NORINCHUKIN BANK
EUROPE N.V.

Annual Report

2024

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 three business areas: 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's organization, please refer to 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, thus strengthening the Group's diversified investment strategy and supporting sustainable financing.
- Attracting stable funding from the European repurchase transaction (hereafter "repo") markets to ensure the stability of the Group's Euro funding business.

The Norinchukin Bank aims to further grow the agriculture, fishery and forestry industries and to exert stronger international presence on 'food'. The Norinchukin Bank provides financial support to Japanese firms in the F&A banking business within continental Europe while being considerate to sustainability. 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 using the EU passporting rights of the banking license. NBE wants to increase its sustainable finance sectors.

Structure of Japanese Cooperatives System and NBE

Individual members	Farmers	Fishermen	Forest Owners
Municipal Level	Japan Agricultural Cooperatives (JA)	Japan Fishery Cooperatives (JF)	Japan Forest Owners' Cooperatives (JForest)
Prefectural Level	Prefectural Banking Federations of Agricultural Cooperatives (JA Shinnoren) & The Norinchukin Bank	Prefectural Banking Federations of Fishery Cooperatives (JF Shingyoren)	Prefectural Federations of Forestry Cooperatives (JForest Moriren)
National Level	The Norinchukin Bank [Global Entities]		
	Norinchukin Bank Europe N.V.	Other oversea branches and subsidiaries	

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 to capture business opportunities in continental Europe.

The Euro funding activities that The Norinchukin Bank currently exercises primarily relate to repo transactions. NBE's repo transactions are mainly traded through a Central Clearing Counterparty (hereafter "CCP"). Issuance of Negotiable Certificates Deposit (NCD) and interbank transactions are other sources of Euro funding.

Key Figures

Amounts in thousands of euros

Key Figures	31 December 2024	31 December 2023
Cash and balances with central banks	753,518	401,790
Loans and advances to banks	18,885	8,529
Loans and advances to customers	1,727,044	1,295,526
Debt securities at amortized cost	1,384,637	1,410,009
Total assets	**3,892,236**	**3,132,135**
Total shareholder's equity	**2,028,271**	**2,000,823**
Net result for the year	**28,271**	**24,474**
Total operating income	59,523	56,021
Total operating expenses	21,425	22,983
Result for the year before tax	38,055	32,986
Income tax expense/(-) benefit	9,784	8,512
Others		
Common Equity Tier 1 (CET 1) ratio	96%	110%
Total capital ratio	96%	110%
Leverage ratio	39%	47%
NSFR*	167%	198%
LCR*	300%	296%
Number of internal employees (total in FTE)	**78.5**	**68.4**
Number of external employees (total in FTE)	**14.8**	**15.8**

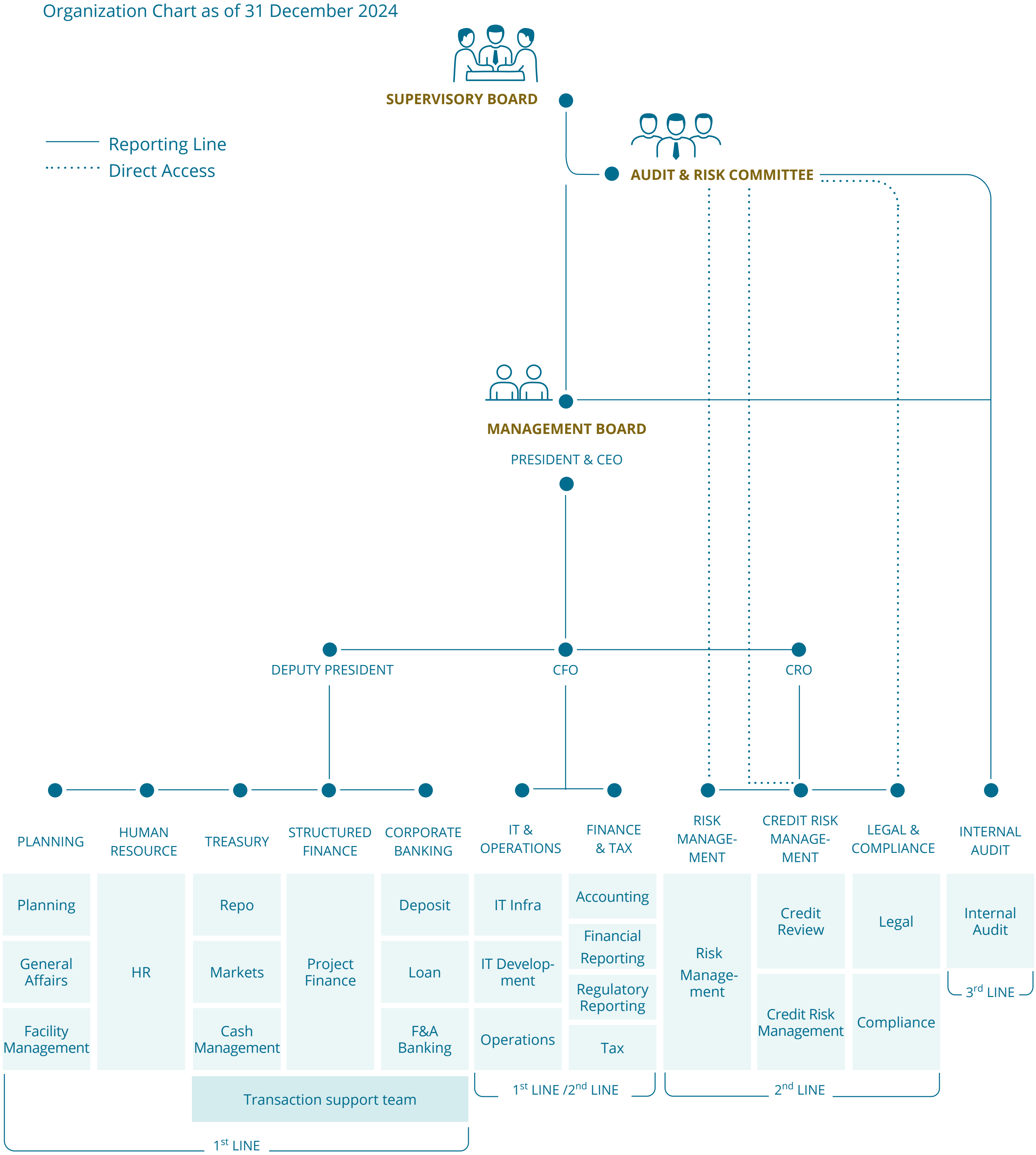
*LCR: Liquidity Coverage Ratio. NSFR: Net Stable Funding Ratio. Both LCR and NSFR are under Basel III framework.

Organization

NBE has a robust two-tier governance structure, which is comprised of a Supervisory Board and a Management Board with the addition of supporting committees of specialists for each business area.

As per 31 December 2024, NBE had 78.5 internal full-time equivalents (2023: 68.4) and 14.8 external full-time resources (2023: 15.8).

Organization Chart as of 31 December 2024



Composition of the Supervisory Board

The Supervisory Board consists of Mr. Van Eeghen, Mr. Mori, Ms. Frolova-Vernède, and Mr. Yasutake. The necessary capabilities and knowledge are available in the collective of the Supervisory Board.

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

Mr. Van Eeghen has fulfilled several senior managerial positions in various banks including bunq, ABN AMRO and RBS. He 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 an adviser to the Board of Dutch online bank bunq B.V. and is a non-executive board member in a number of organizations. Mr. Van Eeghen was Chairperson of the Audit and Risk Committee and has been appointed as Chairperson of the Supervisory Board per 16 May 2025.

Vice Chairperson – Mr. Junji Mori (effective 16 May 2025)

Mr. Mori has been appointed as Vice Chairperson of the Supervisory Board as from 16 May 2025. Mr. Mori joined The Norinchukin Bank in 1998. Due to his different roles within The Norinchukin Bank, he knows the financial sector very well and has extensive knowledge of the international rules and regulations applicable to global banks. At The Norinchukin Bank, Mr. Mori is responsible for the global banking business including overseas corporate finance and project finance business, which are the core of NBE's business and strategy.

Member – Ms. Irina A. Frolova-Vernède (effective 2 February 2025)

Ms. Frolova-Vernède has sophisticated and broad knowledge of and experience in the management of a variety of companies including financial institutions. She is very familiar with the banking business such as structured loans and sustainability. She has fulfilled different managerial functions within several organization such as ABN AMRO Bank, The Royal Bank of Scotland and PGGM. She is now an independent chair of investment committee, independent Supervisory Board member and independent chair of Audit and Risk Committee in several organizations in different countries such as Climate Asset Management, Stockholm Exergi and HZPC Holding.

Member – Mr. Atsushi Yasutake (effective 13 May 2025)

Mr. Yasutake has fulfilled different managerial functions within The Norinchukin Bank and its group companies for more than 15 years. He has broad knowledge on the international financial regulations and overseas banking business. In addition, Mr. Yasutake had a leading role in setting up and executing the strategic alliance between The Norinchukin Bank and Rabobank. Further, he is familiar with NBE's business and strategy as he was former President and Chief Executive Officer of NBE until 31 March 2024. Mr. Yasutake is currently Director and Senior Managing Executive Officer, member of the Board of Directors, Chief Risk Officer (Business continuity plan and financial risks) at The Norinchukin Bank.

Chairperson – Mr. Masato Imai (effective 23 April 2021 - 15 May 2025)

Mr. Imai was 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 the core of NBE's business and strategy. He has broad experience in senior management positions. Mr. Imai was succeeded in the Supervisory Board by Mr. Mori. Mr. Van Eeghen took over the Chairperson role.

Member – Mr. Arnold J.A.M. Kuijpers (finished the term on 1 February 2025)

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 finished his tenure as of 1st February and was succeeded by Ms. Frolova-Vernède.

Member – Mr. Taro Kitabayashi (effective 21 April 2023 – 12 May 2025)

Mr. Kitabayashi joined The Norinchukin Bank in 1994 and performed managerial functions, especially in corporate planning, financial planning, and sustainability. As he has a lot of experience of these subjects and knows The Norinchukin Bank and its culture very well; he added significant value to NBE and its core business and strategy. As of 1 April 2025, Mr. Kitabayashi was appointed to the position of President and Chief Executive Officer at The Norinchukin Bank and his Supervisory Board role at NBE was succeeded by Mr. Yasutake as per 13 May 2025.

Composition of the Management Board

The Management Board consists of Mr. Nomura, Mr. Kasahara, Mr. Wingelaar and Mr. de Hoog. The Management Board is collectively responsible for NBE's management, general affairs and the business connected with it.

President and Chief Executive Officer - Mr. Atsushi Nomura (effective 1 April 2024)

Mr. Nomura joined the Management Board of NBE as Deputy President on 1 April 2022 and was appointed President & Chief Executive Officer (hereafter "President & CEO") on 1 April 2024. Mr. Nomura has broad and deep experience in The Norinchukin Bank business strategy, extensive knowledge of the global investment and banking business, and good understanding of corporate lending and investments in infrastructure projects.

Deputy President - Mr. Ryuta Kasahara (effective 1 April 2024)

Mr. Kasahara joined NBE and was appointed to the Management Board as Deputy President on 1 April 2024. Mr. Kasahara has a broad understanding and deep knowledge of global investment and lending business, including Structured finance. In addition, Mr. Kasahara has held corporate planning and human resource functions in the London and New York Branches of The Norinchukin Bank. Mr. Kasahara's knowledge and expertise will help NBE and further development of the business activities.

Chief Financial Officer - Mr. Alexander Wingelaar (effective 1 January 2024)

Mr. Wingelaar joined NBE on 1 January 2024 and was appointed to the Management Board as Chief Financial Officer (hereafter "CFO"). Through his more than 28-years of experience in the Dutch financial sector as well as his experience in several CFO/CRO/COO positions in the Netherlands, Spain and France at ING Group N.V. and Triodos Bank N.V., Mr. Wingelaar gained extensive understanding and experience in financial planning, finance, regulatory reporting, taxation, information technology, and operations.

Chief Risk Officer - Mr. G.J.A. de Hoog (effective 1 October 2024)

Mr. de Hoog joined NBE in July 2021 and was appointed to the Management Board as Chief Risk Officer (hereafter "CRO") on 1 October 2024. Through his approximately 20-years of experience in the financial sector as well as his experience as a supervisor in European Central Bank and De Nederlandsche Bank, Mr. de Hoog gained extensive understanding and experience in risk management, banking regulation and supervision.

Chief Risk Officer - Mr. Hiroki Sakurada (resigned on 30 September 2024)

Mr. Sakurada joined the Management Board of NBE on 21 September 2018 and was appointed as 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 an in-depth understanding of The Norinchukin Bank and NBE's business model and risk profile. Mr. Sakurada resigned from the Management Board as CRO on 30 September 2024 and was succeeded by Mr. de Hoog as per 1 October 2024.

Mr. Atsushi Yasutake (resigned on 31 March 2024)

Mr. Yasutake joined the Management Board of NBE on 21 September 2018 and was appointed as President & CEO on 10 July 2019. Mr. Yasutake was a general manager of The Norinchukin Bank's Corporate Planning Division and has insightful experience with the European banking business. For example, Mr. Yasutake had a leading role in setting up and executing the strategic alliance between The Norinchukin Bank and Rabobank. Mr. Yasutake resigned from the Management Board as CEO on 31 March 2024, and was succeeded by Mr. Nomura as per 1 April 2024.

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 Euro funding market. In 2024, NBE achieved a surplus through the expansion of the businesses described above.

Corporate Governance

For the design of its organization NBE has applied the Three Lines Model, an established internal control and risk management approach that helps NBE to 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.

Business Developments and Outlook

Following a long historical relationship between Japan and the countries within the EU, NBE will further expand its F&A banking business in continental Europe 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.

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

- 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, comply with European standards and are becoming more active in continental Europe. NBE expects such movements will expand further, following the Economic Partnership Agreement (EPA) between the EU and Japan and other factors.

The Norinchukin Bank also expects more business opportunities in Europe with respect to Structured finance. NBE considers Structured finance in continental Europe an attractive market and due to its banking license and EU passporting rights is well positioned to service clients in this area. NBE expects to grow its Structured finance portfolio and establish itself further as a respected investor in the market.

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 center of liquidity of the EU-based repo business.

In order to fulfil the Norinchukin Group's strategy, NBE is pursuing to be the "Glocal Front Runner European Bank within the Norinchukin Group". NBE will make quantitative and qualitative contributions to stakeholders through utilizing its local international (hereafter "Glocal") network. NBE will further develop its existing business lines while incorporating "Glocal" sustainability practices. To achieve its plan, NBE expects to increase the number of employees in line with the development of our business. NBE will continue to improve its corporate functions such as Finance, IT and Operations to develop data management, to increase accessibility, and to create robust and resilient systems for reporting and managing the portfolios. It is envisaged that some financial investments in IT systems will be needed in the coming period. The funding of the loan growth will be provided mainly by The Norinchukin Bank with a maturity, currency, and interest rate profile to match the assets being financed as much as deemed feasible. As a result, much of the liquidity and foreign currency risks are mitigated. For more details on our risk management framework, please refer to the Risk Management under Financial Statements section.

In 2024, NBE made steady progress toward achieving the aforementioned business plan. To contribute to The Norinchukin Group's financial results and to realize global sustainability practices, NBE steadily expanded its Structured finance portfolio centered around green projects in European countries. Even though we saw some decrease in repo balance for The Norinchukin Bank, this growth in loan balances, coupled with increased interest rates in recent years, resulted in an increase in ordinary profit for NBE in the fiscal year 2024, fulfilling its financial contribution to the Group.

In the context of qualitative contributions to the Group, initiatives related to sustainability are particularly noteworthy. In 2024, NBE conducted the refined double Materiality Assessment and developed an overarching Sustainability Policy Framework based on the result of the gap analysis. For more details, please refer to the descriptions of sustainability in the latter part of this report.

Additionally, as part of enhancing qualitative contributions and the "Glocal" network, NBE focused on maintaining and improving staff engagement. Furthermore, NBE has started an IT project to enhance its loan administration system and data warehouses to support the business in the medium and long-term in an efficient manner.

In early April, the stock markets heavily respond after the announcement of global increased trade tariffs (also referred to as the reciprocal tariffs) by the U.S. In the weeks following the initial announcement the markets remained volatile, responding heavily on consecutive communications. NBE assessed the impact of the market turmoil and concludes that the bank's vulnerability for these developments is low in the short term, considering: NBE has no equity exposure, all financed projects are in Europe, there were no sudden drawdown requests, and the repo and funding market remained stable. We continue monitoring the long-term impact on clients.

Risk Management

NBE describes Risk Management as "taking necessary measures to accept, mitigate, or reduce risks, i.e., uncertain factors that may have a potentially negative impact on the managerial strategies and business policies that achieve NBE's strategic goals." This objective is stipulated in NBE's Risk Management Policy.

Risk Universe

Category 1 Capital, Credit & Market Risk		
Insufficient capitalization	Strategic risk	Credit risk
Credit concentration	Interest rate risk	Credit spread risk
C&E risk		
Category 2 Liquidity & Funding Risk		
Cash Flow risk	Market Liquidity risk	Intraday Liquidity risk
Category 3 Non-Financial Risk		
Legal & Compliance risk	System risk	Information leakage risk
Administrative risk	Human risk	Physical asset risk
Outsourcing risk	Business continuity risk	Reputational risk
Regulatory changes risk	Cooperative system risk	

The Risk Appetite Statement (hereafter "RAS") defines the types of risk that are material for NBE 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 into multiple categories: Capital, Credit & Market Risk (including interest rate risk in banking book), Liquidity & Funding Risk as well as Non-Financial Risk such as IT and Operational risks. The overarching risk profile is compared with the RAS and the strategy of NBE in the annual top-down risk assessment, ICAAP/ILAAP and stress testing. Outcomes of the top-down risk assessment are mainly linked to the stage where NBE is in. As a bank in transition from start-up to scale-up, risks such as concentration risk and scalability of IT and operations are recognized as well as the more general credit risk and interest rate risk in the banking book.

