



NORINCHUKIN BANK
EUROPE N.V.

**Pillar III
report
2022**

Dedicated
to **sustaining**
all life.

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1. Introduction

This document is the Pillar III disclosure for the Norinchukin Bank Europe N.V. (hereafter "NBE") and prepared in accordance with the requirements under the REGULATION (EU) No 575/2013. This report should be read in conjunction with our Annual report 2022. With these two reports we fulfil the disclosure requirements as laid down in the CRR (Capital Requirement Regulation) part eight (disclosures by the institution) and additional EBA guidelines.

Our Risk management foundation and approach are described in the Annual report 2022. However, in this Pillar III report we have included these sections which give a concise insight in our risk appetite and serves as background information to better understand the presented disclosures.

All amounts are prepared in thousands of euros (unless stated otherwise), which is NBE's functional and presentation currency.

When preparing the information presented in this report, we have applied NBE's control framework to guarantee the quality. The templates presented in this report have been reconciled with submitted supervision reports to DNB such as Corep, Finrep, Encumbered Assets, LCR, NSFR and Leverage ratio.

We have used the official templates and the mapping tool provided by the EBA to prepare the disclosures. Due to the limited number of products and clients, the information that needs to be reported for this reporting period is limited. We do therefore not present the reporting templates with null nature (e.g. empty rows and columns) as those are not applicable for NBE in this document.

NBE started its banking operations in September 2020 with a limited number of products (like repurchase transactions, investments in EU Government bonds and withdrawable at the central bank) and a limited number of clients/counterparties. In 2021 and 2022

NBE expanded its business with project finance and corporate lending to customers in the exposure class Corporates. The risk profile of NBE was limited as NBE was primarily focused on building up its banking activities.

NBE does not hold any non-performing, forborne and past due exposures at the reporting date. Templates for these kinds of exposures are therefore not presented in this document.

For accounting purposes, a financial instrument is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial instrument have occurred since origination or purchase and it is no longer probable that the NBE will be able to collect all principal and interest amounts due in accordance with the contractual terms of the financial instrument.

NBE applies the standardized approach when determining the capital requirements, therefore the IRB (Internal Rating Based) related templates are not applicable for NBE. Rating agencies that are used by NBE under the Standardized approach include Standard & Poor's, Moody's and Fitch.

To determine the own funds requirements for operational risk NBE applies the Basic indicator approach as laid down in CRR article 315.

There is no difference between the accounting scope and the scope of prudential consolidation. NBE has not consolidated any entity as it has no subsidiaries or other entities that fit the consolidation criteria.

Covid-19

In response to the need to address negative economic consequences of the COVID-19 pandemic, the European Union (EU) and Member States have introduced a wide range of mitigating measures to support the real economy and the financial sector. As part of such

measures, some Member States have introduced legislative moratoria on loan repayments granting the borrowers various forms of payment holidays on their existing loans. In the other Member States similar measures have been introduced under individual institutions' industry-coordinated initiatives. Many Member States have also introduced various forms of public guarantees to be applied to new lending. These measures had no impact on NBE as we just started our business in September 2020 and have no business that is impacted by the Covid-19 pandemic.

The Russian invasion of Ukraine

The Russian invasion of Ukraine is impacting financial markets; however it has limited impact on NBE's finance and business operations since NBE does not have the related direct exposures. NBE closely monitors the long-term effect of the Russian invasion of Ukraine on macroeconomics, such as higher oil and gas prices, which might affect business condition and credit worthiness of clients/counterparties.

The impact of global rate hikes

The impact of global rate hikes on NBE's assets and liabilities is mainly related to NBE's own government bond investments which are categorised as Held to Maturity. NBE's own government bond investments aim to generate stable interest income until their maturity, and NBE has more than sufficient capital in place to mitigate the unrealized losses. Our client businesses have a limited interest rate mismatch.

