NORINCHUKIN BANK
EUROPE N.V.

Annual Report

2022

Dedicated
to sustaining
all life.

Contents

About Norinchukin Bank Europe N.V.

Who We Are

Norinchukin Bank Europe N.V. (hereafter "NBE") is a fully owned subsidiary of The Norinchukin Bank in Tokyo, Japan. NBE was established in September 2018, granted a banking license by the European Central Bank (hereafter "ECB") in August 2019, and changed the legal name from Norinchukin Europe N.V. to Norinchukin Bank Europe N.V. in December 2019. NBE commenced its business operations in September 2020. NBE operates banking activities in three main business areas: Food and Agriculture (hereafter "F&A") banking business, Structured finance business and Euro funding business.

The Norinchukin Bank was established in 1923 as the national-level financial institution for agricultural, fishery and forestry cooperatives in Japan. The Norinchukin Bank plays a major role in Japanese society as a contributor to the development of the nation's economy and as a supporter of the agriculture, fishery and forestry industries with facilitated financing for its members including Japan Agricultural Cooperatives ("JA"), Japan Fishery Cooperatives ("JF") and Japan Forest owners' Cooperatives ("JForest"). At present and looking to the future, The Norinchukin Bank mainly focuses on the three business areas of the "F&A Business", "Retail Business" and "Investment Business". The Norinchukin Bank is making its best efforts to realize further growth for the agriculture, fishery and forestry industries. There is no plan to start any retail business in Europe. For more information on NBE organization, please refer to the Organization in About Norinchukin Bank Europe N.V.

Business Model

NBE focuses on three business areas:

- Strengthening the F&A banking business to support Japanese firms in (Continental) Europe.
- Increasing the group's Structured finance business in Europe to strengthen its global diversified investment strategy.
- Attracting stable funding from the European repurchase transactions (hereafter "repo") markets to ensure the stability of the group's Euro funding business.

The Norinchukin Bank defined the F&A banking business as one of the pillars in its mid-term business plan. It aims to further grow the agriculture, fishery and forestry industries and to exert stronger international presence on 'food'. The Norinchukin Bank intends to provide more financial support to Japanese firms in the F&A Banking business in Continental Europe, where various value chains are expected to move to, following conditional changes such as the Economic Partnership Agreement (hereafter "EPA") between the EU and Japan. NBE serves as an intermediary for Norinchukin Group in Japan with regard to corporate lending opportunities in the F&A banking business. NBE currently offers corporate time deposits and corporate bilateral and syndicated loans. In doing so, NBE obtains new lending opportunities for its own account using the EU passporting rights of the banking license.

In the global investment and finance business, The Norinchukin Bank aims to make stable profits under its globally diversified investment strategy. NBE engages in Structured finance business for its own account using the EU passporting rights of the banking license to grasp business opportunities in Continental Europe.

The Euro funding activities that The Norinchukin Bank currently exploits primarily relate to repo transactions. NBE's repo transactions are traded through a Central Clearing Counterparty (hereafter "CCP") in France, which locates the centre of liquidity of the EU based repo transactions. Issuance of Negotiable Certificates Deposit (NCD) and interbank transactions are other sources of EUR funding.

> "Work together with our stakeholders to foster Agriculture, Forestry and Fisheries industries and to create a prosperous future for food and lifestyles, and thereby contribute to a sustainable global environment."

Key Figures

Amounts in thousands of euros

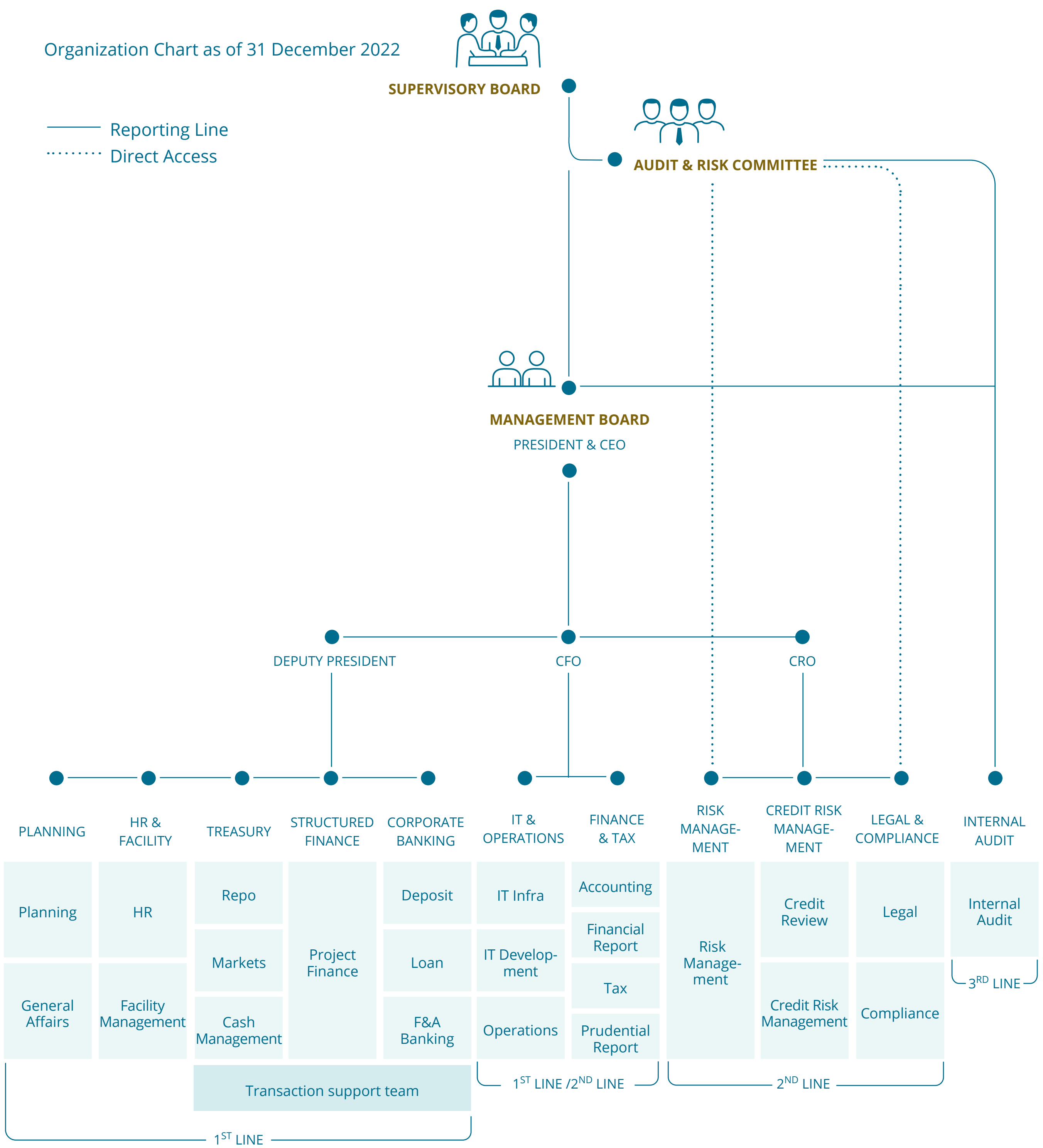
Key Figures	31 December 2022	31 December 2021
Cash and balances with central banks	131,966	239,112
Loans and advances to banks	7,423	7,400
Loans and advances to customers	917,728	272,129
Debt securities at amortized cost	1,435,342	1,460,608
Total assets	**2,511,673**	**1,998,404**
Total shareholder's equity	**1,976,334**	**1,967,905**
Net result for the year	8,429	-1,001
Total operating income	31,284	15,933
Total operating expenses	19,260	17,694
Result for the year before tax	11,531	-1,702
Income tax expense/(-) benefit	3,102	-701
Others		
Total capital ratio	157%	415%
Leverage ratio	58%	81%
NSFR *	243%	474%
LCR *	306%	347%
Number of employees (total in FTE)	**56.7**	**46.1**

* LCR: Liquidity Coverage Ratio. NSFR: Net Stable Funding Ratio.

Organization

NBE has a robust two-tier governance structure, which is comprised of a Supervisory Board and a Management Board and supporting committees of specialists for each business area.
As per 31 December 2022, NBE had 56.7 full-time employees (2021: 46.1).

Organization Chart as of 31 December 2022



Composition of the Supervisory Board

The Supervisory Board consists of Mr. Imai, Mr. van Eeghen, Mr. Kuijpers and Mr. Kitabayashi. The necessary capabilities and knowledge are available in the collective of the Supervisory Board.

Chairperson – Mr. Masato Imai (effective 23 April 2021)

Mr. Imai has been appointed as Chairperson of the Supervisory Board from 23 April 2021. Mr. Imai joined The Norinchukin Bank in 1999 and has extensive experience and knowledge of global investment and finance business, including corporate finance and project finance business, which are NBE's core business and strategy. He has broad experience in senior management positions. In his current position Mr. Imai is responsible for the group's global banking business, sustainable finance business and the oversight of overseas branches.

Member / Chairperson of Audit and Risk Committee - Mr. Idzard L. van Eeghen (effective 2 August 2019)

Mr. van Eeghen has fulfilled several senior managerial positions in banks amongst which ABN AMRO and RBS and has extensive experience with managing and supervising bank's risks including but not limited to market, liquidity, credit, compliance and operational risks. He is currently a member of the Managing Board and Chief Finance Officer of Dutch online bank bunq B.V.

Member – Mr. Arnold J.A.M. Kuijpers (effective 2 August 2019)

Mr. Kuijpers is a very experienced banker with an extensive knowledge of the Dutch and European banking regulatory framework. Mr. Kuijpers is very familiar with the operations of foreign subsidiaries of international and cooperative banks. He was, amongst others, managing director of Rabobank Ireland, director of Corporate Strategy and director of European affairs at Rabobank. He is currently also a Supervisory Board member of World Waternet.

Member – Mr. Taro Kitabayashi (effective 21 April 2023)

Mr. Kitabayashi joined The Norinchukin Bank in 1994 and experienced managerial functions, especially in corporate planning, financial planning, and sustainability. As he has a lot of experience on these subjects and knows the bank and its culture very well, he can add value on NBE and its core business and strategy. Mr. Kitabayashi is currently a member of the Board of Directors of The Norinchukin Bank, and he is responsible for the group's financial and sustainable finance business.

Member – Mr. Hiroaki Fukuda (resigned on 31 March 2023)

Mr. Fukuda joined The Norinchukin Bank in 1992.
He has extensive knowledge on the risk management framework, global financial regulatory compliance, internal control framework, and non-yen currency funding. Mr. Fukuda resigned from the Member of Supervisory Board on 31 March 2023 and was succeeded by Mr. Kitabayashi.

Composition of the Management Board

The Management Board consists of Mr. Yasutake, Mr. Nomura, Mr. van Wees and Mr. Sakurada. The Management Board is collectively responsible for NBE's management, the general affairs and the business connected with it.

President and Chief Executive Officer - Mr. Atsushi Yasutake (effective 10 July 2019)

Mr. Yasutake joined the Management Board of NBE on 21 September 2018 and was appointed as President and Chief Executive Officer (hereafter "President & CEO") on 10 July 2019. Mr. Yasutake was a general manager of The Norinchukin Bank's Corporate Planning Division and has insightful experiences with the European banking business. For example, he had a leading role in setting up and executing the strategic alliance between The Norinchukin Bank and Rabobank.

Deputy President - Mr. Atsushi Nomura (effective 1 April 2022)

Mr. Nomura joined NBE and was appointed to the Management Board as Deputy President on 1 April 2022. Mr. Nomura has broad and deep experience in The Norinchukin Bank business strategy and extensive knowledge of the global investment and banking business, and he also has a good understanding of corporate lending and investments in infrastructure projects.

Chief Financial Officer - Mr. Marcel van Wees (effective 10 December 2019)

Mr. van Wees joined NBE on 1 July 2019 and was appointed to the Managing Board as Chief Financial Officer (hereafter "CFO") on 10 December 2019. Through his strong experience in the Dutch financial sector as well as his experience in several CFO positions within Rabobank Group, Mr. van Wees gained extensive insights in the field of financial planning, financial and regulatory reporting, taxation and information technology.

Chief Risk Officer - Mr. Hiroki Sakurada (effective 10 July 2019)

Mr. Sakurada joined the Management Board of NBE on 21 September 2018 and was appointed as Chief Risk Officer (hereafter "CRO") on 10 July 2019. Through his broad experience in risk management, Mr. Sakurada has gained various techniques and skills related to risk management, and he has in-depth understanding of The Norinchukin Bank and NBE's business model and risk profile. Mr. Sakurada is knowledgeable about the nature of The Norinchukin Bank and NBE's investment strategy.

General Information

Registered Office: Gustav Mahlerlaan 1216, 4th Floor, 1081LA, Amsterdam, the Netherlands
Supervisory Board: Mr. Masato Imai (Chairperson), Mr. Idzard L. van Eeghen, Mr. Arnold J.A.M. Kuijpers, Mr. Taro Kitabayashi
Management Board: Mr. Atsushi Yasutake (President & CEO), Mr. Atsushi Nomura (Deputy President), Mr. Marcel van Wees (CFO), Mr. Hiroki Sakurada (CRO)
Auditor: Deloitte Accountants B.V. Gustav Mahlerlaan 2970, 1081LA, Amsterdam, the Netherlands
Chamber of Commerce registration number: 72676094

Report of the Management Board

Management Board

The Management Board has the ultimate and overall responsibility for realizing the organization's strategy and is jointly responsible for managing all factors that might impede the strategy from succeeding. The Management Board is strongly engaged in establishing trustworthy banking operations and expanding NBE's business in Europe, in line with The Norinchukin Bank's strategy. NBE has three focused business areas in banking business operations: strengthen the F&A banking business, increase its Structured finance business, and secure access to the market of Euro denominated repo transactions.

Corporate Governance

For the design of its organization NBE has applied the Three Lines of Defence model, an established internal control and risk management approach that helps NBE strengthen, clarify and coordinate its essential governance, internal control and risk management roles and responsibilities. The Management Board and the Supervisory Board are responsible for a sound governance structure and compliance with Dutch and EBA governance principles. The members of these boards establish an example to all of NBE's employees and exhibit this in their day-to-day activities.

Risk Management

NBE describes Risk Management as "taking necessary measures to accept, mitigate or reduce risks, i.e., uncertain factors that potentially may have a negative impact on managerial strategies and business policies to achieve NBE's strategic goals. This objective is stipulated in the NBE's Risk Management Policy. The Risk Appetite Statement (hereafter "RAS") defines the types and amount of risk that NBE is willing to take and considers acceptable in pursuit of its strategic objectives. The RAS identifies the risks related to the business strategy and defines the risk levels NBE is willing to expose itself to into three categories: Capital, Credit & Market Risk (including interest rate risk in banking book), Liquidity & Funding Risk as well as Non-Financial Risk.

For the period ended 31 December 2022, the risk profile of NBE has changed little compared to the previous year. NBE started its business in September 2020 with F&A Banking business, Structured finance business and Euro funding business for which its exposure to risk bearing positions was well within the limits of NBE's risk appetite indicators. During 2022 the focus was on a gradual increase of the loan portfolio and to remain well within the pre-defined risk appetite. Total shareholder's equity increased in 2020 due to capital contributions from our parent company, and this leaves NBE well capitalized for future expansion. For our Euro funding business with repo and reverse repo, all transactions are collateralized with high quality European government bonds and thus the credit risk is well mitigated. One of the material risks for NBE is the interest rate risk in banking book, which arises from our investments of capital funds in long maturity fixed income European government bonds. No foreign currency risk was actively taken as growth of financial business assets is funded with the same currency. NBE's foreign currency exposures are mostly hedged. Liquidity & Funding Risk in NBE is managed within the RAS by monitoring liquidity positions and maintaining highly liquid collateral and cash. As for Non-Financial Risk, the risk profile of NBE was limited as 2022 has been a year to build up banking activities further, as NBE started its business in September 2020. In the years since the business has started no operational incidents with significant losses occurred.

The RAS ensures that NBE manages its risk arising from business processes in a controlled manner. NBE has taken the necessary steps that its employees are aware of the risks associated with NBE's chosen business strategy and that they exhibit prudent attitudes toward risks that could affect the mission and strategy of the organization. For NBE, to maintain reputation in Europe among various stakeholders, including society, clients, regulators and other industry players is of the utmost importance.

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For more information on risk management and specific risks for NBE, please refer to the Risk Management section in the notes to the Financial Statements.

Business Developments and Outlook

Japan and the countries within the EU have a historical trade relationship that dates back to the 17th century and remains strong to this day. To support both the trade relationship and the realization of Norinchukin group's strategy (to further grow the agriculture, fishery and forestry industries whilst also making stable profits), NBE will expand its F&A Banking business in Continental Europe.

The Norinchukin Bank expects an increase in the volume of Japanese F&A clients in Europe:

- Continental Europe is now positioned as an essential food supplier to Japanese markets. The current trade statistics of agricultural/fishery products shows a large excess of exports to Japan from the EU over imports from Japan to the EU.
- Japanese consumers, who are very sensitive to the safety of food and sustainability, generally feel comfortable with EU food products, as they know food regulations in the EU are strict and both European consumers and producers are strongly aware of sustainability.
- Japanese F&A related firms are well positioned to service European consumers and comply with European standards and are becoming more active in Continental Europe. NBE expects such movements will expand further, following the EPA between the EU and Japan and other factors.

The Norinchukin Bank also expects that more business opportunities in Europe in the global investment and finance business will present themselves. Within these opportunities NBE focuses on Structured finance business using the EU passporting rights of banking license, which allows NBE to approach more Structured finance transactions in Continental Europe, one of the most promising business areas.

In the Euro funding business, The Norinchukin Bank aims to have a stable source of Euro funding from European repo markets. NBE has secure access to the centre of liquidity of the EU-based repo business upon the movement of European repo clearing services from the UK to Continental Europe.

In order to fulfil the Norinchukin group's strategy, NBE will play a vital role to further develop and maintain strong representation in the EU and ensure long-term access to the continental European market. To drive this development, NBE expects to keep increasing the number of employees in line with the development of our business. NBE has built a solid organization in terms of finance and business operations to support its growth plans. No significant financial investments are foreseen for the near future. NBE expects to continue to develop business activities and increase the number of full-time employees in order to accelerate financial profits and to contribute to a sustainable environment and society of the future. NBE has been increasing the amount of sustainable finance transactions and launched a green related deposit product early in year 2023. The funding of the loan growth will be provided by The Norinchukin Bank with an maturity, currency and interest rate profile to match the assets being financed. As a result, much of the liquidity and foreign currency risks are mitigated. For more details on our risk management framework, please see the Risk Management section in the notes to the Financial Statements.