For the period ended 31 December 2024, the risk profile of NBE has changed slightly compared to the previous year. The outcome of the ICAAP and ILAAP shows that NBE has more than sufficient capital and liquidity to accommodate future growth. The SREP decision by the Dutch Central Bank (hereafter "DNB") is set bi-annually (latest in 2024).

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 2024 the focus continued on further growth of the high credit quality loan portfolio while remaining well within the pre-defined risk appetite. As NBE is exposed to a relatively limited number of customers and counterparties, credit concentration risk is actively monitored and additional capital is assigned to cover the risk.

The Norinchukin Bank has provided NBE with sufficient capital to accommodate future growth. For NBE's Euro funding business with repo and reverse repo, all transactions are collateralized with high quality European government and Supranational, sub-sovereign and agencies bonds.

One of the material risks for NBE is the interest rate risk in the banking book, which arises from investments in long-maturity fixed income European government and Supranational, sub-sovereign and agencies bonds.

NBE assesses that the sensitivity of its assets and liabilities due to global rate hikes or rate cuts and monetary policy changes. In particular the government bond investment portfolio experienced fair value losses due to higher market rates. However, the government bond investments aim to generate stable interest income until their maturity and thus are part of the hold to collect business model and they are measured at amortized cost. Furthermore, NBE has more than sufficient capital in place to mitigate the unrealized losses in the portfolio.

A larger part of NBE's lending portfolio is floating and therefore less sensitive to interest rate risk. Although it is essential to pay attention to the direction of ECB's monetary policy and persistent inflation pressures that could worsen the economic outlook and trigger credit deterioration, NBE's business as a whole is considered to be reasonably resilient to interest rate fluctuations.

No material foreign currency risk was actively taken as the growth of loan and repo book are funded with the loans from same currency from The Norinchukin Bank. Liquidity & Funding Risk in NBE is managed within the RAS by monitoring liquidity positions and maintaining high quality liquid collateral and cash. In addition, in 2024 Climate & Environmental risk has been categorized as a separate risk category whilst it is acknowledged that the risk manifests itself in several risk categories. Among all risk types, only credit risk is deemed as material mainly driven by transition risk, through the transmission channel "Rapid advancement and decreasing costs of renewable energy technologies". A large part of NBE's portfolio is focusing on renewable energy, which makes it important to monitor on the technological development.

Non-Financial Risk consists of Legal & Compliance risks, System risks, Information leakage risks, Administrative risks, Human risks, Physical asset risks, Outsourcing risks, Business continuity risks, Reputational risks, Regulatory change risks and risks associated with the cooperative system.

As for Non-Financial Risk, the risk profile of NBE, while still limited as there were no significant incidents, is increasing as the organization grows in terms of balance sheet, level of operational activity, system dependencies and number of staff. The growing risk profile of the bank is recognized by the Management Board and several IT projects were started in 2024 to improve operations and prepare for future growth. These projects include the upgrade of existing systems, introduction of a new front-end system and ongoing automation efforts including a data warehouse.

The Risk Appetite Statement and the related policies and procedures ensure that NBE manages risks that arise from business processes in a controlled manner. NBE has taken the necessary steps so 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 its reputation in Europe among various stakeholders, including society, clients, regulators, and other industry players, is of the utmost importance.

Regulatory compliance & integrity risk, for example fraud, are managed within the Legal & Compliance framework.

Fraud is a changing and complex phenomenon with an increasing impact on society, the Bank and its clients. It can arise from internal or external events and result in financial loss, reputational damage and regulatory fines. Fraud requires continuous vigilance, especially as society and the Bank are further digitalizing and fraudsters are constantly adapting their modus operandi. Collaboration between the First and Second Line within the Bank enables NBE to manage and mitigate fraud risk.

The Bank's fraud risk identification is integrated with its overall risk management process, using the Systematic Integrity Risk Analysis (hereafter "SIRA") methodology. In addition to formal annual reviews, Legal & Compliance and Management Board continually monitor for emerging fraud risks. The latest fraud risk assessment via SIRA 2024 concluded that existing controls are effective and no fraud has been identified. Management confirms that it has no knowledge of any actual, suspected, or alleged fraud affecting the Bank during the past four quarters. No fraudulent transactions, theft, or misconduct has been detected in any area of the business. Management also confirms that no allegations or suspicions of fraud affecting the financial statements have been communicated by any party.

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

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, 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 recognizes the importance of sustainability initiatives. NBE publishes its climate-related disclosure as a part of NBE's annual report as per the recommendations in 2021 of the Task Force on Climate-related Financial Disclosure (hereafter "TCFD").

To perform NBE's sustainability-oriented management and assess climate-related and environmental risks based on TCFD, NBE will enhance its procedures to manage climate risks in its portfolio in order to mitigate and adapt to climate change through its business activities. NBE manages its transition risk and physical risk as NBE develops its financial portfolio as of Fiscal Year (hereafter "FY") 2024, and NBE supports the transition to a decarbonized society through our financing services. For more information regarding governance, strategy, risk management and key metrics on climate risks of NBE, please refer to the appendix - climate-related disclosure.

NBE was initially required to disclose the sustainability statement under the Corporate Sustainability Reporting Directive (hereafter "CSRD") from FY2025. However, the proposals in "Omnibus" simplification package on sustainability reporting published in late February 2025, which is subject to a trilogue agreement by the EU Parliament and EU Council, includes changes that would remove NBE from the Scope of mandatory disclosure under CSRD.

Nevertheless, NBE is closely following the developments in the EU adaptation and national transposition procedure and remains committed to transparency and sustainability. In this sustainability section, NBE continues to show the effort and progress in the field of sustainability, highlighting the initiatives the bank has undertaken and the impact NBE strives to achieve.

Sustainability Initiatives

As a financial institution, NBE steers its business activities in accordance with its parent's strategy by reducing greenhouse gas (hereafter "GHG") emission, accelerating sustainable finance transactions, and preparing sustainability related disclosure. NBE is still in the process of building its business since the establishment of the bank in 2020, and as a result has seen NBE's GHG emission of Scope 1 and Scope 2 increase to 97 tCO_2e in 2024 (91 tCO_2e in 2023 and 87 tCO_2e in 2022). NBE is constantly further developing the GHG measurement methodology by closely collaborating with PCAF on scope 3. For more details on GHG emission, please refer to appendix - climate-related disclosure. NBE will continue to pursue the distinctive role with the Norinchukin Group by accessing and acquiring the advanced experience of European sustainable banking practice to support the development of the Group.

NBE conducts business activities together with our stakeholders to contribute to sustainable developments. For corporate clients, NBE offers green deposit to provide them with the opportunity to invest in green financial products constructed by NBE's expertise in sustainable finance.

NBE is also in close collaboration with ESG rating and research firm Sustainalytics to support the analysis of sustainability indicators during the loan onboarding and monitoring processes.

Internally within the bank, NBE organized a Sustainability Task Force (hereafter "STF") to work on sustainability issues on a cross divisional basis.

Sustainability Governance

NBE has developed the Sustainability Policy Framework to ensure sufficient and proper governance on sustainability related activities.

On a Group-wide basis, NBE endorses the Norinchukin Group's Environmental Policy, Human Rights Policy, and Basic Policy for Investment and Loans which are based on the Norinchukin Group's Code of Ethics. 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.

At the local level, NBE created an overarching Sustainability Policy, which sets the governance, strategy and general principles of sustainability activities within NBE. Beneath the Sustainability Policy, three sets of theme policies are dedicated to E, S, and G respectively. Under theme "E" for Environment, Climate and Environmental Policy addresses C&E specific governance and risk management.

NBE has its own Sector Policy to prohibit and restrict financial transactions in sectors that have a potential negative impact on environment and society 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 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 risks, Transition risks, and results of climate stress tests appropriately under an integrated risk management framework.

NBE assesses the ESG risks via Climate & Environment Risk Materiality Assessment. The identified material risks are considered in the risk management framework and included in the ICAAP and ILAAP processes.

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

Social Contribution

In order to continuously contribute to the sustainable future of related local communities, society and food, NBE is a sponsor of the Food Education Platform in the Netherlands which aims to increase the children's interest in sustainable nutrition. Considering the Japanese origin of the Norinchukin Group and desire/goal to strengthen the relationship between the Netherlands and Japan, NBE has been sponsoring events and organizations related to the connection between

Dutch communities and Japanese communities as well as supporting F&A learning to Japanese schools in Europe. In addition, to give our contribution to both Sustainability and Local (The Netherlands), NBE has started working with The North Sea Foundation (Stichting De Noordzee) by participating events including beach-cleanup tour.

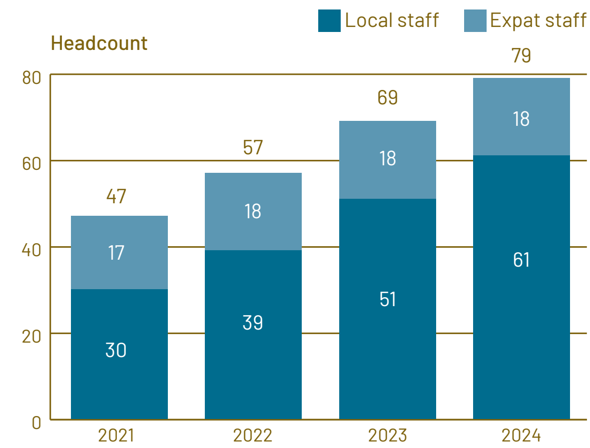
Our People and Value

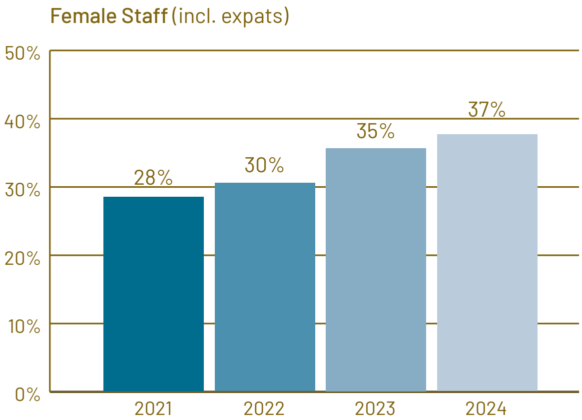
NBE has made significant contributions in growing our staff headcount, while focusing on a balanced diversity of gender, age and nationality.

As per the 31st of December 2024, NBE had a total of 79 internal employees consisting of 29 female and 50 male employees (including expats). Regarding NBE's local staff, the gender balance is almost equal (46% female, 54% male) and the local staff represent 19 different nationalities. NBE's leadership also continues to diversify, with the percentage of women in leadership positions increased by 13% in 2024.

An NBE specific recruitment webpage was introduced at the start of the year to contribute to the market awareness in the Dutch labor market. It has led to successful recruitment journeys of new joining colleagues who directly responded to vacancies through the website and actively engaged with the NBE brand before starting their employment at NBE.

Moreover, NBE had a low attrition rate in 2024 of 5.3% (for local staff). Low attrition has been deemed a significant milestone as it correlates with a higher engagement, employee satisfaction and in long term overall performance of an organization.





Engagement survey
NBE achieved high engagement results in the yearly survey. The corporate values that consist of: Openness, Sensitivity, Engagement and Cooperation (OSEC) continue to resonate with how our staff have successfully collaborated with each other in 2024.

The value of engagement was 4.2 on a scale of 1-5 (identical to the engagement score in 2023). Similarly to last year, NBE also achieved a high response rate of 88%.

The results were summarized and presented to all staff, and subsequently a voluntary workshop with the staff was organized to finalize an action plan for 2025. The action plan consisted of concrete KPIs that the organization should continue to enforce, or new improvements that should be implemented.

Learning & Development
As NBE continues to grow, an investment continues to be made for future development and career growth. To facilitate this, NBE has a quarterly inhouse onboarding sessions for all new hires to explain what the goals are of each division. Moreover, NBE proceeded to hold culture workshops, defining the differences between the Asian and Western way of working. As in prior years, staff have also utilized their personal learning and development budget for language courses (Dutch, Japanese and English), seminars, external workshops etc.

Financial Statements
NBE achieved a strong performance in 2024 in line with the trend of 2022 and 2023. For 2024, we achieved a net profit of € 28.3 million after tax, which is € 3.8 million higher than 2023 (€ 24.5 million). This was driven by the effect of loan business expansion and the continued favorable developments in the interest environment in 2024. In general, growth of business has been steady and progress is in line with NBE's business plan and financial plan. Based on the financial result and dividend policy, the Management Board of NBE proposes to the General Meeting of Shareholder to pay out € 28.3 million as dividend, which is 100% of the positive retained earnings, and General Meeting of Shareholder approved. Please refer to Note 25 in the Financial Statements.

Considering the nature of NBE's business strategy, the Management Board expects that NBE continues to achieve stable growth through F&A banking business and Structured finance business. The Management Board continues to strive to improve NBE's financial result and the operational efficiencies. NBE continues to make the investments necessary to improve business efficiencies and maintain competitive advantage. For details of how NBE manages liquidity and solvency risk, please refer to the Risk Management under Financial Statements section.

Closing
2024 was a successful year for NBE. Business developed good and profits increased notwithstanding uncertain external factors such as inflation, interest rates and geopolitical risks. The Management Board would like to express its sincere appreciation to all stakeholders involved for their continuous support in 2024. The Management Board looks forward to working together to continue servicing and working with all stakeholders to make 2025 another successful year, and to contribute to a sustainable environment and society of the future.

Amsterdam, 27 May 2025
Atsushi Nomura
Ryuta Kasahara
Alexander Wingelaar
Geert-Jan de Hoog

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' interests 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 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 2024, the Supervisory Board held six meetings by means of physical and/or video conferencing access. The roles and responsibilities of the Supervisory Board are stipulated in the Supervisory Board's Charter. The Supervisory Board discussed various topics with the Management Board to assess and oversee NBE's business and enhance key policies; topics included, but were not limited to: board composition, business and financial plan, risk appetite, corporate governance, risk management, and compliance and audit. The Supervisory Board had extensive discussion on a wide range of themes such as 1) board composition, 2) business plan including mid-term vision, financial plan, and RAS, 3) SREP documents, 4) IT strategy and IT related project and 5) sustainability related topics including the introduction of overarching sustainability policies and reporting.

In the period ending 31 December 2024, the ARC also held six meetings by means of physical and/or video conferencing access. The ARC discussed with the Management Board broad topics regarding the internal control framework, asset and liability management, investment strategy, risk management, audit and compliance. During the year, the ARC extensively discussed 1) the in- and external audit plans and audit reports, 2) the transition of the external auditor from Deloitte to EY for the reporting year 2024, 3) SREP documents, 4) Communication with regulators, 5) Top-down Risk, 6) SIRA, 7) customer due diligence enhancement and 8) profitability review. The Supervisory Board will remain in close contact with the Management Board to ensure that the business will develop well notwithstanding the uncertainties in the business environment.

Financial Regulation

NBE made an analysis of the regulatory landscape that applies to its activities, for example: the Capital Requirements Directive and the Capital Requirements Regulation 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, DNB the NIS 2/Dora 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 2024 one meeting to oversee and/or determine the remuneration was held.

The remuneration of NBE employees 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 € 10 million (2023: € 8 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 entirely follow the Collective Labor Agreement (hereafter "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 (2023: € 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 2024, as well as in 2023, 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 2024, NBE held two course as part of the lifelong learning programs with the Supervisory Board and the Management Board members as follows:

- Update on Norinchukin's Business Activities
- Norinchukin's Sustainability Activities

The Supervisory Board evaluated its own functioning under independent supervision to ensure the quality of its own performance. Such independent supervision 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 the 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 2024 to 31 December 2024 together with the Report of the Management Board to the General Meeting of Shareholder.

The Financial Statements and Report of the Management Board have been reviewed by the Supervisory Board and audited by EY Accountants B.V. The Supervisory Board proposes that the General Meeting of Shareholder approves the Financial Statements for the period from 1 January 2024 to 31 December 2024 as submitted by the Management Board.

Closing

The Supervisory Board is satisfied with the ongoing development and growth of NBE. It is important to note that also the parent company has expressed its satisfaction with NBE. The Supervisory Board considers this key to the further growth and development of NBE. In 2024 there have been some changes in management and this transition has been managed well also with the support of the parent. The Supervisory Board highly appreciates the work done by former and current board members and by the NBE staff in general. The Supervisory Board looks forward to continue the good relations and cooperation with all stakeholders of NBE.

Amsterdam, 27 May 2025

Idzard L. van Eeghen
Junji Mori
Irina A. Frolova-Vernède
Atsushi Yasutake

Reducing GHG emission and accelerating sustainable finance

Dutch Banking Code

The Dutch Banking Code has been drawn up by the Dutch Banking Association (Nederlandse Vereniging van Banken, hereafter the "NVB") and it came into effect on 1 January 2010. The revised Dutch Banking Code came into effect on January 1, 2015. In 2021, the code was supplemented with two clarifying paragraphs on the further embedding of the public and social interest and the remuneration policy. 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 has implemented a 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 2024.

NBE has implemented a corporate governance framework aligned with the principles of the Dutch Banking Code. In areas where full compliance has not been achieved, an explanation is provided in accordance with the "comply or explain" principle.

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 function as examples to all of the NBE's employees.

