to the profit and loss account in the periods in which the hedged item affects Net result. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss previously reported in equity is transferred immediately to the profit and loss account.

For the year ended 31 December 2024, NN Leven recognised EUR 34 million (2023: EUR -73 million) in equity as effective fair value changes on derivatives under cash flow hedge accounting. The balance of the cash flow hedge reserve in equity as at 31 December 2024 is EUR 3,848 million (2023: EUR 3,833 million) gross and EUR 2,856 million (2023: EUR 2,819 million) after deferred tax. This cash flow hedge reserve will fluctuate with the fair value of the underlying derivatives and will be reflected in the profit and loss account under Interest income/expenses over the remaining term of the underlying hedged items. The cash flow hedge reserve relates to a large number of derivatives and hedged items with varying maturities up to 48 years with the largest concentrations in the range 1 year to 13 years. Accounting ineffectiveness on derivatives designated under cash flow hedge accounting resulted in EUR 1 million gain (2023: EUR 3 million gain) which was recognised in the profit and loss account.

As at 31 December 2024, the fair value of outstanding derivatives designated under cash flow hedge accounting was EUR -831 million (2023: EUR -1,487 million), presented in the balance sheet as EUR 609 million (2023: EUR 193 million) positive fair value under assets and EUR 1,440 million (2023: EUR 1,680 million) negative fair value under liabilities.

As at 31 December 2024 and 2023, there were no non-derivatives designated as hedging instruments for cash flow hedge accounting purposes. Included in 'Interest income and Interest expenses on non-trading derivatives' is EUR 127 million (2023: EUR 117 million) and EUR 178 million (2023: EUR 163 million), respectively, relating to derivatives used in cash flow hedges.

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29 Assets by contractual maturity

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

Assets by contractual maturity (2024)

2024	Less than 1 month1	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity not applicable	Adjustment	Total
Cash and cash equivalents	2,620							2,620
Investments at fair value through other comprehensive income	640	737	2,127	9,995	57,320	2,792		73,611
Investments at cost					118			118
Investments at fair value through profit or loss2	72			40		40,510		40,622
Investments in real estate						2,512		2,512
Investments in associates and joint ventures						6,881		6,881
Derivatives		76	37	68	2,421			2,602
Insurance contracts	3	7	26	75	35		-37	109
Reinsurance contracts	-1	20	-7	-47	-94		226	97
Intangible assets			1					1
Property and equipment						52		52
Deferred tax assets						8		8
Other assets	2,721	404	708	19	1	8		3,861
Total assets	6,055	1,244	2,892	10,150	59,801	52,763	189	133,094

1 Includes assets on demand.

2 Includes investments for risk of policyholders. Although individual investments for risk of policyholders may (or may not) have a maturity depending on their nature, this does not impact the liquidity position of NN Leven.

Assets by contractual maturity (2023)

2023	Less than 1 month1	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity not applicable	Adjustment	Total
Cash and cash equivalents	3,920							3,920
Investments at fair value through other comprehensive income	793	936	2,655	10,107	57,409	3,449		75,349
Investments at cost					124			124
Investments at fair value through profit or loss2	61		25	27	27	35,765		35,905
Investments in real estate						2,620		2,620
Investments in associates and joint ventures						6,079		6,079
Derivatives		1		236	2,105			2,342
Insurance contracts	3	5	21	61	28		-28	89
Reinsurance contracts	13	-7	37	155	134		-304	29
Intangible assets			1	2				3
Property and equipment						57		57
Deferred tax assets	20	8	44	140	803	-977		38
Other assets	3,501	362	739	22	5	13		4,643
Total assets	8,310	1,305	3,522	10,751	60,635	47,005	-332	131,196

1 Includes assets on demand.

2 Includes investments for risk of policyholders. Although individual investments for risk of policyholders may (or may not) have a maturity depending on their nature, this does not impact the liquidity position of NN Leven.

30 Liabilities by maturity

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

Non-financial liabilities, including investment contracts, but excluding insurance contracts, are included based on a breakdown of the (discounted) balance sheet amounts by expected maturity. Reference is made to the Liquidity Risk paragraph in Note 41 'Risk management' for a description on how liquidity risk is managed.

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Liabilities by maturity (2024)

	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity not applicable	Adjustment1	Total
Insurance contracts	533	1,203	6,530	29,090	132,076		-60,373	109,059
Investment contracts			52	195	497			744
Reinsurance contracts				2	109		-5	106
Subordinated debt2				500	600			1,100
Other borrowed funds	556	705		14				1,275
Derivatives	-4	-11	83	509	3,753		-1,004	3,326
Deferred tax liabilities	-15	-8	7	-6	-839	1,129	-127	141
Other liabilities	1,673	-13	143	496	82	14		2,395
Total liabilities	2,743	1,876	6,815	30,800	136,278	1,143	-61,509	118,146
Coupon interest due on financial liabilities	6	10						16

1 This column reconciles the contractual undiscounted cash flow on financial liabilities to the balance sheet values. The adjustments mainly relate to valuation differences, the impact of discounting and, for derivatives, to the fact that the contractual cash flows are presented on a gross basis (unless the cash flows are actually settled net).
2 Subordinated debt maturities are presented based on the first call date. For the legal date of maturity reference is made to Note 14 'Subordinated debt'.

Liabilities by maturity (2023)

	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity not applicable	Adjustment1	Total
Insurance contracts	664	2,031	4,917	29,226	117,776		-49,359	105,255
Investment contracts		26	30	195	549			800
Reinsurance contracts					111		14	125
Subordinated debt2				500	600			1,100
Other borrowed funds	803	801	907					2,511
Derivatives	12	91	174	1,094	8,869		-6,496	3,744
Deferred tax liabilities								0
Other liabilities	1,485	578	172	453	35	27		2,749
Total liabilities	2,964	3,527	6,199	31,468	127,940	27	-55,840	116,284
Coupon interest due on financial liabilities	15	11	17					43

1 This column reconciles the contractual undiscounted cash flow on financial liabilities to the balance sheet values. The adjustments mainly relate to the impact of discounting and, for derivatives, to the fact that the contractual cash flows are presented on a gross basis (unless the cash flows are actually settled net).
2 Subordinated debt maturities are presented based on the first call date. For the legal date of maturity reference is made to Note 14 'Subordinated debt'.

Expected maturity of insurance contracts (2024)

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

2024	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total General Model and Variable Fee Approach	Total insurance assets	Total insurance liabilities
Less than 1 month	508	3	19	530	3	533
1-3 months	1,154	4	38	1,196	7	1,203
3-12 months	6,299	34	171	6,504	26	6,530
1-2 years	8,365	45	216	8,626	28	8,654
2-3 years	6,744	36	200	6,980	21	7,001
3-4 years	7,259	39	186	7,484	15	7,499
4-5 years	5,720	31	174	5,925	11	5,936
5-9 years	18,918	101	605	19,624	29	19,653
Over 9 years	109,002	560	2,855	112,417	6	112,423
Adjustments1	-60,027	-309		-60,336	-37	-60,373
Total	103,942	544	4,464	108,950	109	109,059

1 The adjustments reconciles the contractual undiscounted cash flow on insurance contracts to the balance sheet values. The adjustments mainly relate to the impact of discounting.

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Expected maturity of insurance contracts (2023)

2023	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total General Model and Variable Fee Approach	Total insurance assets	Total insurance liabilities
Less than 1 month	622	6	39	667	3	664
1-3 months	1,986	11	39	2,036	5	2,031
3-12 months	4,714	51	173	4,938	21	4,917
1-2 years	7,984	72	219	8,275	22	8,253
2-3 years	7,631	71	207	7,909	17	7,892
3-4 years	6,634	69	195	6,898	13	6,885
4-5 years	5,952	67	186	6,205	9	6,195
5-9 years	21,282	244	654	22,180	23	22,158
Over 9 years	93,079	588	1,956	95,623	5	95,619
Adjustments1	-49,180	-207		-49,387	-28	-49,359
Total	100,703	973	3,668	105,344	89	105,255

1 The adjustments reconciles the contractual undiscounted cash flow on insurance contracts to the balance sheet values. The adjustments mainly relate to the impact of discounting.

31 Assets not freely disposable

There are no assets that are not freely disposable (2023: nil).

Assets relating to securities lending are disclosed in Note 32 'Transferred, but not derecognised financial assets'.

32 Transferred, but not derecognised financial assets

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

Transfer of financial assets not qualifying for derecognition

	2024	2023
Transferred assets at carrying value		
Investments at fair value through other comprehensive income	7,622	7,845

The table above does not include assets transferred to consolidated securitisation entities, as these related assets are not transferred from a consolidated perspective. Reference is made to Note 37 'Structured entities'.

33 Offsetting of financial assets and liabilities

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

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

Notes to the Consolidated annual accounts continued

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

Balance sheet line item	Financial instrument	Gross financial assets	Gross financial liabilities offset in the balance sheet	Net financial assets in the balance sheet	Related amounts not offset in the balance sheet: Financial instruments	Related amounts not offset in the balance sheet: Cash and financial instruments collateral	Net amount
Non-trading derivatives	Derivatives	2,602		2,602	-1,575	-990	37
Financial assets at fair value through profit or loss		2,602		2,602	-1,575	-990	37
Other items where offsetting is applied in the balance sheet		430		430	-332	-94	4
Total financial assets		3,032		3,032	-1,907	-1,084	41

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

Balance sheet line item	Financial instrument	Gross financial assets	Net amount	Net financial assets in the balance sheet	Related amounts not offset in the balance sheet: Financial instruments	Related amounts not offset in the balance sheet: Cash and financial instruments collateral	Net amount
Non-trading derivatives	Derivatives	2,334		2,334	-1,509	-825	1
Financial assets at fair value through profit or loss		2,335		2,335	-1,509	-825	1
Other items where offsetting is applied in the balance sheet		395		395	-338	-57	
Total financial assets		2,729		2,729	-1,847	-881	1

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

Balance sheet line item	Financial instrument	Gross financial liabilities	Gross financial assets offset in the balance sheet	Net financial liabilities in the balance sheet	Related amounts not offset in the balance sheet: Financial instruments	Related amounts not offset in the balance sheet: Cash and financial instruments collateral	Net amount
Non-trading derivatives	Derivatives	3,172		3,172	-1,575	-1,597	
Financial liabilities at fair value through profit or loss		3,172		3,172	-1,575	-1,597	
Other items where offsetting is applied in the balance sheet		1,605		1,605	-332	-1,271	1
Total financial liabilities		4,777		4,777	-1,907	-2,867	1

Notes to the Consolidated annual accounts continued

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

					Related amounts not offset in the balance sheet		
Balance sheet line item	Financial instrument	Gross financial liabilities	Gross financial assets offset in the balance sheet	Net financial liabilities in the balance sheet	Financial instruments	Cash and financial instruments collateral	Net amount
Non-trading derivatives	Derivatives	3,598		3,598	-1,509	-2,027	61
Financial liabilities at fair value through profit or loss		3,597		3,597	-1,509	-2,027	61
Other items where offsetting is applied in the balance sheet		2,874		2,874	-338	-2,506	30
Total financial liabilities		6,472		6,472	-1,847	-4,533	92

34 Contingent liabilities and commitments

In the normal course of business (excluding investment commitments) NN Leven is party to activities whose risks are not reflected in whole or in part in the Consolidated annual accounts. In response to the needs of its customers, NN Leven offers financial products related to loans. These products include traditional off-balance sheet credit-related financial instruments.

Contingent liabilities and commitments (2024)

	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity not applicable	Total
Commitments	87	114	337	45			583
Contingent liabilities and commitments	87	114	337	45	0	0	583

Contingent liabilities and commitments (2023)

	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Maturity not applicable	Total
Commitments	103	127	385	88			703
Contingent liabilities and commitments	103	127	385	88	0	0	703

Additionally, NN Leven has committed amounts to investments of EUR 5,628 million (2023: 4,208 million) where it is uncertain when those amounts will be invested.

Tax liabilities

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

35 Legal proceedings

General

NN Leven is involved in litigation and other binding proceedings in the Netherlands involving claims by and against NN Leven which arise in the ordinary course of its business, including in connection with its activities as insurer, investor and its position as employer and taxpayer. In certain of such proceedings, very large or indeterminate amounts are sought. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened legal and regulatory proceedings, NN Leven believes that some of the proceedings set out below may have, or have in the recent past had, a significant effect on the financial condition, profitability or reputation of NN Leven.

Unit-linked products in the Netherlands

Since the end of 2006, unit-linked products (commonly referred to in Dutch as 'beleggingsverzekeringen') have received negative attention in the Dutch media, from the Dutch Parliament, the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten) and consumer interest groups. Costs of unit-linked products sold in the past are perceived as too high and Dutch insurers are in general being accused of being less transparent in their offering of such unit-linked products.

In 2013 Woekerpolis.nl and in 2017 Consumentenbond and Wakkerpolis, all associations representing the interests of policyholders of NN Leven, individually initiated so-called 'collective proceedings' against NN Leven. These claims have been rejected by NN Leven and NN Leven defends itself in these legal proceedings.

On 9 January 2024, NN Leven announced a settlement with interest groups ConsumentenClaim, Woekerpolis.nl, Woekerpolisproces, Wakkerpolis and Consumentenbond regarding unit-linked products sold in the Netherlands by NN Leven, including Delta Lloyd and AAL. The settlement relates to all unit-linked products of policyholders affiliated with the aforementioned interest groups and is subject to a 90% acceptance rate of affiliated policyholders that have received an individual proposal for compensation. As part of the settlement, all pending proceedings with respect to unit-linked products initiated by these interest groups against NN Leven will be discontinued once the settlement is executed, which is currently anticipated before end 2025. The settlement also includes that no new legal proceedings may be initiated by the aforementioned interest groups or their affiliated persons/parties. To cover the settlement costs, a provision of approximately EUR 360 million was recognised in the fourth quarter of 2023. This includes EUR 60 million for hardship cases, and customers unaffiliated with one of the aforementioned interest groups that have not previously received compensation.

36 Companies acquired and legal mergers

There have been no acquisitions or mergers during 2024.

Legal Merger in 2023

On 1 April 2023, the legal merger between NN Leven and AAL became effective. The main reasons for the merger are to be able to operate as one life insurer on the Dutch market and realise synergies.

This merger was between companies with the same parent ('under common control'). IFRS 3 Business combinations is not applicable for common control transactions. As a result of this merger, AAL ceased to exist as a separate entity and NN Leven acquired all assets and liabilities of AAL under universal title of succession as at 1 April 2023.

The comparative figures in the 2023 Parent annual accounts of NN Leven were adjusted to reflect the merger with AAL, using the carrying amounts of the assets and liabilities as included in the 2022 NN Leven consolidated annual accounts.

37 Structured entities

NN Leven's activities involve transactions with structured entities in the normal course of business. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed through contractual arrangements. NN Leven's involvement in these entities varies and includes both debt financing and equity financing of these entities as well as other relationships. Based on its accounting policies, as disclosed in Note 1 'Accounting policies', NN Leven establishes whether these involvements result in no significant influence, significant influence, joint control or control over the structured entity.

The structured entities over which NN Leven can exercise control are consolidated. NN Leven may provide support to these consolidated structured entities as and when appropriate, however this is fully reflected in the Consolidated annual accounts of NN Leven as all assets and liabilities of these entities are included in the Consolidated balance sheet and off-balance sheet commitments are disclosed.

NN Leven's activities involving structured entities are explained below in the following categories:

- Consolidated NN Leven originated liquidity management securitisation and covered bond programmes
- Investments – NN Leven managed investment funds
- Investments – Third-party managed structured entities

Consolidated NN Leven originated liquidity management securitisation and covered bond programmes

Mortgage loans issued are partly funded by issuing residential mortgage-backed instruments under NN Leven's Dutch residential mortgage-backed instruments programmes (Hypenn and Arena) and covered bonds. The mortgage loans transferred to these securitisation vehicles continue to be recognised in the balance sheet of NN Leven.

Loans securitised

The investments in loan instruments of structured entities relate mainly to loans secured by mortgages that are not originated or managed by NN Leven for an amount of EUR 4,478 million (2023: 7,014 million).

NN Leven managed investment funds

NN Leven originates investment funds. NN Leven may hold investments in these funds for its own account through the general account investment portfolio of the insurance operations. Other investments in these funds may be held for the risk of policyholders or by third parties. For the majority of these funds, NN Leven also acts as the fund manager. NN Leven considers both NN Leven's financial interests for own risk and its role as asset manager to establish whether control exists and whether the fund is consolidated. In general, NN Leven maintains a minority interest in these funds and NN Leven receives a fixed fee over assets under management, at arm's length basis, for its asset management activities. These funds are generally not consolidated by NN Leven. Financial interests for risk of policyholders are not taken into account when the policyholders decide on the investment allocations of their insurance policies (i.e. the policyholder has the 'power') and assume all risks and benefits on these investments (i.e. the policyholder assumes the variable returns).