NBE carefully managed its business operations in 2022 in accordance with external factors such as post-COVID-19 business recovery, Russian invasion of Ukraine, high inflation and frequent and continuous ECB rate hikes.

As part of reviewing and monitoring process, NBE performed various analyses of the financial markets and credit quality of existing and potential clients/ counterparties under pressure from challenging business environment including COVID-19, Russian invasion of Ukraine, high inflation and frequent ECB rate hikes. NBE also closely monitors the potential impact of other external factors and their potential impact on our businesses and clients/counterparties to be able to respond timely to identified extra risks.

NBE does not have direct exposure to Russia and Eastern European countries. In addition, impacts of global rate hikes on NBE's asset and liability is mainly related to NBE's own government bond investments which are valued at Held to Maturity. NBE's own government bond investments aim to generate stable interest income until their maturity, and NBE has more than sufficient capital in place to mitigate the unrealized losses. Our client businesses have a limited interest rate mismatch.

Sustainability

The international community, aiming at achieving the Sustainable Development Goals (SDGs) and the Paris Agreement on climate change, is working towards the protection of the global environment. This initiative is fundamental to the existence of humanity and all living creatures, and the realization of a sustainable society. Against this background, expectations are on the rise for corporations to address such issues. NBE also recognizes the importance of sustainability initiatives, and NBE publishes its climate-related disclosure as a part of NBE's annual report as per the Task Force on Climate-related Financial Disclosure (TCFD) Recommendations from year 2021. This climate-related disclosure is not in scope of the auditor's opinion or audit and review procedures conducted by the external auditor.

Performing NBE's sustainability-oriented management and assessing climate-related and environmental risks based on TCFD, NBE will enhance the procedures to manage climate risks in its portfolio in order to mitigate and adapt to climate change through its business activities. NBE manages its transitional risk and physical risk as NBE developing its financial portfolio as of FY2022, and NBE supports the transition to a decarbonized society through our financing services. For more information with respect to governance, strategy, risk management, key metrics and targets on climate risks of NBE, please refer to the appendix - climate-related disclosure in the 'Other Information'.

Initiatives

The Norinchukin Bank has set Medium/Long-Term Goals to reduce Greenhouse Gases (GHG) emissions by 50% (compared with FY2013) and improve the income of farmers, fisheries and foresters to reach by FY2030. To achieve these goals, the Norinchukin group will promote reduction of GHG emissions of its financial counterparts, reduce own CO2 emission and execute JPY 10 trillion of new sustainable finance transactions. NBE is also committed to contribute to this Medium/Long-Term Goals of its parent.

As a financial institution, NBE steers its business activities in accordance with The Norinchukin Bank's Medium/Long-Term Goals by reducing GHG emission and accelerating sustainable finance transactions for the resolution of environmental and social issues. Due to NBE's business and personnel expansion and post-COVID-19 business recovery, NBE's GHG emission increased to 18,978 tCO2e in 2022 (18,891 tCO2e in 2021). NBE engages to reduce the emission by boosting the use of lower GHG emission transportation and decrease its electricity consumption. In 2022, NBE executed 11 project finance transactions, €838 million in total (2021: 8 project finance transactions, €474 million), as sustainable finance, including offshore and onshore wind farm projects, a fiber project, a train financing project and street lighting in Continental Europe.

Sustainable finance is measured by Norinchukin group's internal clarifications which include transactions for renewable projects and social infrastructure projects. In addition to NBE's existing €1.3 billion sustainable finance portfolio, NBE will continue to focus on European sustainable finance transactions going forward and has set as goal to commit to further €350 million in sustainable finance transactions in 2023 (70% of new project finance commitment). Considering corporate clients' strong awareness to green financial products, NBE introduced a green related deposit product in 2023 to capture their demands for green investments backed by NBE's sustainable finance. NBE conducts business activities together with our stakeholders to contribute to sustainable developments.

Governance

NBE is developing its ESG governance framework to ensure proper management of ESG risks including climate-related and environmental risks in the banking business operations, in line with local and regional European standards. NBE endorses the Norinchukin group's Environmental Policy, Human Rights Policy, and Basic Policy for Investment and Loans which are based on Norinchukin group's Code of Ethics on a group-wide basis. The policies place high importance on the conduct of our business operations in accordance with principles of sustainable development, environmental and social sustainability and the public responsibility of financial institutions towards stakeholders. NBE also follows its own Sector Policy to prohibit and restrict financial transactions in sectors that have a potential negative impact on ESG in line with parent.

ESG Risks Management

NBE manages ESG risks, especially financial risks stemming from climate change, to address climate-related and environmental considerations in the risk management framework. NBE manages financial risks related to the physical consequences of climate change "physical risks" as well as the transition to a climate-neutral economy "transition risks". NBE assesses credit transactions and reviews the credit portfolio to adhere to the credit risk taking of NBE in relation to its Risk Appetite.

NBE recognizes physical and transition risks that are related to the transition to a decarbonized society and climate change. NBE manages these climate change-related risks: Physical risk, Transition risk and results of Climate Stress test, appropriately under an integrated risk management framework. Based on NBE's lending portfolio as of FY2022, transition risk and physical risk are managed as NBE develops its portfolio.

For more information on climate risk including GHG measurements and results, please refer to the appendix - climate-related disclosure in the 'Other Information'.

Social Contribution

In order to continuously contribute to sustainable future of related local communities, society and food, NBE is a sponsor of Food Education Platform in the Netherlands which aims to increase the interest of children for sustainable nutrition. NBE also supports the Netherlands Bach Society to contribute talent development and education for Dutch cultural landscape. Considering the Japanese origin of The Norinchukin group and strengthening relationship between the Netherlands and Japan, NBE has been sponsoring events and organizations related to connection between Dutch communities and Japanese communities as well.

Our People and Value

NBE has formulated its Corporate Values OSEC: Openness, Sensitivity, Engagement and Cooperation to build and preserve a sustainable inclusive corporate culture. NBE has made various efforts to develop and enhance employees as well as the organization in order to support NBE to foster own corporate culture. Living by these Corporate Values was graded at a 4,3 (on a 5-point scale) in the annual employee survey.

NBE is promoting diversity, equality and inclusion to lead a sustainable corporate culture, such as gender and nationality. As per 31 December 2022, NBE had a total of 57 employees (average number of employees was 52.25) of which 17 female and 40 male employees (including expats). Local NBE employees represent 16 different nationalities. NBE continues to strive to increase diversity, equality and inclusivity further. NBE in addition strives for a more diverse management body in both gender and nationality. Our policies and processes like remuneration, recruitment and Learning & Development are designed to support and achieve those ambitions. Additionally, NBE is analyzing the Gender Equal Pay Gap to ensure equality among staff.

Learning & Development

Helping our employees develop and enhance in their jobs and on a personal level has had our specific attention this year. Training on the job, seminars, different personal educations and the implementation of an online training platform for all staff has been implemented. This platform gives access to all kinds of e-learnings from Microsoft Office to languages lessons to soft skill training. With implementing this platform NBE takes another step in empowering its employees.

Health and safety

At NBE we value our employees' health and safety. To support a healthy lifestyle NBE has taken several initiatives to enhance and facilitate that. All management followed workshops related to high performing teams, stress management and balancing work/life. Next to that during this year the a.s.r. Vitality app for all staff was implemented. Within NBE, The Vitality Ambassadors, a volunteer-led employee organization, continuously organize and address vitality activities, in order to support this.

Financial Statements

Due to the preparation stage of banking business activities commenced in September 2020, NBE recorded losses in financial years prior to 2022 in accordance with the business plans, which were by no means an indication for a lack of growth, but rather the costs of preparation for commencement of business operations.

In financial year 2022, NBE became profitable for the first time which is in line with its business plan. Considering the nature of NBE's business strategy, the Management Board expects that NBE achieves stable growth by F&A banking business, Structured finance business and Euro funding business. The Management Board continues to strive to improve NBE's financial result by developing these business activities. Besides, for details of how NBE manages liquidity and solvency risk, please refer to the Risk Management section.

Closing

We successfully managed business developments as a first profitable financial year while several external factors such as post-COVID-19 business recovery, Russian invasion of Ukraine, high inflation and continuous ECB rate hikes. Our banking activities and financial performance are expected to improve in 2023. The Management Board would like to express its sincere appreciation to all stakeholders involved for their continuous support in 2022. The Management Board looks forward to working together to continue servicing and working with all stakeholders to make 2023 another success year and to contribute to a sustainable environment and society of the future.

Amsterdam, 30 May 2023
Atsushi Yasutake
Atsushi Nomura
Marcel van Wees
Hiroki Sakurada

Report of the Supervisory Board

Supervisory Board

The Supervisory Board is charged with the supervision of the strategies and policies pursued by the Management Board and the general course of affairs in NBE. The Supervisory Board takes all stakeholders' interest into account when supervising and providing advice to the Management Board. The Supervisory Board consists of two delegated members of The Norinchukin Bank and two independent members. The Supervisory Board has sufficient experience in (Dutch) corporate governance practices and financial regulation, and its members have different focus areas depending on their professional background and expertise.

The Audit and Risk Committee (hereafter "ARC") was established to support the Supervisory Board in its oversight of the policies of the Management Board, particularly with respect to the internal Risk Management Framework (hereafter "RMF") and control systems, including audit and compliance matters. The ARC also assists the Management Board by providing advice related to ensuring the integrity of NBE's Financial Statements, NBE's compliance with legal and regulatory requirements, the External Auditor's qualifications and the independence and performance of NBE's Internal Audit function and external auditor.

Professional Performance

In the period ended 31 December 2022, the Supervisory Board held seven meetings and all members were present by means of physical and video conferencing access. The roles and responsibilities of the Supervisory Board are stipulated in the Supervisory Board's Charter. The Supervisory Board discussed with the Management Board various topics including but not limited to business and financial plan, risk appetite, corporate governance, risk management, compliance and audit to assess and oversee NBE's business and enhance the key policies. The Supervisory Board extensively discussed on 1) business plan, financial plan, and RAS, 2) board composition, 3) NBE's business profile following European macroeconomic and monetary policy transitions to enhance NBE's business operations and the governance.

In the period ended 31 December 2022, the ARC held five meetings and all members were present by means of physical and video conferencing access. The ARC discussed with the Management Board a great number of topics with respect to the internal control framework, including risk management, audit and compliance matters. During the year, the ARC extensively discussed 1) audit plan and audit report, 2) SREP and 3) communication with regulators. The Supervisory Board will remain in close contact with the Management Board to ensure steady business development despite confronting uncertainty during post-COVID-19 business recovery, Russian invasion of Ukraine, high inflation and continuous ECB rate hikes.

Financial Regulation

NBE made an analysis of the regulatory landscape that applies to its activities for example: the Capital Requirements Directive (2019/878/EU; hereafter "CRD V") and the Capital Requirements Regulation (2019/876/EU; hereafter "CRR II") in general, Securities Financing Transactions Regulation ("SFTR") in connection with the repo business, as well as national legislation such as Dutch Financial Supervision Act ("Wet op het Financieel Toezicht" or "WFT") and policies and guidelines of ECB, the Dutch Central Bank (hereafter "DNB") and other supervisory authorities including Anti-Money Laundering and Countering the Financing of Terrorism("AML/CFT") related, and has taken the outcome of such analysis into account for its business activities. NBE ensures that its products and services comply with applicable regulations on an ongoing basis.

Remuneration

The Supervisory Board is responsible for approving, monitoring and maintaining the Remuneration Policy and overseeing its implementation to ensure it is fully operational as intended. The Supervisory Board determines and oversees the remuneration of the members of the Management Board, approves the remuneration of the Head of Internal Audit and oversees the remuneration of the senior officers in control functions, including the Risk Management and Compliance function. The Supervisory Board also approves the remuneration of employees other than the members of the Management Board. The remuneration for employees other than Management Board is proposed by the Management Board. In 2022 two meetings to oversee or determine the remuneration were held.

The remuneration of NBE consists of two elements: fixed remuneration and variable remuneration.

Fixed remuneration

Fixed remuneration primarily reflects relevant professional experience and organizational responsibility as set out in an employee's job description as part of the terms of employment. The compensation (fixed fee) for members of the Supervisory Board will be determined on the basis of their roles and responsibilities. If a member of the Supervisory Board is also a board member or executive officer of The Norinchukin Bank, no compensation will be paid by NBE. In line with The Norinchukin Bank's rules and/or regulations, this member should only receive compensation from The Norinchukin Bank.

The fixed remuneration for all employees amounted to €7 million (2021: €6 million).

Variable remuneration

Variable remuneration reflects a risk adjusted performance as well as performance in excess of that required to fulfil the employee's job description as part of the terms of employment. At least 50% of the variable remuneration is based on non-financial performance criteria such as strategic goals, customer satisfaction, leadership, management skills, compliance with the Risk Management Policy of NBE, creativity and motivation. While financial performance criteria, such as NBE's financial/business results, are a part of the performance assessment, non-financial performance criteria form a large part of the performance assessment in order to not incentivize excessive risk taking and to contribute to NBE's long-term business continuity.

NBE establishes appropriate ratios between the fixed and the variable component of the total remuneration, whereby the following principles apply:

- The variable component shall not exceed 20% of the fixed component of the total remuneration for each employee in principle.
- If the remuneration for an employee does not or not entirely follow the Collective Labor Agreement ("CLA") Banks standards, its variable component is not capped at 20% of the fixed component of the total remuneration for each employee. However, it is capped at 100% of the fixed component, provided that in any case, NBE's total variable component for employees concerned shall not exceed 20% of the total fixed component of NBE's total remuneration.

The variable remuneration for all employees amounted to €0.3 million (2021: €0.4 million).

Identified Staff
NBE has Identified Staff whose professional activities have a material impact on NBE's risk profile and to whom specific requirements apply as set by DNB. The variable remuneration for Identified Staff is in principle capped at 20% of the fixed annual remuneration to the extent that its remuneration entirely follows CLA Banks standards. In any case, the variable remuneration for Identified Staff is capped at 100% of the fixed annual remuneration.

In 2022 NBE had no employees or executives earning more than one million Euro nor exceeded the cap of 20% variable remuneration.

Lifelong Learning Program and Self-evaluation

In the period ended 31 December 2022, NBE held three courses as part of the lifelong learning programs with the Supervisory Board and the Management Board members as follows:

- Topics surrounding Financial Regulation
- Current European Project Finance Market
- The Norinchukin Bank's ALM Update

The Supervisory Board evaluated the functioning under independent supervision to ensure the quality of its own performance that is required once every three years in line with the Dutch Banking Code. All members assessed the involvement, culture and relationship between the Supervisory Board and NBE staff including Management Board.

Financial Statements

In compliance with Dutch laws and NBE's Articles of Association, NBE will submit the Financial Statements for the period 1 January 2022 to 31 December 2022 together with the Report of the Management Board to the General Meeting of Shareholder. As NBE is a standalone entity without any subsidiaries as of 31 December 2022, the statutory financial statements equal to the consolidated financial statements.

The Financial Statements and Report of the Management Board have been reviewed by the Supervisory Board and audited by Deloitte Accountants B.V. The Supervisory Board proposes that the General Meeting of Shareholder approves the Financial Statements for the period from 1 January 2022 to 31 December 2022 as submitted by the Management Board.

Closing

The Supervisory Board has been working closely with the Management Board to assist to develop business operations and activities in 2022 despite the continued extraordinarily environment with the global pandemic of COVID-19 and Europe's macroeconomic and monetary policy transition. The Supervisory Board recognizes and highly appreciates the efforts and hard work of NBE's staff and its Management Board. The Supervisory Board looks forward to continuing close and strong cooperation.

Amsterdam, 30 May 2023
Masato Imai
Idzard L. van Eeghen
Arnold J.A.M. Kuijpers
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Dutch Banking Code

The Dutch Banking Code has been drawn up by the Dutch Banking Association ("NVB") and it came into effect on 1 January 2010. The Dutch Banking Code sets out principles that banks with a corporate seat in the Netherlands should observe in terms of corporate governance, risk management, audit and remuneration.

NBE implements corporate governance framework which complies with the principles of the Dutch Banking Code. All important issues addressed in the Dutch Banking Code and similar regulations are being discussed in relevant committee meetings including risk management, compliance, audit and remuneration.

The below overview reflects the status of NBE's compliance with the Dutch Banking Code over the period ended 31 December 2022.

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Compliance with the Banking Code

Sound and ethical operation

NBE has a medium/long-term business plan which is aligned with the Norinchukin group's strategy and aims to make a further meaningful contribution to growth and diversity of European markets. NBE embeds the business plan in its governance structures and internal policies.

The Management Board and the Supervisory Board, with due regard for each other's duties and powers, are responsible for a sound governance structure and compliance with the governance policies. The members of the Management Board and the Supervisory Board set example to all of the NBE's employees.

Supervisory Board

NBE's Supervisory Board is composed in a way that it is able to perform its tasks properly. The Supervisory Board has a total of four members, two of which are independent. The Supervisory Board elects the ARC. The members of the Supervisory Board have specific competencies and experiences to perform their supervising duties with critical and independent eyes. In the case of vacancies, attention is given to the composition of the Supervisory Board with respect to balance between competencies/experiences and affinity with the nature and culture of the NBE's business and, to the extent possible in the relatively small setting, to gender, nationality, and cultural background.

The chairperson of the Supervisory Board organizes a lifelong learning program for all members of the Supervisory Board with the aim of maintaining their expertise at the required level. The Supervisory Board reviews its own performance annually and has its performance review independently every three years to ensure the quality of its own performance.

The independent members of the Supervisory Board receive appropriate compensation for their work, which does not depend on NBE's financial result. The delegated members of the Supervisory Board employed by The Norinchukin Bank do not receive compensation in accordance with the Norinchukin group policy.

Management Board

As per 31 December 2022, NBE's Management Board consisted of four members. The Management Board is composed in a way that it is able to perform its tasks properly and each member has outstanding capabilities and knowledge to develop banking business in Continental Europe. In the case of vacancies, attention is given to the composition of the Management Board with respect to professional experience, competencies and, to the extent possible in the relatively small setting, to gender, nationality, and cultural background.

