

# NN Group N.V.

## Update

### Key Rating Drivers

**Very Strong Capital:** NN Group N.V. reported a very strong Solvency II (S2) ratio of 194% at end-2024 (end-2023: 197%), which is at the upper end of the 150%-200% target range. Fitch Ratings estimates the group has maintained its 'Extremely Strong' Prism Global model at end-2024. We expect NN to maintain very strong capital metrics in 2025, supported by sustained operating capital generation.

**Low Leverage:** The Fitch-calculated financial leverage ratio (FLR) fell to 15% at end-2024 from 18% at end-2023 due to the combined effect of restricted Tier 1 (RT1) notes new issue, and the repurchase and redemption of undated subordinated notes in 1H24. Pro-forma for the RT1 issue and grandfathered debt buy-back in March 2025, the FLR is 13%, a strong level for the rating. Fixed-charge coverage is strong, while the group's financial flexibility is demonstrated in the recent capital management actions.

**Resilient Operating Performance:** The insurer's strong profitability is underpinned by steady, diversified group operating earnings in 2024. The main driver of earnings growth is European (mostly life) business outside the Netherlands (known as Insurance Europe). In contrast, the Dutch life business, ac

counting for 53% of operating result in 2024, weighted on earnings growth in 2023 and 2024. Net income return on equity (ROE), as calculated by Fitch, improved to 7.4% at end-2024 (end-2023: 5.6%), which Fitch considers low for the rating.

**Very Strong Company Profile:** NN is the largest insurer in life and pensions in the Netherlands and the second largest in property and casualty, and disability and accident. International operations (in the rest of Europe and Japan) accounted for about 30% of its operating result in 2024.

**Low Investment Risk:** Fitch assesses NN's investment and asset risk as low. Investments excluding banking mainly comprised debt securities (54% of insurance investments at end-2024). The group has a fairly high exposure to the property market, with high-quality Dutch residential mortgages comprising 26% of the investment portfolio and real estate 9%. Equity investments accounted for a low 2%. We expect exposure to higher-risk assets to remain commensurate with the ratings.

**Very Strong Asset and Liability Management:** NN uses cash-flow matching, duration matching and derivatives-based hedging to manage interest rate risk. The group's exposure to longevity risk reduced in 2023 as a result of two significant reinsurance transactions on around EUR13 billion of Dutch pension liabilities.

### Ratings

**NN Group N.V.**  
Long-Term Issuer Default Rating    A+

**Subsidiaries**  
Insurer Financial Strength            AA-

**Outlooks**  
Long-Term IDR                            Stable

**Debt Ratings**  
Subordinated Long-Term Rating    BBB+  
Senior Unsecured Long-Term Rating    A

### Financial Data

NN Group N.V.		
(EURm)	31 Dec 24	31 Dec 23
Total assets	210,375	208,941
Total equity	21,652	21,119
Total revenue	10,706	10,453
Net income	1,583	1,172
Solvency II (%)	194	197
Note: Reported under IFRS.		
Source: Fitch Ratings; NN Group N.V.		

### Applicable Criteria

[Insurance Rating Criteria \(March 2024\)](#)

### Related Research

[Fitch Rates NN Group's RT1 Notes 'BBB+' \(March 2025\)](#)  
[NN Group N.V. \(November 2024\)](#)

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## Rating Sensitivities

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Sustained weakening of operating earnings, leading to an ROE consistently below 5%.
- The S2 ratio below 170% on sustained basis.
- The FLR consistently above 24%.

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Sustained operating earnings growth leading to an ROE consistently above 15%.
- The S2 ratio above 200% and the FLR below 16%, both on a sustained basis, are prerequisites for an upgrade.

## Latest Developments

NN's operating earnings were broadly stable in 2024 with steady growth in the segments Insurance Europe and stable contribution from Netherlands Non-Life offsetting lower earnings in Netherlands run-off life business.

Net result rose by 35% to EUR1.6 billion, which included EUR360 million provision for the final unit-linked settlement costs.

Business growth, strong pensions performance and higher technical results drove a 19% increase in Insurance Europe operating earnings.

Operating results for Netherlands Life fell by 1.6% on lower investment result. However, higher investment spreads from wider government bond and mortgage spreads supported operating capital growth for this run-off business.

The non-life combined ratio in the Netherlands slightly deteriorated to 93.1% in 2024 (2023: 92.6%), slightly above the 91%-93% guidance. Less favourable claim experience in disability than in 2023 and large fire claims in 1Q24 were partly offset by benign weather-related claims.

Interest results were lower in the banking division due to ECB rate cuts, while earnings in Japan slightly increased despite adverse currency impacts.

The group's S2 ratio was broadly stable at 194% at end-2024. Capital generation in 2024 and management actions nearly offset capital return to shareholders, adverse market effect and regulatory and model changes. The group's contractual service margin (CSM) increased by 12%, despite a new business CSM being lower than CSM release in 2024. Underlying return of in-force CSM, experience variance and assumption updates contributed positively.

In 1Q25, NN issued EUR1 billion RT1 notes and completed the purchase of EUR763 million of the tendered EUR1 billion grandfathered undated subordinated note (first callable in January 2026). The debt management actions of 2025, like those of 2024, had a positive effect on FLR ratio due to the equity credit given to the RT1 notes in our FLR calculation, while the existing undated subordinated notes received no equity credit.

## Key Rating Drivers - Scoring Summary

### NN Group N.V.

ESG Relevance:



Insurance Navigator  
EMEA Composite

Driver Levels	Operational Profile		Financial Profile							Other Drivers & Criteria Elements (see below)	Insurer Financial Strength
	Industry Profile & Operating Environment	Company Profile	Capitalization & Leverage	Debt Service Capabilities and Financial Flexibility	Financial Performance & Earnings	Investment and Asset Risk	Asset/Liability & Liquidity Management	Reserve Adequacy	Reinsurance, Risk Mitigation & Catastrophe Risk		
aaa											AAA
aa+											AA+
aa											AA
aa-											AA- Stable
a+											A+
a											A
a-											A-
bbb+											BBB+
bbb											BBB
bbb-											BBB-
bb+											BB+
bb											BB
bb-											BB-
b+											B+
b											B
b-											B-
ccc+											CCC+
ccc											CCC
ccc-											CCC-
cc											CC
c											C
d or rd											D or RD

Other Drivers & Criteria Elements				
Provisional Insurer Financial Strength Rating				AA-
Non-Insurance Attributes	Positive	Neutral	Negative	+0
Ownership / Group Support	Positive	Neutral	Negative	+0
Transfer & Convertibility / Country Ceiling	Yes	No	AAA	+0
Insurer Financial Strength Rating				Final: AA-
IFS Recovery Assumption	Good			-1
Issuer Default Rating (IDR)				Final: A+

Bar Chart Legend:	
Vertical Bars = Range of Driver	
Bar Colors = Relative Importance	
Higher Influence	
Moderate Influence	
Lower Influence	
Bar Arrows = Driver Outlook	
Positive	
Negative	
Evolving	
Stable	

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