Reference is made to Note 3 ' Investments at fair value through other comprehensive income' in which investments in equity instruments are specified by NN Leven managed investment funds and Third-party managed investment funds. The maximum exposure to loss for NN Leven is equal to the reported carrying value of the investment recognised in the balance sheet of NN Leven.

Third-party managed structured entities

As part of its investment activities, NN Leven invests both in debt and equity instruments of structured entities originated by third parties.

Most of the investments in debt instruments of structured entities relate to asset-backed instruments (ABS), classified as Investments at fair value through other comprehensive income. Reference is made to Note 3 'Investments at fair value through other comprehensive income' where the ABS portfolio is disclosed.

The majority of the investments in equity instruments of structured entities relate to interests in investment funds that are not originated or managed by NN Leven. Reference is made to Note 5 'Investments at fair value through profit or loss' in which these investments are reported in the line debt instruments for risk of company.

NN Leven has significant influence for some of its real estate investment funds as disclosed in Note 6 'Investments in real estate'.

The maximum exposure to loss for NN Leven is equal to the reported carrying value of the investment recognised in the balance sheet of NN Leven.

38 Related parties

In the normal course of business, NN Leven enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Transactions between related parties have taken place on an arm's length basis, and include rendering and receiving of services, leases, transfers under finance arrangements and provisions of guarantees or collateral. There are no significant provisions for doubtful debts or individually significant bad debt expenses recognised on outstanding balances with related parties.

NN Leven conducts transactions with its parent company and its subsidiaries. NN Leven is part of NN Group. The following categories of transactions are conducted under market-compliant conditions with related parties belonging to NN Group:

- Reinsurance activities through NN Re
- NN Personeel: reference is made to Note 23 'Non-attributable operating expenses'.
- Transactions with NN Group concerning the payment of taxes as NN Group heads the fiscal unity. Reference is made to Note 34 'Contingent liabilities and commitments'.
- Transactions relating to the remuneration of board members. Reference is made to Note 39 'Key management personnel compensation'.
- An overview of the internal borrowing facilities is disclosed under Note 42 'Capital and liquidity management'
- Transactions relating the sale of the mortgage portfolios of EUR 2,7 million from NN Leven to Nationale-Nederlanden Bank N.V.
- There are derivatives transactions conducted via Nationale-Nederlanden Interfinance B.V. (NNIF). The unrealised revaluations of derivatives recognised in the result of NN Leven for the 2024 financial year amount to EUR 230 million (2023: EUR -310 million).

Reinsurance activities through NN Re

The results of the insurance activities of NN Leven's Czech branch are fully reinsured through NN Re.

Given that the Czech branch reported a positive result of EUR 14 million (2023: EUR 18,3 million), an expense of EUR -15 million (2023: EUR -17,9 million) under the reinsurance contract is recognised in the result of NN Leven. The difference of EUR 1 million (2023: EUR 0,4 million) relates to difference in accounting policies.

The outstanding liability contains EUR 141 million (2023: EUR 141 million) and total reinsurance contracts amounts to EUR 107 million (2023: 125 million). Both positions relate to the intercompany position with NN Re related to reinsurance operations.

Income and expenses from NN Leven recharged to NN Group companies

	Parent companies		Other group companies			Total
	2024	2023	2024	2023	2024	2023
Expenses			43	28	43	28
Investment income	20	37	144	644	164	681
Income and expenses from NN Leven recharged to NN Group companies	20	37	187	672	207	709

Notes to the Consolidated annual accounts continued

Income and expenses from NN Group companies recharged to NN Leven

	Parent companies		Other group companies			Total
	2024	2023	2024	2023	2024	2023
Expenses	62	122	391	339	453	461
Investment income			275	47	275	47
Income and expenses from NN Group companies recharged to NN Leven	62	122	666	386	728	508

Financial assets and liabilities with related parties

	Parent companies		Other group companies			Total
	2024	2023	2024	2023	2024	2023
Financial assets						
Investments at cost			117	123	117	123
Reinsurance contracts				2		2
Derivatives			586	667	586	667
Other assets	581	879	427	325	1,008	1,204
Financial assets	581	879	1,130	1,117	1,711	1,996
Financial liabilities						
Reinsurance contracts			107	127	107	127
Subordinated debt	1,100	1,100			1,100	1,100
Other borrowed funds			14	3	14	3
Derivatives			713	774	713	774
Other liabilities	9	61	472	469	481	531
Financial liabilities	1,109	1,161	1,306	1,374	2,415	2,535

Transactions with post-employment benefit plans

Entities administering or executing post-employment benefit plans of the employees of NN Leven are considered to be related parties of NN Leven. This relates to CDC pension fund and BeFrank. For more information on the post-employment benefit plans, reference is made to Note 23 'Non-attributable operating expenses'.

39 Key management personnel compensation

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

Management Board[1]

Amounts in thousands of euros	2024	2023[2]
Fixed compensation		
– base salary	1,956	1,774
- individual saving allowance[3]	327	314
– pension costs[3]	113	126
Variable compensation		
– upfront cash	76	74
– upfront shares	76	74
– deferred cash	93	90
– deferred shares	93	90
Other benefits	244	235
Fixed and variable compensation	2,978	2,777

1 Reference is made to Composition of the Boards during 2024 on page 3.
2 The Management Board was responsible for both NN Leven and AAL until the merger was formalised on 1 April 2023.
3 The pension costs consist of an amount of employer contribution (EUR 113 thousand) and an individual savings allowance (EUR 327 thousand, which is 23.3% of the amount of base salary above EUR 137,800 thousand).

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

The NN Leven Supervisory Board members do not receive any compensation for their activities, except for one Supervisory Board member who is not an employee of NN Group. The remuneration of EUR 25 thousand (2023: EUR 25 thousand) is recognised in the profit and loss account in 'Operating expenses'.

Notes to the Consolidated annual accounts continued

Some Supervisory Board members hold remunerated (Board) positions within NN Group, but not within NN Leven. Their remuneration is part of the allocation of headquarter expenses, and they do not receive any (additional) allowances for their role as Supervisory Board members. NN Leven does not provide the Supervisory Board with a pension arrangement, termination arrangements (including termination of retirement benefits) or variable remuneration in cash or in shares.

The total remuneration of EUR 2,978 thousand (2023: EUR 2,777 thousand), as disclosed in the table above, includes all variable remuneration related to the performance year 2024. Under IFRS-EU, certain components of variable remuneration are not recognised in the profit and loss account directly, but are allocated over the vesting period of the award. The comparable amount recognised in 'Staff expenses' in 2024 and therefore included in 'Total expenses' in 2024, relating to the fixed expenses of 2024 and the vesting of variable remuneration of earlier performance years, is EUR 2,965 thousand (2023: EUR 2,799 thousand).

With respect to performance year 2024, the total number of staff eligible for discretionary variable remuneration is 13 (2023: 13). The total approved variable remuneration budget is EUR 0.5 million (2023: EUR 0.6 million), which will be paid in March or April 2025. In 2024, 1 person (2023: 1) received a total remuneration of more than EUR 1 million. For this calculation, the individual base salary, awarded variable remuneration and, where applicable, individual saving allowances and pension contributions were included.

Remuneration policy

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

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

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

Loans and advances to members of the Management Board

Amounts in thousands of euros	Amount outstanding 31 December 2024	2023	Average interest rate 2024	2023	Repayments 2024	2023
Management Board members	223	223	1.9%	1.9%		
Loans and advances to key management personnel	223	223	1.9%	1.9%	0	0

As at 31 December 2024, the total amount of loans outstanding by NN Group regulated entities to the Management Board members was EUR 223 thousand (2023: EUR 223 thousand). The loans and advances provided to members of the Management consist of mortgage loans. The total amount of redemptions of these mortgage loans during 2024 was EUR 0 thousand (2023: EUR 0 thousand).

40 Subsequent and other events

Dividend distribution

In March 2025, NN Leven made a dividend distribution of EUR 245 million from the Other reserves to its shareholder NN Nederland. The solvency ratio per year end 2024 has not been adjusted for this dividend payment.

41 Risk management

Solvency II ratio of NN Leven

The following table shows the NN Leven Solvency II ratio as at 31 December 2024 and 31 December 2023 respectively.

	2024	2023
Eligible Own Funds (EOF)	9,126	10,205
Solvency Capital Requirement (SCR)	4,872	5,198
Solvency II ratio (EOF/SCR)	187%	196%

The Solvency Capital Requirement is based on the Partial Internal Model. This comprises Internal Model calculation for all risks except for Operational risk. SCR for Operational risk is calculated using the Standard Formula. The decrease of the Solvency ratio over 2024 mainly reflects the negative impact of higher AAA and AA sovereign spreads and model refinements including regulatory updates to the UFR and VOLA.

Solvency Capital Requirement

The following table shows the NN Leven Solvency Capital Requirement (SCR) as at 31 December 2024 and 31 December 2023 respectively.

Solvency Capital Requirement

	2024	2023
Market Risk	5,108	5,237
Counterparty Default Risk	25	31
Non-market risk	2,593	2,652
Total BSCR (before diversification)	7,726	7,920
Diversification	-1,887	-1,832
Total BSCR (after diversification)	5,839	6,088
Operational Risk	387	382
Capital adjustment	17	137
Loss-Absorbing Capacity of Technical Provisions	-25	-15
Loss-Absorbing Capacity of Deferred Taxes	-1,346	-1,395
Solvency II SCR	4,872	5,198

The breakdown of specific SCR risk types and explanations for the most significant changes in the risk profile over the year 2024 are presented in the next sections. The overall market risk SCR decreased from EUR 5,237 in 2023 to EUR 5,108 million in 2024; this change can be attributed to lower equity- and real estate risk, more market risk diversification benefit, and partly offset by higher credit spread risk. The non-market risk SCR decreased from EUR 2,652 million in 2023 to EUR 2,593 million in 2024, caused largely by model refinements and a reinsurance transaction executed at year-end 2024. These changes are partly offset by the increase in non-market SCR due to the decrease in interest rates. The loss absorbing capacity of deferred taxes (LAC DT) recognized as a percentage of gross SCR has increased from 21.2% to 21.6%. LAC DT has decreased in absolute value because of a lower gross SCR.

Main types of risks

In the next sections the main risks associated with NN Leven's business are discussed. Each risk type is analysed through the risk profile, risk mitigation and risk measurement. For market and non-market risks more detailed quantification of risk exposures are provided.

Market risk

Market risk comprises the risks related to the impact of changes in various financial markets indicators on NN Leven's balance sheet. Market risks are taken in pursuit of returns for the benefit of customers and shareholders. These returns are used to fulfil policyholder obligations with any surplus returns benefiting the shareholders. Accordingly, optimisation within the risk appetite is paramount to generate returns for both policyholder and shareholder. In general, market risks are managed through a well-diversified portfolio under several relevant policies within clearly defined and monitored limits. NN Leven reduces downside risk through various hedging programmes, in particular risks for which NN Leven has no or only a limited appetite like interest rate risk, inflation risk and foreign exchange risk. In addition, NN Leven performs ad hoc analyses in response to changing market circumstances. NN Leven also integrates Environmental, Social, and Governance (ESG) factors in the investment decision-making framework.

Notes to the Consolidated annual accounts continued

Market risk capital requirements

	2024	2023
Interest rate risk	1,007	767
Equity risk	1,602	1,915
Credit spread risk	3,116	2,820
Real estate risk	1,455	1,548
Foreign exchange risk	279	337
Inflation risk	269	250
Basis risk	45	42
Diversification market risk	-2,665	-2,442
Market risk	5,108	5,237

In 2024, the market risk SCR decreased from EUR 5,237 million to EUR 5,108 million. Over the year the capital for equity risk has decreased predominantly due to portfolio adjustments on NN Leven's equity portfolio with a view to further align with our long-term strategic asset allocation and the negative performance during Q4 2024. On the other hand, interest rate risk and credit spread risk have increased significantly. The difference in interest rate risk can mainly be attributed to reinvestments of the proceeds of the sale of a part of NN Leven's mortgage portfolio in fixed income assets and refinements of our interest rate hedges; the difference in credit spread risk is predominantly due to modelling refinements.

The table below sets out NN Leven's market value of assets for each asset class as at 31 December 2024 and 2023. The values in these tables may differ from those included in the consolidated IFRS (International Financial Reporting Standards) balance sheet as derivatives are excluded and furthermore due to classification and valuation differences to reflect a risk management view.

Investment assets

	Market value 2024	% of total 2024	Market value 2023	% of total 2023
Fixed income	76,340	80%	75,535	78%
Government bonds and loans	24,740	26%	23,788	25%
Financial bonds and loans	4,554	5%	4,451	5%
Corporate bonds and loans	15,921	17%	15,397	16%
Asset Backed Securities	1,069	1%	1,093	1%
Mortgages[1]	29,866	31%	30,618	31%
Other retail loans	190	0%	188	0%
Non-fixed income	16,671	18%	16,720	17%
Common & preferred stock[2]	2,466	3%	3,153	3%
Private equity	42	0%	67	0%
Real estate[3]	9,540	10%	9,629	10%
Mutual funds (money market funds excluded)[4]	4,623	5%	3,871	4%
Money market instruments (money market funds included)[5]	2,717	2%	4,364	5%
Total investments	95,728	100%	96,619	100%

[1] Mortgages originated by NN Bank are on amortised cost value. The mortgage value on the consolidated IFRS balance sheet differs from the value in the current table due to the acquisition premium of mortgages and the inclusion of mortgages underlying the mortgage structure vehicles.
[2] All preference shares are included in 'common & preferred stock', even when preference shares are modelled as bonds
[3] The real estate values exclude the real estate forward commitments, since NN Leven has no price risk related to them
[4] Fixed income mutual funds are included in mutual funds
[5] Money market mutual funds and commercial papers are included in the Money Market Instruments

Total investment assets have decreased from EUR 96,619 million at the end of 2023 to EUR 95,728 million at the end of 2024.

Interest rate risk

Interest rate risk is defined as the risk of having losses in the Solvency II Own Funds due to adverse changes in the level or shape of the risk-free interest rate curve used for discounting assets and liabilities cash flows. Exposure to interest rate risk arises from asset or liability positions that are sensitive to changes in this risk-free interest rate curve.

Risk profile

As shown in the 'Market risk capital requirements' table above, the interest rate risk SCR of NN Leven increased from EUR 767 million in 2023 to EUR 1,007 million in 2024. The increase in capital is for a large part driven by reinvesting the proceeds of the sale of a part of our mortgage portfolio in fixed income assets and refinements of our interest rate hedges.

Risk mitigation

The interest rate SCR indicates to what extent assets and liabilities are matched on Solvency II basis. NN Leven manages its interest rate position by investing in long-term bonds and interest rate swaps. The interest rate risk management focuses on matching best estimate liability cash flows with asset cash flows for tenors where markets for fixed income instruments are sufficiently deep and liquid.

Notes to the Consolidated annual accounts continued

NN Leven liability cash flows are predictable and stable since exposure to policyholder behaviour and profit-sharing mechanisms is limited. Until year 30, where markets for fixed income instruments are sufficiently deep and liquid, best estimate liability cash flows (excluding risk margin) are to a large extent matched with government bonds, corporate bonds, mortgages, loans, and interest rate swaps. Cash flows after 30 years are partially hedged on a duration basis with long term government bonds and interest rate swaps, due to price and illiquidity of markets.

NN Leven has implemented limits and tolerances for interest rate risk exposures.

Risk measurement
For discounting EUR-denominated asset cash flows, NN Leven uses market swap curves as a basis to value assets. For the asset cash flows denominated in other currencies, the relevant swap or government curve is used for that specific currency.

For discounting the EUR-denominated liability cash flows NN Leven uses a swap curve less credit risk adjustment (CRA) plus Volatility Adjustment (VOLA) in line with definitions under the Solvency II framework. For the liability cash flows denominated in other currencies, the relevant swap or government curve is used where this curve is also lowered by the credit risk adjustment and adding the Volatility Adjustment specific for each currency. In line with Solvency II regulations, NN Leven extrapolates the EUR swap curve starting from the last liquid point onwards to the Ultimate Forward Rate for each relevant currency in its portfolio. The last liquid point (LLP) used for EUR is 20 years. As such, the sensitivity of SCR for interest rate risk primarily depends on the level of cash flow matching between assets and liabilities up to the 20-year point, and the difference between the swap curve and the curve extrapolated to the UFR for longer cash flows.