Each member of the Management Board is assigned specific tasks and responsibilities based on their skills and expertise. One member (CRO) has the duty in risk-related areas and is independent from commercial areas.

The chairperson of the Management Board (President & CEO) organizes a lifelong learning program for all members of the Management Board with the aim of maintaining the level of expertise and enhancing skills and knowledge. Every member of the Management Board takes part in the lifelong learning program.

Risk Policy

NBE's RMF is comprehensive and transparent and has both a short and long-term focus. The framework covers all relevant risks and takes reputational risks and non-financial risks into account.

The Supervisory Board approves NBE's risk appetite which is constructed by the Management Board. Any material changes to the risk appetite in the interim also require approval of the Supervisory Board. The Supervisory Board assesses capital and liquidity strategy based on advice from the ARC.

Audit

NBE has an internal audit division with an independent position within NBE. The Head of Internal Audit has direct access to the ARC and reports at least quarterly to the Management Board and ARC. Furthermore, the Head of Internal Audit reports administratively (i.e., day-to-day operations) to the chairperson of the Management Board (President & CEO). Discussion and consultation among the internal audit division, the external auditor, the regulator and the ARC takes place periodically to discuss risk analyses, audit plans, audit reports and audit findings.

Remuneration Policy

NBE implements the remuneration policy which is in line with national and EU laws and regulations. NBE's remuneration policy has a primarily long-term focus and is in line with NBE's risk policy. The Supervisory Board is responsible for approving, monitoring and maintaining the remuneration policy and overseeing its implementation to ensure it is fully operating as intended.

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Financial Statements

Financial Statements

Statement of Financial Position

All figures are before appropriation of profit

As at 31 December

Amounts in thousands of euros

	Notes	31 December 2022	31 December 2021
Assets			
Cash and balances with central banks	2	131,966	239,112
Loans and advances to banks	3	7,423	7,400
Loans and advances to customers	4	917,728	272,129
Debt securities at amortized cost	5	1,435,342	1,460,608
Property and equipment	6	848	1,127
Intangible assets	7	236	287
Right-of-use assets	8	2,714	3,044
Deferred tax assets	9	9,406	11,086
Other assets	10	6,010	3,611
Total assets		**2,511,673**	**1,998,404**
Liabilities			
Due to banks	11	496,714	4,957
Due to customers	12	29,885	19,944
Lease liabilities	13	2,771	3,087
Current tax liabilities	9	1,422	-
Provisions	14	208	41
Other liabilities	15	4,339	2,470
Total liabilities		**535,339**	**30,499**
Shareholder's equity			
Issued capital		2,000,000	2,000,000
Retained earnings		-32,095	-31,094
Net result for the year		8,429	-1,001
Total shareholder's equity	**16**	**1,976,334**	**1,967,905**
Total liabilities and shareholder's equity		**2,511,673**	**1,998,404**
Commitments	**22**	**3,690,047**	**3,301,997**

Statement of Profit or Loss

For the year ended 31 December

Amounts in thousands of euros

	Notes	2022	2021
Interest and similar income		209,840	147,812
Interest and similar expense		184,380	136,025
Net interest income	17	**25,460**	**11,787**
Fee and commission income		9,958	7,530
Fee and commission expense		4,241	3,458
Net fee and commission income	18	**5,717**	**4,072**
Other operating income		107	74
Net operating income		**31,284**	**15,933**
Personnel expenses	19	8,569	7,722
Depreciation of property, plant and equipment	6	321	323
Amortization of intangible assets	7	80	70
Depreciation of right-of-use assets	8	648	668
Other operating expenses	20	9,642	8,911
Total operating expenses		**19,260**	**17,694**
Impairment charges/(-) reversal on financial assets	3,4,5,14	493	-59
Result for the year before tax		**11,531**	**-1,702**
Income tax expense/(-) benefit	9	3,102	-701
Net result for the year		**8,429**	**-1,001**
Attributable to:			
Owner of NBE (equity attributed to the shareholder of NBE)		8,429	-1,001

Statement of Comprehensive Income

For the year ended 31 December

Amounts in thousands of euros

	2022	2021
Result for the year	8,429	-1,001
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year, net of tax	**8,429**	**-1,001**

Statement of Changes in Equity

For the year ended 31 December

Amounts in thousands of euros

	Notes	Issued capital	Retained earnings	Result for the year	Total equity
Balance at 31 December 2020		**2,000,000**	**-19,064**	**-12,030**	**1,968,906**
Appropriation of 2020 result		-	-12,030	12,030	-
Total comprehensive income		-	-	-1,001	-1,001
Balance at 31 December 2021		**2,000,000**	**-31,094**	**-1,001**	**1,967,905**
Appropriation of 2021 result		-	-1,001	1,001	-
Total comprehensive income		-	-	8,429	8,429
Balance at 31 December 2022	16	**2,000,000**	**-32,095**	**8,429**	**1,976,334**

All NBE shares are held by The Norinchukin Bank. The retained earnings are mainly affected by the losses incurred during the setup and preparation phase of NBE and its commencement on banking activities in Europe from September 2020.

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Statement of Cash Flows

For the year ended 31 December

Amounts in thousands of euros

	Notes	2022	2021
Operating activities:			
Result for the year before tax		11,531	-1,702
Adjusted for:			
Amortization and depreciation of fixed assets	6	1,049	1,061
Impairment charges /(-) reversal	3,4,5,14	493	-59
Changes in:			
Loans and advances to banks other than on demand	3	443	-1,781
Loans and advances to customers	4	-645,991	-272,172
Debt securities	5	25,332	11,787
Other assets	10	-2,399	-1,496
Due to banks	11	491,757	3,957
Due to customers	12	9,941	19,944
Other liabilities	15	1,869	-159
Other	8,9	22	23
Net cash flows from /(-) used in operating activities		**-105,953**	**-240,597**
Investing activities:			
Debt securities	5	-	-1,159,519
Purchases of property and equipment	6	-42	-47
Purchases of intangible assets	7	-29	-34
Addition of right-of-use assets and lease liabilities due to leases	8,13	0	1
Net cash flows from /(-) used in investing activities		**-71**	**-1,159,599**
Financing activities:			
Payment of lease liabilities	13	-656	-663
Net cash flows from /(-) used in financing activities		**-656**	**-663**
Net cash flows		**-106,680**	**-1,400,859**
Cash and cash equivalents at start of year		**241,205**	**1,642,064**
Cash and cash equivalents at end of year		**134,525**	**241,205**
Cash and cash equivalents comprise:			
Due from banks - on demand	3	2,559	2,093
Cash and balances with central banks	2	131,966	239,112
Cash and cash equivalents at end of year		**134,525**	**241,205**
Interest received and paid			
Interest received		207,494	137,672
Interest paid		158,475	114,221

The Statement of Cash Flows has been refined, in order to create more alignment with the Statement of Financial Position and the Statement of Profit or Loss.

Notes to the Financial Statements

1. Accounting policies

General Information

NBE was established on 21 September 2018 and is a 100% subsidiary of The Norinchukin Bank, the direct as well as the ultimate parent of NBE. After being granted a banking license by ECB, NBE commenced its banking business from September 2020.

The Norinchukin Bank defined the F&A banking business as one of the main global business pillars. It aims to amplify the agriculture, fishery and forestry industries and to exert stronger international presence on Japanese 'food' related businesses. NBE intends to provide more financial support to Japanese firms in the F&A banking business in Continental Europe, where various value chains are expected to increase their business in the EU.

NBE focuses on three main business areas: F&A banking business, Structured finance business and Euro funding business. The F&A banking business provides a wide range of financial solutions to its targeted client base. As for the Structured finance business, NBE supports The Norinchukin Bank with its globally diversified investment strategy. The aim of the Euro funding business is to provide The Norinchukin Bank access to the centre of liquidity of the EU-based repo business within the complex business environments.

Significant Accounting Policies

The primary accounting policies used in preparing these Financial Statements are set out below.

Basis of preparation

The annual accounts are prepared in accordance with International Financial Reporting Standards (hereafter "IFRS") as endorsed by the European Union (hereafter "EU") and with Part 9 of Book 2 of the Dutch Civil Code.

The Financial Statements have been prepared on a historical cost basis, unless it is stated otherwise in the corresponding paragraphs relating to the Financial Statements. The Financial Statements are presented in Euros and all values are rounded to €1,000, except when otherwise indicated.

Going concern

NBE's management made an assessment of NBE's ability to continue as a going concern and is satisfied that NBE has, if and when required, access to enough resources to continue in business for the foreseeable future. The losses occurred in the first three financial periods of NBE (i.e. 2019-2021) are in accordance with the forecasted expectations as the costs for establishing NBE, and are by no means an indication for a lack of going concern. For the current financial year ended 31 December 2022, NBE achieved profitability of €8 million for the first time as also projected in NBE's mid-long term business plan. As of now no material uncertainties are known by management that may cast significant doubt upon NBE's ability to continue as a going concern. Furthermore, sufficient capital was injected to NBE by The Norinchukin Bank in order to comply with the regulatory capital requirements and liquidity requirements imposed by DNB (Note 16). Therefore, the Financial Statements continue to be prepared on going concern basis.

Foreign currency translation

The functional and presentational currency is Euro (€).

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the reporting date. The income and expense items are translated into the functional currency at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period.

Non–monetary items (e.g. intangible assets) that are measured at historical cost in a foreign currency are translated using the spot exchange rates at the date of recognition. All differences arising from currency translations on non-monetary items (difference between exchange rate on purchase date and recognition date) are taken to other operating income/expense in the statement of profit or loss.

Significant judgements and estimates

The preparation of the annual accounts requires management to apply judgements with respect to estimates and assumptions. These estimates and assumptions affect the amounts for assets, liabilities and contingent liabilities at the balance sheet date. Furthermore, the estimates and assumptions affect the reported income and expenses for the year. The actual outcome may differ from these estimates. The process of determining assumptions is based on diligent assessments of current circumstances and expected developments and is subject to internal control procedures and approvals.

The accounting judgements and estimates mainly relate to the following:

Taxation

Judgements and estimates are used when determining NBE's deferred tax assets. The tax regulation and treatment are not always clear or certain, and prior year tax returns often remain open and subject to approval from the tax authorities for lengthy periods. Thus the tax related positions reported here are estimated based on the best available information, and where applicable, on external advice. Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilized. NBE determines that the deferred tax assets are recoverable based on the likelihood level of future taxable profit in accordance with latest NBE's business plan. Please refer to Note 9 Deferred tax assets & Income tax expense. Differences between the final outcome and the original estimates are accounted for in the current and deferred tax assets in the period in which reasonable certainty is obtained. Other than deferred tax assets, certain judgement from management is also applied with regard to transfer pricing when assessing and determining whether certain transactions comply with the arm's length principle.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a valuation technique that includes the use of mathematical models. The inputs to these models are derived from observable markets where possible, and where this is not feasible, non-observable market data where a degree of judgement would be required in determining fair values. The chosen valuation technique makes maximum use of observable market input and relies as little as possible on estimates. Please refer to "Determination of fair value for financial instruments" within this chapter for more information regarding the measurement of fair value within NBE, as well as Note 26 for fair value disclosure of current financial year.

Classification of financial instruments

For the classification of financial instruments, certain management judgements and estimates are exercised in determining the business model and assessing the criteria of 'Solely Payment of Principal and Interest' ('SPPI') test. Please refer to "Classification and measurement of financial assets" under this chapter for more information on NBE's methodology.

Impairment losses on financial assets

NBE applies the three-stage expected credit loss impairment models under IFRS 9 for measuring and recognizing expected credit losses which involve a significant degree of management judgement, in particular, the estimation of amount and timing of future cash flows as well as selection of macro-economic scenarios and factors when determining expected credit losses and the determination of a significant increase in credit risk. These estimates are driven by a number of factors and changes, which can result in different levels of expected credit losses.

NBE's expected credit loss ('ECL') calculations are outputs of models based on assumptions. Elements of the ECL models that are considered accounting judgements and estimates include:

- NBE's internal credit rating model, which assigns credit grades to customers.
- NBE's criteria for assessing if there has been a significant increase in credit risk.
- The ECL models, including the various formulas and the choice of inputs.
- The selected forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.
- The associations between macroeconomic scenarios on GDP the effect on Probability Default.
- Any other management overlay applied which is deemed to be necessary by the management of NBE.

Please refer to "Impairment on financial assets" under this chapter for information regarding the impairment allowances model.

Impact of recent business environment
NBE carefully managed its business operations in 2022 in accordance with external factors such as post-COVID-19 business recovery, Russian invasion of Ukraine, high inflation and frequent and sudden ECB rate hikes.

As part of reviewing and monitoring process, NBE performed various analyses of the financial markets and credit quality of existing and potential clients/counterparties under pressure from challenging business environment including COVID-19, Russian invasion of Ukraine, high inflation and frequent ECB rate hikes. NBE also closely monitors the potential impact of other external factors and their potential impact on our businesses and clients/counterparties to be able to respond timely to identified extra risks.

NBE does not have direct exposure to Russia and Eastern European countries. In addition, impacts of global rate hikes on NBE's asset and liability is mainly related to NBE's own government bond investments which are Held to Maturity. NBE's own government bond investments aim to generate stable interest income until their maturity, and NBE has more than sufficient capital in place to mitigate the unrealized losses. Our client businesses have a limited interest rate mismatch.

Financial instruments – initial recognition and subsequent measurement
Date of recognition
Financial assets and liabilities are initially recognized on the settlement date, i.e., the date a contract is settled by the delivery of the assets that are the subject of the agreement.

Classification and measurement of financial assets
NBE applies the following measurement categories for financial assets:

- Debt instruments at amortized cost ("AC").
  Debt instruments that are held for collection of contractual cash flows under a 'hold to collect' business model where those cash flows represent SPPI are measured at amortized cost. Amortized cost is determined using the effective interest rate less any impairment. The effective interest takes into account discount or premium on acquisition, fees and costs that are an integral part of the interest rate. Interest income from these financial assets is included in interest income using the effective interest rate method.
- Debt instruments at fair value through other comprehensive income with cumulative gains and losses reclassified to profit or loss upon de-recognition ("FVOCI").
- Debt instruments, derivatives and equity instruments at fair value through profit or loss ("FVPL").
- Equity instruments measured at fair value through other comprehensive income with gains and losses remaining in other comprehensive income, i.e. without recycling to profit or loss upon de-recognition.

For the debt instruments the classification depends on both NBE's business model ("BM") and the contractual cash flow characteristics of the financial assets. To allow measurement at amortized cost, the cash flows of the debt instrument must relate solely to payments of principal and Interest ("SPPI") and the business model in which the financial instrument is held must be "hold-to-collect".

As per 31 December 2022 and 31 December 2021, NBE only had financial instruments at amortized cost based on the classification measurement above.

Classification and measurement of financial liabilities
Financial liabilities are measured either at FVPL or at AC using the effective interest rate. Financial liabilities are measured at FVPL when they meet the definition of held for trading, or when they are classified as such on initial recognition. Designation at FVPL is permitted when either:

Designation at FVPL is permitted when either:

1. it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch");
2. a group of financial liabilities or financial assets and financial liabilities is managed, and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and information is provided internally on that basis to NBEs key management personnel; or
3. a financial liability contains one or more embedded derivatives that meet certain conditions.

As per 31 December 2022 and 31 December 2021, NBE only had financial instruments at amortized cost based on the classification measurement above.

De-recognition of financial assets and liabilities
Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired. Financial liabilities are derecognized when the obligations under the liabilities are discharged, cancelled or expired.

Offsetting financial instruments
NBE offsets financial assets and financial liabilities in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and when there is an intention to either settle on a net basis, or to realize the assets and settle the liabilities simultaneously (Note 28).

Repurchase transactions and reverse repurchase transactions
Financial assets that are sold subject to repurchase agreements (repos), continue to be recognized in the Statement of Financial Position. The liability to the counterparty is included under "Due to banks".

Financial assets purchased under agreements to resell (reverse repos), are not recognized in the Statement of Financial Position, The consideration paid to purchase financial assets is recognized as "Loans and advances to banks". The difference between the sales and repurchasing prices is recognized as interest income or expense over the term of the agreement using the effective interest method.

Determination of fair value for financial instruments
The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price). Regardless of whether that price is directly observable or estimated using another valuation technique.

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using valuation techniques that include the use of mathematical models. The inputs to these models are derived as much as possible from observable market data and to a lesser extent non observable market data like credit spreads for certain loans and project finance transactions.

The fair value measurement hierarchy of assets and liabilities is based on valuation techniques. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques for all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: Techniques which use inputs and have a significant effect on the recorded fair value that are not based on observable market data.

As per 31 December 2022 and 31 December 2021, NBE only had financial instruments at amortized cost which means no instruments are carried at fair value.

We disclose the fair value of our financial instruments using the fair value hierarchy and the exemption to disclose the fair value when the carrying amount is a reasonable approximation of fair value under IFRS 7. For financial assets and financial liabilities that have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits without a specific maturity. Therefore, the fair value for cash and balance with central banks, nostro account balances, default fund, repurchase and reverse repurchase transactions, and short-term loans to customers are best estimated at the nominal amount, which is the current balance sheet amount. The fair value of loans to and deposit from banks or customers with longer term are estimated by comparing market interest rates when they are first recognized with current market rates for similar financial instruments. Debt securities are valued using unadjusted quoted prices in an active market (Level 1).

Three Stage Approach

Financial assets are classified in one of the below 3 Stages at each reporting date. A financial asset can move between Stages during its lifetime. The Stages depend on changes in credit quality since initial recognition and defined as follows:

Stage 1
12-month ECL

Financial assets without a significant increase in credit risk since the initial recognition (i.e. no Stage 2 or 3 triggers apply). Assets are classified as Stage 1 upon initial recognition and have a provision for ECL associated with the probability of default ("PD") events occurring within the next 12 months ("12-month ECL");

Stage 2
Lifetime ECL not credit impaired

Financial assets showing a significant increase in credit risk since initial recognition. A provision is made for the lifetime ECL representing losses over the life of the financial instrument ("lifetime ECL"); or

Stage 3
Lifetime ECL credit impaired

Financial instruments that are credit impaired require a lifetime provision.

Impairment on financial assets

NBE recognizes loss allowances based on the ECL of IFRS 9, which is designed to be forward-looking. The IFRS 9 impairment requirements are applicable to financial assets measured at AC or FVOCI, loan commitments and financial guarantee contracts. Please refer to section 'Credit risk' of 'Risk Management' for more details.