Management Statement

NBE describes Risk Management as "taking necessary measures to adjust risks, i.e., uncertain factors involved in achieving the managerial strategies and business policies, to a permissible level". This objective is stipulated in the NBE's Risk Management Policy. The Risk Appetite Statement (hereafter "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 identifies the risks related to the business strategy and defines the risk levels NBE is

willing to expose itself to into three categories: Capital, Credit & Market Risk (including interest rate risk in banking book), Liquidity & Funding Risk as well as Non-Financial Risk.

Management deems the risk management systems put in place adequate with regard to the institution's profile and strategy.

For the period ended 31 December 2022, the risk profile of NBE was limited as 2022 has been a year to primarily build up its banking activities. NBE started its business in September 2020 with Euro Funding business and commenced F&A Banking business and Structured finance business in 2021 and 2022 for which its exposure to risk bearing positions was well within the limits of NBE's risk appetite indicators. During 2021 and 2022 a gradual increase in the loan portfolio occurred, but also well within the pre-defined risk appetite; credit risk has no significant increase. NBE is well capitalised for future expansion. For our Euro funding business with repo and reverse repo all transactions are collateralized with high quality European government bonds and credit risk is well mitigated due to such transactional profile.

One of the material risks for NBE is the interest rate risk in banking book, which arises from our investments of capital funds in long maturity fixed income European government bonds and Supranational, sub-sovereign and agencies bonds. The foreign currency risk was not actively taken as growth of financial business assets is funded with the same currency, and NBE has some foreign currency exposure which FX positions are mostly hedged. Liquidity & Funding Risk in NBE is managed within the RAS by monitoring liquidity positions and maintaining good level of highly liquid collateral and cash. As for Non-Financial Risk, the risk profile "reputation risk" is not listed in a material risk category, reputational concerns were taken into consideration when the Risk Universe was constructed. NBE regards reputation damage as a potential secondary effect in the case that any risk materializes.

Overview of key metrics

NBE risk profile and risk positions are sound. Key metrics are well above minimum required levels. However due to the start-up nature of NBE the value of the key metric will decline but will be well above minimum levels. In the respective section we will provide a high level analyses of the movements of the key metrics in 2022 (compared to December 2021).

EU KM1 - Key metrics template

Amounts in thousands of euros unless otherwise stated.

		a	b	c	d	e
		2022-12-31	2022-09-30	2022-06-30	2022-03-31	2021-12-31
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	1.958.263	1.957.771	1.957.325	1.956.975	1.956.532
2	Tier 1 capital	1.958.263	1.957.771	1.957.325	1.956.975	1.956.532
3	Total capital	1.958.263	1.957.771	1.957.325	1.956.975	1.956.532
Risk-weighted exposure amounts						
4	Total risk exposure amount	1.244.226	1.191.082	954.362	583.615	471.718
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	157,4%	164,4%	205,1%	335,3%	414,8%
6	Tier 1 ratio (%)	157,4%	164,4%	205,1%	335,3%	414,8%
7	Total capital ratio (%)	157,4%	164,4%	205,1%	335,3%	414,8%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	44,4%	46,7%	51,3%	15,2%	15,2%
EU 7b	of which: to be made up of CET1 capital (percentage points)	25,0%	26,3%	28,8%	8,5%	8,5%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	33,3%	35,0%	38,4%	11,4%	11,4%
EU 7d	Total SREP own funds requirements (%)*	52,4%	54,7%	59,3%	23,2%	23,2%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2,5%	2,5%	2,5%	2,5%	2,5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0,0%	0,0%	0,0%	0,0%	0,0%
9	Institution specific countercyclical capital buffer (%)	0,1%	0,0%	0,0%	0,0%	0,1%
EU 9a	Systemic risk buffer (%)	0,0%	0,0%	0,0%	0,0%	0,0%
10	Global Systemically Important Institution buffer (%)	0,0%	0,0%	0,0%	0,0%	0,0%
EU 10a	Other Systemically Important Institution buffer (%)	0,0%	0,0%	0,0%	0,0%	0,0%
11	Combined buffer requirement (%)	2,6%	2,5%	2,5%	2,5%	2,6%
EU 11a	Overall capital requirements (%)	54,9%	57,3%	61,8%	25,7%	25,8%
12	CET1 available after meeting the total SREP own funds requirements (%)	148,5%	155,4%	195,5%	327,3%	406,8%