Over the year 2024 the European Insurance and Occupational Pensions Authority (EIOPA) prescribes a UFR level set at 3.30%. The sensitivity of the Solvency II ratio to changes in interest rates is monitored on a quarterly basis.

Equity risk
Equity risk is defined as the risk of having losses in Solvency II Own Funds due to adverse changes in the level of equity market prices. Exposure to equity risk arises from direct or indirect asset or liability positions, including equity derivatives such as futures and options, that are sensitive to equity prices.

Risk profile
The table below sets out the market value of NN Leven's equity assets as at 31 December 2024 and 2023, respectively.

Equity assets

	2024	2023
Common & preferred stock	2,466	3,153
Private equity	42	67
Mutual funds (money market funds excluded, includes fixed income mutual funds)	4,623	3,871
Total	7,131	7,091

NN Leven is exposed to publicly listed equity, private equity funds and equity exposures through mutual funds. The direct equity exposure is spread mainly across the Netherlands, core EU countries and the UK. Note that mutual funds are classified as equity in the table above but include fixed income funds as well. The movements of private equity and mutual funds include some reclassifications within these categories, which lead to a decrease in the category private equity and increase in the category mutual funds.

As shown in the 'Market risk capital requirements' table above, the equity risk SCR of NN Leven decreased from EUR 1,915 million in 2023 to EUR 1,602 million in 2024. The decrease in capital is predominantly driven by portfolio adjustments on NN Leven's equity portfolio to further align with our long-term strategic asset allocation.

Risk mitigation
Exposure to equities provides additional diversification and upside return potential in the asset portfolio of an insurance company with long-term illiquid liabilities. The concentration risk on individual issuers is mitigated by having issuer risk limits in place in investment mandates. NN Leven hedges the interest and equity sensitivities of the unit-linked guarantees. Equity risk in the unit-linked portfolio is hedged using a dynamic hedge which is updated at least quarterly.

Risk measurement
The sensitivity of the Solvency II ratio to changes in the value of equity is monitored on a quarterly basis.

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

In the calculation of the SCR, NN Leven assumes no change to the volatility adjustment on the liability side of the balance sheet after a shock-event, but instead reflects the illiquidity of liabilities in the asset shocks to ensure appropriate solvency capital requirements. This approach ensures appropriate risk incentives. NN Leven also shocks all government bonds and its mortgage portfolio in the calculation of spread risk

Notes to the Consolidated annual accounts continued

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

Risk profile

As shown in the 'Market risk capital requirements' table, the credit spread risk SCR of NN Leven increased from EUR 2,820 million in 2023 to EUR 3,116 million in 2024. The increase in capital can largely be explained by model refinements and partially offset by portfolio developments.

The table below shows the market value of NN Leven's fixed-income bonds subject to credit spread risk SCR by issuer as at 31 December 2024 and 31 December 2023, respectively.

Fixed-income bonds and loans by type of issuer

	Market value		Percentage	
	2024	2023	2024	2023
Government Bonds & Loans	24,740	23,788	54%	53%
Finance and Insurance	4,554	4,451	10%	10%
Asset Backed Securities	1,069	1,093	2%	2%
Manufacturing	4,819	4,198	11%	9%
Utilities	1,860	1,900	4%	4%
Real Estate and Rental and Leasing	1,111	1,282	2%	3%
Information	1,133	1,139	2%	3%
Transportation and Warehousing	643	749	1%	2%
Others	6,355	6,129	14%	14%
Total	46,284	44,729	100%	100%

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

Market value government bond and loans exposures (2024)

			Market value of government bond and loans in 2024 by number of years to maturity[4]								
	Rating[1]	Domestic exposure [2]	0-1	1-2	2-3	3-5	5-10	10-20	20-30	30+	Total
France	AA-						33	1,035	268	1,923	3,259
Germany	AAA		9		48	346	860	1,188	381	206	3,038
Netherlands	AAA	100%	50	9	13	227	308	2,639	255	9	3,510
Austria	AA+			135	223	1		456	198	986	1,998
Belgium	AA-			35		147	70	1,052	506	592	2,402
United States	AA+							205	1,369		1,574
Spain	A-		50			27	31	1,190	42	28	1,368
Multilateral[3]	AAA			78	12	16	121	669	1,361	40	2,297
Finland	AA+		140					652	47	54	893
Italy	BBB				80	125	141		265	31	642
Other			78	27	140	314	1,143	893	1,122	39	3,757
Total			329	283	516	1,204	2,707	9,979	5,814	3,908	24,740

1 NN Leven uses the second-best rating across Fitch, Moody's and S&P to determine the credit rating label of its bonds
2 Percentage of the bonds held in the local unit, e.g. percentage of Dutch bonds held by entities registered in the Netherlands
3 Includes EIB, ECB, EFSF, EU and ESM
4 Based on legal maturity date

Notes to the Consolidated annual accounts continued

Market value government bond and loans exposures (2023)

	Rating[1]	Domestic exposure[2]	Market value of government bond and loans in 2023 by number of years to maturity[4]								
			0-1	1-2	2-3	3-5	5-10	10-20	20-30	30+	Total
France	AA						33	1,087	270	2,954	4,344
Germany	AAA		291			406	456	1,609	547	204	3,512
Netherlands	AAA	100%		91	11	203	316	2,255	156	234	3,267
Austria	AA+				137	227		116	467	1,020	1,967
Belgium	AA-				35	151	74	1,074	557	586	2,477
United States	AA+							208	1,432		1,640
Spain	A-		15	51		9	49	854	382	28	1,388
Multilateral[3]	AAA		26		77	12	123	550	414	20	1,220
Finland	AA+			142				665	48		855
Italy	BBB					82	265	5	242	30	623
Other			4	47	3	248	812	798	517	66	2,494
Total			336	331	264	1,337	2,127	9,220	5,032	5,142	23,788

1 NN Leven uses the second best rating across Fitch, Moody's and S&P to determine the credit rating label of its bonds
2 Percentage of the bonds held in the local unit, e.g. percentage of Dutch bonds held by entities registered in the Netherlands
3 Includes EIB, ECB, EFSF, EU and ESM
4 Based on legal maturity date

Of the total NN Leven sovereign debt exposure 61% (or EUR 15.1 billion) is invested in AAA and AA rated eurozone countries (2023: 69% (or EUR 16.4 billion)). These long-term government bonds and loans are sensitive to sovereign credit spread movements versus EUR swap rates and 2024 in general witnessed a significant increase in AA and AAA rated sovereign credit spreads.

The tables below show the market value of non-government fixed-income securities (excluding mortgages and derivatives) by rating and maturity.

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

	Market value of non-government bond securities in 2024 by number of years to maturity								
	0-1	1-2	2-3	3-5	5-10	10-20	20-30	30+	Total
AAA		14	104	26	404	633	97	507	1,785
AA	90	122	135	279	401	279	68	71	1,445
A	409	793	580	1,102	2,518	813	752	69	7,036
BBB	712	960	672	1,107	2,170	1,321	493	58	7,493
BB	333	162	355	750	479	68			2,147
B	84	125	66	635	215	44	11		1,180
CCC	9	37	32	45	47				170
D	61					8			69
No rating available	40	76	17	65	21				219
Total	1,738	2,289	1,961	4,009	6,255	3,166	1,421	705	21,544

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

	Market value of non-government bond securities in 2023 by number of years to maturity								
	0-1	1-2	2-3	3-5	5-10	10-20	20-30	30+	Total
AAA	27	1	28	121	121	744	218	576	1,837
AA	61	79	99	204	330	170	94	85	1,123
A	570	526	837	873	1,608	613	812	86	5,926
BBB	1,348	880	859	1,142	2,065	1,181	550	67	8,092
BB	224	335	404	819	578	51	10		2,421
B	40	101	332	341	192				1,006
CCC	44	1	30	25	4				104
D	4					8			11
No rating available	87	37	30	174	77	13		1	421
Total	2,405	1,961	2,618	3,700	4,976	2,781	1,684	816	20,941

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

Notes to the Consolidated annual accounts continued

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

	2024	2023
AAA	10,362	9,576
AA	13,053	13,384
A	9,335	7,812
BBB	8,668	9,199
BB	3,008	3,001
B and lower	1,638	1,336
No rating available	220	421
Mortgages[1]	29,866	30,618
Other Retail Loans	190	188
Total	76,340	75,535

Mortgages

The required capital for mortgages within NN Leven under the Partial Internal Model is calculated in the credit spread risk module while the required capital for mortgages within entities under Standard Formula is calculated in the counterparty default risk module. The credit spread risk module within the Partial Internal Model captures the behaviour of Own Funds when the valuation of mortgages changes with market mortgage rates, while the counterparty default risk module within Standard Formula captures the behaviour of Own Funds as a result of unexpected loss or default of mortgages.

The Loan-to-Value (LTV) for residential mortgages (which is based on the net average loan to property indexed value and are exposure-weighted) at NN Life stood at 53% at the end of December 2024 while this was 55% at the end of December 2023. The LTV decreased compared to 2023 due to the house price increase of 11.1% between Q3 2023 and Q3 2024[1].

The inherent credit risk of mortgages is backed primarily by means of the underlying property, but also through the inclusion of mortgages guaranteed by the Nationale Hypotheek Garantie (NHG) and other secondary covers like savings, investments, and life insurance policies. Mortgages with NHG at NN Leven accounted for 23% of the mortgages at the end of 2024 compared to 23% at the end of 2023. On portfolio level the NHG coverage showed no significant changes.

Loan-to-Value on mortgage loans[1]

	2024	2023
NHG	23%	23%
LTV ≤80%	72%	71%
LTV 80% - 90%	4%	4%
LTV 90% - 100%	1%	2%
LTV >100%	0%	0%
Total	100%	100%

[1] Risk figures and parameters do not include third party originated mortgages and collateralised mortgages although they are on the balance sheet of NN Leven

The mortgage portfolio is under regular review to ensure troubled assets are identified early and managed properly. The loan is categorized as a non-performing loan (NPL) if the loan is 90 days past due, or the client was in default the previous month, and the minimum holding period (MHP) is active, or the loan is classified as Unlikely To Pay (UTP) by the problem loans department.

The main criterion for lifting the default status will be that no arrears greater than EUR 250 occurred during the Minimum Holding Period (MHP). For defaulted clients that are classified as 'distressed restructuring', the MHP is 12 months. For all other defaulted clients, the MHP is 3 months.

The total provision decreased due the release of the management overlay related to rising interest rates and high inflation. The management overlay was released as interest rates and inflation decreased in combination with increasing wages. In addition, the expert judgement provision related to commercial loans was released. The impact of the house price increase on the provision was limited as the portfolio was already well-collateralized.

The net exposure decreased after deduction of capped collaterals and guarantees because of an increase in the house price. The NHG guarantee value slightly decreased due to an improvement in the calculation of the NHG guarantee value amount.

Notes to the Consolidated annual accounts continued

Credit quality: NN Leven mortgage portfolio, outstanding[1,2]

	2024	2023
Performing mortgage loans that are not past due	25,610	25,914
Performing mortgage loans that are past due	105	119
Non-performing mortgage loans[3]	75	79
Total	25,790	26,113
Provisions for performing mortgage loans	1	2
Provisions for non-performing mortgage loans	1	2
Total[3,5]	2	4

1 The total value for Mortgages is different in this table versus the Investment Assets Table because of exclusion of mortgage not managed by NN Bank of EUR 4,076 million in 2024 (2023: EUR 4,505 million)
2 Amounts are excluding partial transfer of mortgages and Dutch Retail Mortgage Fund)
3 The non-performing loans include 'unlikely to pay' mortgage loans, which may not be past due

Collateral on mortgage loans[1]

	2024	2023
Carrying value	25,790	26,113
Indexed collateral value of real estate	55,761	55,531
Savings held[2]	1,146	1,134
NHG guarantee value[3]	4,998	5,300
Total cover value[4] including NHG guarantee capped at carrying value	25,784	26,100
Net exposure	6	13

1 The figures in the table contain mortgages originated by NN Bank. Mortgages sourced via third party managers are not included in the table
2 Savings held includes life policies
3 The NHG guarantee value follows an annuity scheme and is corrected for the 10% own risk (on the granted NHG claim)
4 The cover value of the real estate does not include haircuts, which are applied in the determination of loan loss provisions
5 The carrying value includes the accrued interest, past due amount, and deduction of consumption deposits

Risk mitigation

NN Group has concentration risk limits for individual issuers which depend on the credit quality of the issuer; for individual asset classes; and country limits which depend on the country's credit rating and GDP, and whether the country is a member of the European Union. These limits ensure that large risk concentrations are avoided. In order to diversify the credit spread risk further, NN Leven has increased its investments in non-listed assets. In addition, NN Leven's mortgages are subject to strict underwriting criteria and are well collateralised.

Risk measurement

NN Leven has exposure to government, corporate and financial debt, and is exposed to spread changes for these instruments. Furthermore, the Volatility Adjustment in the valuation of liabilities introduces an offset to the valuation changes on the asset side. The sensitivity of the Solvency II ratio to changes in the value of credit spread is monitored on a quarterly basis.

Government bond shocks are applied to the following asset classes: government bonds and loans, government-linked instruments (sub-sovereigns and supranational). Corporate spread shocks are applied to the following asset classes: corporate bonds (financials and non-financials), covered bonds, subordinated bonds, asset-backed securities and loans. Mortgages are subject to spread shocks in a separate scenario.

Real estate risk

Real estate risk is defined as the risk of having losses in Solvency II Own Funds due to adverse changes in the value of real estate. Exposure to real estate risk arises from holding direct real estate properties or positions in real estate mutual funds. With the long-term nature of the liabilities of NN Leven, illiquid assets such as real estate play a key role in the asset allocation.

Risk profile

As a net result of positive revaluations, investments and divestments, NN Leven's real estate exposure (excluding forward commitments) decreased from EUR 9,629 million at the end of 2023 to EUR 9,540 million at the end of 2024.

NN Leven holds real estate directly (owning the object) or indirectly by having a stake in an investment fund dedicated to real estate. Several of the real estate funds owned by NN Leven include leverage, and therefore the actual real estate exposure is larger than NN Leven's actual real estate assets.

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

Notes to the Consolidated annual accounts continued

Real estate assets per region[1]

	2024	2023
Western Europe	59%	58%
UK and Ireland	10%	11%
Southern Europe	17%	17%
Nordics	10%	10%
Central and Eastern Europe	4%	4%
Total	100%	100%

[1] Excludes real estate forward commitments, since NN Leven has no price risk related to them

As shown in the 'Market risk capital requirements' table, the real estate risk SCR of NN Leven decreased from EUR 1,548 million in 2023 to EUR 1,455 million in 2024 mainly due to model refinements and portfolio developments.

Risk mitigation
Exposure to real estate provides for additional diversification for the asset portfolio. The concentration risk on individual assets is mitigated under the relevant investment mandates. Real estate portfolio is also well diversified across European countries and sectors.

Risk measurement
NN Leven monitors the sensitivity of the Solvency II ratio to quarterly changes in the value of real estate.

Foreign exchange risk
Foreign exchange (FX) risk measures the impact of losses related to adverse changes in currency exchange rates.

Risk profile
FX transaction risk can occur when items included in the annual accounts are measured using the country's local currency instead of NN Leven's reporting currency, the euro.

The SCR for foreign exchange risk decreased from EUR 337 million in 2023, to EUR 279 million at 31 December 2024. The decrease in capital is limited and can be attributed to minor model refinements, market movements and position movements.

Risk mitigation
FX risk is mitigated by hedging the FX risk in liabilities that are sensitive to changes in FX rates and by limiting investment in non-euro-denominated assets. As a result of this, FX risk marginally contributes to the SCR of NN Leven.

Inflation risk
Inflation risk is defined as the risk of adverse changes in inflation that result into decrease in Solvency II Own Funds.

Risk profile
NN Leven has two types of inflation-linked exposures. The first exposure relates to inflation-linked group contracts where the payment (pensions) to the policyholder is linked to an external inflation index. Next to that, NN Leven expenses are sensitive to inflation risk because of, for example, increasing wages. This latter will be discussed in more detail in the upcoming section on Business risk.

Risk mitigation
The Inflation risk is managed through the use of inflation swaps and investments in inflation bonds. In particular, the exposure to inflation linked liabilities is limited and hedged.

Risk measurement

By year-end 2024 the required capital for the inflation risk related to the inflation-linked contracts, offset by the inflation-linked swaps, is EUR 269 million, while per year-end 2023 the capital was EUR 250 million. The capital for inflation risk related to NN Leven expenses is included in the expense risk and discussed in more detail in the upcoming section on Business risk.