Calculation methodology of ECL

The amount of ECL is based on the probability-weighted present value of all expected cash shortfalls over the remaining life of the financial instrument calculated by point in time PD x Loss Given Default ("LGD") x Exposure at Default ("EAD") model.

Forward-looking information

The three global macroeconomic scenarios, a baseline scenario, a negative scenario and a positive scenario, are incorporated into the ECL calculation in a probability-weighted manner.

Leases

Classification and initial measurement

At inception of a contract, NBE assesses whether the 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 considerations. If the contract can be classified as a lease, a right-of-use asset is recognized on the commencement date at cost.

The cost consists of the following:

- The amount of the initial measurement of the lease liabilities;
- Any lease payments made at or before the commence date, less any lease incentives received;
- Any initial direct costs incurred by NBE; and
- An estimate of costs to be incurred by NBE in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

At the commencement date, the lease liabilities are measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in the lease. If this is not readily determined, the incremental borrowing rate can be used.

The lease payments for the measurement of the lease liabilities, not paid at commencement date, consists of:

- Fixed payments, less any incentives;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by NBE under residual value guarantees;
- The exercise price of a purchase option if NBE is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects NBE exercising an option to terminate the lease.

Lease for which the underlying value is of low value (below €5,000) and contracts with a lease term shorter than 1 year are not recognized as lease. The lease payments for these types of leases are recognized as an expense on a straight-line basis over the lease term.

Subsequent measurement

Right-of-use assets

After initial measurement, NBE applies the cost model to measure the right-of-use assets.

The right-of-use assets consist of the following:

- Right-of-use assets as per the beginning of the period;
- Less any accumulated depreciation, the depreciation charge is based on the straight-line depreciation method over the lease term;
- Accumulated impairment losses; and
- Adjusted for the re-measurement of the lease liabilities.

Lease liabilities

After the commencement date the lease liabilities are measured as follow:

- Increasing the carrying amount to reflect interest on the lease liabilities which are recognized as expense in the statement of profit or loss;
- Reducing the carrying amount to reflect the lease payments made; and
- Re-measuring the carrying amount to reflect any reassessment or lease modifications specified, or to reflect revised in-substance fixed lease payments.

Determining the lease term
When determining the lease term, extension options and termination options are taken into account. If NBE is reasonably certain that it will exercise an option, the lease term is adjusted accordingly. If NBE is not reasonably certain that it will exercise the option, the lease term is determined as the non-cancellable period of the lease.

Interest rate used to discount the lease payments
Lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, NBE uses its incremental borrowing rate.

Cash and cash equivalents
Cash and cash equivalents referred to in the statement of cash flows comprise amounts due from banks and balances with central banks of which are available on demand. Cash and cash equivalents are carried at amortized costs in the statement of financial position.

The statement of cash flows was prepared based on indirect method, and broken down into cash flows from operating activities, investment activities and financing activities. In the cash flow from operating activities, movements in loans and receivables, deposits and payables are indicated. Investment activities comprise investments in debt securities, property and equipment, intangible assets, and addition due to leases. The proceeds from share capital are presented as financing activities.

Property and equipment
NBE recognizes an item as property and equipment only if it is probable that future economics associated with the item will flow to the entity and its cost can be measured reliably. Property and equipment qualifying will be initially measured at cost, which contains:

1. its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
2. any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequently, NBE measures property and equipment as the cost less any accumulated depreciation and less any accumulated impairment losses. The depreciation is deducted over the estimated useful life of an asset, using the straight-line method. The estimated useful life for equipment related to the office building is around 8 years and for other equipment 5 years.

Intangible assets
NBE will recognize an item as an intangible asset only if it is probable that the future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Intangible assets are initially measured at cost and subsequently at cost less any accumulated amortization and less any accumulated impairment losses. The amortization is deducted over the estimated useful life, using the straight-line method. The estimated useful life is 5 years.

Commitments and contingent liabilities
Committed facility to The Norinchukin Bank
Committed facility granted to The Norinchukin Bank is considered an off-balance sheet position, as it is undrawn per reporting date and is expected to remain undrawn unless emergency situations occur at the parent. A fixed fee agreed for the commitment facility is recognized as fee and commission income.

Loan commitment to customers
Loan commitment to customers is considered an off-balance sheet position, as it is undrawn per reporting date while the customer has the right under the contract to draw at a later date. A fixed fee agreed for the loan commitment is recognized as fee and commission income.

Borrowed securities from The Norinchukin Bank
In order to facilitate possible draw-downs from The Norinchukin Bank under the committed facility, NBE borrowed the equivalent in securities from The Norinchukin Bank. The securities deposited at DNB are eligible as collateral to obtain short-term cash from DNB if needed. Since economic ownership of the bonds remains at The Norinchukin Bank, the borrowed securities will remain off-balance sheet. Timing of securities borrowing is in line with the committed facility agreement.

Retirement benefits
NBE provides all employees with a retirement benefit plan which qualifies as a defined contribution plan. NBE pays a fixed contribution to a third-party entity with no further legal or constructive obligation in the case that the fund has insufficient assets to settle its obligation to the participants. The payments for fixed contributions are recognized as personnel expenses.

Employees that are seconded to NBE by The Norinchukin Bank participate in the pension plan of The Norinchukin Bank. NBE has no legal or constructive obligation towards the pension plan of seconded employees.

Interest income and expenses
Interest income and expenses are recognized in the statement of profit or loss using the effective interest method for all interest-bearing instruments. The interest income and expenses include amortized discounts, premiums and fees that are part of the effective interest.

Fee and commission income and expenses
Fee and commission income and expenses are recognized in the different timing, depends on whether NBE satisfies a performance obligation by transferring control of the product or service to a customer over time or at a point in time. Fee and commission income related to credit facility to The Norinchukin Bank, loan commitments, and fee and commission expense related to securities borrowing are recognized over the period of the respective transactions. Fee and commission expense related to the service for clearing, custody and nostro accounts are recognized at point in time where the related services are provided.

Taxation
Corporate income tax is based on the applicable Dutch tax laws. Income tax consists of current and deferred tax and is recognized in the statement of profit or loss or in equity if it relates to items that are recognized in equity.

A deferred tax asset can be recognized due to two circumstances; due to past losses which can be carried forward under prevailing tax laws and when there are temporary differences between the carrying amount of assets and liabilities in tax reporting and their carrying amount for financial reporting purposes. Deferred tax assets are reassessed at the reporting date and recognized to the extent that it is probable that future taxable profit will be available against which this deferred asset can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the asset is realized or the liability is settled.

New and amended standards issued by the International Accounting Standards Board (hereafter "IASB") and endorsed by the EU which are effective in current financial year

The following new IFRS standards have been endorsed by the EU and became effective for periods beginning on or after 1 January 2022.

Amendment to IFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021

In May 2020, the IASB issued Covid-19-Related Rent Concessions, which amended IFRS 16 Leases. The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. This practical expedient was available to rent concessions for which any reduction in lease payment originally due on or before 30 June 2021.

In March 2021, the IASB issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payment originally due on or before 30 June 2022.

NBE did not receive any rental concessions relating to the lease of the office building and the housing for NBE's expats during the period and hence the change has no impact on NBE.

Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued the Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments are effective from annual reporting periods beginning on or after 1 January 2022. The change had no impact on NBE in 2022 as NBE did not have any proceeds related to sale of property, plant and equipment.

Amendments to IAS 37 Onerous Contracts Cost of Fulfilling a Contract

In May 2020, the IASB issued the Amendments to IAS 37 Onerous Contracts Cost of Fulfilling a Contract.

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments are effective from annual reporting periods beginning on or after 1 January 2022. The change has no impact on NBE.

Amendments to IFRS 3 Reference to the Conceptual Framework

In May 2020, the IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations. The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The changes have no impact on NBE.

Annual Improvements to IFRS Standards 2018-2020 Cycle Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

In May 2020, the IASB issued the Annual Improvements to IFRS Standards 2018-2020 Cycle which include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture. The amendments are effective from annual reporting periods beginning on or after 1 January 2022. The changes have no impact on NBE since there was no first-time adoption of IFRS during 2022.

Annual Improvements to IFRS Standards 2018-2020 Cycle Amendments to IFRS 9 Financial Instruments

In May 2020, the IASB issued the Annual Improvements to IFRS Standards 2018-2020 Cycle which includes amendments to IFRS 9. This amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The amendments are effective from annual reporting periods beginning on or after 1 January 2022. NBE did not have any derecognition of liabilities and hence the change had no impact on NBE in 2022.

New and amended standards issued by the IASB and endorsed by the EU which are not yet effective in current financial year

The following are the new standards and interpretations that have been issued but not yet effective for periods beginning on or after 1 January 2022 which were not early adopted by NBE. Although NBE is currently assessing impact of these new amendments, it is expected that they will have limited or no impact on the Financial Statements of NBE.

IFRS 17 Insurance Contracts
In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023. IFRS17 is not expected to have any impact on NBE since NBE does not have insurance business.

Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information
In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17) to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information. The amendments are effective from annual reporting periods beginning on or after 1 January 2023. The changes are expected to have no impact on NBE since NBE does not have insurance business.

Amendments to IAS 1 and IFRS Practice Statements 2 Disclosure of Accounting Policies
In February 2021, the IASB issued the Amendments to IAS 1 and IFRS Practice Statements 2 Disclosure of Accounting Policies. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective from annual reporting periods beginning on or after 1 January 2023. It is expected that the changes will have limited impact on NBE.

Amendments to IAS 8 Definition of Accounting Estimates
In February 2021, the IASB issued the Amendments to IAS 8 Definition of Accounting Estimates. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments are effective from annual reporting periods beginning on or after 1 January 2023. It is expected that the changes will have limited impact on NBE.

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
In May 2021, the IASB issued the Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. The amendments are effective from annual reporting periods beginning on or after 1 January 2023. It is expected that the changes will have limited impact on NBE.

New and amended standards issued by IASB but not yet endorsed by the EU

The following are the new standards and interpretations that have been issued but not yet endorsed by the EU. Although NBE is currently assessing impact of these new amendments and their impact is not yet known, the implementation of these amendments is expected to have no significant impact on NBE's financial statements.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify its requirements for the presentation of liabilities in the statement of financial position. The amendments are effective from annual reporting periods beginning on or after 1 January 2024. It is expected that the changes will have limited impact on NBE.

Amendments to IFRS 16 Leases: Lease liability in a Sale and Leaseback
On September 22, 2022, the IASB issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective from annual reporting periods beginning on or after 1 January 2024. It is expected that the changes will have limited impact on NBE.

Amounts in thousands of euros unless otherwise stated

2. Cash and balances with central banks

Among total amount of balances with central banks, €2,949 (2021: €149) was the mandatory minimum reserve to be held at central banks (DNB). The reserve deposits are not immediately available for NBE's day-to-day operations.

	2022	2021
Balances with central banks	131,966	239,112
Cash and balances with central banks	**131,966**	**239,112**

3. Loans and advances to banks

Loans and advances to banks are all held at amortized cost. Due from banks relates to current account ("Nostro" account) balances. Cash collateral at clearing parties relates to default fund contribution at LCH SA, which is a CCP in France for NBE's repurchase transactions. LCH SA holds a banking license and is officially regulated as a credit institution, therefore default fund contribution at LCH SA is presented as loans and advances to banks. Details of repurchase transactions netting are disclosed in Note 28.

	2022	2021
Due from banks - on demand	2,559	2,093
Cash collateral at clearing parties	2,500	2,500
Netted amount of repos and reverse repos	2,364	2,807
Allowance for expected credit losses *	-	-
Loans and advances to banks	**7,423**	**7,400**

* The expected credit losses were rounded to zero mainly due to the counterparties' high credit ratings.

4. Loans and advances to customers

Loans and advances to customers consist of Structured finance loans and corporate loans to F&A banking customers. Among these amounts, none was held as collateral as at 31 December 2022.

	2022	2021
Structured finance loans	667,557	198,591
Corporate loans to F&A banking customers	250,606	73,581
Allowance for expected credit losses *	-435	-43
Loans and advances to customers	**917,728**	**272,129**

* For further details on expected credit losses, please refer to "Impairment allowance – Expected credit losses" under the Risk Management section.

5. Debt securities at amortized cost

Debt securities at amortized cost consist of European government bonds (EGB) and Supranational, sub-sovereign and agencies (SSA) bonds.

	2022	2021
EU government bonds	1,364,500	1,389,789
SSA bonds	70,873	70,916
Allowance for expected credit losses*	-31	-97
Debt securities at amortized cost	**1,435,342**	**1,460,608**

* For further details on expected credit losses, please refer to "Impairment allowance – Expected credit losses" under the Risk Management section.

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6. Property and equipment

Property and equipment consist of operations equipment and leasehold improvements related to the office building.

	2022			2021		
	Operations equipment	Leasehold improvements	Total	Operations equipment	Leasehold improvements	Total
Opening balance	**540**	**587**	**1,127**	**721**	**682**	**1,403**
Additions	42	-	42	47	-	47
Disposals	-	-	-	-	-	-
Depreciation	-226	-95	-321	-228	-95	-323
Closing balance	**356**	**492**	**848**	**540**	**587**	**1,127**

All additions are due to purchase of new operations equipment. The depreciation period of property and equipment varies between 2 and 9 years.

7. Intangible assets

Intangible assets mainly consist of software with licenses.

	2022	2021
Opening balance	**287**	**323**
Additions	29	34
Disposals	-	-
Amortization	-80	-70
Closing balance	**236**	**287**

All additions are due to purchase of new software. The amortization period of intangible assets is either 5 years or no amortization is applied due to indefinite valid term, for instance a license with no contractual end date.

8. Right-of-use assets

The right-of-use assets relate to the lease of the office building and housing for NBE's expat staff. The depreciation period varies between 1 and 8 years according to the contractual term.

	2022	2021
Opening balance	**3,044**	**3,489**
Additions	365	230
Disposals	-47	-7
Depreciation	-648	-668
Closing balance	**2,714**	**3,044**

9. Deferred tax assets & Income tax expense

Deferred tax assets
Deferred tax is recognized for qualifying temporary differences. Temporary differences represent the difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax assets is €9,406 (2021: €11,086), which is related to the unused tax losses carried forward from previous years negative results. The deferred tax assets per the end of year 2022 are entirely based on the cumulative losses carried forward since the establishment of NBE. NBE became profitable in 2022.

Deferred tax assets are recognized for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

The deferred tax amount shown in the table below is estimated after a recoverability assessment which is based on below considerations:

- The tax rate of 25.8% (2021: 25.8%) which became effective from 1 January 2022 was applied when estimating deferred tax assets position by the end of FY2021. Applying future rate is because by the end of FY2021 NBE still resulted in a loss position, the tax losses and deferred tax assets were therefore still in accumulation to be carried forward for future years' offsetting utilization. Thus, applying the new rate reflects NBE's deferred tax assets position more accurately. In FY2022 there has been no change on deferred tax assets which resulted from tax rate change.
- In FY2022, there has been no increase on deferred tax assets since NBE started to be profitable, instead there has been decrease by utilization on offsetting taxable profit arising in the current period, but only to the extent that it is allowed to be carried forward and utilized.
- Based on NBE's latest business plan for the coming years, deferrable losses are expected to be fully absorbed in 2025.
- Potential tax adjustment items such as non-deductible expenses.
- Other new or changed rules in tax reforms of each year that are applicable to NBE.

Deferred tax in connection with unused tax losses carried forward	2022	2021
Total unused tax losses carried forward	**42,970**	**40,250**
Unused tax losses carried forward not recognized as a deferred tax asset	-	-
Unused tax losses carried forward recognized as a deferred tax asset	42,970	40,250
Increase from result for the year	-	2,720
Utilization from current year	6,512	-
Total unused tax losses	**36,458**	**42,970**
Tax rate	25.8%	25.8%
Deferred tax assets	**9,406**	**11,086**

Income tax expense
Current tax liabilities relate to amounts payable in relation to unsettled income tax returns. Current tax is measured using tax rates at the balance sheet date, taking into account non-deductible expenses and utilization of loss carried forward. The income tax expense position is elaborated in the following table:

	2022	2021
Result before tax from continuing operations	11,531	-1,702
Expenses not deductible for tax purposes	493	1,018
Limit of loss carry forward	6,512	-
Result before tax (after deduction of carry forward)	5,512	-
Income tax expense	**3,102**	**-701**

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Reconciliation of the income tax rate to effective income tax rate

	2022	2021
Result before tax from continuing operations	11,531	-1,702
Applicable tax rate	25.80%	25.80%
Statutory tax amount	2,975	- 439
Tax effect of non-deductible expenses (-)	127	15
Tax effect of non-deductible interest carried forward from previous year (-)	-	247
Effective tax amount	3,102	-701
Effective tax rate	**26.90%**	**41.16%**

10. Other assets
Among items included in "Other assets" as elaborated in the table below, rental deposit for the office building is receivable in the year of 2028 upon termination of current lease agreement, other than this the majority amount of the other items were current as of 31 December 2022 (i.e. receivable within one year).

	2022	2021
Accrued commitment fee income	2,250	2,111
VAT receivable *	3,146	849
Prepayment of expenses	377	419
Rental deposit for the office building	228	223
Other	9	9
Other assets	**6,010**	**3,611**

*The VAT receivable position relates to the VAT expenses NBE paid in FY2020-2022, which is likely to be recovered from the Dutch Tax Authority according to the applicable recovery rates.

11. Due to banks

	2022	2021
Term deposits from The Norinchukin Bank	496,714	4,957
Due to banks	**496,714**	**4,957**

12. Due to customers

	2022	2021
Term deposits from corporate customer	29,885	19,944
Due to customers	**29,885**	**19,944**

13. Lease liabilities
Lease liabilities relate to the lease of the office building and lease of housing for NBE's expats. NBE uses the incremental borrowing rates to discount the lease payments because the interest rates implicit in the leases are not available. NBE's incremental borrowing rates are based on the borrowing rates obtained from The Norinchukin Bank, which is NBE's main funding source.