Supervisory Board

Mindful of the characteristics of and circumstances surrounding NBE as explained in the paragraph below, we have decided not to fully apply to the following provision of the Dutch Banking Code "(Variable) remuneration of Supervisory Board members". The reasons for not applying this provision of the Dutch Banking Code results from the following specific characteristics and circumstances of NBE:

- The Norinchukin Bank is the sole (100%) shareholder of NBE; as a consequence, the shares of NBE are not listed;
- The sole shareholder, The Norinchukin Bank, also acts as our global head office, implying central oversight in key areas such as risk management, compliance, internal audit and financial and management accounting and reporting;
- Important statutory authorities are assigned to the sole shareholder, such as the appointment of Supervisory Board and Management Board members and the external auditor;
- In terms of organization and management control, NBE is part of a larger, internationally operating banking Group, also supervised by the financial supervisory authorities of the home country, Japan,

next to the local supervision of DNB;
- The size and nature of NBE's commercial activities results in a relatively limited complexity of clients and products.

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 and two of which are part of Norinchukin's Group entities. The Supervisory Board has a delegated Audit, Risk and Compliance Committee (ARC) and elects the ARC members from its midst. The members of the Supervisory Board have specific competencies and experience to perform their supervising duties critical and independent. In case of vacancies, attention is given to the composition of the Supervisory Board with respect to balance between competencies/experience and affinity with the nature and culture of NBE's business and, to the extent possible 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 contain a variable component and 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

NBE's Management Board consists 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. All important issues addressed in the Banking Code and similar rules and regulations are discussed in the Management Board and the committee meetings including risk management, compliance, audit and internal control framework, remuneration and the new product approval process.

In case of vacancies, attention is given to the composition of the Management Board with respect to professional experience, competencies and, to the extent possible 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 mandatory 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 risk management framework 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 change to the risk appetite requires 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, which has 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 has implemented a 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.

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	2024	2023
Assets			
Cash and balances with central banks	2	753,518	401,790
Loans and advances to banks	3	18,885	8,529
Loans and advances to customers	4	1,727,044	1,295,526
Debt securities at amortized cost	5	1,384,637	1,410,009
Property and equipment	6	393	545
Intangible assets	7	169	169
Right-of-use assets	8	1,662	2,200
Current tax assets	9	124	-
Deferred tax assets	9	433	5,596
Other assets	10	5,371	7,771
Total assets		**3,892,236**	**3,132,135**
Liabilities			
Due to banks	11	1,636,651	909,435
Due to customers	12	218,156	214,098
Lease liabilities	13	1,680	2,249
Current tax liabilities	9	1,697	1,065
Deferred tax liabilities	9	429	568
Provisions	14	168	222
Other liabilities	15	5,184	3,675
Total liabilities		**1,863,965**	**1,131,312**
Shareholder's equity			
Share capital		2,000,000	2,000,000
Retained earnings		-	-23,651
Net result for the year		28,271	24,474
Total shareholder's equity	**16**	**2,028,271**	**2,000,823**
Total liabilities and shareholder's equity		**3,892,236**	**3,132,135**
Commitments	**22**	**3,715,404**	**3,970,696**

Statement of Profit or Loss

For the years ended 31 December

Amounts in thousands of euros

	Notes	2024	2023
Interest and similar income		719,797	877,554
Interest and similar expense		669,591	830,139
Net interest income	**17**	**50,206**	**47,415**
Fee and commission income		12,639	12,441
Fee and commission expense		3,504	4,005
Net fee and commission income	**18**	**9,135**	**8,436**
Other operating income		182	170
Total operating income		**59,523**	**56,021**
Personnel expenses	19	11,572	10,291
Depreciation of property, plant and equipment	6	206	319
Amortization of intangible assets	7	34	67
Depreciation of right-of-use assets	8	539	656
Other operating expenses	20	9,074	11,650
Total operating expenses		**21,425**	**22,983**
Impairment charges/(-) reversal on financial assets	3,4,5,14	43	52
Result for the year before tax		**38,055**	**32,986**
Income tax expense/(-) benefit	9	9,784	8,512
Net result for the year		**28,271**	**24,474**
Attributable to:			
Owner of NBE		28,271	24,474

Statement of Comprehensive Income

For the years ended 31 December

Amounts in thousands of euros

	2024	2023
Net result for the year	28,271	24,474
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year, net of tax	**28,271**	**24,474**

Statement of Changes in Equity

For the years ended 31 December

Amounts in thousands of euros

	Notes	Issued capital	Retained earnings	Result for the year	Total Equity
Balance at 1 January 2023		**2,000,000**	**-32,083**	**8,432**	**1,976,349**
Appropriation of 2022 result		-	8,429	-8,429	-
Impact IAS 12 on opening balance		-	3	-3	-
Total comprehensive income		-	-	24,474	24,474
Balance at 31 December 2023		**2,000,000**	**-23,651**	**24,474**	**2,000,823**
Appropriation of 2023 result		-	24,474	-24,474	-
Dividends paid		-	-823	-	-823
Total comprehensive income		-	-	28,271	28,271
Balance at 31 December 2024	**16**	**2,000,000**	**-**	**28,271**	**2,028,271**

All shares of NBE are held by the parent, The Norinchukin Bank in Tokyo, Japan.

Statement of Cash Flows

For the years ended 31 December

Amounts in thousands of euros

	Notes	2024	2023
Operating activities:			
Result for the year before tax		38,055	32,986
Adjusted for:			
Amortization and depreciation	6,7,8	779	1,042
Impairment charges / (-) reversal	3,4,5,14	43	52
Changes in:			
Loans and advances to banks other than on demand	3	-12,546	374
Loans and advances to customers	4	-430,563	-379,140
Debt security amortization	5	25,402	25,333
Other assets	10	2,400	-1,761
Due to banks	11	727,216	412,721
Due to customers	12	4,058	184,213
Other liabilities	15	428	639
Income tax paid		-4,253	-4,476
Other changes	13	14	21
Net cash flows from / (-) used in operating activities		**351,033**	**272,004**
Investing activities:			
Purchases of property and equipment	6	-54	-16
Purchases of intangible assets	7	-34	-34
Disposal of intangible assets	7	-	34
Net cash flows from / (-) used in investing activities		**-88**	**-16**
Financing activities:			
Payment of lease liabilities	13	-584	-684
Dividends paid		-823	-
Net cash flows from / (-) used in financing activities		**-1,407**	**-684**
Net cash flows		**349,538**	**271,304**
Cash and cash equivalents at start of year		**405,829**	**134,525**
Cash and cash equivalents at end of year		**755,367**	**405,829**
Cash and cash equivalents comprise:			
Due from banks - on demand	3	1,849	4,039
Cash and balances with central banks	2	753,518	401,790
Cash and cash equivalents at end of year		**755,367**	**405,829**
Interest received and paid			
Interest received		876,684	815,779
Interest paid		796,079	745,646

Notes to the Financial Statements

1. Accounting policies

General Information

NBE is a public limited liability company (N.V.) incorporated on 21 September 2018, and a wholly owned subsidiary of The Norinchukin Bank in Tokyo, Japan. NBE is registered at Gustav Mahlerlaan 1216, 4th Floor, 1081LA, Amsterdam, the Netherlands, under Chamber of Commerce number 72676094.

Basis of preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (hereafter “IFRS accounting standards”) as adopted by the European Union (hereafter “EU”) and the relevant articles of Part 9 of Book 2 of the Dutch Civil Code. The Financial Statements are presented in euros and rounded to the nearest thousand, unless otherwise stated.

The Financial Statements have been prepared on a going concern basis. NBE’s management made an assessment of NBE’s ability to continue as a going concern and concluded that NBE has, if and when required, access to sufficient resources to continue in business for the foreseeable future. Furthermore, the Management Board is not aware of any material uncertainties that may cast significant doubt upon the ability of the bank to continue as a going concern.

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 and amended IFRS accounting standards have been endorsed by the EU and became effective for periods beginning on or after 1 January 2024.

Amendments to IFRS 16 Leases: Lease liability in a Sale and Leaseback

In September 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. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

This amendment had no impact on NBE since NBE does not have sale and leasebacks.

Amendments to IAS 1 Classification of Liabilities with Covenants 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 also aim to improve information an entity provides related to liabilities where an entity has a right to defer settlement, regardless of management expectations and/or intentions.

This amendment had no impact on NBE since NBE does not have any substantial rights to defer settlement of its liabilities.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require specific disclosures about supplier finance arrangements (SFAs). The amendments respond to investors that said they urgently need more information about SFAs to be able to assess how these arrangements affect an entity's liabilities, cash flows and liquidity risk. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors concerns that some risk companies supplier finance arrangements are not sufficiently visible, hindering investor's analysis.

This amendment had no impact on NBE since NBE does not have any substantial supplier finance arrangements.

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 and amended IFRS accounting standards and interpretations that have been issued but not yet effective for periods beginning on or after 1 January 2024 which were not early adopted by NBE. Although NBE is currently assessing impact of these new and amended standards, it is expected that they will have limited or no impact on the Financial Statements of NBE.

Amendments to IAS 21 The Effect of Changes in Foreign Exchange Rates: Lack of Exchangeability

In August 2023, the IASB issued amendments to IAS 21 to help entities: assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The amendments are effective from annual reporting periods beginning on or after 1 January 2025.

It is expected that the change will have no impact on NBE as NBE does not expect to have transactions or operations in a foreign currency that is not exchangeable.

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

The following are the new and amended IFRS accounting standards and interpretations that have been issued but not yet endorsed by the EU. NBE is currently assessing impact of these new amendments and their impact on NBE's financial statements. NBE will not early adopt these amendments.

Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments

In May 2024, the Board issued Amendments to the Classification and Measurement of Financial Instruments, which:

Clarifies that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met;

Clarifies how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features;

Clarifies the treatment of non-recourse assets and contractually linked instruments;

Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income The publication of the amendments concludes the classification and measurement phase of the IASB's post implementation review (PIR) of IFRS 9.

The amendments are effective from annual reporting periods beginning on or after 1 January 2026. NBE is still investigating the impact of these amendments but the amendments are expected to have no significant impact on NBE's financial statements when they become effective.

Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity

In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendments include:

Clarifying the application of the 'own-use' requirements;

Permitting hedge accounting if these contracts are used as hedging instruments;

Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The amendments are effective from annual reporting periods beginning on or after 1 January 2026. NBE is still investigating the impact of these amendments but the amendments are expected to have no impact on NBE's financial statements when they become effective since NBE does not have contract referencing nature-dependent electricity.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation in Financial Statements. IFRS 18 sets out presentation and base disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories – operating, investing and financing – and present subtotals for operating profit or loss and profit or loss before financing and income taxes.

Further, operating expenses are presented directly on the face of the income statement – classified either by nature (e.g. employee compensation), by function (e.g. cost of sales) or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature.

IFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements, introduces new disclosure requirements for management-defined performance measures (MPMs) and eliminates classification options for interest and dividends in the statement of cash flows.

The standards are effective from annual reporting periods beginning on or after 1 January 2027. The expected impact of these changes on financial statements of NBE is still being investigated.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the Board issued IFRS 19 Subsidiaries without Public Accountability: Disclosures, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.

An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS accounting standards compliance statement. IFRS 19 requires an entity whose financial statements comply with IFRS accounting standards including IFRS 19 to make an explicit and unreserved statement of such compliance.

The standards are effective from annual reporting periods beginning on or after 1 January 2027. It is not applicable for NBE.

Material accounting policies

Foreign currency translation

The functional and presentational currency is euros.

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.

Significant judgements and estimates

The preparation of the Financial Statements requires management to make judgements in process of applying accounting policies and to use estimates and assumptions. The estimates and assumptions affect the reported amounts of the assets, liabilities and the amount of contingent assets and liabilities at the balance sheet date, as well as the reported income and expenses for the year. The actual outcome may differ from these estimates. The process of setting assumptions is subjected to internal control procedures and approvals. NBE has identified areas that require management to make significant judgements and use critical accounting estimates and assumptions based on the information and financial data that may or may not change in future periods. These areas are:

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 Taxation. 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.

NBE did not have any financial instruments recorded at fair value in the statement of financial position by 31 December 2024, therefore, the information relates to fair value under this chapter only serves for disclosure purpose. 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.

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 (hereafter "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 selected forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.
- The associations between macroeconomic scenarios and the GDP the effect on the probability of default.
- Any other management overlay applied which is deemed to be necessary by the management of NBE. For overlay applied as of 31 December 2024, please refer to "Impairment allowance - Expected credit losses" under Risk Management section for details.

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

Financial instruments - initial recognition and subsequent measurement

Financial assets and liabilities are recognized in the financial position when NBE becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are 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.

Initial recognition

At initial recognition, NBE recognizes financial asset or liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (hereafter "FVPL"), transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. In case a financial asset or liability is measured at FVPL, the transaction costs are expensed in the statement of profit or loss. In assessing whether the contractual cash flows are solely payment of principal and interest (hereafter "SPPI"), NBE considers the contractual terms of the instrument. This includes assessing whether the financial assets contain contractual terms that could change the timing or amount of the contractual cash flows such that it would not meet this condition.

Based on how NBE manages its financial assets, the hold to collect business model is applicable. In the hold to collect business model the financial instruments that meet the SPPI test, are subsequently measured at amortized cost. Financial instruments that do not meet the SPPI test, are subsequently measured at fair value through profit and loss.

Equity instruments

NBE applies the OCI option for 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.

Subsequent measurement of financial liabilities

Financial liabilities are measured either at FVPL or at amortized cost 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:

a) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch");
b) 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 NBE's key management personnel; or
c) a financial liability contains one or more embedded derivatives that meet certain conditions.

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 or where NBE has transferred the rights to receive the cash flows from the financial asset or assumed an obligation to pass on the cash flows and has substantially transferred all the risk and rewards of the asset. If NBE neither transfers nor retains all the risk and rewards of ownership of a financial asset, it derecognizes the financial asset if it no longer has control over the financial asset.

Debt securities that are used as collateral by NBE under standard repurchase agreements are not derecognized because NBE still retains all the risks and rewards and the criteria for derecognition are therefore not met.

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). Offsetting is applied to repurchase transactions and reverse repurchase transactions when they meet these criteria.

Repurchase transactions and reverse repurchase transactions
Financial assets sold subject to repurchase agreements (repos), continue to be recognized in the statement of financial position. The counterparty liability is measured at amortized cost and included in “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 lifetime 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 between market participants at measurement date. Fair values for financial assets and financial liabilities are based on unadjusted quoted market prices where available. Such quoted market prices are primarily obtained from exchange prices for listed financial instruments. When an exchange price is not available, quoted prices in an active market may be obtained from independent market vendors, brokers, or market makers.

For certain financial instruments quoted market prices may not be available. For such financial instruments, the fair value is determined using valuation techniques. The inputs for these models are derived from market observable input. When market observable input is not available, unobservable input is used. For example transactional data for credit spreads for certain loans and project finance transactions may be used when appropriate.

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 prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable, therefore the valuation techniques and management assumptions applied may have a significant impact on the outcome of the fair value determined.

NBE only has financial instruments subsequently measured at amortized cost. NBE discloses 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.

Modification of financial instruments
If the terms of a financial instrument are modified, NBE evaluates whether the cash flows of the modified financial instrument are substantially different. NBE determines whether there has been a substantial modification using both quantitative and qualitative factors. If the modification results in a substantial modification of the terms of the debt instruments, the original debt instruments is derecognized and the new debt instrument is recognized at fair value at the modification date. In case of a substantial modification, a modification gain or loss is recognized in profit and loss.

Impairment of financial assets
An Expected Credit Losses (ECL) is applied on financial assets measured at amortized cost or fair value through other comprehensive income (FVOCI), such as loans,

securities and undrawn loan commitments. Under the ECL model, NBE calculates the expected credit losses by considering on a discounted the cash basis cash shortfalls it would incur in case of a default and multiplying the shortfall by the probability of default occurring. The ECL is the sum of the probability-weighted outcomes. The outcomes are unbiased and include reasonable and supportable information about past events, current conditions, and forecast of future economics expectations. The ECL is recognized in the balance sheet as loan loss provisions. The ECL movements are recognized in profit and loss. Please

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 are based 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 and a lifetime ECL provision is required as well. NBE does not have purchased or originated credit impaired assets.

refer to section 'Credit risk' of 'Risk Management' for more details.