Basis risk
The SCR Basis risk is defined as a risk that the underlying asset or liability behaves differently than the underlying hedge instrument, which results in the loss in the Solvency II balance sheet.

Risk profile
The SCR for Basis risk in 2024 increased to EUR 45 million in 2024 compared to 2023 (EUR 42 million).

Risk mitigation
The Basis Risk is mitigated by fund mapping of the underlying funds to risk factors, and by constant monitoring of the fund performance compared to the benchmark.

Notes to the Consolidated annual accounts continued

Market risks within separate account businesses

For the separate account businesses, the policyholder bears most of the market and credit risk. NN Leven's earnings from the separate account businesses are primarily driven by fee income. However, in the case of guaranteed separate account pension business, NN Leven retains risk associated with the guarantees provided to its policyholders. Businesses in this separate account category are (i) the group pension business for which guarantees are provided and (ii) other separate account business, primarily the unit-linked business.

Separate account guaranteed group pension business in NN Leven

Risk profile

In the separate account guaranteed group pension portfolio, investments are held in separate accounts on behalf of the sponsor employer who concluded their contract with NN Leven. Regardless of actual returns on these investments, pension benefits for the beneficiaries are guaranteed under the contract. The value of the provided guarantee is sensitive to interest rates, movements in the underlying funds and the volatility of those funds.

The Assets under Management for NN Leven's portfolio remained stable; from EUR 2,3 billion on 31 December 2023 to EUR 2,4 billion on 31 December 2024.

Businesses in the separate account category are the group pension business for which certain guarantees are provided, and other separate account business, primarily the unit-linked business. Some unit-linked policies include a guarantee on the performance of specific underlying funds. The value of this guarantee is sensitive to interest rates, movements in the underlying funds and the volatility of those funds.

Risk mitigation

NN Leven currently hedges the value of the guarantees it provides under group pension contracts. For hedging, the exposure under such guarantees is discounted at the swap curve without the extrapolation to the UFR. Upon contract renewal, NN Leven offers policyholders defined contribution products with investments in portfolios that NN Leven can more easily hedge, thus reducing the risk. The risk that the present value of future fees is affected by market movements of the underlying policyholder funds is not hedged. NN Leven determines Eligible Own Funds (EOF) for the market of the separate account business through modelling the risks of the fee income and the guarantees including the impact of the hedge programs. The hedge program includes equity basket options, swaps and equity futures.

Other separate account businesses

Risk profile

The other separate account business primarily consists of unit-linked insurance policies. Unit-linked insurance policies provide policyholders with selected fund returns combined with an insurance cover. The investment risk is borne by the policyholder, although there are some unit-linked products where NN Leven has provided guarantees on the performance of specific underlying funds. Unit-linked products without guarantees do not expose NN Leven to market risk, except to the extent that the present value of future fees is affected by market movements of the underlying policyholder funds.

Risk mitigation

The market risks of the unit-linked and other separate account business are managed by the design of the product. Currently, NN Leven does not hedge the market risks related to the present value of future fee income derived from this business.

Risk measurement

NN Leven determines eligible own funds for the market and credit risks of the separate account business through modelling the risks of the fee income and the guarantees including the impact of the hedge programmes.

Counterparty default risk

Counterparty default risk is the risk of loss due to default or deterioration in the credit standing of the counterparties and debtors (including reinsurers) of NN Leven. The SCR for counterparty default risk is primarily based on the issuer's probability of default (PD) and the loss-given-default (LGD) of each individual position, taking into account diversification across these positions.

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

Risk profile

As shown in the 'Solvency II Capital Requirements' table above, the Counterparty default risk SCR of NN Leven decreased from EUR 31 million at the end of 2023 to EUR 25 million at the end of Q4 2024. The change in capital for Counterparty default risk can mainly be attributed to portfolio developments.

Risk mitigation

NN Leven uses different credit risk mitigation techniques. For OTC derivatives, the exchange of collateral under the International Swaps and Derivatives Associations contracts accompanied with Credit Support Annexes is an important example of risk mitigation. Other forms of credit risk mitigation include reinsurance collateral exchange. For cash and money market funds, limits per counterparty are put in place.

Notes to the Consolidated annual accounts continued

Risk measurement

The Counterparty default risk module comprises two sub-modules:

- CDR Type I: applicable to exposures which might not be diversified and where the counterparty is likely to be (externally) rated, e.g. reinsurance contracts, derivatives and money market exposures. The underlying model is the Ter Berg model (which was also the basis for Standard Formula calibration under Solvency II)
- CDR Type II: applicable to exposures that are usually (well) diversified and where the counterparty is likely to be unrated, like retail loans, but also other forms of term lending not covered in Type I

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

Counterparty Default risk exposures[1] arising from insurance and reinsurance contracts at 31 December 2024

	Insurance contracts[2]	Reinsurance held as Assets[3]	Reinsurance held as Liabilities[3]	Reinsurance Total[3]
AA		41	-771	-730
A		51	-27	24
No rating available	192	13		13

1 Maximum exposure given on Solvency II Standard Formula basis. Standard Formula basis is used due to the fact that Standard Formula rating is more conservative. Intercompany exposure is excluded
2 Insurance contracts exposure is related to receivables from policyholders, brokers, and tied agents as well as policyholder loans
3 Reinsurance exposure is related to receivables from (external) reinsurers

Counterparty Default risk exposures[1] arising from insurance and reinsurance contracts at 31 December 2023

	Insurance contracts[2]	Reinsurance held as Assets[3]	Reinsurance held as Liabilities[3]	Reinsurance Total[3]
AA			-485	-485
A		55		55
BBB			-27	-27
No rating available	192	13		13

1 Maximum exposure given on Solvency II Standard Formula basis. Standard Formula basis is used due to the fact that Standard Formula rating is more conservative. Intercompany exposure is excluded
2 Insurance contracts exposure is related to receivables from policyholders, brokers, and tied agents as well as policyholder loans
3 Reinsurance exposure is related to receivables from (external) reinsurers

Liquidity risk

Liquidity risk is the risk that NN Leven does not have sufficient liquid assets to meet its financial obligations when they become due and payable, at reasonable cost and in a timely manner. Liquidity in this context is the availability of funds, or certainty that funds will be available without significant losses, to honour all commitments when due. NN Leven manages liquidity risk via a liquidity risk framework: ensuring that – even after shock - NN Leven can meet immediate obligations. Liquidity stress events can be caused by a market-wide event or an idiosyncratic NN Leven specific event. These events can be short-term or long-term and can both occur on a local, regional, or global scale.

Since NN Leven trades in derivatives, NN Leven is responsible for maintaining sufficient liquidity levels to meet their collateral requirements. For this purpose, liquidity buffers are set to ensure sufficient liquidity is available in an adverse scenario and to ensure the liquidity thresholds are being met. The liquidity position framework estimates the collateral requirements after several interest rate scenarios.

Risk profile

Liquidity risk covers three areas of attention. Operational liquidity risk is the risk that funds are unavailable to meet financial obligations when due. Market liquidity risk is the risk that an asset cannot be sold in the short-term without significant losses. Funding risk is the risk related to not being able to refinance maturing debt instruments and may lead to higher funding costs. The connection between market and operational liquidity risk stems from the fact that when payments are due and not enough cash is available, investment positions need to be converted into cash; if market liquidity is low or an adverse market movement took place in this situation, this could lead to a loss.

For NN Leven, the main direct liquidity risk is caused by collateral requirements after interest rates increase. In case interest rates increase, the collateral requirements related to derivatives will lead to an outflow of cash from NN Leven to its counterparties such that the decreasing market value of the interest rate derivatives is matched.

A liquidity event on the liability side, resulting from e.g., payments related to increased lapses or claims, leads to a liquidity outflow which may affect the overall liquidity position of NN Leven. This outflow typically occurs over time. NN Leven's liquidity metrics demonstrate that NN Leven has sufficient cash and unencumbered liquid assets which can be liquidated to fulfil stressed liquidity needs from liabilities in a combined market and liability stress scenario. Selling liquid assets in a lapse event is considered a logical consequence since the balance sheet decreases.

Risk mitigation

NN Leven aims to match day-to-day cash in- and outflows and at the same time wants to be able to have sufficient cash in case of a liquidity stress event.

NN Group Liquidity Management Principles defines three levels of Liquidity Management:

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

Risk measurement

NN Group Liquidity Risk Management Standard measures liquidity risk in a stress event through the gap between liquidity needs and liquidity sources compared to available liquid assets for sale. This is calculated for different time horizons and various levels of availability of liquidity sources. Liquidity risk is not part of NN Leven's Partial Internal Model.

Non-market risk

Non-market risks are split between:

- **Insurance risk**: is the risk related to the events insured by NN Leven and comprise actuarial and underwriting risks like Life risk (mortality, longevity) and Morbidity risk which result from the pricing and acceptance of insurance contracts
- **Business risks**: are the risks related to the management and development of the insurance portfolio but excluding risks directly connected to insured events. Business risk includes policyholder behaviour risks, expense risk and persistency risk. Business risks can occur because of internal, industry, regulatory/political or wider market factors

Risk profile

The table below presents the non-market risk SCR composition at 31 December 2024 and at 31 December 2023 respectively. The main changes in the risk profile are explained in the subsequent section of this document.

Non-market risk capital requirements

	2024	2023
Insurance risk	1,922	1,931
Business risk	1,311	1,397
Diversification non-market risk	-640	-676
Non-market risk	2,593	2,652

Insurance risk decrease is mainly due to the impact of the longevity reinsurance transaction executed at year-end 2024. This was partly compensated by the increase in SCR brought by the decrease in interest rates. Business risk decrease is due to a model change for the expense inflation risk.

Risk mitigation

Proper pricing, underwriting, claims management and diversification are the main risk mitigating actions for insurance risks.

By offering a range of group life and individual life insurance products, to a large and diverse group of clients, NN Leven limits the likelihood that a single insurance risk event will have a material impact on NN Leven's financial condition. Concentration and exposure metrics are monitored, and exposures are limited through reinsurance.

Insurance risk

Insurance risk is the risk that the future insurance claims and other contractual benefits cannot be covered by premiums, policy fees and/or investment income or that insurance liabilities are not sufficient because claims and benefits might differ from the assumptions used in determining the best estimate liability.

Risk profile

The table below presents the Partial Internal Model insurance risk SCR for NN Leven at 31 December 2024 and 31 December 2023.

Insurance risk capital requirements

	2024	2023
Mortality (including longevity) risk	1,912	1,925
Morbidity risk	81	69
Diversification insurance risk	-71	-63
Insurance risk	1,922	1,931

The SCR for insurance risk is mostly driven by longevity risk which is included in mortality risk.

Mortality risk occurs when claims are higher due to higher mortality experience (for instance in relation to term insurance). Longevity risk is the risk that technical provisions to cover insurance obligations will not be sufficient due to higher than expected life expectancies arising from mortality improvements such as better living conditions, improved health care, and medical breakthroughs. While NN Leven is exposed to both longevity and mortality risks, these risks do not fully offset one another as the impact of the longevity risks in the pension business is significantly larger than NN Leven's mortality risk. Changes in mortality tables impact the future expected benefits to be paid and the present value of these future impacts is reflected directly in measures like Own Funds.

Morbidity risk occurs when claims related to disability insurance and to insured premium continuation in case of disability are higher than expected.

Risk mitigation
Insurance risk is mitigated through diversification between mortality and longevity risks within NN Leven, appropriate pricing and underwriting policies and risk transfer via reinsurance which are used to reduce the Own Funds volatility.

The largest risk exposure for NN Leven is related to longevity risk. The concentration of this risk is managed via reinsurance at total portfolio level. NN Leven has some exposure to mortality risks as well, but this is largely part of the individual life portfolio and therefore less subject to concentration risk.

Concentration risk for longevity reinsurance transactions is mitigated through spreading the risk over multiple counterparties. CDR risk is further mitigated through collateral mechanisms in place for these transactions.

Risk measurement
Insurance risk decreased from EUR 1,931 million at the end of 2023 to EUR 1,922 million at the end of 2024, with the impact of a reinsurance transaction executed at the end of 2024 being largely offset by the increase in Insurance risk SCR due to the decrease in interest rates. Given the long-term nature of the liability portfolio of NN Leven, the capital requirements underlying insurance risk are sensitive to interest rates and Volatility Adjustment changes due to the discounting impact.

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

Risk profile
The table below presents the Partial Internal Model business risk SCR for NN Leven on 31 December 2024 and 31 December 2023 respectively.

Business risk capital requirements

	2024	2023
Persistency risk	67	68
Expense risk	1,292	1,378
Diversification business risk	-48	-49
Business risk	1,311	1,397

The SCR for business risks is mostly driven by expense risk. The overall decrease over 2024 is due to a model change implemented for the expense inflation risk.

Expense risk is the risk that future expenses deviate from expected (best estimate) expense assumptions. Expense level risk addresses the risk that future expenses exceed the originally assumed expenses. This includes the risk that a portion of the expenses will not decrease by the same rate as the number of policies in the in-force book, and the risk that acquisition expenses are not fully covered if the sales volume in the following 12 months is below the assumptions. Expense inflation risk relates to the actual expense development over time not being aligned with the best estimate inflation assumed.

Persistency risks have limited materiality and are most material for the Individual Life portfolios. Persistency level uncertainty risk addresses the risk that the level of the best estimate lapse rates has been incorrectly estimated. In other words, this represents the risk that the actual lapse rate level is different from the expected level, best estimate lapse rates. Persistency calamity risk is the risk that a catastrophic event leads to a sharp increase in surrender probabilities, subsequently increasing technical provisions and an associated decrease in own funds. The SCR for persistency calamity risk at a certain point in time is calculated by applying a mass lapse shock on the surrender probabilities.

Risk mitigation
Policyholder behaviour risks, such as persistency risk, are managed through the product development, product approval and review processes and by ensuring that appropriate advice is given to the customer, not only at the point of sale but also during the lifetime of the product. The policyholder behaviour experience of in-force policies is assessed at least annually.

As part of its strategy, NN Leven has put several programmes in place to own and improve the customer experience. These programmes improve the match between customer needs, and the benefits and options provided by NN Leven's products. Over time, NN Leven's understanding and anticipation of the choice policyholders are likely to make, will improve, thereby decreasing the risk of a mismatch between actual and assumed policyholder behaviour.

Ongoing initiatives are in place to manage expense risk throughout NN Leven where company targets are in place to reduce expenses. These initiatives seek to reduce expenses through e.g. the number of underlying contracts in place and further optimization of IT infrastructure. This is particularly relevant for the Dutch individual life closed-block business. For the pensions business an ongoing inflow of new and renewal business mitigates the pace of run-off.

In addition to the mitigating actions described, proper pricing, underwriting, claims management, and diversification also mitigate business risks.

3.c. Non-financial risks

Non-financial risks are risks, arising in running NN Leven's business, related to people, inadequate or failed processes (including information technology and communication systems) and/or external events. The NN Leven risk taxonomy includes operations, technology and continuity & security risks as well as business conduct, people conduct and product suitability risks.

Operations, technology and continuity & security risks

Risk profile

Operations, technology and continuity & security risks are non-financial risks that are related to inadequate or failed business processes, inadequate or failed (information) technology and accidents or external events impacting continuation or security of (people, offices or IT in) our business operations. In the annual Strategic Risk Assessment (for more detail see sub-sections Risk Assessment and Risk Control in section 2. on the Risk Control Cycle) the Management Board of NN Leven identified information security risk as a key risk for NN Leven, which include the risk of cyber-attacks, which could lead to misuse or loss of information or privacy breaches, discontinuity of operations or financial or reputation loss.

Risk mitigation

Mitigation of risks can be preventive in nature (e.g. training and education of employees, preventive controls, etc.) or can be implemented upon discovery of a risk (e.g. enforcement of controls, disciplinary measures against employees). Risk mitigating actions or controls are based on a balance between the expected cost of implementation and execution, and the expected benefits, while operating within defined risk appetites.

Given their pivotal role in the financial infrastructure, and their possession of large amounts of financial data and/or personal information about their customers, financial services companies may be a target for hackers as well as state actors. Cyber incidents may lead to, amongst other things, loss of data, disruption and shutdown of business activities, criminal theft or reputational damage. NN is continuously monitoring its IT infrastructure through the NN IT General Controls, as well as improving its security governance, processes and technology. At the same time, the threats and their levels of sophistication are also increasing. Continuous investments are therefore needed to avoid, for example, our systems becoming unavailable, which might affect our daily business and potentially customer confidence. Group IT's Enterprise Security Services (ESS) function leads all efforts to further enhance our information security and provide 24/7 protection against cyberthreats. In particular, education and awareness-raising are part of our security strategy. In 2024, we have worked on implementing DORA requirements as part of our information security and business continuity practices.