		a	b	c	d	e
		2022-12-31	2022-09-30	2022-06-30	2022-03-31	2021-12-31
Leverage ratio						
13	Total exposure measure	3.376.077	3.289.261	2.912.548	2.540.677	2.427.983
14	Leverage ratio (%)	58,0%	59,5%	67,2%	77,0%	80,6%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0,0%	0,0%	0,0%	0,0%	0,0%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0,0%	0,0%	0,0%	0,0%	0,0%
EU 14c	Total SREP leverage ratio requirements (%)	3,0%	3,0%	3,1%	3,0%	3,0%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	0,0%	0,0%	0,0%	0,0%	0,0%
EU 14e	Overall leverage ratio requirement (%)	3,0%	3,0%	3,1%	3,0%	3,0%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	3.815.972	3.853.234	3.899.317	3.842.986	3.620.676
EU 16a	Cash outflows - Total weighted value	1.292.646	1.277.843	1.263.474	1.250.296	1.235.768
EU 16b	Cash inflows - Total weighted value	64.657	48.608	37.924	48.929	79.250
16	Total net cash outflows (adjusted value)	1.227.989	1.229.236	1.225.550	1.201.367	1.156.518
17	Liquidity coverage ratio (%)	311%	313%	318%	320%	313%
Net Stable Funding Ratio						
18	Total available stable funding	2.490.291	2.349.339	2.252.105	1.991.167	1.986.500
19	Total required stable funding	1.024.231	917.873	775.502	521.132	418.838
20	NSFR ratio (%)	243,1%	256,0%	290,4%	382,1%	474,3%

* Total SREP own funds requirements (%) is calculated as higher of (a) the minimum percentage required as per SREP or, (b) Minimum Capital amount in euros as per SREP expressed as a percentage of Total Risk Exposure Amount (TREA).

Risk Exposure Amounts

NBE's Credit Risk Exposure increased predominantly due to the project finance and corporate lending business which started in 2021 and accelerated in 2022. Operational Risk remained more or less at the same level as 2021. Counterparty Credit risk is limited and relates entirely to the SFT business (repurchase and reverse repurchase transactions) via a Qualified Central Counterparty.

EU OV1 – Overview of total risk exposure amounts

		TOTAL RISK EXPOSURE AMOUNTS (TREA)	"TOTAL OWN FUNDS REQUIREMENTS"	TOTAL RISK EXPOSURE AMOUNTS (TREA)	"TOTAL OWN FUNDS REQUIREMENTS"
		a	c	b	d
		2022-12-31	2022-12-31	2021-12-31	2021-12-31
1	Credit risk (excluding CCR)	1.199.844	95.988	429.624	34.370
2	Of which the standardised approach	1.199.844	95.988	429.624	34.370
3	Of which the Foundation IRB (F-IRB) approach				
4	Of which slotting approach				
EU 4a	Of which equities under the simple riskweighted approach				
5	Of which the Advanced IRB (A-IRB) approach				
6	Counterparty credit risk - CCR	115	9	50	4
7	Of which the standardised approach				
8	Of which internal model method (IMM)				
EU 8a	Of which exposures to a CCP	115	9	50	4
EU 8b	Of which credit valuation adjustment - CVA				
9	Of which other CCR				
10	Not applicable				
11	Not applicable				
12	Not applicable				
13	Not applicable				
14	Not applicable				
15	Settlement risk				
16	Securitisation exposures in the non-trading book (after the cap)				