	2022	2021
Opening balance	**3,087**	**3,503**
Additions	365	231
Disposals	-47	-6
Interest expenses	22	22
Payments	-656	-663
Closing balance	**2,771**	**3,087**

2022	< 1 year	1-5 years	> 5 years	Total
Office building				
Lease payment	525	2,156	-	**2,681**
Present value	508	2,126	-	**2,634**
Expat housing				
Lease payment	104	35	-	**139**
Present value	102	35	-	**137**
Total lease payment	**629**	**2,191**	**-**	**2,820**
Total present value	**610**	**2,161**	**-**	**2,771**

2021	< 1 year	1-5 years	> 5 years	Total
Office building				
Lease payment	481	2,098	499	**3,078**
Present value	461	2,055	498	**3,014**
Expat housing				
Lease payment	73	-	-	**73**
Present value	73	-	-	**73**
Total lease payment	**554**	**2,098**	**499**	**3,151**
Total present value	**534**	**2,055**	**498**	**3,087**

14. Provisions

	2022	2021
Expected credit losses on commitments*	208	41
Provisions	**208**	**41**

* Please refer to Note 22 Off-balance sheet information for details of the commitments.

15. Other liabilities
Other liabilities consist of four major items as elaborated in the table below. Among them, €916 of up-front fee is to be amortized with a term longer than one year. Other than that, the amount of the other items were current as per 31 December 2022 (i.e. payable within one year).

	2022	2021
Accrued operational expenses	1,811	949
Accrued personnel expenses	746	776
Accrued security borrowing fee	429	422
Up-front fee related to project finance*	1,303	322
Other	50	1
Other liabilities	**4,339**	**2,470**

*Up-front fee received related to project finance is recorded as other liabilities upon receipt and recognized as interest income over the period of the project finance.

Among the accrued operational expenses, €429 (2021: €331) was an amount payable to The Norinchukin Bank (including its London Branch).

16. Total shareholder's equity
All shares of NBE are held by The Norinchukin Bank. Net result for the period ended 31 December 2022 amounts to €8,429.

The authorized capital stayed at €2,000 (same as 2021). The loss for the period ended 31 December 2021 amounting to €1,001 was transferred to the retained earnings with the approval of the General Meeting of Shareholder on 31 May 2022. According to the Articles of Association the shares are subdivided into 2,000 thousand ordinary shares, of which all shares have been issued and fully paid up. All of these instruments/shares have a par value of €1 thousand.

17. Net interest income

In the table below an overview is provided for interest income and expense. The majority of interest on due to banks and loans and advances to banks were occurred by the reverse repurchase transactions and repurchase transactions. While only netted amount is presented in the statement of financial position (Note 28), the associated interest income and expenses are recorded on gross basis in the statement of profit or loss.

The increase of the total net interest income is partly from loans and advances to customers as a result of the expansion of both Structured finance and F&A banking business. Interest on F&A banking business reached €3,192 (2021: €66) and Structured finance business €8,410 (2021: €544). This is partly due to the decrease of cash management costs which mainly resulted from the macroeconomic environment that the interest rate of the Euro changed from negative to positive in 2022.

	2022	2021
Negative interest on liabilities	124,597	146,283
• Due to banks	124,463	146,227
• Due to customers	118	56
• Debt issued	16	-
Interest on cash and balances with central banks	49	-
Interest on loans and advances to banks	72,404	-
Interest on loans and advances to customers	11,609	610
Interest on debt securities	1,181	919
Total interest income	**209,840**	**147,812**
Negative interest on assets	112,837	135,997
• Loans and advances to banks	112,255	131,966
• Cash and balances with central banks	582	4,031
Due to banks	71,427	5
Debt issued	94	-
Interest on leases	22	23
Total interest expense	**184,380**	**136,025**
Net interest income	**25,460**	**11,787**

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18. Net fee and commission income

	2022	2021
Committed facility to The Norinchukin Bank	6,996	6,996
Loan commitments	2,949	534
Other fee and commission income	13	-
Total fee and commission income	**9,958**	**7,530**
Securities borrowing	1,521	1,521
Repo business*	2,636	1,859
Other fee and commission expense	84	78
Total fee and commission expense	**4,241**	**3,458**
Net fee and commission income	**5,717**	**4,072**

*Fee and commission expense on Repo business includes clearing commission fee to the central clearing house and custody fee of associated securities.

19. Personnel expenses

As per 31 December 2022 the number of FTEs was 56.66 (2021: 46.1), total headcount was 67 (2021: 47). Other staff costs mainly include costs related to staff allowances, similar to 2021.

	2022	2021
Salaries	6,441	5,967
Social security costs	654	548
Pension costs (defined contribution plan)	487	401
Other staff costs	987	806
Total personnel expenses	**8,569**	**7,722**

20. Other operating expenses

	2022	2021
IT outsourcing	2,081	1,909
Operation outsourcing	766	1,088
Contractors costs	2,699	2,530
External advisory costs	1,093	1,229
External information costs	712	720
VAT	117	-*
Others**	2,174	1,435
Total other operating expenses	**9,642**	**8,911**

*VAT paid was partly recognized as other assets (VAT receivable) (Note 10) instead of other operating expenses as it is likely to be recovered.

**Others include regulatory and supervisory expenses, IT expenses (other than outsourcing) and external audit costs. Comparative figures for 31 December 2021 have been reclassified to align with current year's presentation, e.g. "operation outsourcing" and "external information costs" were included in "others" in previous year's while they are presented as a separate line item due to increased amount in this year.

Cost of External Independent Audit
Fees related to audit services provided by the external auditor, Deloitte Accountants B.V., are presented in the table below.

Audit	2022	2021
Financial Statements audit fees	261	324
Other audit fees	71	82
Total audit fees	**332**	**406**

Other audit fees relate to regulatory reports audit and Deposit Guarantee Scheme audit. Deloitte Accountants B.V. did not provide any non-audit services.

21. Related Parties (including remuneration of SB and MB)

Related parties are parties that have the ability to exercise control or exercise significant influence over the other party in making financial and/or operational decisions. NBE has identified The Norinchukin Bank (Head Office and London Branch), the Supervisory Board and the Management Board as related parties for the financial year 2022.

Transactions with related parties

Balances with The Norinchukin bank	2022	2021
Assets	**1,859**	**1,821**
• Accrued assets (committed facility fee)	1,859	1,821
• Gross carrying amounts of reverse repurchase agreements (with London Branch) [1]	25,059,495	31,498,741
Liabilities	**497,547**	**5,684**
• Long-term borrowing	496,714	4,957
• Accrued liabilities (securities borrowing fee)	404	396
• Accrued liabilities (outsourcing fee to London Branch)	429	331
Net interest income	**-43,856**	**131,398**
• Interest income	72,489	-
• Interest expense	116,345	131,398
Net commission income [2]	**5,475**	**5,475**
• Fee and commission income	6,996	6,996
• Fee and commission expense	1,521	1,521
Off-balance		
• Committed facility	3,000,000	3,000,000
• Securities borrowed [3]	3,959,314	4,475,763

1) Reverse repurchase agreements (reverse repos) served for the purpose to attract stable funding from the European markets to ensure the stability of the group's Euro funding business. Please refer to Note 28 for more details on the repo business and its offsetting on the statement of financial position.
2) Fee and commission income consists of commitment fee which NBE received for the committed facility provided to The Norinchukin Bank, while fee and commission expense relates to the fee NBE paid to The Norinchukin Bank for securities borrowing.
3) The securities borrowed from The Norinchukin Bank served as collateral for credit facility.

Expenses related with The Norinchukin Bank mainly include IT outsourcing fees of € 2,081 (2021: €1,909), and personnel costs related with expats of € 2,097 (2021: €1,524). The personnel expenses were reimbursed by The Norinchukin Bank and therefore paid on behalf of NBE. For the IT outsourcing fees of € 2,081, an amount of €1,981 (2021: €2,030) was already paid before 31 December 2022 and €293 (2021: €192) was accrued as a liability.

Transactions with key management
Key management is defined as those persons being member of the Supervisory Board or the Management Board of NBE. As per 31 December 2022, NBE had no loans or other balances with members of the key management. Members of the key management also had no shares in NBE.

Key management personnel compensation

Key management remuneration overview	2022	2021
Supervisory Board		
• Fixed remuneration	90	90
Total Supervisory Board	90	90
Management Board		
• Fixed remuneration	1,252	1,215
• Variable remuneration	34	50
Total Management Board	1,286	1,265
Total	**1,376**	**1,355**

Key management compensation overview*	2022	2021
Supervisory Board		
• Short-term benefits	90	90
Total Supervisory Board	90	90
Management Board		
• Short-term employee benefits	1,361	1,327
• Post-employment benefits	65	66
Total Management Board	1,426	1,393
Total	**1,516**	**1,483**

*Compensation includes other types of benefits such as social security costs, insurance costs etc. besides remuneration.

22. Off-balance sheet information

NBE provided The Norinchukin Bank a committed facility of €3 billion (2021: €3 billion), and borrowed securities from The Norinchukin Bank that serve as collateral for the committed facility. The fair value of collateral amounts to €4.0 billion (2021: €4.5 billion). These debt securities deposited at DNB are eligible as collateral to obtain short-term cash from DNB. In 2022 The Norinchukin Bank has not drawn any amount from the credit facility, therefore NBE did not require any drawdown from DNB.

Besides, in 2022 NBE also provided loan commitments on Structured finance business of €690,047 (2021: €301,997). For further information on NBE's liquidity relating to drawdown of contingent liabilities, please refer to liquidity related elaborations under the Risk Management section.

	2022	2021
Committed facility to The Norinchukin Bank	3,000,000	3,000,000
Loan commitments to customers	690,047	301,997
Commitments	**3,690,047**	**3,301,997**

23. Notes to the Statement of Cash Flows

NBE has used the indirect method to prepare the statement of cash flows. NBE has classified cash flows as cash flows from operating, investing and financing activities. In the net cash flows from operating activities NBE has taken the result for the period before tax into account and adjusted it for items of the statement of profit or loss and the statement of financial position that do not generate actual cash in or outflows.

24. Subsequent events

NBE carefully manages its business operations in accordance with external factors such as post-COVID-19 business recovery, Russian invasion of Ukraine, high inflation and frequent and sudden ECB rate hike. Since NBE does not have direct exposure to Russia and Eastern European countries and impacts of global rate hikes on NBE's asset and liability is mainly related to NBE's own government bond equity HTM investments which are Held to Maturity and aims to generate stable interest income until their maturity and NBE has more than sufficient capital in place to mitigate the unrealized loss. In addition, our client businesses haves a limited interest rate mismatch, these external conditions have limited direct impacts to NBE's business activities. However NBE also closely monitors the potential impact of the external factors on our businesses and clients/counterparties on an ongoing basis to be able to respond timely to identified extra risks as well as on our business operations to ensure our own business continuity.

25. Proposed profit appropriation

The allocation of the net profit is based on article 24 of the Articles of Association. The net profit for the period ended 31 December 2022 amounts to € 8,429 (2021: €-1,001). NBE proposes to the General Meeting of Shareholder to transfer this profit to the retained earnings, since the cumulative loss is mainly due to NBE's establishment cost which still has not been recovered.

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26. Fair value of financial assets and liabilities

In the following tables we provide insight on the carrying amount and fair value of financial assets and liabilities.

As at 31 December 2022

Financial assets	Carrying amount	Total fair value	Level 1	Level 2	Level 3
Cash and balances with central banks	131,966	131,966	131,966	-	-
Loans and advances to banks – on demand	2,559	2,559	2,559	-	-
Loans and advances to banks – other than on demand	4,864	4,864	4,864	-	-
Loans and advances to customers	917,728	916,134	-	916,134	-
Debt securities at amortized cost	1,435,342	1,127,324	1,127,324	-	-
Financial assets	**2,492,459**	**2,182,847**	**1,266,713**	**916,134**	

Financial liabilities	Carrying amount	Total fair value	Level 1	Level 2	Level 3
Due to banks	496,714	487,511	-	487,511	-
Due to customers	29,885	29,885	-	29,885	-
Financial liabilities	**526,599**	**517,396**	**-**	**517,396**	**-**

As at 31 December 2021

Financial assets	Carrying amount	Total fair value	Level 1	Level 2	Level 3
Cash and balances with central banks	239,112	239,112	239,112	-	-
Loans and advances to banks – on demand	2,093	2,093	2,093	-	-
Loans and advances to banks – other than on demand	5,307	5,307	5,307	-	-
Loans and advances to customers	272,129	273,422	-	273,422	
Debt securities at amortized cost	1,460,608	1,439,432	1,439,432	-	-
Financial assets	**1,979,249**	**1,959,366**	**1,685,944**	**273,422**	**-**

Financial liabilities	Carrying amount	Total fair value	Level 1	Level2	Level3
Due to banks	4,957	4,973	-	4,973	-
Due to customers	19,944	19,948	-	19,948	-
Financial liabilities	**24,901**	**24,921**	**-**	**24,921**	**-**

As per both 31 December 2022 and 31 December 2021, all financial assets and liabilities were carried at amortized cost.

The fair value of loans and advances to banks (other than on demand), loans and advances to customers, due to banks, and due to customers is based on discounted cash flows using a yield curve that is in accordance with the characteristics of the financial instruments (level 2). The carrying amounts of such financial assets and liabilities with a remaining maturity of less than 3 months are considered as the approximation of their fair value. This also applies to demand deposits without a specific maturity and loans and advances to customers of which matures within 3 months after 31 December 2022.

The fair value of the debt securities is calculated using unadjusted quoted prices in active markets (level 1).

27. Maturity calendar of financial assets and liabilities

The table below shows the maturity calendar of the financial assets and liabilities.

As at 31 December 2022

	On demand	< 3 months	3-12months	1-5 years	> 5 years	Total
Assets						
Cash and balances with central banks	129,017	2,949	-	-	-	131,966
Loans and advances to banks	2,559	4,864	-	-	-	7,423
Loans and advances to customers	-	114,849	6,014	282,156	514,709	917,728
Debt securities at amortized cost	-	-	7,149	-	1,428,193	1,435,342
Total	**131,576**	**122,662**	**13,163**	**282,156**	**1,942,902**	**2,492,459**
Liabilities						
Due to banks	-	-	-	496,714	-	496,714
Due to customers	-	29,885	-	-	-	29,885
Total	**-**	**29,885**	**-**	**496,714**	**-**	**526,599**

As at 31 December 2021

	On demand	< 3 months	3-12 months	1-5 years	> 5 years	Total
Assets						
Cash and balances with central banks	238,962	150	-	-	-	239,112
Loans and advances to banks	2,093	5,307	-	-	-	7,400
Loans and advances to customers	-	91,693	4,381	18,293	157,762	272,129
Debt securities at amortized cost	-	-	7,148	-	1,453,460	1,460,608
Total	**241,055**	**97,150**	**11,529**	**18,293**	**1,611,222**	**1,979,249**
Liabilities						
Due to banks	-	-	-	4,957	-	4,957
Due to customers	-	19,944	-	-	-	19,944
Total	**-**	**19,944**	**-**	**4,957**	**-**	**24,901**

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28. Offsetting financial assets and liabilities

As per 31 December 2022, the only financial instruments within the scope of IFRS offsetting requirements were repurchase transactions (repos) and reverse repurchase transactions (reverse repos). Counterparties of both repos and reverse repos are the same CCP after novation and the conditions of IFRS requirements (Accounting Policies for offsetting financial instruments) are met. The following table demonstrates detailed information about offsetting. The interest income and interest expense related to these repos and reverse repos are recorded on a gross basis in the statement of profit or loss (Note 17).

	2022	2021
Gross carrying amounts before offsetting:		
• Reverse repurchase agreements	25,059,495	31,498,741
• Repurchase agreements	25,057,131	31,495,934
Net carrying amount after offsetting: (Netted amount of repurchase agreements and reverse repurchase agreements)	**2,364**	**2,807**

Risk Management

Introduction

NBE faces a wide range of uncertainties which need to be understood and managed so that NBE can achieve its objectives.

All activities of NBE involve risk: each decision made or action taken incorporates some element of risk and has an impact on NBE's performance (whether safety, financial, operational or reputational). The successful management of this risk, across all divisions and levels, specific functions, projects and activities increases the likelihood that NBE will achieve its strategic objectives. Risk is defined as 'possible occurrence of any event which may produce a negative result to the management of operations (causing some kind of losses)', this definition is aligned with The Norinchukin Bank's definition as defined in the Basic Policies of Risk Management. Uncertainty involving upside (positive) influence must also be included in risk, as per NBE's Risk Management Policy.

The purpose of risk management is described as taking necessary measures to adjust risks to a permissible level. For risk management to be effective, NBE is committed to apply the following principles:

- Every employee at NBE is responsible for the effective management of risk.
- Risk management creates and protects value, and is an essential element of the overall governance of NBE.
- NBE applies risk management consistently and on a systematic basis in all divisions and functions.
- NBE adequately allocates resources to risk management activities.
- NBE ensures that all employees have necessary training, skills and assistance to undertake effective risk management.
- NBE uses the best available information to regularly monitor and report on the status of risk it faces.
- NBE is dynamic, iterative and responsive in its approach to change.
- NBE implements a clear IT infrastructure based on a sound and prudent data quality framework in order to ensure the accuracy and reliability of risk data.

Risk Management Framework and Governance

The Risk Management Framework ("RMF") is established to meet the objective of Risk Management stated above. The RMF is defined as "a set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization".

The RMF provides a robust and consistent approach to risk management across NBE's organization in order to manage its risk profile in line with its Risk Appetite. It stipulates individual and collective accountabilities for risk management and risk oversight and establishes a common risk language to assign the risks to which NBE is exposed to.

The RMF of NBE is implemented through a "Three Lines of Defence" model in line with industry standards. The model defines clear responsibilities and accountabilities and ensures that effective independent assurance activities take place covering key decisions. For each Line of Defence, NBE applies a systematic approach to assessing risk.

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First Line of Defence
The business, the First Line of Defence, has the primary responsibility for risk decisions, assessing and controlling the risks within their areas of accountability. They are required to establish effective governance and control frameworks for their business to comply with requirements of this policy, to maintain appropriate risk management skills, mechanisms and toolkits and to act within NBE's Risk Appetite parameters.

Second Line of Defence
The Risk Management function, a Second Line of Defence section, is a function providing oversight and independent challenge to the effectiveness of risk decisions taken by the business. Additionally, it provides advice and guidance by reviewing, challenging and periodic reporting on the risk profile of NBE.