Risk measurement

NN Leven's SCR for operational risk marginally increased from EUR 382 million at the end of 2023 to EUR 387 million at the end of 2024. The SCR is calculated based on the Standard Formula. As it is additive to the modelled SCR, it should be considered as net of diversification with other NN Leven risks. Business conduct, people conduct and product suitability risks are considered to be part of the Operational Risk SCR and are therefore not specifically calculated. Progress is also tracked through monitoring of control effectiveness and other metrics (for more detail see section 2. on the Risk Control Cycle).

Business conduct, people conduct and product suitability risks

Risk profile

Business conduct and people conduct risks are non-financial risks that are related to unethical or irresponsible behaviour when doing or representing the business and to the attitude and (perceived) behaviour of our workforce. Product suitability risks are non-financial risks that are related to products from a customer perspective.

Through NN Leven's retirement services, insurance and investments products, NN Leven is committed to help its customers care for what matters most to them. To fulfil this purpose, NN Leven bases its work on three core values: care, clear, commit. These values set the standard for conduct and provide a compass for decision-making. Further, NN Leven is committed to the preservation of its reputation and integrity through compliance with applicable laws, regulations and standards in each of the markets in which it operates. All employees are expected to adhere to these laws, regulations and standards and management is responsible for ensuring such compliance. NN Leven continuously enhances its business conduct risk management programme to ensure that NN Leven complies with applicable laws, regulations and standards.

Risk mitigation

NN Leven separates business conduct risk into three risk areas: sound business conduct, people conduct & culture and product suitability. In addition to effective reporting systems, there is a whistleblower policy and procedure which protects and encourages staff to speak up if they know of or suspect a breach of external regulations, internal policies or its values. There are also has policies and procedures regarding anti-money laundering, anti-terrorist financing, sanctions, anti-bribery and corruption, product suitability, conflicts of interest and confidential and inside information, as well as a Code of Conduct for its personnel. Furthermore, there are designates specific countries as 'ultra-high risk' and prohibits client engagements and transactions (including payments of facilitation) involving those countries.

NN Leven performs a product approval and review process to enable effective design, underwriting and pricing of all insurance products, and safeguards these can be managed throughout their lifetime. Customer protection regulations as well as changes in interpretation and perception of acceptable market practices by both the public at large and governmental authorities might influence customer expectations. The risk of potential reputational and financial impact from products and sales practices exists because of the (changing) market situation, customer expectations, and regulatory activity. The Compliance Function and the business work closely together with the aim to anticipate changing customers' needs.

42 Capital and liquidity management

Framework

Objective

The goal of NN Leven's capital and liquidity management is to adequately capitalise NN Leven and have sufficient liquid funds available to meet its obligations in the interests of its stakeholders, including customers and shareholders. The capital and liquidity position is assessed based on regulatory and economic requirements.

Capital and liquidity management involves the management, planning and execution of transactions concerning the capital position and the availability of cash resources of NN Leven. Capital and liquidity management at NN Leven is performed in close cooperation with NN Group.

NN Leven is a Dutch life insurance company and is therefore supervised by the Dutch regulator, DNB. The supervision takes place based on rules and regulations, as defined in the Dutch Financial Supervision Act (Wet op het financieel toezicht; Wft) and further DNB guidelines as issued from time to time.

Governance

The CFO of NN Leven is responsible for Capital and liquidity management. Operational activities are carried out by the Balance Sheet Management team of NN Leven. Activities of the department are executed on the basis of established policies, guidelines and procedures.

Capital management

Capital management takes place within the framework set by the NN Group Management Board for its subsidiaries on the basis of policy documents, guidelines and procedures.

The NN Leven Capital Policy sets the framework for decision-making regarding NN Leven's capital structure, including the management of capital levels above regulatory requirements and capital flows to the shareholders, ensuring that capital management aligns with the overall business strategy.

During 2024 no breaches of the regulatory capital requirements have taken place.

NN Leven was adequately capitalised at 31 December 2024 with a Solvency II ratio of 187% based on the Partial Internal Model.

Liquidity management

Liquidity management takes place within the framework set by the NN Group Management Board for its subsidiaries on the basis of policy documents, guidelines and procedures.

The liquidity position of NN Leven is monitored by taking into account possible events with an impact on the liquidity position like insurance claims, investments and collateral requirements from derivative transactions. This leads to monitoring and managing from a long-term and short-term perspective. The long-term perspective includes possible events that can impact our liquidity position within a period of one year. It includes an analysis of liquid assets – in some cases subject to a reduction applied to the value of the assets-, possible cash outflows related to insurance events and possible calls on our asset portfolio related to repurchase agreements or collateralization obligations. The short-term perspective is based on a two-day horizon and compares directly available cash with a two-day shock in cash outflow related to collateral calls in the derivative portfolio.

Per year end 2024 NN Leven had outstanding external short-term borrowing covered by repurchase transactions for the amount of EUR 1,261 million. The purpose of the short-term borrowing is to fund possible liquidity requirements out of collateral calls for the derivatives from NN Leven.

Per year end 2024 NN Leven had not drawn on the EUR 1,000 million Borrowing facility with Nationale – Nederlanden Interfinance B.V.

Per year end 2024 NN Leven had EUR 1,500 million in unused committed repurchase facilities.

The liquidity position of NN Leven was within risk appetite throughout the year.

Significant events of 2024

During 2024 a total amount of EUR 980 million dividend was paid in four quarterly payments of EUR 245 million each. All scheduled coupon payments on the subordinated liabilities were met during the year.

During 2024 the UFR stood at 3.30%. The UFR will remain at 3.30% in 2025.

Notes to the Consolidated annual accounts continued

On 9 January 2024, NN Leven announced a settlement with interest groups ConsumentenClaim, Woekerpolis.nl, Woekerpolisproces, Wakkerpolis and Consumentenbond regarding unit-linked products sold in the Netherlands by NN Leven, including Delta Lloyd and AAL. The settlement relates to all unit-linked products of policyholders affiliated with the aforementioned interest groups and is subject to a 90% acceptance rate of affiliated policyholders that have received an individual proposal for compensation. As part of the settlement, all pending proceedings with respect to unit-linked products initiated by these interest groups against NN Leven will be discontinued once the settlement is executed, which is currently anticipated before end 2025. The settlement also includes that no new legal proceedings may be initiated by the aforementioned interest groups or their affiliated persons/parties. To cover the settlement costs, a provision of approximately EUR 360 million was recognised in the fourth quarter of 2023. This includes EUR 60 million for hardship cases, and customers unaffiliated with one of the aforementioned interest groups that have not previously received compensation.

In February 2024, NN Leven redeemed the EUR 600 million dated subordinated loan agreement with a coupon of 5.6% on the first call date, 10 February 2024, classified as Tier 2 instrument. At the same moment, NN Group granted a EUR 600 million, 5.24% subordinated loan, due 9 November 2043, classified as Tier 2 instrument. The first redemption date is 9 May 2033.

In May 2024, NN Leven redeemed the EUR 450 million, subordinated loan agreement, with a coupon of 4.52% at the first reset date, 30 May 2024, classified as restricted Tier 1 instrument. At the same moment, NN Group granted a undated EUR 450 million 5,97% subordinated loan agreement, classified as restricted Tier 1 instrument. The first call date is 30 August 2030.

For year-end 2024 reporting, DNB approved the calculation of the SCR of former ABN AMRO Levensverzekering N.V. on the Partial Internal Model.

Solvency II

Solvency II is the regulatory framework for prudential supervision applicable to NN Leven.

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

NN Leven uses a Partial Internal Model to calculate the SCR.

Further details on the NN Leven capital requirements at 31 December 2024 are provided in Note 41 'Risk Management'.

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

Structure, amount and quality of Own Funds

Eligible Own Funds and Solvency Capital Requirements

	2024	2023
Total equity	11,956	12,086
Elimination of deferred acquisition costs to be allocated and intangible assets	-1	-21
Valuation differences on assets	353	439
Valuation differences on liabilities, including insurance and investment contracts	-5,706	-4,541
Deferred tax effect on valuation differences	1,386	1,079
Excess assets/liabilities	7,988	9,042
Qualifying subordinated debt	1,913	1,895
Foreseeable dividends and distributions	-9	-34
Basic Own Funds	9,892	10,903
Non-eligible Own Funds	-766	-699
Eligible Own Funds to cover Solvency Capital Requirements (a)	9,126	10,205
Solvency Capital Requirements (b)	4,872	5,198
NN Leven Solvency II ratio (a/b)[1]	187%	196%

1 The solvency ratio is not final until filed with the regulator. The Solvency II ratio for NN Leven is based on the partial internal model.

Notes to the Consolidated annual accounts continued

Subordinated liabilities included in NN Leven eligible Own Funds for Solvency II reporting (EUR, millions)

In the Eligible Own Funds of NN Leven there are the following subordinated liabilities.

Interest rate	Year of issue	Notional amount	Due date	First call date	Own Funds tier	Fair value (dirty) 2024[1]	Fair value (dirty) 2023[1]
7.60% (annual)	2016	350	Perpetual	31 December 2026	Tier 1[2]	338	330
5.97% (quarterly)	2024	450	Perpetual	30 August 2030	Tier 1[2]	462	n/a
5.24% (quarterly)	2022	500	26 February 2043	26 August 2032	Tier 2	494	488
5.24% (annual)	2024	600	9 November 2043	9 May 2033	Tier 2	619	n/a

1 As defined based on Solvency II valuation guidelines.
2 These subordinated liabilities 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.

Eligible Own Funds

NN Leven's Own Funds are classified into three tiers as follows:

- The excess of assets over liabilities on the basis of consolidated accounts excluding net Deferred Tax Asset is classified as (unrestricted) Tier 1
- Perpetual subordinated loans are classified as (restricted) Tier 1
- Dated subordinated debt is classified as Tier 2
- Net Deferred Tax Asset is classified as Tier 3

As at 31 December 2024 and 2023, NN Leven had no ancillary Own Funds.

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

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

Eligible Own Funds to cover the Solvency Capital Requirement

	Available Own Funds 2024	Eligible Own Funds 2024	Available Own Funds 2023	Eligible Own Funds 2023	Eligibility restriction
Tier 1	7,282	7,282	8,309	8,309	More than one third of total EOF
Of which:					
– Unrestricted Tier 1	6,482	6,482	7,530	7,530	Not applicable
– Restricted Tier 1	800	800	779	779	Less than 20% of Tier 1
Tier 2 + Tier 3	2,610	1,844	2,594	1,896	Less than 50% of SCR
Tier 2	1,113	1,113	1,116	1,116	
Tier 3	1,497	731	1,478	780	Less than 15% of SCR; Less than one third of total EOF
Total Own Funds	9,892	9,126	10,903	10,205	

Credit ratings

On 6 November 2024, Fitch Ratings affirmed NN Leven 'AA-' insurer financial strength rating. The outlook is stable.

Authorisation of the Consolidated annual accounts

The Consolidated annual accounts of NN Leven for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Management Board on 28 March 2025. The Management Board may decide to amend the Consolidated annual accounts as long as these are not adopted by the General Meeting.

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

The Hague, 28 March 2025

The Management Board

L.M. (Leon) van Riet, CEO and chair

A. (Arun) Sivaramakrishnan, CFO

P. (Peter) Brewee, CRO

G.J. (Gerard) van Rooijen

The Supervisory Board

J.L. (Janet) Stuijt, chair

A.T.J. (Annemiek) van Melick

J.W. (Hans) Schoen

Parent company annual accounts

Parent company balance sheet

Amounts in millions of euros, unless stated otherwise

Parent company balance sheet

	notes	2024	2023
Assets			
Cash and cash equivalents	2	2,350	3,677
Investments at fair value through OCI	3	72,939	74,669
Investments at cost	4	167	134
Investments at fair value through profit or loss	5	34,799	30,829
Investments in real estate	6	92	87
Investments in subsidiaries and associates	7	13,437	12,180
Derivatives	12	2,601	2,334
Investments		126,385	123,910
Insurance contracts		109	89
Reinsurance contracts		97	29
Insurance and reinsurance contracts		206	118
Property and equipment	8	28	32
Intangible assets		1	2
Deferred tax assets	18	113	303
Other assets	9	3,702	4,524
Other		3,844	4,861
Total assets		130,435	128,889
Equity			
Share capital		23	23
Share premium		4,228	4,228
Accumulated revaluation investments		-2,397	-3,098
Accumulated revaluation (re)insurance contracts		11,133	11,691
Foreign currency exchange difference translation reserve		35	26
Share of associate reserve		2,328	1,924
Other legal reserves		47	24
Other reserves		-4,187	-3,431
Unappropriated profit		746	699
Shareholder's equity		11,956	12,086
Undated subordinated loans		800	800
Total equity	10	12,756	12,886
Liabilities			
Insurance contracts		109,059	105,255
Investment contracts		744	800
Reinsurance contracts		106	125
Insurance, investment and reinsurance contracts		109,909	106,180
Subordinated debt		1,100	1,100
Other borrowed funds	11	1,261	2,507
Funding		2,361	3,607
Derivatives	12	3,321	3,741
Deferred tax liabilities	18	2	0
Other liabilities	13	2,086	2,475
Other		5,409	6,216
Total liabilities		117,679	116,003
Total equity and liabilities		130,435	128,889

References relate to the notes starting with Note 1 'Accounting policies'. These form an integral part of the Parent company annual accounts.

Parent company profit and loss account

Parent company profit and loss account

For the year ended 31 December	notes	2024	2023
Release of contractual service margin		297	256
Release of risk adjustment		40	69
Expected claims and benefits		3,513	3,518
Expected attributable expenses		335	362
Recovery of acquisition costs		67	56
Experience adjustments for premiums		3	0
Insurance income		4,255	4,261
Incurred claims and benefits		3,522	3,573
Incurred attributable expenses		330	332
Amortisation of acquisition costs		67	56
Changes in incurred claims and benefits previous periods		-9	-14
(Reversal of) losses on onerous contracts		40	66
Insurance expenses		3,950	4,013
Net insurance result		305	249
Net reinsurance result		-59	-57
Insurance and reinsurance result		246	192
Investment income		2,571	2,530
Gains (losses) on investments		2,752	2,601
Other investment result		928	670
Investment result	14	6,251	5,801
Finance result on (re) insurance contracts		5,240	4,292
Result on investment contracts		3	6
Finance result other		333	322
Finance result	15	5,576	4,620
Net investment result		675	1,181
Fee and commission result	16	-64	-34
Non-attributable operating expenses	17	-86	-498
Other		8	25
Other result		-142	-507
Result before tax		779	865
Taxation	18	33	166
Net result		746	699

Parent company statement of comprehensive income

Parent company statement of comprehensive income

For the year ended 31 December		2024		2023
Net result		746		699
– finance result on insurance contracts, recognised in OCI	-625		-2,148	
– finance result on reinsurance contracts, recognised in OCI	56		-26	
– revaluations on debt securities at fair value through OCI	-774		1,484	
– revaluations on loans at fair value through OCI	784		551	
– realised gains (losses) transferred to the profit and loss account	773		-12	
- changes in cash flow hedge reserve	54		-49	
– share of OCI of investments in associates and joint ventures	1		0	
– foreign currency exchange differences	-5		24	
Items that may be reclassified subsequently to the profit and loss account		264		-176
– revaluations on equity securities at fair value through OCI	-63		240	
Items that will not be reclassified to the profit and loss account		-63		240
Total other comprehensive income		201		64
Total comprehensive income		947		763

Reference is made to Note 18 'Taxation' for the disclosure on the income tax effects on each component of comprehensive income.