		TOTAL RISK EXPOSURE AMOUNTS (TREA)	"TOTAL OWN FUNDS REQUIREMENTS"	TOTAL RISK EXPOSURE AMOUNTS (TREA)	"TOTAL OWN FUNDS REQUIREMENTS"
		a	c	b	d
		2022-12-31	2022-12-31	2021-12-31	2021-12-31
17	Of which SEC-IRBA approach				
18	Of which SEC-ERBA (including IAA)				
19	Of which SEC-SA approach				
EU 19a	Of which 1250% / deduction				
20	Position, foreign exchange and commodities risks (Market risk)				
21	Of which the standardised approach				
22	Of which IMA				
EU 22a	Large exposures				
23	Operational risk	44.267	3.541	42.043	3.363
EU 23a	Of which basic indicator approach	44.267	3.541	42.043	3.363
EU 23b	Of which standardised approach				
EU 23c	Of which advanced measurement approach				
24	Amounts below the thresholds for deduction (subject to 250% risk weight)				
25	Not applicable				
26	Not applicable				
27	Not applicable				
28	Not applicable				
29	Total	1.244.226	99.538	471.718	37.737

Consolidation scope

There are no differences between the accounting scope and the scope of prudential consolidation. Therefore, there are no differences between carrying value amounts presented in our Annual Report and the carrying values reported in regulatory scope. NBE has no subsidiaries. Therefore, template LI3 is not disclosed. The Accounting scope is presented in our Annual Report in the section Basis for preparation.

The following tables gives insight in the regulatory risk categories and the risk framework.

EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories 2022

	a	b	c				d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items							
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds			
"Breakdown by asset classes according to the balance sheet in the published financial statements"										
Cash and balances with central banks	131.966	131.966	131.966							
Loans and advances to banks	7.423	7.423	2.559	4.864						
Loans and advances to customers	917.728	917.728	917.728							
Debt Securities at amortized cost	1.435.342	1.435.342	1.435.342							
Property and equipment	848	848	848							
Intangible assets	236	236	236							
Right-of-use assets	2.716	2.716	2.716							
Deferred tax assets	9.406	9.406	9.406							
Other assets	6.010	6.010	6.010							
Total assets	2.511.673	2.511.673	2.506.809	4.864						
Breakdown by liability classes according to the balance sheet in the published financial statements										
Due to banks	496.714	496.714								496.714
Due to customers	29.885	29.885								29.885
Lease liabilities	2.771	2.771								2.771
Current tax liabilities	1.422	1.422								1.422
Provisions	208	208								208
Other liabilities	4.339	4.339								4.339
Total liabilities	535.339	535.339								535.339

EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories 2021

	a	b	c				d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items							
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds			
"Breakdown by asset classes according to the balance sheet in the published financial statements"										
Cash and balances with central banks	239.112	239.112	239.112							
Loans and advances to banks	7.400	7.400	2.093	5.307						
Loans and advances to customers	272.129	272.129	272.129							
Debt Securities at amortized cost	1.460.608	1.460.608	1.460.608							
Property and equipment	1.127	1.127	1.127							
Intangible assets	287	287	287							
Right-of-use assets	3.044	3.044	3.044							
Deferred tax assets	11.086	11.086	11.086							
Other assets	3.611	3.611	3.611							
Total assets	1.998.404	1.998.404	1.993.097	5.307						
Breakdown by liability classes according to the balance sheet in the published financial statements										
Due to banks	4.957	4.957								4.957
Due to customers	19.944	19.944								19.944
Lease liabilities	3.087	3.087								3.087
Other liabilities	2.511	2.511								2.511
Total liabilities	30.499	30.499								30.499

EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements 2022

	a	b	c	d	e	
						Total
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	2.511.673	2.506.809		4.864	
2	Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)					
3	Total net amount under the scope of prudential consolidation	2.511.673	2.506.809		4.864	
4	Off-balance-sheet amounts	689.839	689.839			
5	Differences in valuations					
6	Differences due to different netting rules, other than those already included in row 2					
7	Differences due to consideration of provisions					
8	Differences due to the use of credit risk mitigation techniques (CRMs)					
9	Differences due to credit conversion factors					
10	Differences due to Securitisation with risk transfer					
11	Other differences					
12	Exposure amounts considered for regulatory purposes					

EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements 2021

	a	b	c	d	e	
						Total
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	1.998.404	1.993.097		5.307	
2	Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)					
3	Total net amount under the scope of prudential consolidation	1.998.404	1.993.097		5.307	
4	Off-balance-sheet amounts	150.998	150.998			
5	Differences in valuations					
6	Differences due to different netting rules, other than those already included in row 2					
7	Differences due to consideration of provisions					
8	Differences due to the use of credit risk mitigation techniques (CRMs)					
9	Differences due to credit conversion factors					
10	Differences due to Securitisation with risk transfer					
11	Other differences					
12	Exposure amounts considered for regulatory purposes	2.149.402	2.144.095		5.307	

Off balance amounts are weighted with the respective Credit Conversion Factors.



NBE Risk management

Introduction

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

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

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

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

Risk Management Framework and Governance

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

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

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

First Line of Defence

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

Second Line of Defence

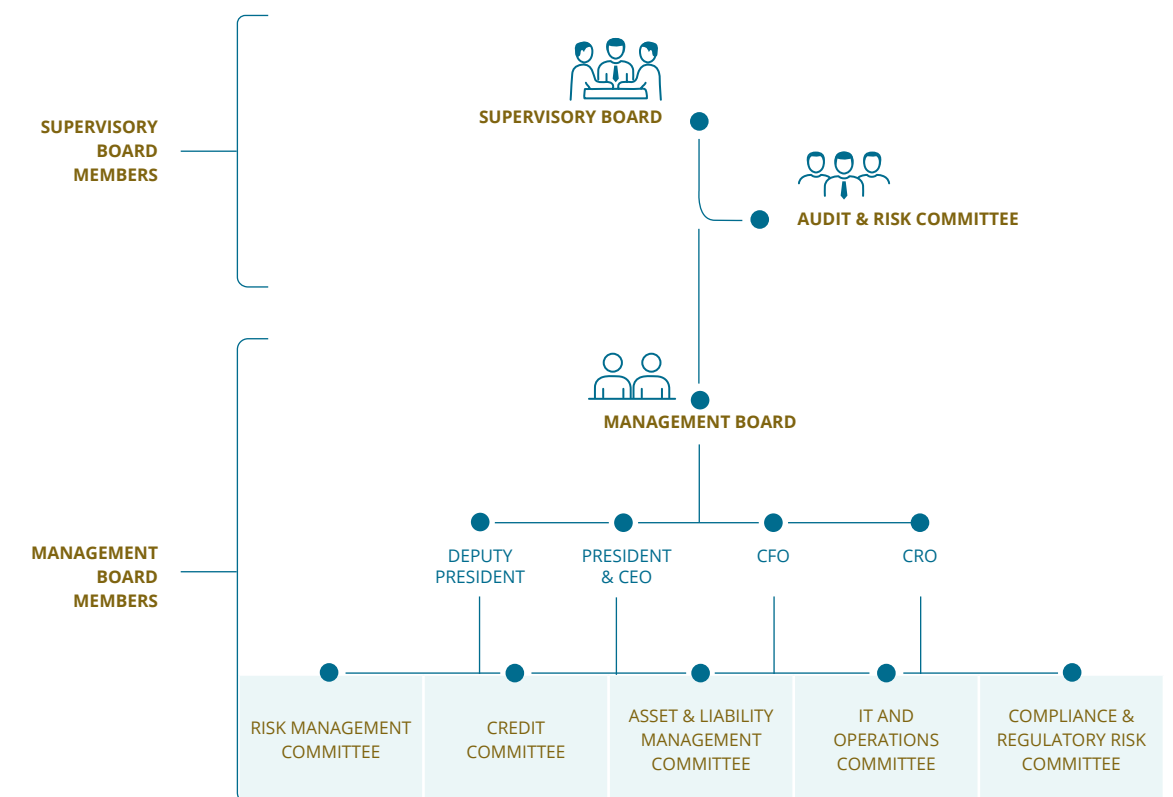
The Risk Management function, a Second Line of Defence section, is a function providing oversight and independent challenge to the effectiveness of risk decisions taken by the business. Additionally, it provides advice and guidance by reviewing, challenging and periodic reporting on the risk profile of NBE. The Compliance function is also considered a Second Line of Defence section and is responsible for defining NBE's policy in line with global and local laws and regulations and oversight and challenge to assure that policies are adhered to. Other functions that are considered second line of defence are: IT security in the IT & Operations Division, and parts of the Finance & Tax Division.