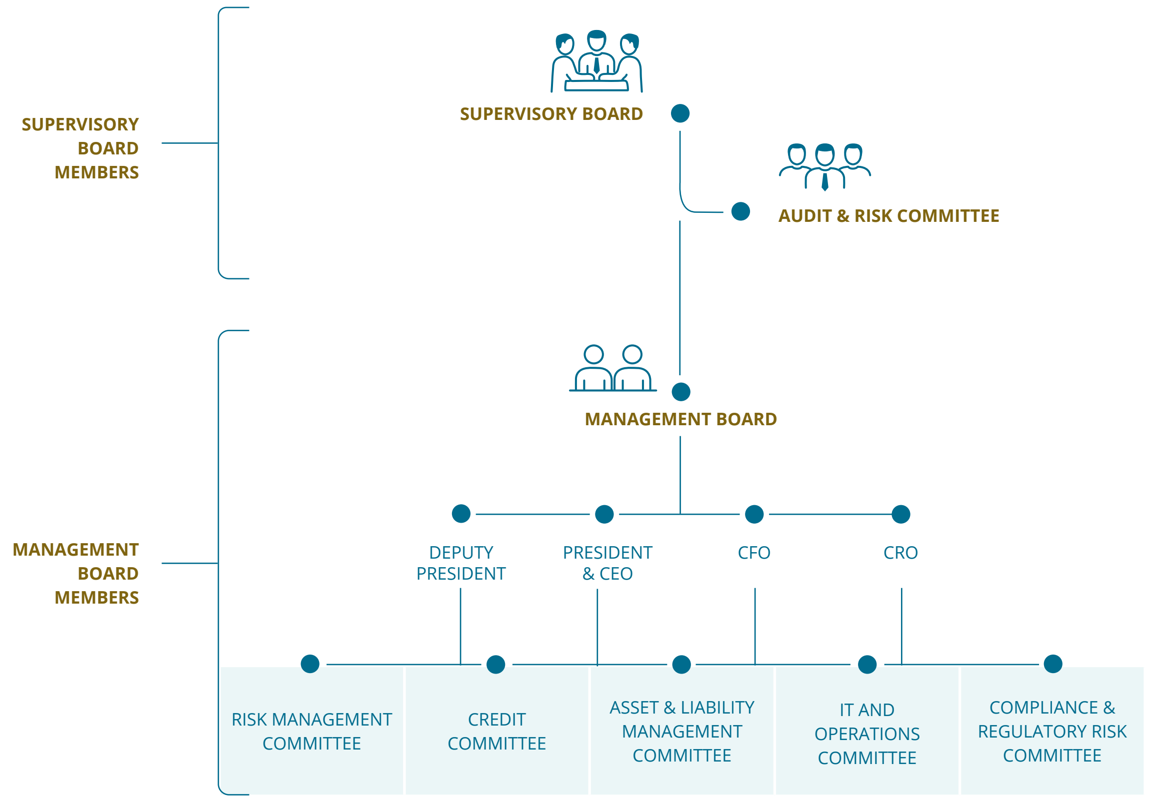
The Compliance function is also considered a Second Line of Defence section and is responsible for defining NBE's policy in line with global and local laws and regulations and oversight and challenge to assure that policies are adhered to.

Other functions that are considered Second Line of Defence are: IT security in the IT & Operations Division, and parts of the Finance & Tax Division.

Third Line of Defence
The Internal Audit function, the Third Line of Defence, provides independent and objective assurance of the organization's corporate governance, internal controls, compliance and risk management systems. This assurance task covers all elements of the organization's internal control and risk management system: i.e. risk identification, risk assessment and response to communication of risk related information and thus includes the effectiveness and efficiency of the internal controls in the processes created and performed in the First and Second Line of Defence.

The Second Line of Defence and the Third Line of Defence have direct access to the ARC of NBE.

Risk Management Committees
To assist the Supervisory Board to fulfil its responsibilities, the ARC was established. For the Management Board to fulfil its responsibilities, five risk management committees were established to ensure the adequate risk management, namely the Risk Management Committee, the Credit Committee, the Asset and Liability Management Committee, the IT and Operation Committee, and the Compliance and Regulatory Risk Committee. The outline below depicts the committee structure.



Supervisory Board
The Supervisory Board reviews, evaluates and approves the design and calibration of the RAS at least annually, or more frequently in the event of significant changes in the internal or external environment. The Supervisory Board holds the CEO and other senior management accountable for the RAS. The Supervisory Board ensures that the risk appetite remains consistent with NBE's long-term strategy and that the annual business plans are in line with the approved risk appetite.

Audit and Risk Committee
It is the purpose of the ARC to support the Supervisory Board in its oversight of the policies of the Management Board, particularly with respect to the RMF and control systems, including audit and compliance matters. To that effect it shall prepare the discussion and decision-making within the Supervisory Board with respect to these items. The ARC also assists the Management Board by providing advice related to ensuring the integrity of NBE's Financial Statements, NBE's compliance with legal and regulatory requirements, the external auditor's qualifications and independence and the performance of NBE's Internal Audit function and external auditor.

Management Board
The Management Board is accountable for NBE's Risk Appetite. The Management Board manages the Risk Appetite and the associated RMF & tools and ensures that those tools are embedded into the key business processes. Moreover, the Management Board monitors the evolution of NBE's risk profile to ensure that it remains in line with the RAS that is approved by the Supervisory Board.

Risk Management Committee
This committee has, as its sole and exclusive function, responsibility for the risk management policies of NBE's operations and oversight of the operation of NBE's RMF. The committee will assist the Management Board in fulfilling its oversight responsibilities with regard to the Risk Appetite of NBE, the risk management and compliance framework and the governance structure that supports it. The Risk Management Committee is chaired by the CRO and composed of the Management Board members and heads of relevant divisions.

Credit Committee
This committee has responsibility for the credit risk management policies of the Bank's operations and oversight of the operation of the Bank's credit risk management framework. The committee assists the Management Board in fulfilling its oversight responsibilities with regard to the Risk Appetite of the Bank, the credit risk management and compliance framework and the governance structure that supports it. The Credit Committee also assesses the individual credit risk taking activities and review credit portfolio including climate-related and environmental risks. The Credit Committee is chaired by the CRO and composed of the Management Board members and heads of relevant divisions.

Asset and Liability Management Committee
This committee is mandated to review and discuss on the interest rate risk in NBE's Banking Book, currency, liquidity and funding risk profile of NBE within the parameters set by the Management Board. The committee assists the Management Board by preparing advice on decisions that have impact on the liquidity and funding risk profile of NBE. The committee will advise the Management Board on appropriate measures. The Asset and Liability Management Committee is chaired by the Deputy President and composed of the Management Board members and heads of relevant divisions.

IT and Operation Committee
This committee is mandated to review and discuss on operation and IT matters. Responsibilities amongst others are to advise the Management Board on the management of the outsourcing risk, the review of the Business Continuity Plan ("BCP") and the monitoring of operational risk incidents. The IT and Operation Committee is chaired by the CFO and composed of the Management Board members and heads of relevant divisions.

Compliance and Regulatory Risk Committee
This committee assists the Management Board in its oversight of regulatory, compliance, policy, legal matters and related risks. The committee assists the Management Board and discusses the changes in the regulatory landscape, reviews periodically the Systematic Integrity Risk Analysis ("SIRA") and monitors the progress of the Compliance year plan.

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The Compliance and Regulatory Risk Committee is chaired by the head of Legal and Compliance Division and composed of the Management Board members and heads of relevant divisions.

Risk Appetite
NBE aims to maintain a robust financial base in order to ensure stable Euro funding for the parent by constraining its risk-taking activities.

The RAS is essential to define the types and amount of risk that NBE is willing to take and considers acceptable in pursuit of its strategic objectives. The RAS describes the consistent approach to risk management. It identifies the risks related to the business strategy and defines the level of risk NBE is willing to expose itself to.

The RAS defines in a qualitative and quantitative manner the level of risk that NBE is willing to take. Therefore, the statement includes limit-setting and determines thresholds on the quantitative indicators. The risks are managed in accordance with the limits and thresholds set.

The Risk Management Division monitors the risk positions of NBE against its risk appetite and reports on a periodic basis to the Risk Management Committee. NBE periodically reviews and updates its RAS.

The figure below represents the conceptual framework of the RAS. First, the overarching risk appetite for NBE is defined (Dimension 1), followed by RAS for each risk category defined in NBE's Risk Universe (Dimension 2). Statements for each category specify the level of risk that NBE is willing to take.

NBE defines a set of material risk types with corresponding Key Risk Indicators for each risk category (Dimension 3). Key Risk Indicators are measures indicating the development of a certain material risk (Dimension 4). To ensure that the RAS is adhered to, the framework which supports RAS is established (Dimension 5).

As stated above, the RAS is based upon all risk categories in the risk universe. The risk universe is defined as the collection of material risks which could affect NBE achieving its business objectives. In view of its business activities, NBE has identified the following risks as relevant risks in its foreseeable banking operations.

RISK UNIVERSE

Category 1 Capital, Credit & Market Risk	Strategic Risk	Insufficient Capitalization
	Credit Risk	Credit Concentration Risk
	Interest Rate Risk in the Banking Book	
Category 2 Liquidity & Funding Risk	Cash Flow Risk	Market Liquidity Risk
	Intraday Liquidity Risk	
Category 3 Non-Financial Risk	Process Risk	Business Continuity Risk
	Regulatory Compliance & Integrity Risk	Outsourcing Risk
	Cyber Security Risk	

The risk of not achieving overarching goals and/or profitability targets is considered to remain within appetite as the progress for setting up and enlarging the banking operations according to the business plan is satisfactory.

1

Category 1 – Capital, Credit & Market Risk

In accordance with the risk profile of NBE, the risks identified as material risks in the Capital, Credit and Market Risks Category are listed below:

- *Risk of Excessive Leverage or Insufficient Capitalization:* risk resulting from low capital levels or high leverage. Not having enough capital to comfortably meet regulatory and internal requirements may require unintended corrective measures to its business plan, including distressed selling of assets which might result in losses or in valuation adjustments to its remaining assets.
- *Strategic Risk:* risk that overarching goals (including sustainable profitability goals), aligned with and supporting the organization's mission are not achieved and sound businesses at the Bank is not maintained. Financially, this may entail that volumes decline or margins may shrink, with no opportunity to offset the revenue declines with a reduction in costs.
- *Credit Risk:* risk of losses caused by a decrease in or loss of value of assets (including off-balance-sheet assets) due to the deterioration in financial position of borrowers.
- *Credit Concentration Risk:* risk stemming from a large single exposure or group of exposures that are adversely impacted by similar variations in conditions, events, or circumstances.
- *Interest Rate Risk in NBE's Banking Book:* risk arising from maturity differences between bank assets and liabilities in NBE's Banking Book by differing interest rates used for pricing and differing repricing points.

For the period ended 31 December 2022, the risk profile of NBE has changed little compared to the previous year. NBE started its business in September 2020 with Global Investment business and Euro Funding business for which its exposure to risk bearing positions was well within the limits of NBE's risk appetite indicators. During 2022 the focus was on a gradual increase of the loan portfolio and to remain well within the pre-defined risk appetite.

Credit risk

Credit Risk is described as the possibility that counterparty in loan or derivative contract will fail to fulfil its commitments according to agreed-upon terms and leading in a financial loss to NBE. Credit risk sources includes counterparty credit risk, concentration risk at different levels, country risk, transaction structure risk, collateral mismatch, and so on.

Credit risk is managed by NBE within the set up rules in its own policy and procedures, which are in line with external regulatory expectations, and where applicable within context of the global internal policies. Credit granting rules, counterparty credit risk, transaction assessment, ceiling approval conditions, credit risk monitoring, consolidated credit risk management, operational flow and processes, etc. are all in place within the context of internal credit risk frameworks.

NBE, as an independent entity, has its own independent risk appetite, credit risk assessment process and credit granting authority body, while it takes into consideration to be aligned with the Norinchukin Bank's consolidated credit risk principles. NBE comprehensively manages credit risk on an entire credit portfolio basis as well as on individual credit basis.

NBE accepts internal credit rating system and model of The Norinchukin Bank, and where applicable endorses these ratings internally. It also acknowledges practices (for project finance loans) from the Norinchukin Bank in the assignment and assessment of internal credit ratings. Each credit rating corresponds to the likelihood that counterparty will fail to fulfil contractual obligations, according to NCK's internal credit rating scheme (i.e. probability of default - PD). Credit risk factors (PD, LGD, and EAD) are used for ECL calculation.

NBE implemented ceiling rules to reduce the chance of credit over-concentration. To prevent over-concentration on credit exposure, total credit exposure for each ceiling segment is monitored on a regular basis. Counterparty ceilings are set for the obligors (project finance on transaction basis) based on their creditworthiness and risk appetite. Project finance ceiling is determined and classified individually according to the degree of their repayment risks, and assessed on transaction basis. Financial institution and corporate ceilings are established in accordance with the assigned internal ratings and exposures are managed within those allocated ceilings. NBE adhere limitation defined in its risk appetite.

Country risk is managed centrally within the Norinchukin Bank's set of guidelines and limits are defined globally. Country ceiling for sovereign exposures may not be set for countries that have advanced and stable economies, and when the highest rating can be assigned. Ceilings are set for sovereign exposures in higher-risk countries in accordance with the sovereign's internal ratings.

Credit Concentration Risk is the risk stemming from a large single exposure or group of exposures that are adversely impacted by similar variations in conditions, events, or circumstances that impact the position of the bank's risk profile. NBE assesses the overall composition and efficiency of credit portfolios (e.g. sectoral, geographic, rating, climate-related and environmental risks) in addition to single name concentration or group of connected counterparties. Within defined risk appetite threshold limits, credit risk concentration is actively monitored.

The impact of COVID-19 on our credit risk is assessed as limited. Please also see the 'Business developments and Outlook'-paragraph in the Report of the Management Board.

Impairment allowance – Expected credit losses:

NBE aims to maintain sufficient level of reserves to cover its incurred losses. For accounting purposes NBE recognizes a loss allowance for expected credit losses on financial assets measured at either amortized cost or FVOCI and off-balance facilities based on IFRS 9.

In Accounting Policy for the impairment on financial assets, expected credit loss approach is further elaborated. The breakdown of carrying amount and expected credit losses allowance for financial assets and off-balance facilities are as follows:

As at 31 December 2022

Carrying amount and expected credit loss allowance	Stage 1	Stage 2	Stage 3	Total
Debt securities at amortized cost				
Gross carrying amount	1,435,373	-	-	1,435,373
Expected credit loss allowance	-31	-	-	-31
Carrying amount	**1,435,342**	**-**	**-**	**1,435,342**
Loans and advances to banks				
Gross carrying amount	7,423	-	-	7,423
Expected credit loss allowance	-	-	-	-
Carrying amount	**7,423**	**-**	**-**	**7,423**
Loans and advances to customers				
Gross carrying amount	918,163	-	-	918,163
Expected credit loss allowance	-435	-	-	-435
Carrying amount	**917,728**	**-**	**-**	**917,728**
Off-Balance facilities				
Gross carrying amount	3,690,047	-	-	3,690,047
Expected credit loss allowance	-208	-	-	-208
Carrying amount	**3,689,839**	**-**	**-**	**3,689,839**
Total credit loss allowance at closing balance	**-674**	**-**	**-**	**-674**

As at 31 December 2021

Carrying amount and expected credit loss allowance	Stage 1	Stage 2	Stage 3	Total
Debt securities at amortized cost				
Gross carrying amount	1,460,705	-	-	1,460,705
Expected credit loss allowance	-97	-	-	-97
Carrying amount	**1,460,608**	**-**	**-**	**1,460,608**
Loans and advances to banks				
Gross carrying amount	7,400	-	-	7,400
Expected credit loss allowance	-	-	-	-
Carrying amount	**7,400**	**-**	**-**	**7,400**
Loans and advances to customers				
Gross carrying amount	272,172	-	-	272,172
Expected credit loss allowance	-43	-	-	-43
Carrying amount	**272,129**	**-**	**-**	**272,129**
Off-Balance facilities				
Gross carrying amount	3,301,997	-	-	3,301,997
Expected credit loss allowance	-41	-	-	-41
Carrying amount	**3,301,956**	**-**	**-**	**3,301,956**
Total credit loss allowance at closing balance	**-181**	**-**	**-**	**-181**

All the financial assets and off-balance facilities were classified as Stage 1 as per 31 December 2022 as there has been no significant increase in credit risk since initial recognition. The expected credit loss allowance was booked for debt securities, loans to customers, and off-balance loan commitments as per 31 December 2022 which were all measured at amortized cost. Loans and advances to banks consisted of only of low credit risk and short term instruments (please refer to Note 3 of the Financial Statements). Off-balance facilities consisted of the credit facility to The Norinchukin Bank (€3 billion) which was collateralized by the securities borrowed from the parent and loan commitments to customers (please refer to Note 22 of the Financial Statements). All the financial assets and off-balance facilities were measured individually as per 31 December 2022.

Macroeconomic scenarios and ECL sensitivity:
The table below presents the analysis on the sensitivity of key forward-looking macroeconomic inputs used in the ECL collective-assessment modelling process and the probability-weights applied to each of three scenarios.

		2023	2024	2025	Unweighted ECL	Probability	Weighted ECL per 31 December 2022*	Weighted ECL per 31 December 2021
Upside scenario	Global GDP	3.7%	4.3%	4.4%	546	25%		
	EU GDP	1.3%	2.6%	2.7%				
Baseline scenario	Global GDP	2.7%	3.2%	3.4%	674	50%	674	181
	EU GDP	0.5%	1.8%	1.9%				
Downside scenario	Global GDP	2.2%	2.7%	2.9%	805	25%		
	EU GDP	-0.3%	1.0%	1.1%				

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Past due assessment:
The key considerations for the loan impairment determination are whether any principal or interest payments are past due, or if there are any identified issues in counterparties' cash flows, credit rating downgrades, or breach of the original contract terms.

Past-due loans are closely tracked, and default is deemed to occur, among other things, if the obligor is unlikely to pay its credit obligations, without recourse by NBE to actions such as realizing security and/or obligor is past due more than 90 days on any material credit obligation to NBE.

Capital risk
For capital risk, the most important measurements are the CET1 ratio, Leverage ratio and the Total Risk/Internal Capital ratio. For calculation of the latter ratio NBE uses both Pillar I and II whereby Pillar II includes capital for interest rate risk in the banking book (IRRBB), Credit Concentration Risk, Operational Risk and Strategic/Business Risk.