Parent company statement of cash flows

Parent company statement of cash flows

For the year ended 31 December	2024	2023 Restated
Result before tax	779	865
Adjusted for		
– depreciation and amortisation	66	121
– changes in (re)insurance and investment contracts	4,938	4,025
– (un) realised results and impairments on investments	-3,827	-3,272
– other	109	-52
Net premiums, claims, and attributable expenses on (re)insurance contracts	-2,097	-2,680
Tax paid (received)	-101	-348
Changes in		
– derivatives	-820	-1,403
– other assets	1,070	2,283
– other liabilities	-167	1,872
Net cash flow from operating activities	-50	1,411
Investments and advances		
– investments at fair value through OCI	-8,244	-6,218
– Investments at cost	-52	
– investments at fair value through profit or loss	-5,921	-5,441
– investments in associates and joint ventures	-1,096	-641
Disposals and redemptions		
– investments at fair value through OCI	10,274	10,228
– Investments at cost	19	980
– investments at fair value through profit or loss	5,638	4,699
– investments in associates and joint ventures	385	331
Net cash flow from investing activities	1,003	3,938
Proceeds from issuance of dated subordinated loans	1,050	
Repayments from issuance of dated subordinated loans	-1,050	
Proceeds from other borrowed funds	5,426	7,775
Repayments of other borrowed funds	-6,673	-9,517
Capital contribution	0	1,000
Dividend paid	-980	-980
Coupon on undated subordinated loans	-53	-47
Net cash flow from financing activities	-2,280	-1,769
Net cash flow	-1,327	3,580

Included in Net cash flow from operating activities

For the year ended 31 December	2024	2023
Interest received	2,394	2,177
Interest paid	-381	-64
Dividend received	405	484

Cash and cash equivalents

For the year ended 31 December	2024	2023
Cash and cash equivalents at beginning of the year	3,677	97
Net cash flow	-1,327	3,580
Cash and cash equivalents at the end of the year	2,350	3,677

Parent company statement of changes in equity

Parent company statement of changes in equity (2024)

	Share capital	Share premium	Revaluation reserves	Other reserves and Unappropriated profit	Total Shareholder's equity (parent)	Undated subordinated loans	Total equity
Balance at 1 January 2024	23	4,228	10,567	-2,732	12,086	800	12,886
Finance result on insurance contracts recognised in OCI			-625		-625		-625
Finance result on reinsurance contracts recognised in OCI			56		56		56
Revaluations on debt securities at fair value through OCI			-774		-774		-774
Revaluations on loans at fair value through OCI			784		784		784
Realised gains (losses) transferred to the profit and loss account			773		773		773
Changes in cash flow hedge reserve			54		54		54
Foreign currency exchange differences			-5		-5		-5
share of OCI of investments in associates and joint ventures			1		1		1
Revaluations on equity securities at fair value through OCI			-63		-63		-63
Total amount recognised directly in equity (OCI)	0	0	201	0	201	0	201
Net result for the period				746	746		746
Total comprehensive income	0	0	201	746	947	0	947
Transfer from (to) associates			404	-404	0		0
Transfers from (to) retained earnings			23	-23	0		0
Realised gains (losses) not transferred to profit and loss			-207	207	0		0
Dividend				-980	-980		-980
Reclass negative revaluation reserve for equity securities			140	-140	0		0
Coupon on undated subordinated loans				-40	-40		-40
Changes in composition of the group and other changes			18	-75	-57		-57
Balance at 31 December 2024	23	4,228	11,146	-3,441	11,956	800	12,755

The revaluation reserves comprise accumulated revaluation investments, accumulated revaluation (re)insurance contracts, foreign currency exchange difference translation reserve and share of associate reserve.

Parent company statement of changes in equity continued

Parent company statement of changes in equity (2023)

	Share capital	Share premium	Revaluation reserves	Other reserves and Unappropriated profit	Total Shareholder's equity (parent)	Undated subordinated loans	Total equity
Balance at 1 January 2023	23	3,228	10,704	-2,670	11,285	800	12,085
Finance result on insurance contracts recognised in OCI			-2,148		-2,148		-2,148
Finance result on reinsurance contracts recognised in OCI			-26		-26		-26
Revaluations on debt securities at fair value through OCI			1,484		1,484		1,484
Revaluations on loans at fair value through OCI			551		551		551
Revaluations on equity securities at fair value through OCI			240		240		240
Realised gains (losses) transferred to the profit and loss account			-12		-12		-12
Changes in cash flow hedge reserve			-49		-49		-49
Foreign currency exchange differences			24		24		24
Total amount recognised directly in equity (OCI)	0	0	64		64	0	64
Net result for the period				699	699		699
Total comprehensive income	0	0	64	699	763	0	763
Transfer from (to) associates			21	-21	0		0
Transfers from (to) retained earnings			20	-20	0		0
Capital contribution		1,000			1,000		1,000
Dividend				-980	-980		-980
Realised gains (losses) on equity securities			21	-21	0		0
Coupon on undated subordinated loans				-35	-35		-35
Changes in composition of the group and other changes			-263	316	53		53
Balance at 31 December 2023	23	4,228	10,567	-2,732	12,086	800	12,886

The revaluation reserves comprise accumulated revaluation investments, accumulated revaluation (re)insurance contracts, foreign currency exchange difference translation reserve and share of associate reserve.

Notes to the Parent company annual accounts

1 Accounting policies

The Parent company annual accounts of NN Leven are prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union (IFRS-EU) and where applicable with Part 9 of Book 2 of the Dutch Civil Code (DCC) in accordance with article 362 paragraphs 8 and 9 of Book 2 of the DCC. The principles of valuation and determination of results stated in connection with the Consolidated balance sheet and Consolidated profit and loss account are also applicable to the Parent company balance sheet and Parent company profit and loss account.

The notes insurance contracts, reinsurance contracts and the insurance result are not separately presented in the Parent company annual accounts as the numbers are the same as in the Consolidated annual accounts.

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

A legal reserve is carried at an amount equal to the share in the results of associates since their first inclusion at net asset value less the amount of profit distributions to which rights have accrued in the interim. Profit distributions which can be repatriated to the Netherlands without restriction are likewise deducted from the 'Share of associates reserve'.

Changes in presentation

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

Parent company statement of changes in equity and the notes

In 2024, NN Leven updated the methodology to determine the legal reserves in the Parent company balance sheet to reflect the full impact of illiquid assets that are classified as Investments at fair value through profit or loss since the implementation of IFRS 9. The comparative figures as at 31 December 2023 were adjusted accordingly. This resulted in a reclassification between components of shareholder's equity in the 2023 comparative figures. The related reclassification is included in the line 'Transfers from (to) share of associates reserve' in the 2023 disclosure of changes in equity and amounted to EUR 486 million. There was no impact on total shareholders' equity, net result and distributable reserves.

Furthermore, in 2024 a reclassification of EUR 233 million was made between the investment revaluation reserve and retained earnings for the comparative figures for the comparative figures. This reclassification is included in the line 'Changes in composition of the group and other changes'. There was no impact on total shareholder's equity.

Parent company statement of cash flows (Restated)

The Parent company statement of cash flows for 2023 has been adjusted for the classification of unrealised results on investments. These are included in the line '(Un) realised results and impairments on investments' whereas until 2023 these were included in the line 'Other liabilities'. The related amount in 2023 was EUR 3.5 billion. Furthermore, as of 2024 repayments from associates are presented as investing activities . Previously, these were presented as operating activities (other liabilities). The 2023 comparatives were adjusted accordingly for the amount of EUR 314 million.

As a result, the 2023 comparatives in the Parent company statement of cash flows were adjusted as follows:

- '(Un) realised results and impairments on investments': EUR -3,272 million (previously EUR 266 million)
- 'Other liabilities': EUR 1,872 million (previously EUR -1,409 million)
- 'Disposals and redemptions – investments in associates and joint ventures': EUR 331 million (previously EUR 17 million)
- 'Net cash flow from operating activities' and 'Net cash flow from investing activities' were each impacted by EUR 314 million, with no impact on 'Net cash flow'.

Notes to the Parent company annual accounts continued

2 Cash and cash equivalents

Cash includes short-term investments.

NN Leven invests in several types of money market funds, some qualifying as cash equivalents and some as investments. Short-term investments in money market funds are presented as cash equivalents only if these are highly liquid and quoted in an active market and have low investment risk.

Cash and cash equivalents

	2024	2023
Cash and bank balances	245	50
Money market funds	1,985	2,407
Short-term deposits	120	1,220
Cash and cash equivalents	2,350	3,677

3 Investments at fair value through other comprehensive income

Investments at fair value through other comprehensive income

	2024	2023
Debt securities	38,336	36,945
Equity securities	2,432	3,168
Loans	32,171	34,556
Investments at fair value through other comprehensive income	72,939	74,669

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

2024	Debt securities	Equity securities	Loans	Total
Opening balance	36,945	3,168	34,556	74,669
Additions	6,514	129	1,601	8,244
Disposals and redemptions	-4,484	-787	-5,003	-10,274
Revaluations	-1,058	-77	1,070	-65
Impairments and reversal of impairments	14		-13	1
Amortisation	-5		-56	-61
Transfers and reclassifications			-1	-1
Foreign currency exchange differences	410	-1	17	426
Closing balance	38,336	2,432	32,171	72,939

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

2023	Debt securities	Equity securities	Loans	Total
Opening balance	38,242	3,341	35,921	77,504
Additions	4,296	324	1,598	6,218
Disposals and redemptions	-7,034	-784	-2,410	-10,228
Revaluations	1,734	262	809	2,805
Impairments and reversal of impairments	-39		1	-38
Amortisation	-38		-78	-116
Transfers and reclassifications			-1,286	-1,286
Foreign currency exchange differences	-216	25	1	-190
Closing balance	36,945	3,168	34,556	74,669

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

2024	Stage 1 12 month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
Opening balance	-61	-13	-59	-133
Transfers between stage 1,2 and 3	2		-2	0
Additions	27	-12	-14	1
Disposals	9	10	16	35
Closing balance	-23	-15	-59	-97

Notes to the Parent company annual accounts continued

The loss allowance for investments at fair value through other comprehensive income of EUR 97 million (2023: 133 million) does not reduce the carrying amount of these investments (which are measured at fair value) but gives rise to an equal and opposite gain in other comprehensive income and is included in the line 'Revaluation' in the table of Changes in investments at fair value through other comprehensive income.

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

2023	Stage 1 12 month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
Opening balance	-35	-18	-109	-162
Transfers between stage 1,2 and 3	2	1	-3	0
Additions	-38	-12	-56	-106
Changes in the composition of the group and other changes	10	16	109	135
	-61	-13	-59	-133

4 Investments at cost

Investments at cost

	2024	2023
Mortgage loans	117	123
Other	50	11
Investments at cost	167	134

Other contains personal loans with NN Group companies.

Changes in investments at cost (2024)

2024	Mortgage loans	Other	Total
Opening balance	123	11	134
Additions	2	50	52
Disposals and redemptions	-8	-11	-19
Closing balance	117	50	167

Changes in investments at cost (2023)

2023	Mortgage loans	Other	Total
Opening balance	133	981	1,114
Additions		7,220	7,220
Disposals and redemptions	-10	-8,190	-8,200
Closing balance	123	11	134

5 Investments at fair value through profit or loss

Investments at fair value through profit or loss

	2024	2023
For risk of policyholders		
- debt securities	14	15
- investment funds	30,203	26,141
- loans and other	2,319	2,325
Total for risk of policyholders	32,536	28,481
For risk of company		
- debt securities	28	56
- equity securities and investment funds	1,991	1,901
- loans and other	244	391
Total for risk of company	2,263	2,348
Investments at fair value through profit or loss	34,799	30,829

Notes to the Parent company annual accounts continued

6 Investments in real estate

Changes in investments in real estate

	2024	2023
Investments in real estate – opening balance	87	92
Fair value gains (losses)	5	-5
Investments in real estate – closing balance	92	87

The total amount of rental income recognised in the profit and loss account for the year ended 31 December 2024 is EUR 5 million (2023: EUR 4 million).

The total amount of direct operating expenses (including repairs and maintenance) in relation to real estate investments recognised in rental income for the year ended 31 December 2024 is EUR 1 million (2023: EUR 1 million).

NN Leven's total exposure to real estate is included in the following balance sheet lines:

Real estate exposure

	2024	2023
Investments in real estate	92	87
Investments at fair value through OCI	10	10
Investments in associates and joint ventures	1,497	1,317
Property and equipment – property in own use	1	1
Real estate exposure	1,600	1,415

Furthermore, the exposure is impacted by third-party interests, leverage in funds and off-balance commitments. Reference is made to Note 41 'Risk management' of the Consolidated annual accounts.

7 Investments in subsidiaries and associates

Investments in subsidiaries and associates (2024)

2024	Interest held	Balance sheet value	Total assets	Total liabilities	Total income	Total expenses
REI Investment I B.V.	77%	4,653	6,460	395	289	5
Private Debt Investments B.V.	94%	3,180	3,400	17	214	3
REI Diaphane Fund F.G.R.	78%	1,262	1,685	77	113	2
Private Equity Investments B.V.	90%	1,364	1,523	1	94	2
Vesteda Residential Fund FGR	21%	1,498	10,050	2,779	1,335	206
Infrastructure Equity Investments B.V.	95%	1,374	1,442		138	
Private Equity Investments II B.V.	86%	30	45	9	17	9
Other		76				
Subsidiaries and associates		13,437				

The above investments in subsidiaries and associates mainly consist of non-listed investment entities investing in real estate and private equity.

Other includes EUR 76 million of subsidiaries and associates with an individual balance sheet value of less than EUR 50 million.

The amounts presented in the table above could differ from the individual annual accounts of the associates due to the fact that the individual amounts have been brought in line with NN Leven's accounting principles.

The reporting dates of all significant subsidiaries and associates are consistent with the reporting date of NN Leven.

The subsidiaries and associates of NN Leven are subject to legal and regulatory restrictions regarding the amount of dividends that can be paid to NN Leven. These restrictions are, for example, dependent on the laws in the country of incorporation for declaring dividends or as a result of minimum capital requirements imposed by industry regulators in the countries in which the subsidiaries and associates operate. In addition, the subsidiaries and associates also consider other factors in determining the appropriate levels of equity needed. These factors and limitations include, but are not limited to, rating agency and regulatory views, which can change over time.

Notes to the Parent company annual accounts continued

Investments in subsidiaries and associates (2023)

2023	Interest held	Balance sheet value	Total assets	Total liabilities	Total income	Total expenses
REI Investment I B.V.	77%	4,927	6,734	387	247	20
Private Debt Investments B.V.	94%	2,533	2,636	16	182	2
REI Diaphane Fund F.G.R.	78%	1,208	1,573	34	-205	-2
Private Equity Investments B.V.	90%	1,225	1,365		167	1
Vesteda Residential Fund FGR	21%	1,317	8,982	2,590	-481	176
Infrastructure Equity Investments B.V.	95%	865	908		57	
Private Equity Investments II B.V.	86%	36	42		5	
Other		69				
Subsidiaries and associates		12,180				

Changes in investments in subsidiaries and associates

	2024	2023
Investments in subsidiaries and associates – opening balance	12,180	12,502
Additions	1,096	641
Share in changes in equity (revaluations)	-6	-13
Share of result	891	-132
Dividends received	-271	-333
Disposals	-11	-17
Changes in composition of the group and other changes	-71	-149
Repayment from capital/surplus	-373	-314
Foreign currency exchange differences	2	-5
Investments in subsidiaries and associates – closing balance	13,437	12,180

8 Property and equipment

Property and equipment

	2024	2023
Property in own use	1	1
Property and equipment owned	1	1
Right of use assets	27	31
Property and equipment total	28	32

Changes in Property in own use

	2024	2023
Property in own use – opening balance	1	2
Revaluations		-1
Property in own use – closing balance	1	1
Gross carrying value	1	1
Net carrying value	1	1
Revaluation surplus – opening balance	7	8
Revaluation in year		-1
Revaluation surplus – closing balance	7	7

Changes in Right of use assets - Property

	2024	2023
Right of use assets – opening balance	31	34
Depreciation	-4	-4
Changes in composition of the group and other changes		1
Right of use assets – closing balance	27	31
Gross carrying value	53	53
Accumulated depreciation	-26	-22
Net carrying value	27	31

Notes to the Parent company annual accounts continued

9 Other assets

Other assets

	2024	2023
Income tax receivable	37	59
Accrued interest and rents	1,127	1,060
Other accrued assets	5	7
Cash collateral amounts paid	1,930	2,279
Other	603	1,119
Other assets	3,702	4,524

Other contains EUR 321 million (2023: EUR 829 million) of current accounts with NN Group companies. Furthermore, EUR 190 million relates to taxes with NN Group N.V and EUR 72 million relates to third parties debtors from other operations.