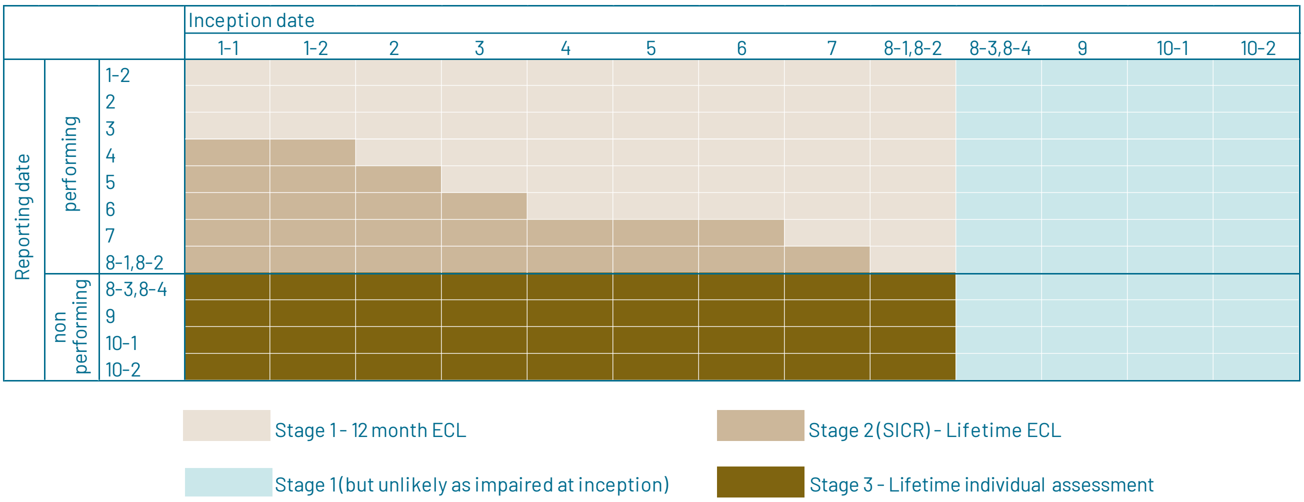
Significant increase in credit risk ("SICR") and staging
Determination of whether a financial instrument is subject to 12-month ECL (stage 1) or lifetime ECL (stage 2 and 3) depends on whether there has been a significant increase in credit risk since initial recognition. NBE considers the credit risk of an asset to have significantly increased when

- The borrower's internal credit rating has deteriorated since initial recognition and becomes below the threshold as reflected in overview below. Internal credit ratings are assigned based on the assessment of the obligor's capacity to meet its financial obligations. Ratings are determined based on creditworthiness of the obligor, which is evaluated by assessing the obligor's financial conditions, breach of contract, external ratings, information provided by credit rating agencies and other relevant information. Please see below for a mapping table on internal credit rating to staging movement.
- When SICR triggers, such as early warning indicators, watchlist status, forbearance, are applicable.
- A backstop has been applied for past due payments. In case payments are past due for 30 days, the asset is moved to stage 2. In case payments are past due for 90 days, the asset is moved to stage 3.

Forward-looking information
Three macroeconomic scenarios are applied: a baseline scenario, a negative scenario and a positive scenario. Based on a probability-weighted calculation the ECL provision is determined, taking into account the weights of each scenario.

Write-offs
Loans and debt instruments are written-off (either partially or in full) when there is no reasonable expectation of recovery and/or collectability of amounts due. This is generally the case when NBE determines that the obligor does not have assets or sources of income that could generate sufficient cashflow to repay the amounts subject to write-off. This assessment is carried out at individual asset level.

Financial assets that have been written-off could still be subject to enforcement activities.



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 is 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.

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 is 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

Property and equipment are measured at the cost less accumulated depreciation and accumulated impairment losses. The cost of the assets is depreciated over the estimated useful lifetime on a straight-line method.

The estimated useful lives of NBE's property and equipment are:

- Leasehold improvements: 1 to 9 years (according to lease term)
- Office equipment: 5 years
- Computer hardware:1-5 years

Intangible assets

Intangible assets are measured at cost less accumulated amortization and any impairment losses. The cost of the assets is depreciated over the estimated useful lifetime on a straight-line basis.

The estimated useful lives of NBE's intangible assets are:

- Computer software with finite useful life: 1 to 5 years (according to contractual term)

Commitments and contingent liabilities

Committed facility to The Norinchukin Bank

Committed facility which has been issued to The Norinchukin Bank is undrawn at reporting date. It is expected to remain undrawn for the remaining lifetime of the facility except in emergency cases. Performance obligations are satisfied overtime. The Norinchukin Bank simultaneously receives and consumes the benefits. NBE promises to provide the facility for a specific period. As the benefit of the service is transferred to The Norinchukin Bank evenly over the period of entitlement, the fee is recognized as fee and commission income on a straight-line basis. The calculation is based on the undrawn facility multiplied by the contractual rate. Payment of the fee is due and received in arrears.

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. Performance obligations are satisfied overtime. The customers simultaneously receive and consume the benefits. NBE promises to provide the loan commitments for a specific period. As the benefit of the service is transferred to the customers evenly over the period of entitlement, the fee is recognized as fee and commission income on a straight-line basis. The calculation is based on the undrawn loan commitments multiplied by the contractual rate. Payment of the fee is due and received in arrears.

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 this 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 rate method for all debt instruments. The interest income and expenses include premiums and discounts, and fees that are an integral part of the effective interest method.

Fee and commission income and expenses

Fee and commission income and expenses are recognized when 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 the credit facility to The Norinchukin Bank, loan commitments, and fee and commission income and expenses related to securities borrowing. These are recognized over the period of the respective transactions. Fee and commission expenses related to the service for clearing, custody and nostro accounts are recognized at point in time where the related services are provided.

Taxation

Income tax on the result of the year consists of current and deferred tax. The income tax is recognized in the statement of profit or loss or in equity. It is recognized in equity when it relates to items that are recognized directly in equity.

Uncertain tax positions are assessed by NBE and in case it is probable that there will be a cash outflow, a current tax liability is recognized.

A deferred tax asset is recognized when a loss from past year can be offset against expected income in future years or when there are temporary differences between the carrying amount of assets and liabilities in tax reporting and their carrying amount in the financial statements. 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 is 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.

2. Cash and balances with central banks

Among total amount of balances with central banks, € 12,150 (2023: € 7,830) was the mandatory minimum reserve to be held at central banks (DNB). The mandatory minimum reserve is not immediately available for NBE's day-to-day operations, please refer to liquidity paragraph under the Risk Management section.

Amounts in thousands of euros

	2024	2023
Balance with Dutch Central Bank	753,518	401,790
Cash and balances with central banks	**753,518**	**401,790**

3. Loans and advances to banks

Loans and advances to banks are all measured at amortized cost as of 31 December 2024. Due from banks relates to current account ("Nostro" account) balances. Cash collateral at clearing parties relates to default fund contribution and margin payments to LCH SA, a CCP in France that NBE utilizes for repurchase transactions. LCH SA holds a banking license and is officially regulated as a credit institution, therefore all positions at LCH SA are presented as loans and advances to banks. Details of repurchase transactions netting are disclosed in Note 28.

Amounts in thousands of euros

	2024	2023
Due from banks - on demand	1,849	4,039
Cash collateral at clearing parties	16,927	2,500
Netted amount of repos and reverse repos*	109	1,990
Allowance for expected credit losses**	-	-
Loans and advances to banks	**18,885**	**8,529**

*Please refer to Note 28 for the offsetting of repos and reverse repos.

**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 2024.

Amounts in thousands of euros

	2024	2023
Structured finance loans	1,353,059	945,881
Corporate loans to F&A banking customers	374,586	350,119
Allowance for expected credit losses*	-601	-474
Loans and advances to customers	**1,727,044**	**1,295,526**

*For 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.

Amounts in thousands of euros

	2024	2023
EU government bonds	1,313,851	1,339,210
SSA bonds	70,787	70,830
Allowance for expected credit losses*	-1	-31
Debt securities at amortized cost	**1,384,637**	**1,410,009**

*For details on expected credit losses, please refer to “Impairment allowance - Expected credit losses” under the Risk Management section.

Among the debt securities, a carrying amount of € 405,104 (2023: € 31,564) is pledged as collateral for repurchase transactions. Should NBE enter into default, the counterparties may settle their receivables on a net basis.

6. Property and equipment

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

Amounts in thousands of euros

Property and equipment by type	2024	2023
Operations equipment	91	148
Leasehold improvements	302	397
Total	**393**	**545**

Amounts in thousands of euros

	Operations equipment		Leasehold improvements	
Movements in property and equipment	2024	2023	2024	2023
Opening balance as at 1 January	**148**	**356**	**397**	**492**
Additions	54	16	-	-
Depreciation	-111	-224	-95	-95
Closing balance 31 December	**91**	**148**	**302**	**397**
Cost price	1,215	1,161	848	848
Accumulated depreciation	-1,124	-1,013	-546	-451
Net carrying value	**91**	**148**	**302**	**397**

7. Intangible assets

Intangible assets mainly consist of software licenses.

Amounts in thousands of euros

Movements in intangible assets	2024	2023
Opening balance as at 1 January	**169**	**236**
Additions	34	34
Depreciation	-34	-67
Disposals	-	-34
Closing balance 31 December	**169**	**169**
Cost price	538	504
Accumulated depreciation	-335	-301
Accumulated disposals	-34	-34
Net carrying value	**169**	**169**

All additions are due to the purchase of new software. The amortization period of intangible assets with finite useful life is 1 to 5 years (according to contractual term).

8. Right-of-use assets

The right-of-use assets consist of the office building lease and leases of NBE's expat housing. As at 31 December 2024, there remained no further right-of-use assets for expat housing.

Amounts in thousands of euros

Movements in right-of-use assets	2024	2023
Opening balance as at 1 January	**2,200**	**2,714**
Additions	27	142
Depreciation	-539	-656
Disposals	-26	-
Closing balance 31 December	**1,662**	**2,200**

9. Taxation

Deferred Tax

The table below shows the deferred tax position of NBE.

Amounts in thousands of euros

Deferred tax position	2024	2023
Deferred tax assets	**433**	**5,596**
Deferred tax assets in connection with unused tax losses carried forward	-	5,016
Deferred tax assets in connection with leasing	433	580
Deferred tax liabilities	**429**	**568**
Deferred tax liabilities in connection with leasing	429	568
Net deferred tax position (net liability –, net asset +)	**4**	**5,028**

The amount of deferred tax assets is € 433 (2023: € 5,596). Movements on the deferred tax assets mainly relate to the fully utilization of the cumulative losses carried forward since the establishment of NBE. The deferred tax assets per the end of year 2024 were caused by the temporary differences arising from leasing activities.

Amounts in thousands of euros

Deferred tax in connection with unused tax losses carried forward	2024	2023
Total unused tax losses carried forward	**19,439**	**36,458**
Unused tax losses carried forward recognized as a deferred tax asset	19,439	36,458
Utilization from current year	-19,439	-17,019
Total unused tax losses	**-**	**19,439**
Tax rate	25.8%	25.8%
Deferred tax assets	**-**	**5,016**

Current tax and income tax expense

Current tax assets and liabilities relate to amounts receivable and 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 table below shows the current tax position of NBE.

Amounts in thousands of euros

Current tax position	2024	2023
Current tax assets	124	-
Current tax liabilities	1,697	1,065
Net current tax position (net liability –, net asset +)	**-1,573**	**-1,065**

The components of income tax expense position are elaborated in the following table:

Amounts in thousands of euros

	2024	2023
Current income tax at statutory income tax rate	4,798	4,119
Adjustment for current tax of prior periods	-38	-
Total current tax expense	**4,760**	**4,119**
Utilization of tax losses carried forward	5,016	4,391
Temporary differences due to leasing	8	2
Total deferred tax expense	**5,024**	**4,393**
Income tax expense	**9,784**	**8,512**

Reconciliation of the income tax rate to effective income tax rate.

Amounts in thousands of euros

	2024	2023
Result before tax from continuing operations	38,093	32,986
Weighted average applicable tax rate	25.76%	25.76%
Statutory tax amount	9,814	8,497
Tax effect of non-deductible expenses	-	13
IAS 12 Amendments impact on deferred tax	8	2
Adjustment for current tax of prior periods	-38	-
Effective tax amount	9,784	8,512
Effective tax rate	**25.69%**	**25.81%**

The Pillar Two rules have entered into force in the Netherlands on 31 December 2023. Based on the most recent information available, the implementation of IAS 12 - Pillar Two related, had no material impact on NBE's tax position. The parent has performed an assessment of its potential exposure to Pillar Two income taxes. Based on the assessment, the effective tax rate of NBE complies with the 15% threshold from Pillar Two, and NBE is not currently aware of any circumstances under which this might change.

10. Other assets

Among items included in "Other assets" elaborated in the table below, rental deposit for the office building is receivable in the year of 2028 upon expiration of current lease agreement, other than this the majority amount of the other items were current as of 31 December 2024 (i.e. receivable within one year).

Amounts in thousands of euros

	2024	2023
Accrued commitment fee income	2,800	2,938
VAT receivable*	1,615	1,821
Prepayment of expenses	618	567
Other receivables	338	2,445
Other assets	**5,371**	**7,771**

*The VAT receivable position relates to the VAT expenses NBE paid in the year of 2024, which is likely to be recovered from the Dutch Tax Authority according to the applicable pro-rata recovery rate.

11. Due to banks

Amounts in thousands of euros

	2024	2023
Term deposits from The Norinchukin Bank	1,294,400	884,271
Repurchase agreements*	342,251	25,164
Due to banks	**1,636,651**	**909,435**

* Please refer to Note 28 for the offsetting of repos and reverse repos.

12. Due to customers

Amounts in thousands of euros

	2024	2023
Term deposits from corporate customer	218,156	214,098
Due to customers	**218,156**	**214,098**

13. Lease liabilities

Lease liabilities relate to the lease of the office building and lease of housing for NBE's expats. As at 31 December 2024, there remained no further liabilities for expat housing. 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.

Amounts in thousands of euros

	2024	2023
Opening balance	**2,249**	**2,771**
Additions	27	142
Disposals	-26	-
Interest expenses	14	20
Payments	-584	-684
Closing balance	**1,680**	**2,249**

Amounts in thousands of euros

2024	< 1 year	1-5 years	> 5 years	Total
Office building				
Lease payment	575	1,116	-	1,691
Present value	565	1,115	-	1,680
Expat housing				
Lease payment	-	-	-	-
Present value	-	-	-	-
Total lease payment	**575**	**1,116**	**-**	**1,691**
Total present value	**565**	**1,115**	**-**	**1,680**

Amounts in thousands of euros

2023	< 1 year	1-5 years	> 5 years	Total
Office building				
Lease payment	569	1,673	-	2,242
Present value	555	1,656	-	2,211
Expat housing				
Lease payment	38	-	-	38
Present value	38	-	-	38
Total lease payment	**607**	**1,673**	**-**	**2,280**
Total present value	**593**	**1,656**	**-**	**2,249**

14. Provisions

Amounts in thousands of euros

	2024	2023
Expected credit losses on commitments*	168	222
Provisions	**168**	**222**

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

15. Other liabilities

Among items included in "Other liabilities" elaborated in the table below, other than up-front fee related to project finance, the majority amount of the other items was current as of 31 December 2024 (i.e. payable within one year).

Amounts in thousands of euros

	2024	2023
Accrued operational expenses	2,565	2,369
Accrued personnel expenses	1,026	809
Accrued security borrowing fee	459	445
Up-front fee related to project finance	1,082	-
Other	52	52
Other liabilities	**5,184**	**3,675**

Among the accrued operational expenses, an amount of € 555 (2023: € 486) was payable to The Norinchukin Bank (including its London Branch). Please refer to Note 21 for details.

16. Total shareholder's equity

The Norinchukin Bank is the sole shareholder of NBE with an authorized capital of € 2 billion (same as 2023).

The net result for the period ended 31 December 2024 amounts to € 28,271. The net profit for the period ended 31 December 2023 amounting to € 24,474 was transferred to the retained earnings with the approval of the General Meeting of Shareholder on 24 May 2024.

During the year, the dividend of € 823 (being the net retained earnings position at 31 December 2023) was paid to the parent. According to the Articles of Association, the shares are subdivided into 2 million ordinary shares. Each share has a par value of € 1,000. All shares have been issued and fully paid up.

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 a netted amount is presented in the statement of financial position (Note 28), the associated interest income and expenses are recorded on a gross basis in the statement of profit or loss.

Amounts in thousands of euros

	2024	2023
Interest income on cash and balances with central banks	19,636	6,898
Interest income on loans and advances to banks	628,320	819,068
Interest income on loans and advances to customers	70,730	50,401
- Structured finance loans	58,237	40,945
- Corporate loans to F&A banking customers	12,493	9,456
Interest income on debt securities	1,111	1,181
Negative interest on liabilities	-	6
- Due to customers	-	6
Total interest income	**719,797**	**877,554**
Due to banks	660,974	825,268
Due to customers	8,603	4,851
Interest on leases	14	20
Total interest expense	**669,591**	**830,139**
Net interest income	**50,206**	**47,415**

18. Net fee and commission income

In the table below, an overview is provided for fee and commission income and expense.

Amounts in thousands of euros

	2024	2023
Committed facility to The Norinchukin Bank	7,015	6,996
Loan commitments	5,526	5,434
Other fee and commission income	98	11
Total fee and commission income	**12,639**	**12,441**
Securities borrowing	1,525	1,521
Repo business	1,904	2,396
Other fee and commission expense	75	88
Total fee and commission expense	**3,504**	**4,005**
Net fee and commission income	**9,135**	**8,436**

The fee and commission income includes income from committed facility to the parent and loan commitments to customers. The performance obligations are satisfied overtime throughout the contractual term. The income is recognized over the period of the contractual term on straight-line basis.

The fee and commission expense includes expense paid for security borrowing from the parent. The fee is recognized over the contractual term on straight-line basis. It also concerns the monthly clearing commission fee paid to the central clearing house and monthly custody fee of associated securities, which are for Repo business. Fee and commission expense related to the service for clearing, custody and nostro accounts are recognized at point in time when the related services are provided.

19. Personnel expenses

As per 31 December 2024 the number of internal employees was 78.52 (2023: 68.41), total internal employees was 79 (2023: 69). All employees are located in the Netherlands. Other staff costs mainly include costs related to staff allowances.

Amounts in thousands of euros

	2024	2023
Salaries	8,578	7,516
Social security costs	875	792
Pension costs (defined contribution plan)	715	620
Other staff costs	1,404	1,363
Total personnel expenses	**11,572**	**10,291**

20. Other operating expenses

Amounts in thousands of euros

	2024	2023
IT outsourcing	3,830	2,930
Operation outsourcing	749	783
Contractors costs	2,546	2,653
External advisory costs	2,030	1,469
External information costs	865	831
Regulatory and supervisory expenses	1,229	1,079
VAT*	-4,308	175
Others**	2,133	1,730
Total other operating expenses	**9,074**	**11,650**

*VAT paid was partly recognized as other assets ("VAT receivable" under Note 10) instead of other operating expenses as it is likely to be recovered. Significant VAT credits received during the year of 2024 is due to a reassessed recovery rate applicable in prior periods.