The shareholder has provided NBE with sufficient capital to accommodate future growth. The capital ratios have evolved as NBE grew its lending business in 2022. The CET1 ratio decreased from 415% at the end of 2021 to 157% at the end of 2022 whereas the Leverage ratio decreased from 81% at the end of 2021 to 58% at the end of 2022. As a consequence of the growing business the Total Risk/Internal Capital ratio increased from 14% to 18%. NBE ensures and monitors the adequacy of the capital and the prudential ratios to meet the regulatory requirements. DNB most recent SREP decision is valid for two years which indicates more than sufficient capital available compared with current and foreseeable risk taking by NBE. The current capital levels are still far off the regulatory requirements and the capital of NBE only consists of CET1 capital. The SREP is based on NBE's three years business plan which is approved by our Supervisory Board.

	2022	2021
CET1 Ratio	157%	415%
Total Risk/Internal Capital Ratio	18%	14%
Leverage Ratio	58%	81%
Common Equity Tier 1 (CET1)	**1,958,262,764**	**1,956,532,146**

Market risk
The most important market risk is IRRBB. NBE has no trading activities. NBE has some foreign currency exposure but most of the FX positions are hedged.

Foreign currency exposures (in thousands of euros).

	2022			2021		
Currency	**Assets**	**Liabilities**	**Net exposure**	**Assets**	**Liabilities**	**Net exposure**
USD	1	-	1	890	885	5
JPY	9	-	9	3,078	3,073	5
GBP	136,120	136,112	8	-	-	-
Total	**136,130**	**136,112**	**18**	**3,968**	**3,958**	**10**

Interest rate risk is calculated and IRRBB results are frequently monitored and reported. IRRBB is the current or prospective risk to both earnings and economic value arising from adverse movements in interest rates that affect interest rate sensitive instruments. In assessing NBE's exposure to IRRBB, the bank considers two different approaches: changes in Economic Value of Equity (EVE) and changes in Net Interest Income (NII). ΔEVE is a measure of the change in the net-present value of the balance sheet under a range of yield curve stress scenarios. It is a long-term measure, assessing the impact over the remaining life of the balance sheet, while changes in expected earnings (i.e. changes in NII). ΔNII is a short-medium term measure, assessing the impact to earnings over a defined time period, in case of NBE this is 1 and 2 years. In accordance with EBA Guidelines (EBA/GL/2018/02), NBE measures its exposure to six standardized yield-curve shocks. Interest rate risk is calculated and IRRBB results are monthly monitored and reported to the Asset and Liability Management Committee.

The main driver for the IRRBB position is the investment portfolio which consists of high quality Government Bonds with a duration of approximately 8.0 years. This positions explains the risk for rising interest rates. The investment portfolio is valued at Held to Maturity. The loan portfolios have a much shorter duration with a variety of variable tenors. The management and measurement methods have not changed in the past year.

		Changes of the economic value of equity		Changes of the net interest income (1 year)	
	Supervisory shock scenarios	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
1	**Parallel up (+200 bps)**	- 154,642	- 228,176	15,328	9,270
2	**Parallel down (-200 bps)**	182,960	102,379	- 15,081	- 1,832
3	**Steepener**	- 48,200	- 75,032		
4	**Flattener**	23,689	38,935		
5	**Short rates up**	- 25,618	- 34,863		
6	**Short rates down**	26,271	33,224		

The asymmetrical nature of the results (the size of the sensitivity in the up scenario is considerably larger than in the down scenario) is primarily down to the applied interest rate floor (-1%), as per regulatory guidance.

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Category 2 – Liquidity & Funding Risk

Liquidity & Funding Risks consist of the following material risks:

- *Cash Flow Risk:* risk of having difficulties securing necessary funds due to a mismatch between investment and funding durations or unexpected cash outflows, the risk of incurring losses by being forced to raise funds at significantly higher funding costs than normal.
- *Market Liquidity Risk:* risk of experiencing losses by not being able to trade in the financial markets due to market turmoil or by being forced to trade under significantly less favourable conditions than normal.
- *Intraday Liquidity Risk:* the risk arising from short-term liquidity risk within a day from payment/settlement activities.

For the period ended 31 December 2022, similar to category 1 risks, the risk profile of NBE was limited as 2022 has been a year to build up banking activities further. Due to the low and hedged nature of the foreign currency exposures the foreign currency liquidity risk was also very limited and not recognized as a material risk in the risk universe.

NBE provided, as mentioned in Note 22 of the Financial Statements, The Norinchukin Bank a committed facility of €3 billion (2021: €3 billion), and borrowed securities from The Norinchukin Bank that serves as collateral for the committed facility. The fair value of collateral amounts to €4.0 billion (2021: €4.5 billion). These debt securities deposited at DNB are eligible as collateral to obtain short-term cash from DNB. In 2022 The Norinchukin Bank has not drawn any amount from the credit facility, therefore NBE did not require any drawdown from DNB. Besides, in 2022 NBE also provided loan commitments on project finance business for which drawdowns are expected in the coming years.

These commitments are included in NBE's liquidity risk management including survival period calculations. Due to the large available liquidity buffers that are in place because NBE is still building up the balance sheet, the liquidity and funding risks remained low, as shown by the healthy LCR and NSFR ratios.

For more information on the maturity calendar of NBE's financial assets and liabilities reference is made to Note 27 of the Financial Statements.

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Category 3 – Non-Financial Risk

The non-financial risk category is broadly defined as those risks not categorized in the category 1 or the category 2 and consists of the following material risks:

- *Process Risk:* risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal and data protection risk.
- *Business Continuity Risk:* risk of loss arising from disruption of business or system failures including system outage.
- *Outsourcing Risk:* risk of loss from the authorized entity's use of a third party (the "outsourcing service provider") to perform activities that would normally be undertaken by the authorized entity, now or in the future. The supplier may itself be an authorized or unauthorized entity. This risk includes loss from system outage, data loss etc.
- *Cyber Security Risk:* risk of loss related to technical infrastructure or the use of technology within an organization.
- *Regulatory Compliance & Integrity Risk:* threat of damage to reputation, existing or future equity or results of an institution as a result of inadequate compliance with legal requirements covering a broad range of Compliance and Integrity risk topics.

For the period ended 31 December 2022, similar to category 1 and category 2 risks, the risk profile of NBE was limited as 2022 has been a year to build up banking activities further, as NBE started its business in September 2020. There were no operational incidents with significant losses in both 2021 and 2022.

It should be noted that, while "reputation risk" is not listed in a material risk category, reputational concerns were taken into consideration when the Risk Universe was constructed. NBE regards reputation damage as a potential secondary effect in the case that any risk materializes. Managing potential reputational effects is therefore considered to be interweaved throughout the RMF.

Other information

Articles of Association – Profits and distributions

Article 24

24.1 The allocation of profits accrued in a financial year shall be determined by the General Meeting.

24.2 Distribution of profits shall be made after adoption of the annual accounts if permissible under the laws of the Netherlands given the contents of the annual accounts.

24.3 The General Meeting may resolve to make interim distributions and/or to make distributions at the expense of any reserve of the Company.

24.4 Any distribution shall be made to the Shareholders in proportion to the aggregate paid up part of the nominal value of the Shares held by each.

24.5 Distributions on Shares may be made only up to an amount which does not exceed the amount of the Distributable Equity. If it concerns an interim distribution, the compliance with this requirement must be evidenced by an interim statement of assets and liabilities as referred to in Section 2:105, subsection 4, of the Dutch Civil Code. The Company shall deposit the statement of assets and liabilities at the Dutch Trade Register within eight days after the day on which the resolution to make the distribution is published.

24.6 A claim of a Shareholder for payment of a distribution on Shares shall be barred after five years have elapsed.

24.7 No distributions shall be made on Shares held by the Company in its own capital, unless these Shares have been pledged or a usufruct has been created in these Shares and the authority to collect distributions or the right to receive distributions respectively accrues to the pledgee or the usufructuary respectively. For the computation of distributions, the Shares on which no distributions shall be made pursuant to this article 24.7, shall not be taken into account.

Independent auditor's report

To: the Shareholder, Management Board and the Supervisory Board of Norinchukin Bank Europe N.V.

Report on the audit of the financial statements 2022 included in the annual accounts

Our opinion

We have audited the financial statements 2022 of Norinchukin Bank Europe N.V., based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Norinchukin Bank Europe N.V. as at 31 December 2022, and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The statement of financial position as at 31 December 2022.
2. The following statements for 2022: the statement of profit or loss, the statements of comprehensive income, changes in equity and cash flows.
3. The notes comprising a summary of the significant accounting policies 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 financial statements' section of our report.

We are independent of Norinchukin Bank Europe N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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 believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 4,400,000. The materiality is based on 2% of gross income consisting out of gross interest and gross fee income. We consider this to be the most appropriate benchmark given the growth of the bank and the relative high amount of equity that is used to finance Norinchukin Bank Europe N.V.'s activities. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 220,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes. We refer to section "Risk management" of the annual report for the management boards' risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We identified the following fraud risks and performed the following specific procedures:

- Management override of controls (presumed significant risk)

We rebutted the presumed fraud risk on revenue recognition, as the accounting of interest income and commission income is mainly based on automatically generated accruals in the source system and therefore concern routine transactions not subject to management judgement. These are high volume transactions with a relative low value per transaction.

We evaluated the design and implementation of the financial closing and reporting process. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgement areas and significant accounting estimates as disclosed in the financial statements.
We have used data analysis to identify and test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

Additionally, we performed further procedures including, amongst others, the following:

(i) We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.
(ii) We considered available information and made enquiries of relevant executives, directors including Internal Audit, Legal and Compliance, Risk Management and the Supervisory Board.
(iii) We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
(iv) We evaluated whether the selection and application of accounting policies by the group, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.
(v) We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 1 of the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates, such as the expected credit loss impairment model under IFRS 9 for impairment losses on financial assets, reflected in prior year financial statements.

Our procedures performed did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the Company through discussion with management, Internal Audit, Risk Management, Legal & Compliance and the Supervisory Board, reading minutes, communication with regulatory authorities, and reports of internal audit. We involved internal compliance specialists as part of this evaluation.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: (corporate) tax law, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, Norinchukin Bank Europe N.V. is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Given the nature of Norinchukin Bank Europe N.V.'s business and the complexity of these other laws and regulations, there is a risk of non-compliance with the requirements of such laws and regulations.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to 's ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to:

(i) Obtaining an understanding of the legal and regulatory requirements for Norinchukin Bank Europe N.V. and involving internal compliance specialists, considering that Norinchukin Bank Europe N.V. is operating in a highly regulated environment.
(ii) Inquiry of management, the Supervisory Board, the Managing Board and others within Norinchukin Bank Europe N.V. as to whether Norinchukin Bank Europe N.V. is in compliance with such laws and regulations.
(iii) Inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.
(iv) Obtaining an understanding of the processes around transaction monitoring, customer due diligence and sanction screening.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

Our responsibilities, as well as the responsibilities of the Management Board and the Supervisory Board, related to going concern under the prevailing standards, are outlined in the "Description of responsibilities regarding the financial statements" section below. In fulfilling our responsibilities, we evaluated management's assessment of Norinchukin Bank Europe N.V.'s ability to continue as a going concern for the next 12 months and considered key regulatory ratios including liquidity and solvency ratios.

The Management Board Banking has performed its going concern assessment and has not identified any going concern risks. Our main procedures to assess the Management Board going concern assessment were:

- considering whether the Management Board's going concern assessment includes all relevant information of which we are aware of as a result of our audit;
- inquiring with the Management Board about its knowledge of going concern risks after the period of the continuity assessment performed by the Management Board and considering the impact of financial, operational, and other conditions;
- analysing Norinchukin Bank Europe N.V.'s financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks;
- inspecting documentation of stress testing of the economic and regulatory capital position performed during the year by management;
- assessing the duration gap between financial assets and liabilities and reported liquidity ratios to the Dutch Central Bank. In addition, we inspected the most recent internal liquidity adequacy assessment ("ILAAP") prepared by management;
- assessing the solvency position of Norinchukin Bank Europe N.V. by inspecting the reported capital ratios as imposed by the Capital Requirements Regulation. In addition, we inspected the most recent internal capital adequacy assessment ("ICAAP") prepared by management;
- inspecting regulatory correspondence to obtain an understanding of Norinchukin Bank Europe N.V.'s capital and liquidity position, that underpins management's assessment of the going concern assumption for financial reporting; and
- obtaining an understanding of economic hedge policy and the overall risk framework of the bank.

Based on our procedures performed, we did not identify significant doubts on Norinchukin Bank Europe N.V.'s ability to continue as a going concern for the next 12 months. Our conclusions are based on the audit evidence obtained, and inquiries with the Management Board, up to the date of our auditor's report.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters are addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter
Impairment allowance for Loans & Advances to Customers

Description
As of 31 December 2022, the recorded Loans & Advances to Customers of Norinchukin Bank Europe N.V. amount to EUR 918.2 million with an associated Expected Credit Loss ("ECL") provision of EUR 435 thousand. The loans & advances to customers consist of corporate loans and project finance loans.

Because of the inherent uncertainty and risks in a number of areas when determining the impairment allowance for the loans and advances to customers, the impairment allowance is an important area of judgement and estimate by the Management Board. Due to the high estimation uncertainty on the impairment allowance for loans and advances to customers, we consider this a key audit matter for our audit. All exposures have been classified as stage 1 and calculated collectively for stage 1.

Norinchukin Bank Europe N.V.'s disclosures concerning impairment allowance for the Loans & Advances to Customers are included in note "4. Loans and Advances to Customers" and the Risk Management section of the financial statements.

How the key audit matter was addressed in the audit
Our procedures included testing the design and implementation of the key controls in the loan origination process and the credit risk monitoring process.

We obtained an understanding of the credit monitoring process and the provisioning process within Norinchukin Bank Europe N.V. For the collective impairment allowance, we tested the accuracy of the input data used by management to calculate the expected credit losses. We challenged management's assumption made around macroeconomic variables, the scenarios and weights applied in the ECL model and tested the timely recognition and measurement of the impairment allowances.

For a selection of loan exposures, we assessed whether Norinchukin Bank Europe N.V. correctly applied its provisioning and staging policy and in accordance with the criteria defined in IFRS 9.

Finally, we assessed whether the disclosures are accurate and in compliance with EU-IFRS requirements.

Our observations
Our procedures performed on the impairment allowance for loans and advances to customers did not result in any reportable matters.

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Key audit matter
Reliability and continuity of the automated systems

Description
An adequate infrastructure ensures the reliability and continuity of Norinchukin Bank Europe N.V.'s business processes and financial reporting. Reference is made to section "Risk Management" of the financial statements.

Due to the substantial increase in the number transactions since the origination in 2018, in line with the nature Norinchukin Bank Europe N.V.'s current activities and business plan, the dependency on IT infrastructure has become even more important.

Therefore, we consider reliability and continuity of the automated systems a key audit matter during our audit.

How the key audit matter was addressed in the audit
We have obtained an understanding of Norinchukin Bank Europe N.V.'s Information Technology Environment and tested the design and implementation of the General Information Technology Controls around the main Information Technology systems for our audit of the financial statements. For this purpose, we made use of Information Technology auditors within our audit team.

Our observations
While performing design & implementation procedures on the GITC's, we noted that management is working on further improvements of the Information Technology's control framework. We have therefore designed and performed a substantive audit approach. By using a substantive approach, we have been able to obtain sufficient and appropriate audit evidence to reduce the identified inherent risk of material misstatement to acceptable low levels.

Report on the other information included in the annual accounts

The annual accounts contain other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- About Norinchukin Bank Europe N.V.
- Report of the Management Board.
- Report of the Supervisory Board.
- Dutch Banking Code.
- Other information.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements 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 substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

We were engaged by the Supervisory Board as auditor of Norinchukin Bank Europe N.V. as of the audit for the year 2019 and have operated as statutory auditor ever since that financial year.

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 audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment 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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 30 May, 2023
Deloitte Accountants B.V.

Signed on the original: A. den Hertog

Initials for identification purposes

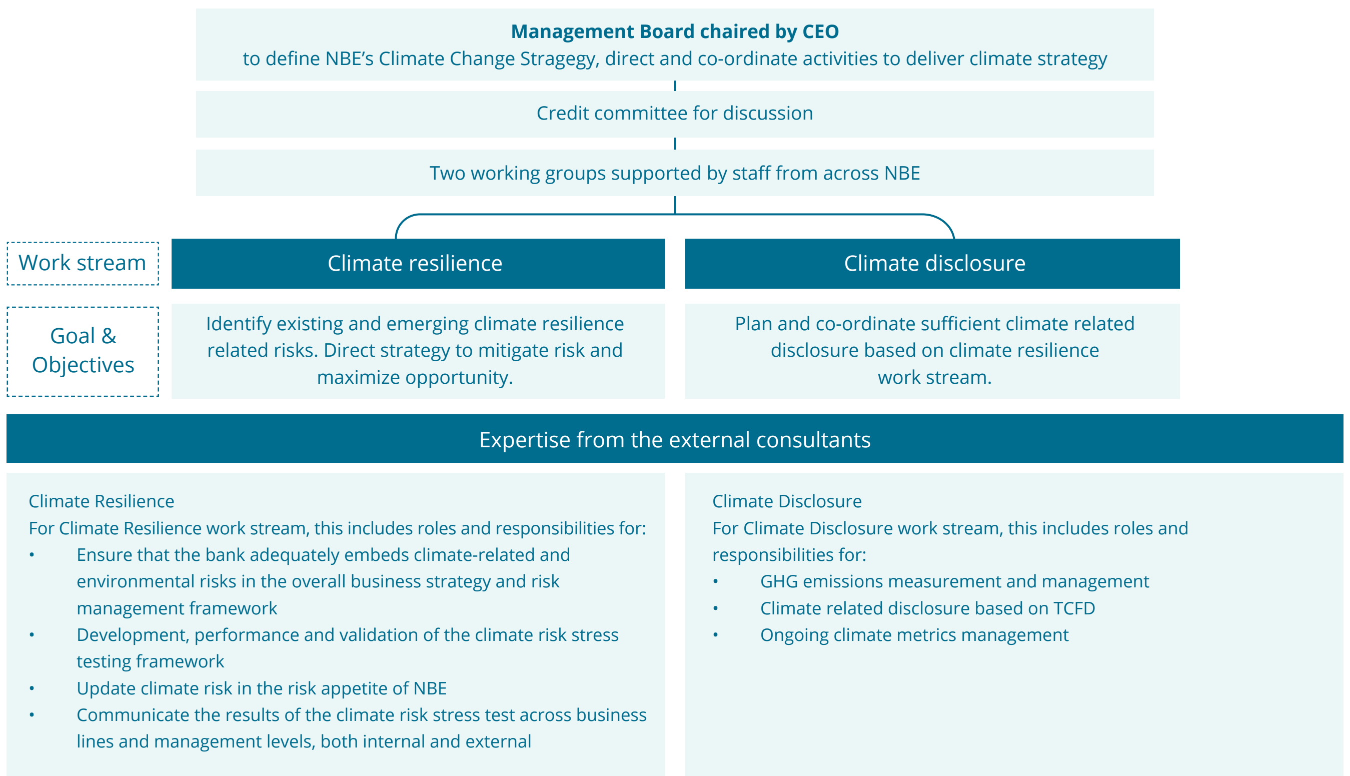
Appendix
Climate-Related Disclosure

This climate-related disclosure is compiled to reflect portions of the Task Force on Climate-related Financial Disclosure (TCFD) Recommendations, developed by the Financial Stability Board, cover governance, strategy, risk management, key metrics and targets on climate risks of NBE in this report. This disclosure is not subject to the external auditors review- or audit procedures.