Third Line of Defence

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

Risk Management Committees

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



Supervisory Board

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

Audit and Risk Committee

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

Management Board

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

Risk Management Committee

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

Credit Committee

This committee has responsibility for the credit risk management policies of the NBE’s operations and oversight of the operation of the NBE’s credit risk management framework. The committee will assist the Management Board in fulfilling its oversight responsibilities with regard to the Risk Appetite of NBE, the credit risk management and compliance framework and the governance structure that supports it. The Credit Committee also assesses the individual credit risk taking activities and review credit portfolio including climate-related and environmental risks. The

Credit Committee is chaired by the CRO, and composed by the Management Board members and heads of relevant divisions.

Asset and Liability Management Committee

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

IT and Operation Committee

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

Compliance and Regulatory Risk Committee

This committee assists the Management Board in its oversight of regulatory, compliance, policy, legal matters and related risks. The committee assists the Management Board and discusses the changes in the regulatory landscape, reviews periodically the Systematic Integrity Risk Analysis (“SIRA”) and monitors the progress of the Compliance year plan. The Compliance and Regulatory Risk Committee is chaired by the head of Legal and Compliance Division, and composed by the Management Board members and heads of relevant divisions.

Risk Appetite

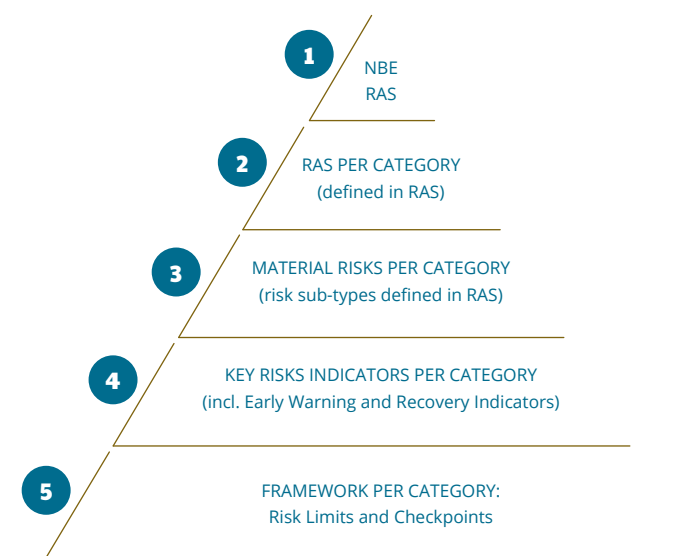
NBE aims to maintain a robust financial base in order to ensure stable Euro funding for the parent by constraining its risk-taking activities.

The RAS is essential to define the types and amount of risk that NBE is willing to take and considers acceptable

in pursuit of its strategic objectives. The RAS describes the consistent approach to risk management. It identifies the risks related to the business strategy and defines the level of risk NBE is willing to expose itself to.

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

The Risk Management Division monitors the risk positions of NBE against its risk appetite and reports on a periodic basis to the Risk Management Committee. NBE periodically reviews and updates its RAS. The figure below represents the conceptual framework of the RAS. First, the overarching risk appetite for NBE is defined (Dimension 1), followed by RAS for each risk category defined in NBE’s Risk Universe (Dimension 2). Statements for each category specify the level of risk that NBE is willing to take.



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

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

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

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

1

Category 1 – Capital, Credit & Market Risk

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

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

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

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

Due to the large available liquidity buffers because NBE is still building up the balance sheet, liquidity and funding risks remained low, as shown by the healthy LCR and NSFR ratios.