**Others include IT expenses (other than outsourcing) and external audit costs.

Cost of external independent audit

Total audit and non-audit services include the following fees for services provided by the Bank's external auditors:

Amounts in thousands of euros

Audit	2024	2023
Financial Statements audit fees	279	396
Other audit fees	60	81
Total audit fees	**339**	**477**

Other audit fees relate to regulatory reports audit and Deposit Guarantee Scheme audit.

During the year, EY Accountants B.V. was appointed as external auditor, succeeding Deloitte Accountants B.V. in this role.

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 2024.

Transactions with related parties

Amounts in thousands of euros

Balances with The Norinchukin Bank	2024	2023
Assets	**1,993**	**1,936**
- Accrued assets (committed facility fee)	1,993	1,936
- Gross carrying amounts of reverse repurchase agreements (with London Branch)[1)]	2,514,750	26,820,540
Liabilities	**1,295,388**	**885,178**
- Short-term borrowing	628,051	274,089
- Long-term borrowing	666,349	610,182
- Accrued liabilities (securities borrowing fee)	433	421
- Accrued liabilities (outsourcing fee to London Branch)	555	486
Net interest income	**588,676**	**788,809**
- Interest income	628,045	814,915
- Interest expense	39,369	26,106
Net commission income[2)]	**5,490**	**5,475**
- Fee and commission income	7,015	6,996
- Fee and commission expense	1,525	1,521
Off-balance		
- Committed facility	3,000,000	3,000,000
- Securities borrowed[3)]	4,305,640	4,044,744

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 € 3,830 (2023: € 2,930), and personnel costs related with expats of € 3,260 (2023: € 3,791). The personnel expenses were reimbursed by The Norinchukin Bank and therefore paid on behalf of NBE. For the IT outsourcing fees of € 3,830, an amount of € 3,762 (2023: € 2,857) was already paid before 31 December 2024 and € 433 (2023: € 365) 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 2024, 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

Amounts in thousands of euros

Key management remuneration overview	2024	2023
Supervisory Board		
- Fixed remuneration	100	90
Total Supervisory Board	100	90
Management Board		
- Fixed remuneration	1,158	1,377
- Variable remuneration	1	35
Total Management Board	1,159	1,412
Total	**1,259**	**1,502**

Key management compensation overview*	2024	2023
Supervisory Board		
- Short-term benefits	100	90
Total Supervisory Board	100	90
Management Board		
- Short-term employee benefits	1,210	1,481
- Post-employment benefits	68	75
Total Management Board	1,278	1,556
Total	**1,378**	**1,646**

*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 (2023: € 3 billion) and borrowed securities from The Norinchukin Bank that serve as collateral for the committed facility. The fair value of collateral amounts to € 4.3 billion (2023: € 4.0 billion). These debt securities deposited at DNB are eligible as collateral to obtain short-term cash from DNB. In 2024 The Norinchukin Bank has not drawn any amount from the credit facility, therefore NBE did not require any drawdown from DNB.

Besides, in 2024 NBE also provided loan commitments on Structured finance business of € 715,404 (2023: € 970,696). For further information on NBE's liquidity relating to drawdown of contingent liabilities, please refer to liquidity related elaborations under the Risk Management section.

Amounts in thousands of euros

	2024	2023
Committed facility to The Norinchukin Bank	3,000,000	3,000,000
Loan commitments to customers	715,404	970,696
Commitments	**3,715,404**	**3,970,696**

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

There are no subsequent events that are material to 31 December 2024.

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 2024 amounts to € 28,271, resulting in a positive retained earnings of € 28,271.

In accordance with the Bank's dividend policy, NBE intends to optimize the pay-out ratio to the extent allowed under the applicable legislation and internal policies, and taking into account the fiduciary responsibility of the Management Board and Supervisory Board, while ensuring NBE's capital, leverage and liquidity in line with the Bank's risk appetite as well as regulatory requirements.

For 2024 financial result, the Management Board of NBE proposes to the General Meeting of Shareholder to pay out € 28,271 as dividend, which is 100% of the positive retained earnings.

The proposed appropriation of profit (in thousands of euros) is as follows:

	2024
Net profit	28,271
Addition to the retained earnings	-
Dividend	**28,271**

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 2024

Amounts in thousands of euros

Financial Assets	Carrying amount	Total fair value	Level 1	Level 2	Level 3
Loans and advances to banks - on demand	1,849	1,849	-	1,849	-
Loans and advances to banks - other than on demand	17,036	17,036	-	17,036	-
Loans and advances to customers	1,727,044	1,731,975	-	1,731,975	-
Debt securities at amortized cost	1,384,637	1,178,831	1,178,831	-	-
Financial assets	**3,130,566**	**2,929,691**	**1,178,831**	**1,750,860**	**-**

Financial Liabilities	Carrying amount	Total fair value	Level 1	Level 2	Level 3
Due to banks	1,636,651	1,643,108	-	1,643,108	-
Due to customers	218,156	218,140	-	218,140	-
Financial liabilities	**1,854,807**	**1,861,248**	**-**	**1,861,248**	**-**

As at 31 December 2023

Amounts in thousands of euros

Financial Assets	Carrying amount	Total fair value	Level 1	Level 2	Level 3
Loans and advances to banks - on demand	4,039	4,039	-	4,039	-
Loans and advances to banks - other than on demand	4,490	4,490	-	4,490	-
Loans and advances to customers	1,295,526	1,295,890	-	1,295,890	-
Debt securities at amortized cost	1,410,009	1,195,947	1,195,947	-	-
Financial assets	**2,714,064**	**2,500,366**	**1,195,947**	**1,304,419**	**-**

Financial Liabilities	Carrying amount	Total fair value	Level 1	Level 2	Level 3
Due to banks	909,435	905,885	-	905,885	-
Due to customers	214,098	213,063	-	213,063	-
Financial liabilities	**1,123,533**	**1,118,948**	**-**	**1,118,948**	**-**

The carrying amount of all financial assets and liabilities is at amortized cost as of both 31 December 2024 and 31 December 2023.

NBE determines the fair value of its financial instruments using the following methodology:
The fair value of loans and advances to banks have been categorized as level 2 in the fair value hierarchy. Due to the short remaining maturity of up to 3 months, the carrying amount is a reasonable approximation of its fair value.

The fair value of loans to customers is categorized by level 2 valuation techniques. For loans with a floating rate, the carrying value is assumed to be the same as the carrying amount unless there is a rating change. In case of a rating change, the fair value is adjusted for the change in credit spread. For long-term loans with fixed rate, it has been determined by calculating the net present value with the risk-free rate and then and adjustments for credit spread changes when applicable.

The fair value of due to customers is categorized as level 2. When the remaining maturity is less than three months, the carrying amounts are an approximation of the fair value. If the remaining maturity exceeds three months, it is calculated as the net present value with the risk-free rate and adjustment for credit spread changes.

For due to banks, NBE applies level 2 valuation techniques to calculate the fair value for borrowing from the parent bank. If remaining maturity is less than three months, the carrying amounts are an approximation of their fair value. If remaining maturity is longer than three months, it has been determined by calculating the net present value with the risk-free rate and then and making further adjustments for credit spread.

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 2024

Amounts in thousands of euros

	On demand	< 3 months	3-12months	1-5 years	> 5 years	Total
Assets						
Cash and balances with central banks	741,368	12,150	-	-	-	753,518
Loans and advances to banks	1,849	17,036	-	-	-	18,885
Loans and advances to customers	-	200,078	150,077	307,390	1,069,499	1,727,044
Debt securities at amortized cost	-	-	7,149	42,985	1,334,503	1,384,637
Property and equipment	-	-	14	379	-	393
Intangible assets	-	-	31	-	138	169
Right-of-use assets	-	-	-	1,662	-	1,662
Current tax assets	-	-	124	-	-	124
Deferred tax assets	-	-	-	433	-	433
Other assets	-	12	5,066	293	-	5,371
Total	**743,217**	**229,276**	**162,461**	**353,142**	**2,404,140**	**3,892,236**
Liabilities						
Due to banks	-	970,302	-	666,349	-	1,636,651
Due to customers	-	-	218,156	-	-	218,156
Lease liabilities	-	-	-	1,680	-	1,680
Current tax liabilities	-	-	1,697	-	-	1,697
Deferred tax liabilities	-	-	-	429	-	429
Provisions	-	-	-	15	153	168
Other liabilities	-	-	4,102	3	1,079	5,184
Total	**-**	**970,302**	**223,955**	**668,476**	**1,232**	**1,863,965**

As at 31 December 2023

Amounts in thousands of euros

	On demand	< 3 months	3-12months	1-5 years	> 5 years	Total
Assets						
Cash and balances with central banks	393,960	7,830	-	-	-	401,790
Loans and advances to banks	4,039	4,490	-	-	-	8,529
Loans and advances to customers	-	214,657	6,028	259,841	815,000	1,295,526
Debt securities at amortized cost	-	-	7,148	-	1,402,861	1,410,009
Property and equipment	-	-	54	491	-	545
Intangible assets	-	-	-	-	169	169
Right-of-use assets	-	-	-	2,200	-	2,200
Current tax assets	-	-	-	-	-	-
Deferred tax assets	-	-	-	5,596	-	5,596
Other assets	-	2,174	5,311	286	-	7,771
Total	**397,999**	**229,151**	**18,541**	**268,414**	**2,218,030**	**3,132,135**
Liabilities						
Due to banks	-	299,253	-	610,182	-	909,435
Due to customers	-	-	214,098	-	-	214,098
Lease liabilities	-	-	38	2,211	-	2,249
Current tax liabilities	-	-	1,065	-	-	1,065
Deferred tax liabilities	-	-	-	568	-	568
Provisions	-	-	73	149	-	222
Other liabilities	-	-	3,675	-	-	3,675
Total	**-**	**299,253**	**218,949**	**613,110**	**-**	**1,131,312**

28. Offsetting

The repurchase transactions (repos) and reverse repurchase transactions (reverse repos) are offset in the financial statements when they meet the requirements for 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).

Amounts in thousands of euros

	Gross amounts	Gross amounts recognised in Statement of Financial Position	Carrying amount presented in Statement of Financial Position	Net amount
2024				
Financial assets				
- Reverse repurchase agreements	2,514,750	2,514,641	109	109
Financial liabilities				
- Repurchase agreements	2,856,891	2,514,640	342,251	342,251
2023				
Financial assets				
- Reverse repurchase agreements	26,820,540	26,818,550	1,990	1,990
Financial liabilities				
- Repurchase agreements	26,843,714	26,818,550	25,164	25,164

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 includes impact on the climate and environment. 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 Culture

The Risk culture of NBE is defined through a conservative approach to risk taking (with high level of capital), deeply embedded corporate values (OSEC) expressing the corporate standards/behavior and the tone-at-the-top.

The Bank, as a part of the Norinchukin Group, shares a common attitude which aims to take (new) business decisions without unnecessary hesitation, to consider risks from various perspectives and stakeholders, adjust those and take those at an acceptable level, as well as to ensure that profits are aligned with the level of risk taken. That will contribute to the purpose of ensuring the sustainable development of the agricultural, forestry, and fishery industries, including the Group and cooperatives in Japan. Bearing such attitude in mind, the Management Board strives to identify, nurture and promote a sound and healthy risk culture ideal to the Bank.

Each employee (and external hired staff) of NBE is required to take the Dutch Bankers Oath.

Risk Management Framework and Governance

The risk management framework is established to meet the objective of risk management. The risk management framework 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 risk management framework 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 risk management framework of NBE is implemented through a "Three Lines" 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, NBE applies a systematic approach to assessing risk.

First Line
The business, the First Line, has the primary responsibility for risk decisions, assessing and controlling 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 the Bank's risk appetite parameters. The First Line activities are performed by NBE's business management and employees.

Second Line
The Risk Management function, provides 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.

Other Second Line functions are:

- Credit Risk Management: The Credit Risk Management division is responsible for monitoring of the credit risks.
- Legal and Compliance: The Legal and Compliance Function is responsible for defining the Bank's policy in line with global and local laws and regulations and oversight and challenge to assure that policies are adhered to. This also includes activities in relation to Data Protection.
- IT Security: Second Line IT Security is conducted within the IT and Operations division.

The Second Line functions (with exception of IT Security) report to the CRO. The IT Security function reports to the CFO with a functional reporting line to the CRO.

Third Line
The Internal Audit function, the Third Line, 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.

The Second Line and the Third Line have direct access to the Audit and Risk Committee (ARC) of NBE.

Supervisory Board
The Supervisory Board is charged with the supervision of the policies pursued by the Management Board and the general course of affairs in the Bank. The Supervisory Board also provides advice to the Management Board.

The Supervisory Board supervises and advises the Management Board, amongst other topics, on:

- The Bank's financial policies and risk policies, including the risks inherent in its business activities and the sustainability and profitability of NBE;
- The structure and operation of the internal risk management and control systems.

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
To assist the Supervisory Board in fulfilling its responsibilities, the ARC was established. 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 risk management framework 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 Bank's Management Board is responsible for the realization of organizational objectives.

Risk management is a key element to ensure this achievement and is performed under the responsibility of the Management Board. The Management Board is collectively responsible for NBE's management, the general affairs and the business connected with it. Moreover, its responsibilities include:

- Adopting, implementing, monitoring and, where necessary, adjusting the Bank's overall risk policies and setting the Bank's risk appetite;
- Ensuring that effective internal risk management and control systems are in place and ensuring reporting on this issue.

The Management Board is accountable for NBE's risk appetite. The Management Board manages the risk appetite and the associated risk management framework & 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 Committees

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 Operations Committee, and the Compliance and Regulatory Risk Committee. The outline below depicts the committee structure.

Risk Management Committee

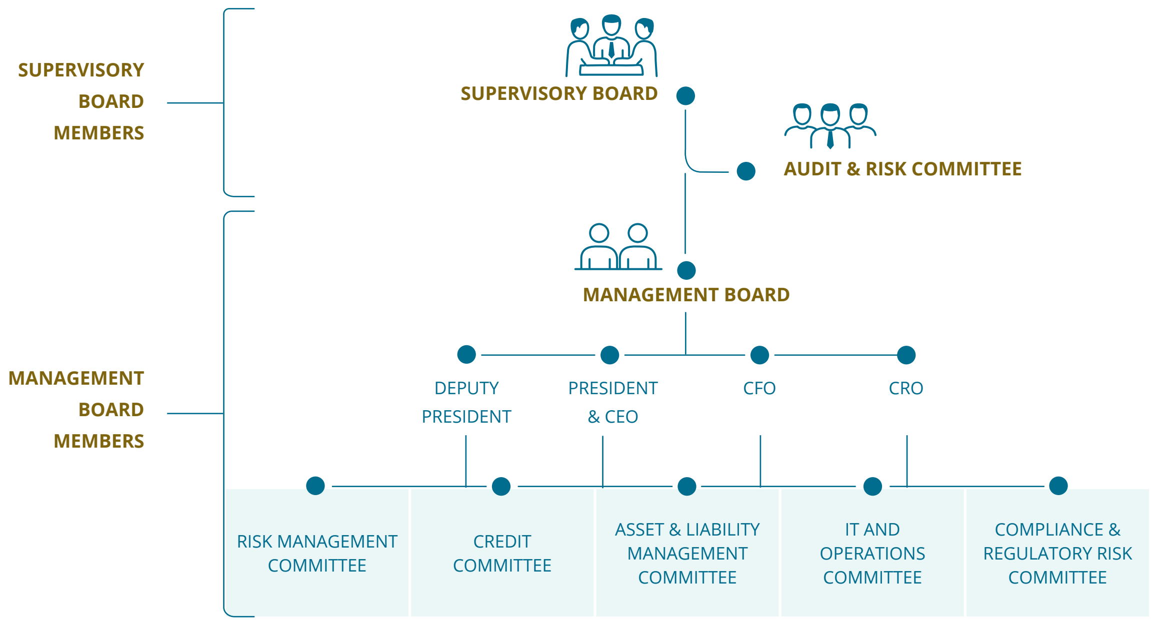
This committee has, as its sole and exclusive function, responsibility for setting the risk management policies of NBE's operations and oversight of the operation of NBE's risk management framework. The committee assists the Management Board in fulfilling its oversight responsibilities with regard to the risk appetite of NBE, the risk management and framework and the governance structure that supports it. Since 2023 the oversight responsibility includes climate and environmental risk. 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 Credit Committee also assesses the individual credit risk taking activities and review credit portfolio. 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 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 an impact on the liquidity and funding risk profile of NBE. The committee advises



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 Operations Committee
This committee is mandated to review and discuss 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 Operations 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 developments in the field of integrity and regulatory compliance, as well as legal matters. Furthermore, the committee assists the Management Board on its integrity risk management capabilities, amongst others through the periodical review of the Systematic Integrity Risk Analysis ("SIRA") and it monitors the progress of the Compliance annual plan. 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.