10 Equity

Total equity

	2024	2023
Share capital	23	23
Share premium	4,228	4,228
Accumulated revaluation investments	-2,397	-3,098
Accumulated revaluation (re)insurance contracts	11,133	11,691
Foreign currency exchange difference translation reserve	35	26
Share of associate reserve	2,328	1,924
Other legal reserves	47	24
Retained earnings	-4,187	-3,431
Unappropriated profit	746	699
Shareholder's equity (parent)	11,956	12,086
Undated subordinated loans	800	800
Total equity	12,756	12,886

Changes in **Shareholder's** equity (2024)

2024	Share capital	Share premium	Reserves	Total shareholder's equity (parent)
Shareholder's equity (parent) – opening balance	23	4,228	7,835	12,086
Total amount recognised directly in equity (other comprehensive income)			201	201
Net result for the period			746	746
Dividend			-980	-980
Coupon on undated subordinated loan			-40	-40
Changes in composition of the group and other changes			-57	-57
Shareholder's equity – closing balance	23	4,228	7,705	11,956

Changes in **Shareholder's** equity (2023)

2023	Share capital	Share premium	Reserves	Total shareholder's equity (parent)
Shareholder's equity (parent) – opening balance	23	3,228	8,034	11,285
Total amount recognised directly in equity (other comprehensive income)			64	64
Net result for the period			699	699
Capital contribution		1,000		1,000
Dividend			-980	-980
Coupon on undated subordinated loan			-35	-35
Changes in composition of the group and other changes			53	53
Shareholder's equity – closing balance	23	4,228	7,835	12,086

For details on share capital and share premium, reference is made to Note 10 'Equity' in the Consolidated annual accounts.

Notes to the Parent company annual accounts continued

Changes in Accumulated revaluations investments (2024)

2024	Property revaluation reserve	Investment revaluation reserve	Cash flow hedge reserve	Total
Revaluation reserve – opening balance	6	-5,874	2,771	-3,098
Revaluations		-53		-53
Realised gains (losses) transferred to the profit and loss account		773		773
Realised gains (losses) on equity securities		-207		-207
Changes in cash flow hedge reserve			54	54
Changes in composition of the group and other changes		-8		-8
Reclass negative revaluation reserve for equity securities		140		140
Other revaluations		1		1
Revaluation reserve – closing balance	6	-5,228	2,825	-2,397

Changes in Accumulated revaluations investments (2023)

2023	Property revaluation reserve	Investment revaluation reserve	Cash flow hedge reserve	Total
Revaluation reserve – opening balance	6	-7,925	2,820	-5,100
Revaluations		2,275		2,275
Realised gains (losses) transferred to the profit and loss account		-12		-12
Realised gains (losses) on equity securities		21		21
Changes in cash flow hedge reserve			-49	-49
Changes in composition of the group and other changes		-233		-233
Revaluation reserve – closing balance	6	-5,874	2,771	-3,098

Changes in Accumulated revaluations (re)insurance contracts

	2024	2023
Revaluation reserve – opening balance	11,691	13,895
Changes in financial assumptions for insurance contracts	-625	-2,148
Changes in financial assumptions for reinsurance contracts	56	-26
Changes in composition of the group and other changes	11	-30
Revaluation reserve – closing balance	11,133	11,691

Revaluation reserves include non-distributable reserves and freely distributable reserves.

Distributable reserves

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

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

Legal reserves comprises:

- The net position of the accumulated revaluations on debt investments and the accumulated revaluations on (re) insurance contracts is used for determining (non-)distributable reserves. The accumulated revaluations on insurance contracts consist of accumulated revaluations as included above and estimated revaluations for insurance contracts for which the accumulated amount was set to zero at the first of January 2022.
- The accumulated positive revaluations on equity investments at fair value through other comprehensive income, any (aggregated net) negative amount must be deducted from retained earnings
- The positive revaluation on illiquid equity investments at fair value through profit or loss held for risk of company
- The positive revaluation on investments in real estate and property in own use
- A non-distributable reserve insofar profits of its subsidiaries, associates and joint ventures are subject to dividend payment restrictions. Such restrictions may among others be of a similar nature as the restrictions which apply to NN Leven.

Notes to the Parent company annual accounts continued

The Dutch supervisory rules and regulations stemming from the Dutch Financial Supervision Act (Wet op het financieel toezicht) provide a second restriction on the possibility to distribute dividends. Total freely distributable reserves is the minimum of freely distributable capital on the basis of solvency requirements and freely distributable capital on the basis of capital protection.

Total freely distributable reserves on the basis of solvency requirements is lower than total freely distributable reserves on the Dutch Civil Code for NN Leven. Therefore, the Solvency II capital requirements of NN Leven are leading for the restriction posed on the amount of dividends it can distribute and capital it can repay pay to its shareholder.

Total freely distributable reserves on the basis of solvency requirements is EUR 4,254 million at 31 December 2024 (2023: EUR 5,007 million). Reference is made to Note 42 'Capital and liquidity management' in the Consolidated annual accounts for more information on solvency requirements.

Changes in Foreign currency exchange translation reserve

	2024	2023
Foreign currency exchange difference translation reserve – opening balance	26	2
Changes in composition of the group and other changes	14	
Foreign currency exchange difference for the period	-5	24
Foreign currency exchange difference translation reserve – closing balance	35	26

Changes in Other reserves (2024)

2024	Retained earnings	Share of associates reserve	Other legal reserves	Unappropriated profit	Total
Other reserves – opening balance	-3,431	1,924	24	699	-784
Net result for the period				746	746
Transfers from (to) share of associates reserve	-404	404			0
Dividend	-980				-980
Transfers from (to) retained earnings	676		23	-699	0
Realised gains (losses) on equity securities	207				207
Coupon on subordinated loan	-40				-40
Reclass negative revaluation reserve for equity securities	-140				-140
Changes in composition of the group and other changes	-75				-75
Other reserves – closing balance	-4,187	2,328	47	746	-1,066

Changes in Other reserves (2023)

2023	Retained earnings	Share of associates reserve	Other legal reserves	Unappropriated profit	Total
Other reserves – opening balance	-3,003	1,902	5	333	-763
Net result for the period				699	699
Transfers from (to) share of associates reserve	-41	22	19		0
Dividend	-980				-980
Transfers from (to) retained earnings	333			-333	0
Realised gains (losses) on equity securities	-21				-21
Coupon on subordinated loan	-35				-35
Changes in composition of the group and other changes	316				316
Other reserves – closing balance	-3,431	1,924	24	699	-784

11 Other borrowed funds

Other borrowed funds

	2024	2023
Credit institutions	1,261	2,507
Other borrowed funds	1,261	2,507

Other borrowed funds includes repo transactions used for liquidity management purposes.

Notes to the Parent company annual accounts continued

12 Derivatives

Derivatives (assets)

	2024	2023
Derivatives used in:		
– cash flow hedges	609	193
Other derivatives	1,992	2,141
Derivatives (assets)	2,601	2,334

Other derivatives includes derivatives for which no hedge accounting is applied.

Derivatives (liabilities)

	2024	2023
Derivatives used in:		
– cash flow hedges	1,440	1,680
Other derivatives	1,881	2,061
Derivatives (liabilities)	3,321	3,741

13 Other liabilities

Other liabilities

	2024	2023
Income tax payable	-177	45
Other taxation and social security contributions		1
Lease liabilities	29	33
Accrued interest	352	400
Costs payable	17	27
Provisions	360	385
Amounts to be settled	247	236
Cash collateral amounts received	1,049	1,103
Other	209	245
Other liabilities	2,086	2,475

Cash collateral amounts received relate to collateralised derivatives. The increase is a result of the increase in fair value of outstanding collateralised derivatives following a decrease in market interest rates.

Other mainly relates to year-end accruals in the normal course of business.

Changes in provision

	2024	2023
Provisions – opening balance	385	13
Additions	7	372
Releases	-12	
Charges	-21	-2
Changes in composition of the group and other changes	1	2
Provisions – closing balance	360	385

Notes to the Parent company annual accounts continued

14 Investment result

Investment result

	2024	2023
Interest income from investments in debt securities	1,132	1,104
Interest income from mortgage loans	617	608
Interest income from other loans	346	377
Interest income on (hedging) derivatives	127	117
Other interest income	179	158
Interest income	2,401	2,364
Income from investments in real estate	4	4
Dividend income on equity securities	160	152
Other investment income	6	10
Total other investment income	170	166
Investment income	2,571	2,530
Realised gains (losses) on Investments at cost and at fair value through other comprehensive income	-1,043	-266
Gains (losses) on investments at fair value through profit or loss	3,790	2,872
Income from investments in real estate	5	-5
Gains (losses) on Investments at cost, at fair value through OCI and at fair value through profit and loss	2,752	2,601
Share of result of investments in associates and joint ventures	891	-135
Impairments on investments	1	-37
Result on derivatives and hedging	-394	1,063
Foreign currency exchange result	430	-221
Other investment result	928	670
Investment result	6,251	5,801

Gains (losses) on investments at fair value through profit or loss include gains (losses) related to investments held for risk of policyholders for EUR 3,763 million (2023: EUR 2.812 million). These gains (losses) are mostly offset by changes in fair value of underlying items as presented in 'Finance result on (re)insurance contracts'.

Results on derivatives and hedging

	2024	2023
Change in fair value of derivatives relating to		
– cash flow hedges (ineffective portion)	1	5
– other derivatives	-395	1,058
Net result on derivatives	-394	1,063
Result on derivatives and hedging	-394	1,063

Included in 'Results on derivatives and hedging' are the fair value movements on derivatives and other assets accounted for at fair value through profit or loss used to economically hedge exposures, but for which no hedge accounting is applied. These financial assets hedge exposures in insurance contracts. The fair value movements on the financial assets are influenced by changes in the market conditions, such as share prices, interest rates and currency exchange rates. The change in fair value of the financial assets is largely offset by changes in insurance contracts, which are included in 'finance result' in the profit or loss account (when using the risk mitigation option) or in other comprehensive income (for contracts accounted for under the general measurement model when using the OCI option). Reference is made to Note 11 'Insurance contracts', Note 10 'Equity' and Note 21 'Finance result' of the Consolidated annual accounts.

Valuation results on derivatives are reflected in the statement of cash flows in the section 'Result before tax', in the line item 'Adjusted for (un) realised results and impairments'.

Reference is made to Note 28 'Hedge accounting' of the Consolidated annual accounts.

Notes to the Parent company annual accounts continued

15 Finance result

Finance result on (re)insurance contracts

	2024	2023
Change in fair value of underlying items	3,823	2,908
Interest accreted	1,417	1,384
Finance result on (re)insurance contracts	5,240	4,292

Finance result other

	2024	2023
Interest expenses on derivatives	179	163
Other interest expenses	154	159
Finance result other	333	322

In 2024, total interest income and total interest expenses for items not valued at fair value through profit or loss were EUR 2,356 million (2023: EUR 2,384 million) and EUR 333 million (2023: EUR 322 million) respectively.

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

Total interest income and expenses

	2024	2023
Interest income	2,356	2,384
Interest expenses on insurance contracts	-1,372	-1,406
Finance result other	-333	-322
Total Interest income and expenses	651	656

16 Fee and commission result

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

Fee and commission result

	2024	2023
Asset management fees	5	5
Insurance brokerage and advisory fees		-8
Other	25	23
Gross fee and commission income	30	20
Asset management fees	109	104
Commission expenses and other	-15	-50
Fee and commission expenses	94	54
Net fee and commission income	-64	-34

17 Non-attributable operating expenses

Non-attributable operating expenses

	2024	2023
Staff expenses	223	223
Operating expenses	292	696
Of which attributed to		
- incurred acquisition costs	-99	-89
- incurred insurance expenses	-330	-332
Non-attributable operating expenses	86	498

Notes to the Parent company annual accounts continued

Staff expenses

	2024	2023
Salaries	127	123
Variable salaries	1	4
Pension costs	24	23
Social security costs	17	16
External staff costs	46	51
Education	2	2
Other staff costs	6	4
Staff expenses	223	223

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

Employees in the Czech Republic were transferred to a shared service centre (NN Finance S.R.O). The salary costs are recognised in the line 'Other' in the other operating expenses instead of under staff expenses.

Defined contribution plans

NN Leven is one of the sponsors of the NN Group defined contribution pension plan. The assets of all NN Group's defined contribution plans are held in independently administered funds. Contributions are generally determined as a percentage of pay. These plans do not give rise to balance sheet provisions, other than relating to short-term timing differences included in 'Other assets' or 'Other liabilities'. The expenses recognised in staff expenses by NN Leven for defined contribution plans amounts to EUR 24 million (2023: EUR 23 million).

Number of employees

Reference is made to Note 23 'Non-attributable operating expenses' for information on the average number of employees of the Consolidated annual accounts.

Remuneration of Management Board and Supervisory Board

Reference is made to Note 39 'Key management personnel compensation' of the Consolidated annual accounts for the information on fixed and variable compensation and loans and advances to (supervisory) board members.

Share plans

NN Group has granted shares to a number of senior executives of NN Leven. The purpose of the share schemes is to attract, retain and motivate senior executives and staff.

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

Changes in Share awards outstanding

	Share awards (in number)		Weighted average grant date fair value (in euros)	
	2024	2023	2024	2023
Share awards outstanding – opening balance	6,591	8,207	38.97	36.17
Granted	5,800	7,142	41.95	35.43
Vested	-6,124	-7,934	40.72	35.15
Forfeited	-578	-824	38.97	37.36
Share awards outstanding – closing balance	5,689	6,591	40.13	38.97

In 2024, 3,420 share awards of NN Group Shares (2023: 3,333) were granted to the members of the Management Board of NN Leven. To other employees of NN Leven 2,380 share awards of NN Group shares (2023: 3,809) were granted.

As at 31 December 2024 the share awards of NN Group shares consisted of 5,689 share awards (2023: 6,591) relating to equity-settled share-based payment arrangements and no share awards to cash-settled share-based payment arrangements.

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

As at 31 December 2024 total unrecognised compensation costs related to share awards amounted to EUR 86 thousand (2023: EUR 80 thousand). These costs are expected to be recognised over an average period of 1.4 years (2023: 1.3 years).

Notes to the Parent company annual accounts continued

Other operating expenses

	2024	2023
Depreciation of property and equipment	6	5
Computer costs	61	28
Office expenses	-5	-5
Advertising and public relations	7	3
External advisory fees	20	24
Insurance based commissions and fees	75	73
Insurance based related Investment fees	34	58
Addition/(releases) of provisions	7	372
Other	87	137
Other operating expenses	292	696

To cover the settlement costs, a provision of EUR 360 million was recognised in 2023. For more information, reference is made to Note 35 'Legal Proceedings' of the Consolidated annual accounts of NN Leven.

Auditor fees are included in 'External advisory fees' as part of the Other operating expense.

Other as part of the Other operating expenses relate mainly to managing fees.

Fees of auditors

Reference is made to Note 46 'Fees of auditors' in the Consolidated annual accounts of NN Group for audit fees and audit related fees. The services rendered by the auditor, in addition to the statutory audit, includes an audit in relation to reporting to regulators or other external parties.

18 Taxation

NN Leven is part of the Dutch fiscal unity for corporate income tax and value added tax (VAT) of NN Group making it jointly and severally liable for the total tax payable by the fiscal unity. Income tax on the result for the year comprises current and deferred tax. Income tax is generally recognised in the profit and loss account, but is recognised directly in equity if the tax relates to items that are recognised directly in equity.

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

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

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses carried forward where it is probable that future taxable profits will be available against which the temporary differences can be used. Unrecognised deferred tax assets are reassessed periodically and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by NN Leven and it is probable that the difference will not reverse in the foreseeable future.

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

Income tax payable amounts to EUR -177 million (2023: EUR 45 million payable). The Dutch entities within NN Leven settle current tax payable with NN Group and the foreign entities settle the tax payable with the respective tax authorities. Reference is made to Note 17 'Other liabilities'.

Pillar Two Model Rules

Reference is made to Note 25 'Taxation' of the Consolidated annual accounts.

Notes to the Parent company annual accounts continued

Deferred tax (2024)

	Net asset 2023	Changes through equity	Changes through net result	Changes in the composition of the group and other changes	Exchange rate differences	Net asset 2024
Investments	1,842	-252	-57			1,535
Investments in real estate	-660		-46			-706
Insurance contracts	173	202	-106			269
Cash flow hedges	-961	-19				-980
Fiscal reserves	-26		26			0
Other	-65	8	50			-7
Deferred tax	303	-59	-133	0	0	111
Presented in the balance sheet as						
Deferred tax liabilities						2
Deferred tax assets	303					113
Deferred tax	303					111

Deferred tax (2023)

	Net asset 2022	Changes through equity	Changes through net result	Changes in the composition of the group and other changes	Exchange rate differences	Net asset 2023
Investments	2,534	-734	40	2		1,842
Investments in real estate	-766		106			-660
Insurance contracts	-538	760	-93	44		173
Cash flow hedges	-978	17				-961
Fiscal reserves	0		-26			-26
Other	-27	12	-6	-44		-65
Deferred tax	225	55	21	2	0	303
Presented in the balance sheet as						
Deferred tax liabilities	0					0
Deferred tax assets	225					303
Deferred tax	225					303

Taxation on result

	2024	2023
Current tax	-100	187
Deferred tax	133	-21
Taxation on result	33	166

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

	2024	2023
Result before tax	779	865
Weighted average statutory tax rate	25.8%	25.8%
Weighted average statutory tax amount	201	223
Participation exemption	-180	-14
Impact on deferred tax from change in tax rates		-4
Tax benefits for previously unrecognised amounts	1	
Other income not subject to tax	23	-35
Adjustments to prior periods	-12	-4
Effective tax amount	33	166
Effective tax rate	4.23%	19.21%

In 2024, the effective tax rate for continuing operations of 4,23% was lower than the weighted average statutory tax rate of 25.8%. This was mainly a result of tax exempt results of associates and participations.