Governance

The NBE Management Board, which is chaired by CEO, defines the strategy on how NBE deals with climate risks and opportunities, in addition the CEO directs and coordinates activities to deliver a climate-related strategy. NBE's Management Board also makes decisions in accordance with the "Sector Policy" to incorporate sustainability into the business operations and on the measures taken to mitigate climate risks and aims to contribute to a reduction of CO2 emissions. NBE's climate-related strategy, direction and coordination, climate risk mitigation and CO2 emission reductions are discussed in the Credit Committee.

The board is supported and advised by two work-streams i.e. Climate Disclosure and Climate Resilience, which are coordinated by Credit Risk Management and involved by relevant divisions of NBE. The roles and responsibilities of two work-streams are defined in below chart.



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Strategy

NBE performs sustainability-oriented management to contribute to a sustainable environment and society, which represent the foundation of Norinchukin group's operations. NBE establishes Sector Policy as basic policies to solve environmental and social challenges and engages in appropriate risk management. To achieve the group's Medium/Long-Term Goals: reduction of GHG emissions and accumulating sustainable finance transactions, NBE assesses and manages climate risks prior to making investment and financing decisions for transactions. Sustainable finance is measured by Norinchukin group's internal clarifications which include transactions for renewable projects and social infrastructure projects.

As NBE is building up its banking business activities and accumulating sustainable finance, NBE manages climate risks in order to mitigate and adapt to climate change through its business activities. NBE also focuses on climate-related opportunities and risk management to address climate-related and environmental considerations. NBE is addressing the impact and risks of climate change on its business, engaging in initiatives including The Norinchukin Bank's Medium/Long-Term Goals, and enhancing its disclosures.

Climate-related risks commonly comprise two main risk drivers: physical risk and transition risk. Physical risk refers to the risk of increased damage due to disasters stemming from climate change. Transition risk refers to the risk that occurs in transitioning to a society with low greenhouse gas emissions (a low-carbon society). Both risks could result in credit costs for financial institutions through negative financial impact on financing clients. NBE understands the importance of these risks and has initiated analyses on these risks to develop NBE's sustainability-oriented management.

Climate risks

The scope of NBE's qualitative and quantitative assessment on climate risk is set as following:

- Financial risks from climate change arise for NBE through two primary channels: physical risk and transition risk. The scope of NBE's assessment of physical risks focuses on two extreme weather events representing key climate risks in Europe: (1) a large floods and (2) a severe drought and heatwave as per ECB climate risk stress test exercise guidance.
- The materiality assessment of NBE's financial portfolio is performed by asset class, ultimate risk country, and sector (based on Global Industry Classification Standard code) and defines the material portfolio as:
- Material Asset Class: Government Bond and Project Finance Lending Exposure
- Material Countries: France, Spain and Netherlands
- Material Sectors: Utilities (renewable electricity), Utilities (mid-stream), Industrials and Communication Services.
- NBE considers three long-term scenarios based on the high-level Network for Greening the Financial System (NGFS Phase 3) scenarios which are widely adopted by central banks and supervisors. Each scenario spans a horizon from the present day up to 2050. NBE selected three scenarios namely: **Net Zero 2050, Delayed Transition and Current Policies.**

Physical risks

NBE has qualitatively analysed physical risks based on NGFS scenarios and has concluded having an immaterial impact from heatwave. However, it is considered material for inland flooding.

Phisical risks assessment by country

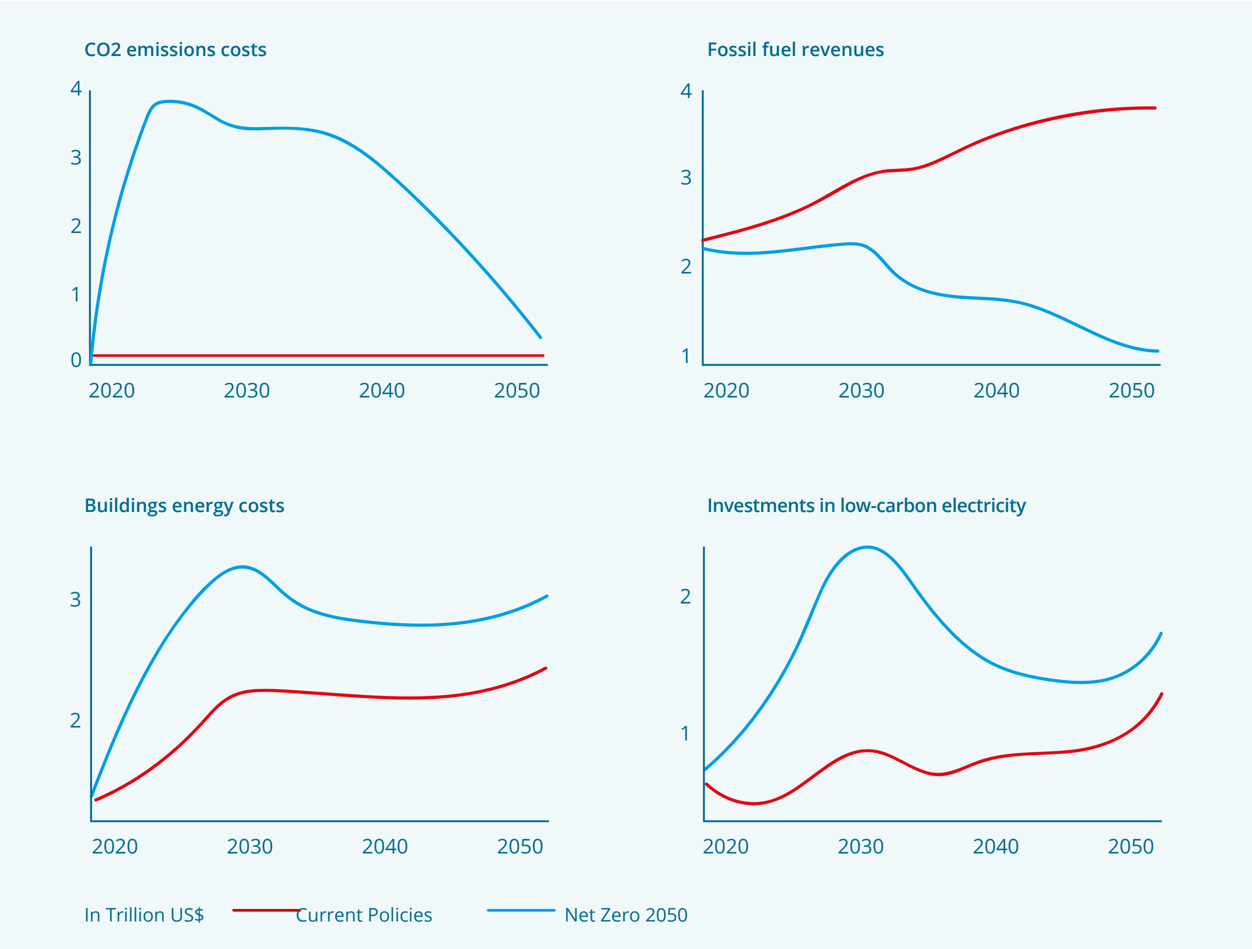
Risk country	Inland flooding	Drought/ heatwave	Relative changes in annual expected damage from river floods				Change in labour productivity due to heat stress			
			2025	2030	2040	2050	2025	2030	2040	2050
France	Yes	Yes								
Spain	Yes	Yes								
Netherlands	Yes	Yes	-	-	-	-	-	-	-	-

Low risk | Medium risk | High risk

Transition risks
The NGFS scenarios explore a range of emission pathways and corresponding global warming trajectories (as compared to pre-industrial levels). Across all scenarios, energy use is de-linked from its historical correlation with growth. Deep reductions in carbon intensity are further needed to reach net-zero carbon emissions.

The transition towards a more carbon-neutral economy can take different paths. Based on NGFS Scenarios, several metrics are being used to understand the impact of transition risk on the assets, including:
- Carbon pricing
- Fossil fuel pricing
- Building energy costs
- Investment in low-carbon electricity

The charts below demonstrate the implications of above metrics under NGFS current policies and net zero 2050 scenarios.



NBE has qualitatively analysed the transition risks for each material sector based on the above implication on the key metrics under Net Zero 2050 scenario.

Transition risks assessment by sector

Sector	2030	2040	2050
Utilities (green)	Low risk	Low risk	Low risk
Utilities (mid-stream)	Medium risk	High risk	High risk
Industrials	Medium risk	Medium risk	High risk
Communication Services	Medium risk	Medium risk	High risk

Low risk | Medium risk | High risk

NBE has concluded the transition risks by sectors:

Low transition risk sector – low transition risk is exposed to the utilities (renewable electricity) sector, namely the offshore wind for NBE. Offshore wind is widely viewed as a key enabler of this global energy transformation and is backed up by policy makers. The transition risk of the exposure for this sector is considered as having minimum impact for NBE.

High transition risk sector – a high transition risk is expected in the utilities (mid-stream) and materials, with a medium to high impact over the next 30 years due to the need to transition towards a low carbon society. The perceived relative increase in the carbon price and the need to change business model make these two sectors bear the material risk for NBE. Based on the Net Zero 2050 scenario, fossil fuel revenues will significantly impact the energy mid-stream sector despite the rising energy demand. This will materialize further beyond 2030, hence perceived as a high transition risk exposure. On the other hand, due to the increase of energy costs from 2030 onwards, the industrials and communication services sectors will gradually experience a higher cost, impacting profitability.

Impact on business operations, strategy and financial planning
Climate change is a systemic risk. At the same time, NBE can find business opportunities in mitigating and adapting to this climate risk. One example is the potential for shifting electricity generations from renewable energy. The shift from conventional thermal power to offshore wind power generation will lead to corporate lending opportunities for NBE. This is one way in which NBE can support the transition to a decarbonized society through financing services.

Initiatives to advance climate risk assessment
In recent years, interest in climate change and other sustainability initiatives for companies, including financial institutions, has increased significantly.

As one example, the European Central Bank conducted a climate risk stress for significant financial institutions in 2022 as part of its Supervisory Review and Evaluation Process (SREP).

Its stress test methodology was published in October 2021 and its scenarios in January 2022. Each bank discloses in its disclosures that the stress tests are based on its stress testing methodology and scenarios.

ECB considers this stress test a useful learning exercise for banks and supervisors, while at the same time recognizes that further progress can be made over the next few years.

Other sustainability developments are the Corporate Sustainability Reporting Directive (CSRD).

The CSRD was issued by the European Commission in January 2023. The Directive aims to put sustainability-related disclosures on the same level as financial disclosures. The Directive enables stakeholders to understand sustainability-related disclosures as comparable to those of other companies. At the same time, companies will assess materiality using a double materiality approach. They then need to make an assessment in terms of impact, risk and opportunity against the items they have identified as material.

Given this trend in sustainability, NBE has recognized the need to disclose content that guarantees comparability through a unified methodology.

Accordingly, in 2023, NBE will proceed clarification of applicable reporting requirements as well as searching for an assessment methodology which is suitable for the climate risk profile of the Bank.

Risk management

Identifying, assessing and managing climate-related risks

NBE includes climate-related risks in all relevant stages of the credit-granting process and credit processing:

- NBE maintains and regularly updates Sector Policy to prevent and restrict transactions in sectors that have the strong potential for significant negative impact on the environment and society.
- NBE uses climate-related risks heat map to identifying climate-related risk for the transactions in sectors that outside of Sector Policy.
- NBE is developing its climate stress test framework in order to quantitatively identify climate-related risks according to the requirements of ECB guidance and CSRD.
- NBE currently monitors 1) % of CO2-intensive sectors; 2) GHG emission intensity for Scope 1-2 and 3 respectively; 3) Climate-related Risks Heat Map on a regular basis.
- As a newly established bank, NBE plans to accumulate more historical data and then start to manage climate-related metrics and set climate-related targets in order to manage NBE's climate-related risks.

The integration into the bank's overall risk management

NBE further enhanced the integration of Climate-related risk management into the bank's overall risk management over FY2021:

- NBE's 1st LoD utilizes Materiality Assessment results to construct their business plan.
- NBE's 2nd LoD includes climate-related risks into identifying, assessing and managing its credit taking process.
- NBE's 3rd LoD closely follows up the development of NBE's climate-related risk management and performs an internal audit during the audit cycle of 2022-2023.

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GHG measurement and results

NBE has an internal procedure in place i.e. GHG Measurement Procedures to guide NBE's greenhouse gas (GHG) calculation and disclosure.

The carbon footprint of NBE
Measuring Methodology

NBE adopts the GHG Protocol (GHGP), which is the most commonly used GHG accounting method, to measure the direct and indirect emissions that occur throughout the value chain as a result of organizational and business activities.

NBE has adopted the operational control approach as this is the most widely applied method across the market and aligned with NBE's peers.

NBE has selected to report on scope 1, 2 and 3, as recommended by the reporting framework Task-force on Climate-related Financial Disclosures (TCFD) launched by the Financial Stability Board (FSB).

NBE has performed a feasibility assessment in 2021 concluding that the following emission sources are within the organization reporting process:

- Scope 1: emissions originating from mobile combustion sources
- Scope 2: emissions originating from heat and electricity sources
- Scope 3:
  - Emissions originating from Business travel activities
  - Emissions originating from Financing, i.e. financed emissions

NBE reports financed emissions on the asset classes (1) business loans and (2) project finance based on the Partnership for Carbon Accounting Financials (PCAF). PCAF was launched in September 2019 globally to harmonize greenhouse gas (GHG) accounting methods and enable financial institutions to consistently measure and disclose the GHG emissions financed by their loans and investments.

The data to be used to assess its associated financed emissions are Enterprise Value (EVIC) and the company's scope 1 and 2 emissions tCO2e. They are sourced from the counterparties' disclosure. In instances in which actual data is not available, NBE relies in proxy data which is the emission intensity of a relevant sector or a country. NBE is expected to engage with portfolio companies to improve their climate-related disclosure to enhance data quality in the coming years.

NBE absolute GHG emissions

NBE's own operations emissions: e.g. Scope 1 and 2 and due to the company business are not the most material emission sources for the company. Scope 1 emissions are 0 tCO2e, referring to the Scope 1 category included fuel and mobile consumption. As NBE does not use gas and have leased cars for their employees, Scope 1 emissions are expected to remain null. Scope 2 emissions refer to emissions coming from heating and electricity, which the latter has been calculated based on both location-based and market-based methodologies.

NBE's supply chain emissions

NBE's indirect upstream emissions: refer to the category: business travel.

NBE's emission from their financial portfolio: NBE's disclosure on absolute emissions for its lending portfolio is line with the Partnership for Carbon Accounting Financials (PCAF) Global Standard (Please refer to PCAF website for more information). NBE's outstanding portfolio estimated emissions, which includes corporate loans and project finance.

GHG Emissions Reporting			
Basic reporting	**Summary of Reported GHG Emissions**	**2022**	**Unit**
	Scope 1		
	Total Scope 1	-	**tC02e**
	Scope 2		
	Electricity	77	tC02e
	Heat & Cold	10	tC02e
	Total Scope 2	87	tC02e
	Total Scope 1 + 2	**87**	**tC02e**
Best practices light	**Scope 3**		
	Business Travel	16	tC02e
	Financed emissions	57,813	tC02e
	Total Scope 3	57,829	tC02e
	Avoided emissions	38,939	tC02e
	Total Scope 1+2+3	57,916	tC02e
	Net Total Scope 1+2+3	**18,978**	tC02e
Best practices full	**GHG metrics dashboard**	**2022**	**Unit**
	Scope 1	-	
	Total Scope 1	-	**tC02e**
	Scope 2		
	Electricity location-based	77	tC02e
	Electricity market-based	15	tC02e
	Heat	10	tC02e
	Total Scope 2 (location-based)	**87**	**tC02e**
	Total Scope 2 (market-based)	**25**	**tC02e**
	Total Scope Consumption (kWh)	**214,078**	**kWh**
	Average energy intensity	**158**	**kWh/m2**
	Average emission intensity (scope 1+2) per FTE	**2**	**tC02e/FTE**
	Scope 3		
	Business Travel	16	tC02e
	Financed emissions	57,813	tC02e
	Avoided emissions	38,939	tC02e
	Total Scope 3	**57,829**	**tC02e**
	Net total Scope 3	**18,891**	**tC02e**
	Summary of Financed Emissions	**2022**	
	Asset Class	**Coverage %**	**Data Quality Scores**
	Corporate Lending	100%	1.73
	Project Finance	89%	2.51
	Total	**92%**	**2.28**

Climate-related risk metrics

NBE monitors of CO2-intensive sectors during FY2022 and has further improved its monitoring of climate-related risk metrics and starts to monitor GHG emission intensity for Scope 1-2 and 3 respectively and Climate-related Risks Heat Map on a regular basis from FY2022 onwards.

Climate-related risk targets

GHG emission intensity for Scope 1-2 and 3: As a newly established bank, although NBE foresees the increase of its portfolio, NBE will keep GHG emissions and its intensity at relatively low level. NBE has established internal controls to manage its climate risks associated with its portfolio.

Carbon Related Exposures: The following table shows NBE's Carbon Related Exposure as of 31/12/2022. NBE has established internal check point/control on Carbon Related Exposures, defined as Energy & Utility (GICS) ex. renewable electricity & midstream.

Carbon Related Exposure as of 31/12/2022

Definition	Percentage
Energy & Utility (GICS) ex renewable electricity & midstream	0%