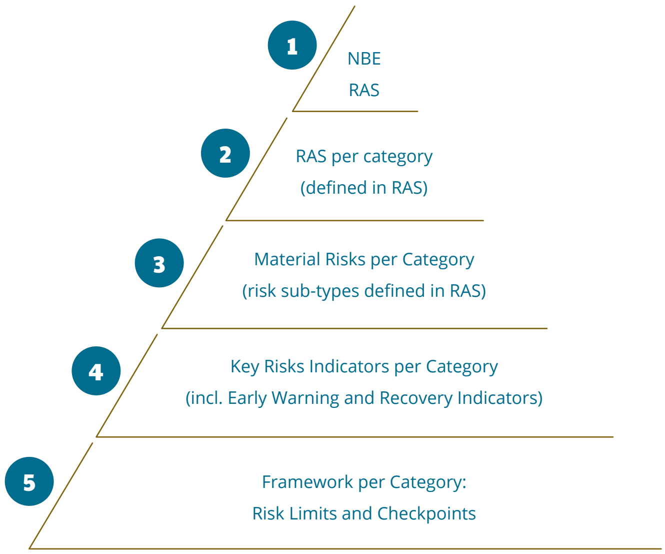
Risk Appetite
NBE aims to maintain a robust financial base in order to ensure stable Euro funding for the parent by constraining its risk-taking activities.

The Risk Appetite Statement (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 presents the conceptual framework of the RAS. First, broadly consistent with the parent, 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		
	Insufficient capitalization	Strategic risk	Credit risk
	Credit concentration	Interest rate risk	Credit spread risk
	C&E risk		
	Category 2 Liquidity & Funding Risk		
	Cash Flow risk	Market Liquidity risk	Intraday Liquidity risk
	Category 3 Non-Financial Risk		
	Legal & Compliance risk	System risk	Information leakage risk
	Administrative risk	Human risk	Physical asset risk
	Outsourcing risk	Business continuity risk	Reputational risk
	Regulatory changes risk	Cooperative system 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 in the Capital, Credit and Market Risks Category are listed below:

- *Risk of 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 the business plan, including distressed selling of assets which might result in losses or in valuation adjustments to the 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 the 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.
- *Credit Spread Risk in the Banking Book*: risk of loss of economic value or interest income due to changes in credit spreads.
- *Climate and Environmental risks:* risks stemming from climate and environmental change and which translate into other risk categories such as an increase in credit risk. Given the importance for stakeholders also strategic risk and reputational risk are impacted. To date 31 December 2024, NBE deems that C&E impact on credit risk is material mainly driven by transition risk through the transmission channel "Rapid advancement and decreasing costs of renewable energy technologies".

For the period ended 31 December 2024, 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 2024 the focus was on a further increase of the loan portfolio and to remain well within the pre-defined risk appetite.

Risk of insufficient capitalization

For risk of insufficient capitalization (or 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 (hereafter "IRRBB"), Credit Spread Risk in the Banking Book (hereafter "CSRBB"), 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 further grew its lending business in 2024. The CET1 ratio decreased from 110% at the end of 2023 to 96% at the end of 2024 whereas the Leverage ratio decreased from 47% at the end of 2023 to 39% at the end of 2024. The growth of the credit portfolio is the main rationale for these trends. The Total Risk/Internal Capital ratio remains 23%. NBE ensures and monitors the adequacy of the capital and the prudential ratios to meet the regulatory requirements. DNB's 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 above 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 the Supervisory Board.

	2024	2023
CET1 Ratio	96%	110%
Total Risk/Internal Capital Ratio	23%	23%
Leverage Ratio	39%	47%
Common Equity Tier 1 (CET1)	1,999,397	1,970,584

Strategic risk

Strategic risk has been assessed in NBE as a risk that the projected portfolio growth is not completely realized in combination with materialization of cost increases for example stemming from (strong) inflation and changing regulatory environment.

Credit risk

Credit Risk is described as the possibility that a counterparty in a loan, loan commitment or derivative contract will fail to fulfil its commitments according to agreed-upon terms and leading to a financial loss to NBE. Credit risk sources include 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 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 are all in place within the context of internal credit risk frameworks.

NBE, as an independent entity, has its own 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 the 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 a counterparty will fail to fulfil contractual obligations, according to The Norinchukin Bank's internal credit rating scheme (i.e. probability of default – PD). Credit risk factors (probability of default - PD, loss given default - LGD, and exposure at default - EAD) are used for ECL calculation. Internal Credit Ratings are reviewed at least annually. In addition, they are reviewed promptly when events affecting credit risk occur. In the review, First Line prepares a draft based on the most recent information and data available, which is verified by the Second Line and approved by the Credit Committee. Internal Credit Ratings are divided into 15 levels, ranging from 1-1 to 10-2.10 stages from 1-1 to 8-2 are judged as Performing. On the other hand, 5 stages from 8-3 to 10-2 are judged as non-performing and the ECL stage is Stage 3.

The indicative mapping of the Internal Credit Rating scale to external rating agency ratings is shown in the following table.

Internal Credit Rating scale mapped to external ratings

Internal Ratings at the parent	Long-term ratings assigned by rating agencies	
	S&P	Moody's
01-01	AAA	Aaa
		Aa1
01-02	AA+	Aa2
	AA	Aa3
		A1
	AA-	
02	A+	A2
	A	A3
	A-	
03	BBB+	Baa1
		Baa2
	BBB	
04	BBB-	Baa3
05	BB+	Ba1
		Ba2
	BB	Ba3
06	BB-	B1
07	B+	B2
08-01	B	B3
	B-	
08-02	CCC+～CCC-	Caa1～Caa3
Default	Below	Below

NBE develops and implements a robust internal quality assurance policy and procedures for collateral valuations completed internally and externally. All immovable property collateral is valued on the basis of market value or mortgage lending value as allowable under Article 229 of the CRR. In the meantime, NBE does not utilize that valued amount of collateral in the calculation of LGD and ECL, so LGD and ECL are estimated more conservatively.

The gross carrying amounts by country and sector are as follows.

Amounts in thousands of euros

	31 December 2024	31 December 2023
Per Sector		
Debt securities at amortized cost		
General governments	1,313,851	1,339,210
Other financial corporations	70,787	70,830
Total	**1,384,638**	**1,410,040**
Loans and advances to banks		
Credit institutions	18,885	8,529
Total	**18,885**	**8,529**
Loans and advances to customers		
Consumer Staples	23,535	23,553
Materials	100,243	117,664
Consumer Discretionary	83,194	101,997
Industrials	225,104	168,752
Financials	101,703	71,873
Utilities	660,101	537,579
Communication Services	491,970	282,302
Information Technology	41,795	-
Total	**1,727,645**	**1,303,720**
Total gross carrying amounts	**3,131,168**	**2,722,289**
Off-balance facilities		
Credit Institutions	3,000,000	3,000,000
Consumer Discretionary	2,964	2,964
Financials	19,929	51,210
Utilities	354,825	439,806
Communication Services	322,993	476,716
Information Technology	14,693	-
Total off-balance facilities	**3,715,404**	**3,970,696**

	31 December 2024	31 December 2023
Per country		
Debt securities at amortized cost		
Spain	560,399	565,127
France	824,239	844,913
Total	**1,384,638**	**1,410,040**
Loans and advances to banks		
France	18,885	8,529
Total	**18,885**	**8,529**
Loans and advances to customers		
Japan	149,482	181,367
The Netherlands	281,424	229,958
Luxemburg	73,106	39,560
France	770,025	537,491
Germany	336,602	195,210
Belgium	110,317	120,134
Poland	6,689	-
Total	**1,727,645**	**1,303,720**
Total gross carrying amounts	**3,131,168**	**2,722,289**
Off-balance facilities		
Japan	3,000,000	3,000,000
The Netherlands	5,469	8,092
Luxemburg	17,616	24,050
France	476,928	635,933
Germany	175,194	295,738
Belgium	6,883	6,883
Poland	33,314	-
Total off-balance facilities	**3,715,404**	**3,970,696**

Impairment allowance – Expected credit losses

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

In the 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:

31 December 2024

Amounts in thousands of euros

Carrying amount and expected credit loss allowance	Stage 1	Stage 2	Stage 3	Total
Debt securities at amortized cost				
Gross carrying amount	1,384,638	-	-	1,384,638
Expected credit loss allowance	-1	-	-	-1
Carrying amount	1,384,637	-	-	1,384,637
Loans and advances to banks				
Gross carrying amount	18,885	-	-	18,885
Expected credit loss allowance	-	-	-	-
Carrying amount	18,885	-	-	18,885
Loans and advances to customers				
Gross carrying amount	1,727,645	-	-	1,727,645
Expected credit loss allowance	-601	-	-	-601
Carrying amount	1,727,044	-	-	1,727,044
Off-Balance facilities				
Gross carrying amount	3,715,404	-	-	3,715,404
Expected credit loss allowance	-168	-	-	-168
Total credit loss allowance at closing balance	**-770**	**-**	**-**	**-770**

31 December 2023

Amounts in thousands of euros

Carrying amount and expected credit loss allowance	Stage 1	Stage 2	Stage 3	Total
Debt securities at amortized cost				
Gross carrying amount	1,410,040	-	-	1,410,040
Expected credit loss allowance	-31	-	-	-31
Carrying amount	1,410,009	-	-	1,410,009
Loans and advances to banks				
Gross carrying amount	8,529	-	-	8,529
Expected credit loss allowance	-	-	-	-
Carrying amount	8,529	-	-	8,529
Loans and advances to customers				
Gross carrying amount	1,303,720	-	-	1,303,720
Expected credit loss allowance	-474	-	-	-474
Carrying amount	1,303,246	-	-	1,303,246
Off-Balance facilities				
Gross carrying amount	3,970,696	-	-	3,970,696
Expected credit loss allowance	-222	-	-	-222
Total credit loss allowance at closing balance	**-727**	**-**	**-**	**-727**

In 2024 (and 2023) there were no change between stage 1,2 and 3.

Management overlays may be applied to the ECL model output for non-modelled items. Management overlays require the approval of NBE's Management Board.

The movement in ECL provision is as follows:

Amounts in thousands of euros

	Stage 1	
	2024	**2023**
On-balance facilities		
Opening balance at 1 January	**505**	**466**
Movements due to:		
- Origination of instruments	269	328
- Derecognition of instruments	-102	-275
- Changes in credit risk assessments of instruments	-70	-14
Closing balance 31 December	**602**	**505**
Off-balance facilities		
Opening balance at 1 January	**222**	**208**
Movements due to:		
- Origination of instruments	45	116
- Derecognition of instruments	-64	-89
- Changes in credit risk assessments of instruments	-35	-13
Closing balance 31 December	**168**	**222**

The following table provides detailed information on the credit risk for each internal credit risk rating. All instruments are at stage 1.

31 December 2024

Amounts in thousands of euros

Carrying amount and expected credit loss allowance	Gross carrying amount	Carrying amount	ECL
Items by risk class			
Debt securities at amortized cost			
1-1	753,452	753,452	-
1-2	70,787	70,787	-
2	560,399	560,398	-1
3	-	-	-
Loans and advances to banks			
1-2	18,885	18,885	-
Loans and advances to customers			
1-2	145,057	145,055	-2
2	188,986	188,975	-11
3	182,690	182,670	-20
4	531,570	531,446	-124
5	634,741	634,394	-347
6	37,474	37,396	-78
7	7,127	7,108	-19
Total outstanding balance by risk class	**3,131,168**	**3,130,566**	**-602**

Off-balance facilities			
2F	3,000,000	-	-
3	14,785	-	-
4	221,799	-	-20
5	463,818	-	-141
6	15,002	-	-7
Total off-balance facilities by risk class	**3,715,404**	**-**	**-168**

31 December 2023

Amounts in thousands of euros

Carrying amount and expected credit loss allowance	Gross carrying amount	Carrying amount	ECL
Items by risk class			
Debt securities at amortized cost			
1-1	774,083	774,083	-
1-2	70,830	70,830	-
3	565,127	565,096	-31
Loans and advances to banks			
1-2	8,529	8,529	-
Loans and advances to customers			
1-2	138,702	138,696	-6
2	180,867	180,863	-4
3	126,950	126,925	-25
4	512,549	512,395	-154
5	303,917	303,695	-222
6	33,607	33,545	-62
7	7,128	7,127	-1
Total outstanding balance by risk class	**2,722,289**	**2,721,785**	**-505**
Off-balance facilities			
2F	3,000,000	-	-
3	27,206	-	-2
4	385,503	-	-46
5	557,987	-	-174
Total off-balance facilities by risk class	**3,970,696**	**-**	**-222**

All the financial assets and off-balance facilities were classified as stage 1 as per 31 December 2024 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 2024 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 at stage 1 and measured collectively, when similar risk characteristic exist, based on ECL methodology as per 31 December 2024.

Macroeconomic scenarios and ECL sensitivity
A base-scenario, an up-scenario and a down-scenario are determined to reflect an unbiased and probability-weighted ECL amount. The probability factors as per 31 December 2024 are: Up: 25%, Base: 50%, Down: 25% (2023: Up: 25%, Base: 50%, Down: 25%).

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.

Amounts in thousands of euros

		2025	2026	2027	Unweighted ECL	Probability	Weighted ECL per 31 December 2024	Weighted ECL per 31 December 2023
Upside scenario	Global GDP	4.1%	4.1%	4.0%	620	25%	770	727
	EU GDP	2.1%	2.3%	2.2%				
Baseline scenario	Global GDP	3.3%	3.3%	3.2%	767	50%		
	EU GDP	1.3%	1.5%	1.4%				
Downside scenario	Global GDP	2.8%	2.9%	2.8%	926	25%		
	EU GDP	0.3%	0.5%	0.4%				

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. As of 31 December 2024, there were no overdue payments.

Credit risk exposure
The Pillar I required capital for Credit Risk is approximately € 161 million and is calculated by using the 'Standardized approach'. The main drivers of the risk exposures are project finance and loans to corporates.

Credit concentration risk
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.

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.

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.

The exposure to Credit Concentration Risk is computed using the PRA model. The PRA approach uses the Herfindahl-Hirschman Index (HHI) to gauge concentration risk. For the three concentration types: Single name/ Sector and Geography. The highest risk exposure to concentration is seen in the Single name bucket. This is in line with the current phase of a relatively young organization which is building its banking book. The capital requirements stemming from credit concentration risk are € 101 million, of which € 70 million is attributed to Single name concentration.

Market risk

The Bank has no trading book and as such has no market risk related to trading book exposures.

The Bank is exposed to three types of market risk: Interest rate risk, Credit spread risk and Currency risk. Currency risk at the Bank is limited. The Bank has a basic policy of hedging FX exposure: i.e. FX assets will generally balance against FX liabilities.

Foreign currency exposures:

Amounts in thousands

	2024			2023		
Currency	**Assets**	**Liabilities**	**Net exposure**	**Assets**	**Liabilities**	**Net exposure**
USD	1	-	1	1	-	1
JPY	8	-	8	8	-	8
GBP	145,093	145,055	38	138,722	138,700	22
Total	**145,102**	**145,055**	**47**	**138,731**	**138,700**	**31**

Interest Rate Risk in the Banking Book (IRRBB)

IRRBB results are at least monitored and reported on a monthly basis. 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/2022/14), 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 (France and Spain) with a duration of 6.96 years per 31 December 2024. This position explains the risk for rising interest rates. The investment portfolio is valued at hold to collect contractual cashflows. The loan portfolios have a shorter duration and are in general floating rate. In 2023 the green deposit was introduced. The duration profile of the client deposits is shorter than 1 year. In 2024 new EBA guidance was issued for the measurement of IRRBB. NBE uses the standardized approach for these calculations per 31 December 2024. The € 153 million risk exposure based on the Parallel up scenario of 200 bps is used as the capital requirements stemming from IRRBB. Furthermore, NBE has updated the interpretation of EBA regulation requiring that positive changes are to be weighted by a factor of 50%, which is including euro positions as of 2024 (until 2024 this factor was only applied for FX positions).

		Changes of the economic value of equity		Changes of the net interest income (1 year)	
	Supervisory shock scenarios	**31-Dec-24**	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
1	Parallel up (+200 bps)	-153,169	-151,777	5,026	18,874
2	Parallel down (-200 bps)	83,285	175,804	-17,286	-18,698
3	Steepener	-25,211	-38,420		
4	Flattener	-33	13,842		
5	Short rates up	-46,507	-33,397		
6	Short rates down	23,963	34,417		

Credit Spread Risk in the Banking Book (CSRBB)
For the bond investments (Spain and France), CSRBB is included in the capital requirements and spread movements are monitored. The capital requirements stemming from the CSRBB exposure is computed at an amount of € 17 million.

2

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 2024, similar to category 1 risks, the risk profile of NBE for liquidity and funding risks was limited.

NBE provided, as mentioned in Note 22 of the Financial Statements, The Norinchukin Bank a committed facility of € 3 billion (2023: € 3 billion) and borrowed securities from The Norinchukin Bank that serves as collateral for the committed facility. The fair value of collateral amounts to € 4.3 billion (2023: € 4.0 billion). These debt securities deposited at DNB are eligible as collateral to obtain short-term cash from DNB. In 2024 The Norinchukin Bank has not drawn any amount from the credit facility, therefore NBE did not require any drawdown from DNB. Besides, in 2024, 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 of 300% and NSFR of 167%.

Due to the low and hedged nature of the foreign currency exposures the foreign currency liquidity risk was also very limited and is not recognized as a material risk in the risk universe.

Analysis of financial assets & liabilities by remaining contractual maturity

The tables below show the maturity profile of NBE's financial assets and liabilities as of 31 December 2024.