In 2023, the effective tax rate for continuing operations of 19,21% was lower than the weighted average statutory tax rate of 25.8%. This was mainly a result of tax exempt results of associates and participations.

Notes to the Parent company annual accounts continued

Taxation on components of other comprehensive income

	2024	2023
Finance result on (re)insurance contracts recognised in other comprehensive income	202	760
Revaluations debt securities and loans at fair value through other comprehensive income	-271	-732
Revaluations equity securities at fair value through other comprehensive income	21	-2
Changes in cash flow hedge reserve	-19	17
Other	8	12
Income tax	-59	55

19 Other

Assets not freely disposable
For further explanation of the assets that are not freely disposable reference is made to Note 31 'Assets not freely disposable' in the Consolidated annual accounts.

Contingent liabilities and commitments
For further explanation of the Contingent liabilities and commitments reference is made to Note 34 'Contingent liabilities and commitments' in the Consolidated annual accounts.

Related parties
For further explanation of the related parties reference is made to Note 38 'Related parties' in the Consolidated annual accounts.

20 Subsequent events
For subsequent events of NN Leven reference is made to Note 40 'Subsequent and other events' in the Consolidated annual accounts.

Authorisation of Parent company annual accounts

The Parent company annual accounts of NN Leven for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Management Board on 28 March 2025. The Management Board may decide to amend the Parent company annual accounts as long as these are not adopted by the General Meeting.

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

The Hague, 28 March 2025

The Management Board

L.M. (Leon) van Riet, CEO and chair

A. (Arun) Sivaramakrishnan, CFO

P. (Peter) Brewee, CRO

G.J. (Gerard) van Rooijen

The Supervisory Board

J.L. (Janet) Stuijt, chair

A.T.J. (Annemiek) van Melick

J.W. (Hans) Schoen

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Independent auditor's report

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

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

Our opinion

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

What we have audited

We have audited the annual accounts 2024 of Nationale-Nederlanden Levensverzekering Maatschappij N.V. based in Rotterdam.

The annual accounts comprise:

1 the consolidated and parent company balance sheet as at 31 December 2024;

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

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

Basis for our opinion

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

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

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

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

Information in support of our opinion

Summary

Materiality

- Materiality of EUR 155 million
- 1,30 % of shareholder's equity

Group audit

- Audit coverage of 99% of shareholder's equity
- Audit coverage of 99% of total assets
- Audit coverage of 99% of revenue

Risks of material misstatement related to Fraud, NOCLAR, Going concern

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

Key audit matters

- Valuation of insurance contract liabilities for life insurance contracts applying the General Measurement Model
- Valuation of illiquid investments

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Materiality

Based on our professional judgement we determined the materiality for the annual accounts as a whole at EUR 155 million (2023: EUR 155 million). The materiality is determined with reference to shareholder's equity and amounts to 1,30% (2023:1,45%).

We consider shareholder's equity as the most appropriate benchmark based on our assessment of the general information needs of the users of the annual accounts of insurance companies.

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

We agreed with the Supervisory Board that misstatements identified during our audit in excess of EUR 7.5 million (2023: EUR 7.5 million) would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

NN Leven is the head of a group of components. The financial information of this group is included in the annual accounts of NN Leven.

This year, we applied the revised group auditing standard in our audit of the annual accounts. The revised standard emphasizes the role and responsibilities of the group auditor. The revised standard contains new requirements for the identification and classification of components, scoping, and the design and performance of audit procedures across the group.

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

We have performed substantive procedures for 99% of shareholder's equity and 99% of total assets. At group level, we assessed the aggregation risk in the remaining financial information and concluded that there is less than a reasonable possibility of a material misstatement.

In supervising and directing our component auditors, we:

- held risk assessment discussions with the component auditors to obtain their input in identifying matters relevant to the group audit;
- Issued group audit instructions (integrated in the group audit instructions issued by the group auditor of NN Group N.V.) to component auditors on the scope, nature and timing of their work, and received written communication about the results of the work they performed;
- held meetings with all component auditors in person to discuss relevant developments, understand and evaluate their work; and

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- inspected the work performed by eight component auditors and evaluated the appropriateness of audit procedures performed and conclusions drawn from the audit evidence obtained, and the relation between communicated findings and work performed. In our inspection we mainly focussed on significant risks and key judgement areas related to assumptions used to determine the valuation of level 3 investments.

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

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

In 'Manage our Risk' section of the Annual Report and note 41 'Risk management' of the Consolidated Annual Accounts describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into NN Leven and its business environment and NN Leven's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing NN Leven's code of conduct, whistleblowing procedures, incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed inquiries with Management, Supervisory Board and other relevant functions, such as Internal Audit, Legal Counsel and Compliance and included correspondence with relevant supervisory authorities and regulators in our evaluation.

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

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

- Wet op het financieel toezicht (Wft) (including the European Solvency II directives);
- Financial and economic crime (FEC) related laws and regulations; and
- Data privacy regulation (GDPR).

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

Management override of controls (a presumed fraud risk)

Risk

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

Independent auditor's report continued

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Response

- We assessed the design and the implementation of internal controls that mitigate the risk of fraud such as processes related to journal entries and key estimates.
- We performed data analysis of high-risk journal entries and evaluated key estimates and judgements for bias by NN Leven, including retrospective reviews of prior year's estimates.
- Where we identified instances of unexpected journal entries or other risks through our data analysis, we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information.
- We incorporated an element of unpredictability in our audit, specifically concerning payments by NN to companies in which management and supervisory board members hold shares or have director's positions Our audit procedures did not reveal any indications of irregularities.
- We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud or non-compliance. If so, we re-evaluated our assessment of relevant risks and its resulting impact on our audit procedures.

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

Revenue recognition (a presumed fraud risk)

Risk and response

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

We communicated our risk assessment, audit responses and results to the Management Board and the Supervisory Board. Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

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

- Considered whether management's assessment of the going concern risks included all relevant information of which we are aware as a result of our audit.
- Assessed whether the scenarios included in the Own Risk Solvency Assessment (ORSA) that was submitted to De Nederlandsche Bank N.V. (the Dutch Central Bank, DNB) and other regulatory correspondence, indicate a significant going concern risk.

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- Considered whether the outcome of our audit procedures on the Company's financial position and Solvency II capital position indicate a significant going concern risk.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts. We have communicated the key audit matters to the Management Board and the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the annual accounts as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Compared to last year the key audit matters with respect to the initial application of IFRS 17 and unit-linked exposure are not included, as the Group has transitioned to IFRS 17 and the significance of the unit-linked exposure to our audit has declined in 2024 with the agreement reached with interest groups on a settlement.

Valuation of insurance contract liabilities for life insurance contracts applying the General Measurement Model

Description

Insurance contracts (in short: insurance liabilities) amount to EUR 109,059 million as at 31 December 2024, or 82% of total liabilities. The valuation of insurance liabilities involves the use of cash flow models and methodologies and requires significant management judgement over assumptions, which also forms the basis for determining the Solvency II best estimate liability.

Elements that give rise to a significant risk of error are the use of judgmental assumptions in estimating the fulfillment cash flows under the General Measurement Model. Key assumptions for the valuation of life insurance contracts relate to expenses, inflation and longevity.

As referred to in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations' in this auditor's report, assumption setting inherently includes the risk that management may influence assumptions to manage the outcome of calculations and measurements. For example, in response to perceived pressure to achieve certain key performance targets communicated internally and externally. In this regard we considered the most critical judgements the maintenance expense assumption for life insurance contracts.

Given the financial significance, the level of judgement required and the inherent risk of fraud we considered the valuation of insurance contract liabilities for life insurance contracts applying the General Measurement Model a key audit matter.

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Our response

Our audit approach involves a combination of controls testing and substantive audit procedures.

Our procedures over internal controls focused on testing of controls governing assumption setting and internal review procedures performed by the actuarial functions at both the Group and component levels. We also assessed the process for the internal validation and implementation of the models used for the valuation of the insurance liabilities.

In collaboration with our actuarial specialists we performed the following substantive audit procedures:

- Assessed the appropriateness of assumptions used in the valuation of the insurance liabilities by reference to NN Leven data as well as relevant market and industry data.
- Tested the appropriateness of the data used, assumptions and methodologies applied in the valuation of insurance contract liabilities.
- Performed substantive analysis of developments in actuarial results and movements in provisions, the risk adjustment, Contractual Service Margin (CSM) and other comprehensive income during the year and made corroborative inquiries with management and the actuarial function.
- Specifically for life insurance contracts, we performed the following:
  - Tested and assessed the data used and expert judgment applied by management in determining the updated Covid-19 excess mortality impact on the level and trend of the longevity assumptions to identify potential indicators of management bias of assumptions changes made. We also derived our own estimate for such an impact based on NN Leven's mortality data and compared the outcome with management's estimate.
  - Challenged the appropriateness of management's estimate of expense cash flow projections for life insurance and pension products, assessing the main assumptions underlying the expected wage cost development, inflation assumptions and future savings. We assessed significant changes to the allocation keys used to allocate expenses and we assessed the methodology applied to determine the cost per policy per product group to also address the fraud risk of intentionally shifting expenses between portfolios to leverage off the duration effect to reduce expense provisions in particular product groups.
  - Evaluated the outcome of the work performed by the NN Group Model Validation function on the newly implemented best-estimate Expense inflation model and SCR Expense Inflation Risk Model, including the use of appropriate external inflation data and expert judgment applied by management. We reperformed the calculations of the impact of updated inflation rates on the expense cash flow projections and compared our outcome with management's valuations.
- Requested the model and assumption calendar and checked realization and inspect explanation for non-completed or additional items.

- Assessed the disclosures in the annual accounts for compliance with EU-IFRS and the Dutch Civil Code.

Our observation

We consider the valuation of the insurance contract liabilities measured using the General Measurement Model to be appropriate. We refer to note 11 'Insurance contracts' of the consolidated annual accounts. No indications and/or reasonable suspicion of fraudulent activity was identified as a result of the audit procedures performed.

Valuation of illiquid investments

Description

For illiquid (non-listed) investments quoted prices are not available and fair values are based on valuation techniques which often involve the exercise of judgement by management and the use of assumptions, estimates and unobservable inputs. Where significant pricing inputs are unobservable, management has no reliable, relevant market data available in determining the fair value. For these illiquid investments the estimation uncertainty can be high, especially due to increased market volatilities. This is mainly applicable to:

- mortgages held by the insurance entities, which are measured at fair value through other comprehensive income;
- real estate investments; and
- private equity and private debt investments.

Given the financial significance and estimation uncertainties we considered the valuation of illiquid investments a key audit matter.

Our response

We assessed management's approach to the valuation of the above listed investments and performed the following procedures:

- Evaluated the Group's processes and controls governing the valuation of non-listed investments.
- Inspected the supporting valuation documents prepared by management's internal and external valuation experts.
- Evaluated the objectivity, independence and professional competence of external valuation experts engaged by management.
- Involved our real estate valuation specialists in the substantive audit procedures of selected real estate investments. These procedures included inspecting the valuation reports obtained from management's expert, testing the source data used and the calculations made, and challenging significant assumptions such as the gross initial yield/discount rate and estimated rental values.

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- Where available, we assessed the assumptions used against relevant market data and object specific underlying characteristics such as occupancy rates and contract renewals.
- Tested and challenged management's valuation of private equity by critically reviewing the minutes of the meetings of management with the external fund managers. We also tested the timeliness of such meetings and performed a retrospective review of prior valuations to assess the reliability of the fair value estimates provided by the external fund managers. We compared movements in the valuations for the period with available external market data and the results of comparable asset sales that occurred during the period.
- For private debt investments, we reviewed the minutes of meetings of the NN valuation committee, reperformed a representative sample of fair values calculations of the private debt loans. We tested the source date used by management and verified the credit spread applied, based on external data such as credit ratings.
- In collaboration with KPMG valuation specialists, challenged the appropriateness of the models and methodologies used by management in calculating fair values of mortgages. We tested the source data used and assessed the appropriateness of critical valuation parameters. Our valuation specialists independently calculated whether the fair value for the mortgage portfolio as a whole as determined by management is within the acceptable fair value range.
- Assessed the disclosures in the annual accounts for compliance with EU-IFRS and the Dutch Civil Code.

Our observation

We consider the fair value of illiquid investments to be appropriate. We observed that valuation uncertainties in real estate investments remained significant in 2024 due to the limited number of relevant market transactions to support the estimated yield levels that are used for valuation purposes. We refer to Note 27 'Fair value of non-financial assets' of the consolidated annual accounts in which the real estate valuation uncertainties are disclosed.

Report on the other information included in the annual report

In addition to the annual accounts and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the annual accounts and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the annual accounts or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the annual accounts.

The Management Board is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the General Meeting of Shareholders as auditor of NN Leven on 28 May 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that financial year. We were reappointed by the General Meeting of Shareholders on 19 May 2022 to continue to serve the NN Group as its external auditor for the financial years 2023-2025.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Description of responsibilities regarding the annual accounts

Responsibilities of the Management Board and the Supervisory Board for the annual accounts

The Management Board is responsible for the preparation and fair presentation of the annual accounts in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of the annual accounts that are free from material misstatement, whether due to fraud or error. In that respect the Management Board, under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the annual accounts, the Management Board is responsible for assessing NN Leven's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the annual accounts using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the annual accounts.

The Supervisory Board is responsible for overseeing the NN Leven's financial reporting process.

Our responsibilities for the audit of the annual accounts

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the annual accounts is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at eng oob 01.pdf (nba.nl). This description forms part of our auditor's report.

Amstelveen, 28 March 2025

KPMG Accountants N.V.

F.M. van den Wildenberg RA

Appropriation of result and other information

Appropriation of result

The result is appropriated pursuant to article 21 of the articles of association of NN Leven, the relevant stipulations of which state that the appropriation of result shall be determined by the General Meeting having heard the advice of the Management Board and the Supervisory Board. It is proposed to add the 2024 net result of EUR 746 million to the 'Retained earnings'.

Other information

NN Leven has a branch office (NN Životní pojišťovna N.V., pobočka pro Českou republiku) which is located in the Czech Republic. NN Životní pojišťovna N.V., pobočka pro Českou republiku, as a foreign branch of NN Leven, is part of NN Leven, and therefore all liabilities of NN Životní pojišťovna N.V are integral part of the liabilities of NN Leven. All insurance activities from NN Životní pojišťovna N.V. are reinsured to NN Re, without any consequences for the policyholders of NN Životní pojišťovna N.V.

Contact and legal information

Contact us

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Commercial register number 24042211

Nationale-Nederlanden Levensverzekering Maatschappij N.V. is part of NN Group N.V.

Important legal information

The 2024 Annual Report provides an integrated review of the performance of NN Leven. Small differences in the tables are possible due to rounding. Certain of the statements in this 2024 Annual Report are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Leven'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 Leven of net operating loss, net capital and built-in loss carry forwards, (16) changes in credit and financial strength ratings, (17) NN Leven's ability to achieve projected operational synergies, (18) catastrophes and terrorist-related events, (19) operational and IT risks, such as system disruptions or failures, breaches of security, cyber-attacks, human error, changes in operational practices or inadequate controls including in respect of third parties with which we do business, (20) risks and challenges related to cybercrime including the effects of cyberattacks and changes in legislation and regulation related to cybersecurity and data privacy, (21) business, operational, regulatory, reputation and other risks and challenges in connection with Sustainability Matters (please see the link to our Sustainability matters definition www.nn-group.com/sustainability/policies-reports-and-memberships/policy-and-report-library.htm), (22) the inability to retain key personnel, (23) adverse developments in legal and other proceedings and (24) the other risks and uncertainties contained in recent public disclosures made by NN Leven, NN Group and/or related to NN Leven and/or NN Group.

Any forward-looking statements made by or on behalf of NN Leven in this Annual Report speak only as of the date they are made, and, NN Leven 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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