As of 31 December 2024

Amounts in thousands of euros

	On demand	< 3 months	3-12months	1-5 years	> 5 years	Total
Assets						
Cash and balances with central banks	741,368	12,150	-	-	-	753518
Loans and advances to banks	1,849	16,101	-	-	-	17,950
Loans and advances to customers		215,252	154,092	307,894	1,071,635	1,748,873
Debt securities at amortized cost	-	-	26,514	42,600	1,155,000	1,224,114
Total of undiscounted financial assets	**743,217**	**243,503**	**180,606**	**350,494**	**2,226,635**	**3,744,455**
Liabilities						
Due to banks	-	629,403	144,691	542,020	-	1.316,114
Due to customers	-	214,791	4,055		-	218,846
Total of undiscounted financial liabilities	**-**	**844,194**	**148,746**	**542,020**	**-**	**1,534,960**

As of 31 December 2023

Amounts in thousands of euros

	On demand	< 3 months	3-12months	1-5 years	> 5 years	Total
Assets						
Cash and balances with central banks	393,960	7,830	-	-	-	401,790
Loans and advances to banks	4,039	5,811	-	-	-	9,850
Loans and advances to customers	891	226,376	11,699	259,412	819,784	1,318,162
Debt securities at amortized cost	-	-	26,514	-	1,197,600	1,224,114
Total of undiscounted financial assets	**398,890**	**240,017**	**38,213**	**259,412**	**2,017,384**	**2,953,916**
Liabilities						
Due to banks	-	275,046	100	633,759	-	908,905
Due to customers	-		218,241	-	-	218,241
Total of undiscounted financial liabilities	**-**	**275,046**	**218,341**	**633,759**	**-**	**1,127,146**

The table below shows the contractual expiry by maturity of NBE's commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

Commitments by contractual maturity:

As of 31 December 2024

Amounts in thousands of euros

	On demand	< 3 months	3-12 months	< 5 years	> 5 years	Total
Commitments by contractual maturity						
Commitment facility to The Norinchukin Bank	3,000,000	-	-	-	-	3,000,000
Loan commitments to customers	715,404	-	-	-	-	715,404
Total commitments	**3,715,404**	**-**	**-**	**-**	**-**	**3,715,404**

As of 31 December 2023

Amounts in thousands of euros

	On demand	< 3 months	3-12 months	< 5 years	> 5 years	Total
Commitments by contractual maturity						
Commitment facility to The Norinchukin Bank	3,000,000	-	-	-	-	3,000,000
Loan commitments to customers	970,696	-	-	-	-	970,696
Total commitments	**3,970,696**	**-**	**-**	**-**	**-**	**3,970,696**

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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 risks whose occurrence itself are subject to control and risks whose post-occurrence measures are subject to control.

Types of risks whose occurrence itself are subject to control:

Legal & Compliance Risk: Risk of impairment of the Bank's integrity, leading to damage the Bank's reputation, legal or regulatory sanctions, or financial loss caused by:

- contractual liabilities, contractual obligations that are defaulted, which cannot be enforced as intended, or are enforced in an unexpected and/or adverse way
- liability (tort) towards third parties due to an act or omission contributable to the Bank
- a failure (or perceived failure) to comply with applicable laws, regulations, and standards
- a lack of awareness of the rules and regulations applicable to the existing or new business activities of the Bank
- ineffective compliance culture
- missing or ineffective (key) controls and monitoring.

System Risk: Risk of financial loss, regulatory sanctions or reputational damage caused by:

- inadequate design, development and/or usage of IT systems of the Bank
- discontinuity of IT systems
- unauthorized use of IT systems
- severe events and/or threats (for example cybercrime) disrupting the normal course of business.

Information leakage risk: Risk of financial loss, regulatory sanctions or reputational damage caused by:

- inadequate use of IT systems
- IT application/software failure
- loss of physical data carriers and/or documents
- (un)intentional leakage of data, resulting in (potential) breaches of privacy law that have to be reported to the Dutch Data Protection Authority.

Administrative risk: Risk of financial loss, regulatory sanctions or reputational damage caused by:

- ineffective organization structures, governance procedures and processes (including unclear roles and responsibilities and inadequate reporting structure)
- ineffective monitoring and enforcement of risk mitigating measures
- failure to perform administrative processing in accordance with procedures
- the occurrence of accidents or misconduct by employees
- deliberate abuse of procedures, systems, assets, products and/or services of the Bank's Employees who intend to deceitfully or unlawfully benefit themselves or others, caused by insufficient awareness, missing (key) or ineffective controls to recognize and prevent fraud
- deliberate abuse of procedures, systems, assets, products and/or services of the Bank's external parties (clients, potential clients or other third parties, including vendors and outside agencies) who intend to deceitfully or unlawfully benefit themselves or others, caused by insufficient awareness, missing (key) or ineffective controls to recognize and prevent fraud
- failed (transaction) processing (input, execution, output) caused by missing and/or ineffective (key) process controls to ensure the completeness and accuracy of the reported financial and/or management information
- missing and/or ineffective (key) process controls concerning new and existing products, services and sales practices, related processes and system implementation.

Human risk: Risk of financial loss, regulatory sanctions or reputational damage due to criminal and environmental threats that might endanger the security or safety of employees while performing duties at the office, when travelling for business purpose or for expatriates in private life caused by:

- labor practices
- unsafe work conditions, business travel and events, and an insecure workplace
- misconduct by directors or employees.

Risk of interruption in operations, financial loss, regulatory sanctions or reputational damage caused by:

- loss of expertise and knowledge
- reliance on a limited number of key employees with specific knowledge vital to safeguard the Bank's operations
- high turnover
- lack of appropriate training and development of skills.

Physical asset risk: Risk of financial loss, regulatory sanctions or reputational damage caused by:

- impairment of physical assets
- criminal and environmental threats
- defects in the managements of assets.

Outsourcing risk: Risk of financial loss regulatory sanctions or reputational damage caused by:

- missing and/or ineffective (key) process controls which ensure the effective cooperation with the outsourcing service provider (whether such party is a member of The Norinchukin Group or a third party), including in the case of an exit from that outsourcing service provider.
- the contractual arrangement between the Bank and the outsourcing service provider not covering all liabilities and contractual obligations
- failure by the outsourcing service provider to perform administrative processing in accordance with the contractual arrangement
- loss of organizational knowledge concerning the subject matter of the outsourced activities 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.

Types of risks whose post-occurrence measures are subject to control:
Business continuity risk: Risk of financial loss, regulatory sanctions or reputational damage caused by severe events such as natural disasters directly or indirectly effecting the Bank and/or its outsourcing partners lack of appropriate back-up measures (at the Bank and/or its outsourcing partners).

Reputational risk: Risk of financial loss caused by (regulatory) sanctions, fines, lawsuits, media reports, (false) rumors, or malicious statements related to its activities.

Regulatory changes risk: Risk of impairment of the Bank's integrity, leading to damage to the Bank's reputation, legal or regulatory sanctions, or financial loss caused by changes in existing regulation applicable to the Bank, changes to applicable regulations as a result of change in the Bank's business activities (i.e. new products or markets) or introduction of new regulation to the Bank.

Risks associated with the cooperative system: Risk of financial loss, regulatory sanctions or reputational damage caused by:

- missing and/or ineffective (key) process controls which ensure the effective operations of the cooperative system.

For the period ended 31 December 2024, similar to category 1 and category 2 risks, the risk profile of NBE was limited. It is emphasized that reputational concerns were taken into consideration when the Risk Universe was constructed. NBE regards reputational 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 risk management framework.

There were no operational incidents with significant losses in 2024, similar to previous years. The number of smaller incidents also remained stable. NBE has an annual Risk Control Self- Assessment (RCSA) process for the assessment of risks and controls.

Regulatory compliance & integrity risk are addressed, amongst others, by minimizing ex-post impact through information gathering of such changes, appropriate management of the compliance framework and timely and appropriate disclosure. During the annual SIRA process all risks and controls are assessed.

On Incident Register, there are 14 records in 2024, all within ICT and Security domain. Two of the cases are classified as Level 2 (scale 1 to 4) and others are classified as either Level 1 (lowest level of incident) or Close call. Every day new threats and risks are arising in the Security Domain. Because of this nature of the topic, ICT and Security processes requires constant attention.

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.

Maintaining customer trust as a financial institution.

Independent auditor's report

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

Report on the audit of the financial statements 2024 included in the annual report

Our opinion

We have audited the accompanying financial statements 2024 of Norinchukin Bank Europe N.V., based in Amsterdam, the Netherlands.

In our opinion the financial statements give a true and fair view of the financial position of Norinchukin Bank Europe N.V. as at 31 December 2024 and of its result and its cash flows for 2024 in accordance with IFRS Accounting Standards as adopted in the European Union (IFRS Accounting Standards) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The statement of financial position as at 31 December 2024
- The following statements for the year ended 31 December 2024: the statements of profit or loss, comprehensive income, changes in equity and cash flows
- The notes comprising material accounting policy information and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the 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 for professional accountants).

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 and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Norinchukin Bank Europe N.V. (hereinafter: Norinchukin Bank Europe or the company) is a licensed credit institution in the Netherlands. The company performs activities in three main business areas in (continental) Europe: Food and Agriculture (F&A) banking business, Structured finance business and Euro funding business. The company is a wholly-owned subsidiary of The Norinchukin Bank, based in Tokyo, Japan, which serves as the national-level financial institution for agricultural, fishery, and forestry cooperatives in Japan.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€10 million
Benchmark applied	0.5% of total shareholder's equity as at 31 December 2024
Explanation	Based on our professional judgment and our perception of the common financial information needs of users of the financial statements, a benchmark of 0.5% of total shareholder's equity 2024 is an appropriate quantitative indicator of materiality as it best reflects the financial position of the company.

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 € 0.5 million, 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.

Teaming and use of specialists

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a licensed credit institution. We included specialists in the areas of IT audit, forensics, income tax and have made use of our own experts in the areas of credit risk modelling, valuation of financial instruments and regulatory reporting.

Our focus on climate-related risks and the energy transition

Climate change and the energy transition are high on the public agenda and lead to significant change for many businesses and society. The Management Board summarized the company's commitments and obligations, and reported in section "Sustainability" of the Report of the Management Board and the Appendix Climate-Related Disclosure how the company is addressing climate-related and environmental risks, also taking into account related regulatory and supervisory guidance and recommendations.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the possible effects of the energy transition are taken into account in estimates and significant assumptions. Furthermore, we read the Report of the Management Board and the Appendix Climate-Related Disclosure and considered whether there is any material inconsistency between the non-financial information in the annual report and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgements, estimates or significant assumptions as at 31 December 2024.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. 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.

Our audit response related to 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 company and its environment and the components of the system of internal control, including the risk assessment process and the Management Board'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”, subsection 'Category 3 – Non-Financial Risk' of the financial statements for the management board's (fraud) 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 the Norinchukin Code of Ethics, whistleblower (SpeakUp) procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness 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 in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

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.

We addressed the risks related to management override of controls, as this risk is present in all organizations. For these risks we have, among other things, performed procedures to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 1 under "Significant judgements and estimates" of the Notes to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. We concluded that the recognition of fee and commission income from Loan commitments in particular gives rise to such risks. We designed and performed our audit procedures relating to revenue recognition responsive to this presumed fraud risk that included testing, on a sample basis, transactions with underlying supporting contractual documentation.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal & compliance, human resources and the audit and risk committee of the Supervisory Board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the Management Board, inspection of the systematic integrity risk analysis (SIRA), reading minutes, inspection of internal audit and legal & compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern
As disclosed in Note 1 under "Basis of preparation" of the Notes to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the Management Board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the Management Board exercising professional judgment and maintaining professional skepticism. We considered whether the Management Board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern and whether the company will continue to comply with prudential requirements. 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.

Based on our procedures performed, we did not identify material uncertainties about going concern. 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 a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

Estimation of expected credit losses on loans and advances to customers and related disclosures	
Risk	Loans and advances to customers are measured at amortized cost, less impairment allowances for expected credit losses. The loans and advances to customers consist of structured finance loans and corporate loans to F&A banking customers. As at 31 December 2024 the total loans and advances to customers amounted to EUR 1.7 billion with an allowance for expected credit losses of EUR 0.6 million reported and disclosed in Note 4 of the Notes to the financial statements. As disclosed in section 1 Accounting policies, subsection 'Impairment of financial assets' of the Notes to the financial statements, the company calculates expected credit losses based on assumptions such as the probability of default, the loss (shortfall) given default, the exposure at default, the allocation of loans to stages and the use of macro-economic scenarios and forward-looking information. Further detail about credit risk is provided in section "Risk Management", subsection "Category 1 – Capital, Credit & Market Risk" of the financial statements. The appropriateness of impairment allowances for expected credit losses is a key area of judgment for the Management Board. In particular, a significant degree of management judgement is required for the identification of expected credit losses, the determination of a significant increase in credit risk and the selection of macro-economic scenarios. Calculating expected credit losses therefore is an inherently uncertain process involving various assumptions and factors including the internal credit rating model. The use of alternative modelling techniques and assumptions could produce significantly different levels of the allowance for expected credit losses. Given the relative size of the loans and advances to customers of Norinchukin Bank Europe, the complex accounting requirements with respect to calculating allowances for expected credit losses and related disclosures and the subjectivity involved in the judgments made, we considered this to be a key audit matter.
Our audit approach	Our audit procedures included, amongst others, evaluating the appropriateness of the company's accounting policies related to the estimation of the allowance for expected credit losses in accordance with IFRS 9 'Financial Instruments' and whether the accounting policies have been applied consistently. We have obtained an understanding of the loan loss provisioning process and evaluated the design and tested operating effectiveness of controls across the processes relevant to the expected credit loss calculations, and performed substantive procedures, such as individual credit file reviews to validate the correct allocation to stages and the internal credit rating. We performed an overall assessment of the provision levels by stage to determine if they were reasonable considering the risk profile of the portfolio, arrears management and credit risk management reporting. We tested the data used in the calculation of expected credit losses by reconciliation to source systems. We challenged management on their judgement in key accounting policy choices in the areas of what is considered to be a significant increase in credit risk including relevant default definitions. With the support of our credit risk modelling specialists, we evaluated the appropriateness of the models used by the company for collectively determined allowance and verified whether the model was adequately designed and implemented. With respect to the forward-looking macroeconomic scenarios and the application of probability-weighted outcomes, we challenged the inputs with economic information from independent sources. Finally, we evaluated the completeness and accuracy of the disclosures relating to the impairment allowances for expected credit losses in accordance with the disclosure requirements of IFRS 7 'Financial instruments: disclosures'. In particular we evaluated that the disclosures adequately convey the degree of estimation uncertainty and the range of possible outcomes under the different macro-economic scenarios.
Key observations	Based on our procedures performed we consider the impairment allowances for expected credit losses on loans and advances to customers and related disclosures to be reasonable and in accordance with IFRS Accounting Standards.

Reliability and continuity of the information technology and systems	
Risk	The activities and financial reporting of Norinchukin Bank Europe are highly dependent on the reliability and continuity of information technology and systems. Effective general IT-controls with respect to change management, logical access, infrastructure and operations, are important to support the integrity and continuity of the electronic data processing as well as the operating effectiveness of the automated controls and accuracy of financial reporting. There is a risk that the general IT controls may not always operate as intended and, as a result, are ineffective. Based on the above, we identified the reliability and continuity of the information technology and systems as a key audit matter.
Our audit approach	IT audit professionals are an integral part of the audit team and assessed the reliability and continuity of the information technology and systems to the extent necessary for the scope of our audit of the financial statements. Our audit was not primarily designed to express an opinion on the continuity and reliability of the company's automated data processing (or parts thereof). As part of our audit procedures, we assessed the impact of changes to the IT environment during the year. Furthermore, we performed the following procedures: • Evaluating the design and testing the operating effectiveness of general IT controls for the main IT processes. This was done for the IT applications in scope of our financial statements audit as well as for the underlying operation systems including database management and tooling supporting the IT processes. • Reviewing relevant reports of vendors on the design and operating effectiveness of internal controls when one or more of the main IT processes have been outsourced. • Designing and executing IT substantive procedures when IT controls where lacking or not operating effectively. • Testing application controls over data processing, data feeds and interfaces were relevant for the financial reporting. • Evaluating key IT related projects relevant to the financial statements audit. Our audit was not aimed at making a statement about cybersecurity procedures. However, we did obtain an understanding of the cybersecurity procedures, controls and reporting as performed by Norinchukin Bank Europe.
Key observations	Based on our procedures performed, we have obtained sufficient and appropriate evidence relating to the reliability and continuity of the information technology and systems relevant for our audit of the annual financial statements.

Report on the other information included in the annual accounts

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

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 the information as required by Part 9 of Book 2 of the Dutch Civil Code for 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.

The Management Board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were appointed by the shareholder as auditor of Norinchukin Bank Europe N.V. on 12 January 2024, as of the audit for the year 2024.

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 the Management Board and the Supervisory Board for the financial statements

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

As part of the preparation of the financial statements, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the 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 engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material misstatements, whether due to fraud or error 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 judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- 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 the Management Board
- 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

Communication
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 identify during our audit. In this respect we also submit an additional report to the Audit and Risk Committee of the Supervisory Board 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, 27 May 2025
EY Accountants B.V.

Signed by P.J.A.J. Nijssen

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, covering governance, strategy, risk management and key metrics on climate risks of NBE. As environmental risks is also emerging and emphasizes by the regulators, NBE also includes the information on environmental risks to ensure a comprehensive perspective on C&E risks. This disclosure is not subject to the external auditor's review or audit procedures.

Governance

The roles and responsibilities of climate-related matters follow the general governance of sustainability, which encompasses executives, committees and all relevant divisions across three lines of defense.

NBE's Supervisory Board has an oversight role regarding sustainability matters. Supervisory Board receives regular updates from the Management Board on sustainability strategy; material impacts, risks and opportunities (IROs); reporting and in specific urgent cases.

Management Board is responsible for sustainability-oriented management. Management Board ensures the 'tone at the top' through development of governance arrangement in accordance with the three lines of defense within NBE. Management Board also sets the sustainability ambition and is accountable for the Bank's sustainability strategy and roadmap.

Regarding specific C&E topics, the roles and responsibilities of Supervisory Board and Management Board is presented in the graph below.

Supervisory Board (SA) / Audit & Risk Committee
Change of Governance on C&E risk, amendment to Sector Policy, Risk Appetite Statement (RAS) approval

Management Board (MB)
Decision on C&E related strategy, direct or co-ordinate activities to deliver the strategy, policy change approval on C&E risk

Risk Management Committee

- Review and discussion on the Bank's risk framework including C&E risk
- Discussion on RAS
- Review and discussion on the C&E Risk Materiality Assessment for all risk spheres

Credit Committee

- Discussion and monitoring on C&E risk regarding the Bank's credit portfolio
- Discussion on Sector Policy

Other Committee

- IT & Operation (IT & OP) Committee: Discussion on business continuity plan (BCP), C&E data management.
- Asset and Liability Management (ALM) Committee: Detailed discussion on C&E related topics on liquidity / market

Sustainability Taskforce (STF)
Cross-functional/divisional activities in C&E related agendas

Committees of Management Board are the places for specific discussion related to climate topics:

Risk Management Committee

Risk Management Committee (RMC) is mandated to review and discuss the bank's Risk Framework including ESG and sustainability risks management following NBE's Risk Appetite Statement (RAS). The identified material risks and opportunities shall be reviewed and closely monitored by RMC regularly.

Credit Committee

Credit Committee is mandated to discuss and monitor financial risks of the Bank's credit portfolio related to the physical consequences of climate change (physical risks), the transition to a carbon-neutral economy (transitional risks), as well as risks arising from social and governance as assessing credit transactions and reviewing credit portfolio to adhere credit risk taking of the Bank to its RAS.

Other Committees

Other committees (Information Technology and Operation (IT&OP), Asset and Liability Management (ALM), and Compliance and Regulatory Risk (CRR) Committee) may discuss sustainability issues which are relevant to the committee according to their needs such as amendments to policies under their umbrellas.

The Sustainability Task Force (STF) is a cross-functional/ divisional team that consists of members from Risk Management Division, Credit Risk Management Division, Planning Division, Corporate Banking Division, and other division heads. It works as an information sharing forum with sustainability expertise and is supporting the integration of sustainability topics. It advises and aligns different sustainability activities within NBE.

STF facilitates the implementation of sustainability decisions across NBE and in their domains and provides advice on implementation plans for key sustainability topics.

Strategy

NBE performs sustainability-oriented management to contribute to a sustainable environment and society, which represents the foundation of Norinchukin Group's operations. The Norinchukin Bank, through its high-level policies, is the most important driver for NBE's sustainability strategy. The engagement with the parent on the subject of sustainability is frequent and on multiple levels. It is focused on policy alignment, target setting and policy execution. Second in importance are the regulators. ECB and DNB launched several initiatives which required NBE to explain its sustainability policies and risk management approach to climate and environmental risks. Regulatory feedback has led to improvement projects to address identified deficiencies, such as the development of C&E Risk Materiality Assessment over time based on DNB feedback.

NBE's strategy is also guided by sustainability initiatives in which it participates or which it supports. By extension, NBE also participates in and supports these initiatives which, in turn, guide its sustainability strategy. The most important initiatives from NBE's perspective are:

- Equator principles: framework for assessing and managing environmental and social risks used in NBE's project finance portfolio.
- Task Force on Climate-related Financial Disclosures (TCFD): Recommendations on climate-related disclosures used in NBE's annual report.
- Partnership for Carbon Accounting Financials (PCAF): framework for measurement and disclosure of financed greenhouse gas (GHG) emissions, used in NBE's annual report and based on the GHG protocol.
- Taskforce on Nature related Financial Disclosure (TNFD): Recommendations on nature related disclosures used in Climate & Nature Report from The Norinchukin Bank in Tokyo.

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.

Climate-related risks commonly comprise two main risk drivers: physical risk and transition risk. 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.

Globally, environmental risk is also another growing concern. NBE enhanced the methodology of Climate and Environmental (C&E) Risk Materiality Assessment and conducted the assessment annually since 2023. Further details of the assessment can be found in the section below.

Assessment on Climate Risk

NBE's assessment on Climate risk is an ongoing process through which NBE identifies and evaluates risks that have the potential to significantly impact our operations, reputation, or financial performance. This assessment helps NBE to prioritize efforts and allocate resources accordingly to manage these risks effectively.

In the assessment on the current portfolio of NBE, predominantly corporate loans and project finance the impact is based on the combination of:

1) Probability of the event occurring in the orderly (net zero) and the hot house scenario in the short, medium or long term;
2) The magnitude of the financial loss this event might potentially trigger for NBE.

The combination of both scores in are calculated and results in an impact for each scenario for the short, medium and long term. The assessment reviews Credit, Market, Operational risk, Liquidity risk, Strategic risk and Market risk. The assessment further makes a distinction between Transition, Physical, Environmental, Reputational and Litigation risk.

In the assessment two NGFS reference climate scenarios are used for evaluating economic impacts and financial risks arising from climate change. The scenarios explore different assumptions about climate policy, emissions, and temperatures, and are categorized into orderly, disorderly, too little too late, and hot house world scenarios. NBE chose to use the orderly (net zero) and the hot house scenario:

- The Net Zero Scenario envisions a future where global greenhouse gas (GHG) emissions are reduced to net zero by 2050, in alignment with the European Union's commitment to the Paris Agreement, represents a proactive and coordinated effort to mitigate climate change and limit global warming to 1.5°C above pre-industrial levels, fostering a sustainable and resilient economic environment.
- The Hot House Scenario describes a future characterized by high greenhouse gas (GHG) emissions, leading to significant global warming, typically exceeding 2°C and potentially reaching 3°C or more by the end of the century.

NBE uses a scale classification of materiality; High, Moderate-High, Moderate, Moderate-Low and Low.

The table below shows the outcome of the assessment:

Ex. Summary - Average classification

		Net Zero			Hot House		
Risk Type	*Risk Driver*	*Short*	*Medium*	*Long*	*Short*	*Medium*	*Long*
Credit Risk	Transition	Moderate High	Moderate High	High	Moderate Low	Moderate	Moderate High
Credit Risk	Physical	Low	Low	Low	Moderate Low	Moderate Low	Moderate Low
Strategic Risk	Transition	Moderate Low	Moderate Low	Moderate	Moderate Low	Moderate Low	Moderate Low
Strategic Risk	Physical	Low	Low	Low	Low	Moderate Low	Moderate Low
Liquidity Risk	Transition	Moderate Low	Moderate Low	Moderate Low	Low	Moderate Low	Moderate Low
Liquidity Risk	Physical	Low	Low	Low	Low	Low	Low
Market Risk	Transition	Low	Low	Moderate Low	Low	Moderate Low	Moderate Low
Market Risk	Physical	Low	Low	Low	Low	Moderate Low	Moderate Low
Operational Risk	Transition	Low	Moderate Low	Moderate Low	Low	Moderate Low	Moderate Low
Operational Risk	Physical	Low	Low	Low	Moderate Low	Moderate Low	Moderate
Litigation Risk	Litigation	Moderate Low	Moderate Low	Moderate	Low	Low	Low
Reputational Risk	Reputation	Moderate Low	Moderate Low	Moderate Low	Moderate Low	Moderate Low	Moderate Low
Environmental beyond climate	Environmental	Low	Low	Low	Low	Moderate Low	Moderate

As presented in the table, only Credit Risk is material for NBE mainly driven by transition risk through the transmission channel "Rapid advancement and decreasing costs of renewable energy technologies". Given that NBE's portfolio is largely focused on green energy, such technology upgrade could introduce significantly lower costs for renewable energy and sustainable projects affecting the return on investments. Other risk types are deemed as immaterial in this assessment.

The further scenario analysis on climate risks following The Norinchukin Bank methodology is presented in section "Strategy resilience taking into account different climate scenarios" in this chapter.

Positive impacts and opportunities rising from climate change

Climate change brings systemic risk towards the Bank, but at the same time, NBE can find opportunities in mitigating and adapting to this climate risk. One example is the potential for electricity generations from renewable energy. The shift from conventional thermal power to offshore wind power generation will lead to corporate lending opportunities for NBE. Via the investment in renewable power projects, NBE can also bring positive impacts towards the environment and society by supporting the decarbonization transition.

This is one of the examples which NBE can support the transition to a decarbonized society through financing services. NBE is actively exploring other transition financing opportunities.

Strategy resilience taking into account different climate scenarios

NBE performs a quantitative assessment of climate risk to determine the financial impact on NBE's financial portfolio from the asset level. The methodology of this quantitative assessment largely aligns with the one in The Norinchukin Bank in Tokyo. This quantitative assessment is assisted by The Norinchukin Bank in Tokyo, Japan and is undertaken on an annual basis.

Methodology

Financial risks from climate change arise for NBE through two primary channels: physical risk and transition risk. In order to quantify the financial impact of transition and physical risks, scenario analysis is used and ECL increase against FY2024 due to climate change over the forecast period is chosen as an indicator to quantify the climate risk.

Transition Risk Analysis

NBE adopts NGFS Phase 4 Scenarios (i.e. Current Polices, Delayed Transition and Net Zero 2050), which provide granular data on energy, land-use, greenhouse gas emissions and temperature (transition pathways). NGFS Scenarios were chosen based on: 1) NGFS scenarios are widely used by Central Banks and Supervisors; 2) NGFS scenarios allow for comparability across jurisdictions; and 3) NBE's future planning consideration.

NBE is then assisted by The Norinchukin Bank to perform the quantitative assessment. The Norinchukin Bank selected the high-risk power, oil-gas-coal and chemical sectors as well as the food and agriculture and beverages sectors. The transition risk analysis can be conceptualized as the following process:

Step 1: NBE selected clients for analysis based on above four sectors and the bank's financial portfolio as of YE2024. NBE then prepared individual company data and external scenario data.

Step 2: Based on the data from Step 1, NBE conducted an analysis using the quantitative transition risk model provided by The Norinchukin Bank.

Step 3: In the third step, NBE conducted an analysis of the medium to long term (until 2050) financial condition of each target company. Our calculations reflected the level of net sales, expenses, investments, etc. NBE then performed an assessment of credit ratings of each target company based on the forecast of the financial condition of each company under all three scenarios.

Step 4: In the last step, NBE then utilizes the estimated credit rating of the target company to calculate the ECL increase over the forecast period against ECL of the last financial year under all three scenarios.

Physical Risk Analysis

We analyzed acute risk related to flood damage, which has caused significant problems in recent years.

NBE is assisted by The Norinchukin Bank to perform the physical risk assessment. The physical risk analysis can be conceptualized as the following process:

Step 1: NBE identified sectors that are highly vulnerable to floods based on their business. For example, advertising was excluded from the analysis due to limited potential sales loss in floods.

Step 2: NBE identified critical sites that would experience a decline in sales in the event of flood damage for the sectors identified in Step 1. For instance, NBE assumed that plants are critical sites as they serve as the foundation of the manufacturing industry. Then NBE identifies the geographical locations of the critical sites.

Step 3: NBE calculated the extent of damage for the critical sites identified in Step 2 based on the degree of impact from the flooding. The total amount of damage was calculated for each company across all the critical sites. Then, the total amount of damage was used to adjust each company's latest annual financial statements.

Step 4: NBE estimated the credit ratings of each company based on the adjusted annual financial statements from Step 3. Then, NBE utilized the estimated credit rating of each company to calculate the increase in ECL compared to the ECL of the last financial year.

Outcomes

Based on the above process, the results of the quantitative assessment of climate risk are demonstrated in below table.

	Risk events	Scenarios	Sectors	Target of Analysis	Horizon	Risk Indicator	Results	
Transition Risk	Transition risk refers to financial losses that an institution may incur, directly or indirectly, as a result of the process of adjustment towards a lower carbon and more environmentally sustainable economy.	**Net Zero 2050 scenario, Delayed transition scenario, Current policies scenario** aligned to Network for Greening the Financial System (NGFS) "Phase 2" Scenarios	Energy (Electricity, Oil-Gas-Coal), Food and agriculture, Beverages, Chemicals	**Corporate Finance:** Borrower (if there is no guarantor) or Guarantor who bears the ultimate risk **Project Finance:** Main Off-taker	Up to 2050	Credit cost	Net Zero 2050 scenario	€ 108.724
							Delayed transition scenario	€ 9,789
							Current policies scenario	€ -

	Risk events	Scenarios	Sectors	Target of Analysis	Horizon	Risk Indicator	Results
Physical Risk	Acute Risk: Flood Damage	**IPCC RCP 8.5** *Intergovernmental panel on Climate Change	All NBE Sectors	**Corporate Finance:** Borrower (if there is no guarantor) or Guarantor who bears the ultimate risk **Project Finance:** Main Off-taker	Up to 2100	Credit cost	€ 2,795

In conclusion, NBE's financial portfolio as of 31 December 2024 bears a limited transition risk and a limited physical risk. Therefore, NBE's financial portfolio shows a good resilience to climate-related risk.

The limited transition risk is because NBE's lending portfolio as of FY2024 mainly consists of the exposure in utilities (renewable electricity) sector which has limited transition risk. The main contributor of the transition risk under Net Zero 2050 scenario are the off-takers from Project Finance and their credit strength is expected to mildly deteriorate over the forecast period due to their CAPEX needs for Net Zero transit.

With regards to physical risk – acute risk – flood damage, the main contributor of the physical risk is also the clients from the corporate banking.

Risk management

NBE has included C&E risks in business models & strategy, governance and risk management, meaning alignment with the ECB expectations for Climate and Environmental risk management. NBE's aim is to fully align with all supervisory expectations of the ECB Guide by end of 2025.

Identification, assessment and management of climate-related risks

NBE has conducted the C&E Risk Materiality Assessment to identify the possible impact of climate and environmental risks. The analysis covers the full risk spectrum including credit, market, liquidity, operation, strategic, litigation and reputational risks. See also section "Assessment on Climate Risk" in this chapter.

NBE's mitigation climate and environmental risk happens on two levels: the portfolio level and the individual customer level. The Credit Risk area is the most relevant risk in terms of 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 identify climate-related risk for the transactions in sectors that outside of Sector Policy.
- In the loan onboarding stage, there is a specific process to guide the climate and environmental risk assessment.
- NBE is developing its climate stress test framework to quantitatively identify climate-related risks according to the requirements of ECB guidance.
- Credit Risk Report is monitoring 3 climate-related thresholds: 1) GHG emissions (Scope 1, 2 & 3); 2) CO2 intensive sectors as a percentage of the loan portfolio; 3) eligibility for Green Deposit.

The integration into the Bank's overall risk management

Following the regulatory expectation that urges us to meet the ECB sub-expectations, NBE further enhanced the integration of Climate-related risk management into the Bank's overall risk management over FY2024.

- NBE's First Line utilizes C&E Materiality Assessment results to construct their business plan.
- NBE's Second Line includes climate-related risks in identifying, assessing, and managing its credit approval process. Second Line established overall governance and related policies following ECB sub-expectations and integrated Materiality Assessment results into the consideration of NBE's ICAAP and ILAAP.
- NBE's Third Line closely follows up the development of NBE's climate-related risk management and performs an internal audit during the audit cycle of 2023-2024.

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 regards 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 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 on 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.

In December 2022, PCAF launched a standard for reporting on sovereign bonds. During 2023, NBE developed a model for estimating sovereign bond financed emissions based on the aforementioned PCAF standard. However, we have not included the estimated financed emissions of sovereign bonds in the GHG emission reporting below. This is because NBE primarily holds sovereign bonds for liquidity management purposes and has limited ability to influence the climate outcomes of these nations.

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 including fuel and mobile consumption. As NBE does not use gas or 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 in 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**	**2024**	**Unit**
	Scope 1		
	Total Scope 1	**-**	**tC02e**
	Scope 2		
	Electricity	88	tC02e
	Heat & Cold	9	tC02e
	Total Scope 2	97	tC02e
	Total Scope 1 + 2	**97**	**tC02e**
Best practices light	**Scope 3**		
	Business Travel	52	tC02e
	Financed emissions	435,054	tC02e
	Total Scope 3	**435,106**	**tC02e**
	Avoided emissions	**75,836**	**tC02e**
	Total Scope 1+2+3	**435,203**	tC02e

Best practices full	**GHG metrics dashboard**	**2024**	**Unit**
	Scope 1	**-**	
	Total Scope 1	**-**	**tC02e**
	Scope 2		
	Electricity location-based	88	tC02e
	Electricity market-based	17	tC02e
	Heat	9	tC02e
	Total Scope 2 (location-based)	**97**	**tC02e**
	Total Scope 2 (market-based)	**26**	**tC02e**
	Total Energy Consumption (kWh)	**226,135**	**kWh**
	Average energy intensity	**164**	**kWh/m2**
	Average emission intensity (Scope 1+2) per FTE	**1**	**tC02e/FTE**
	Scope 3		
	Business Travel	52	tC02e
	Financed emissions	435,054	tC02e
	Avoided emissions	**75,836**	**tC02e**
	Total Scope 3	**435,106**	**tC02e**

Sumary of Financed Emissions	2024				
Asset Class	Total Outstanding Loans Covered (EUR mn)	Scope 1 + Scope 2 emissions (tCO2e)	Scope 3 emissions (tCO2e)	Coverage %	Data Quality Scores
Bussiness Loans	374	48,236	324,018	100%	2.00
Project Finance	1,355	55,438	7,362	100%	3.05
Total	**1,729**	**103,674**	**331,380**	**100%**	**2.83**

Climate-related risk metrics

NBE monitored CO2-intensive sectors during FY2024, further improved its monitoring of climate-related risk metrics, continued to monitor GHG emission intensity for Scope 1, 2, and 3 respectively, and maintained a Climate-related Risks Heat Map on a regular basis.

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 a 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 December 2024. 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 December 2024:

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