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

3

Category 3 – Non-Financial Risk

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

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

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

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

2. Own Funds

NBE currently has only tier 1 capital and holds no additional tier 1 or tier 2 capital. All shares of NBE are held by the parent company, The Norinchukin Bank. In the table below a breakdown of our CET1 Capital, Risk Weighted Assets and the capital ratios are presented. We have not included template "EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments" in this report because NBE has only ordinary shares.

Capital adequacy

Our Internal Capital Adequacy Assessment Process (ICAAP) determines the amount of capital needed to ensure a strong capital base which is key for our success. NBE ensures that capital adequacy requirements are met at all times. When determining our capital adequacy we take the future plans (business case) into account and ensure that sufficient capital is available to support our strategy.

NBE applies the standardized approach when determining the capital requirements for credit

risk, counterparty credit risk and market risk. For the operational Risk NBE applies the Basic Indicator approach. NBE's CET1 ratio amounts to 157,4% (2021; 414,8%). The high CET1 ratio reflects the fact that we just started our business. Our CET1 ratio will decline further in the future due to the expected growth of our business.

Capital risk

For capital risk, the most important measures are the CET1 ratio, the Total Risk/Internal Capital ratio and Leverage ratio. The shareholder has provided NBE with sufficient capital, leaving NBE well capitalised for future expansion. NBE ensures and monitors the adequacy of the capital and the prudential ratios to meet the regulatory requirements.

DNB most recent SREP decision is valid for two years which indicates more than sufficient capital available compared with current and foreseeable risk taking by NBE. The SREP is based on NBE's three years business plan which is approved by our Supervisory Board.

EU CC1 - Composition of regulatory own funds

		31-12-2022	31-12-2021	(b)
		Amounts	Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	2.000.000	2.000.000	CC2 -23
	of which: Instrument type 1			
	of which: Instrument type 2			
	of which: Instrument type 3			
2	Retained earnings	-32.095	-31.094	CC2 - 25
3	Accumulated other comprehensive income (and other reserves)			
EU-3a	Funds for general banking risk			
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1			
5	Minority interests (amount allowed in consolidated CET1)			
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend			
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	1.967.905	1.968.906	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)			
8	Intangible assets (net of related tax liability) (negative amount)	-237	-287	CC2 - 6
9	Not applicable			
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-9.406	-11.086	CC2 - 10
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value			
12	Negative amounts resulting from the calculation of expected loss amounts			
13	Any increase in equity that results from securitised assets (negative amount)			
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing			
15	Defined-benefit pension fund assets (negative amount)			
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)			
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)			

		31-12-2022	31-12-2021	(b)
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)			
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)			
20	Not applicable			
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative			
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)			
EU-20c	of which: securitisation positions (negative amount)			
EU-20d	of which: free deliveries (negative amount)			
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)			
22	Amount exceeding the 17,65% threshold (negative amount)			
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities			
24	Not applicable			
25	of which: deferred tax assets arising from temporary differences			
EU-25a	Losses for the current financial year (negative amount)		-1.001	CC2 - 26
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)			
26	Not applicable			
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)			
27a	Other regulatory adjustments			
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-9.642	-12.374	
29	Common Equity Tier 1 (CET1) capital	1.958.263	1.956.532	
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts			(i)
31	of which: classified as equity under applicable accounting standards			
32	of which: classified as liabilities under applicable accounting standards			
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1			

		31-12-2022	31-12-2021	(b)
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1			
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1			
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties			
35	of which: instruments issued by subsidiaries subject to phase out			
36	Additional Tier 1 (AT1) capital before regulatory adjustments			
Additional Tier 1 (AT1) capital: regulatory adjustments				
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)			
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)			
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)			
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)			
41	Not applicable			
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)			
42a	Other regulatory adjustments to AT1 capital			
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital			
44	Additional Tier 1 (AT1) capital			
45	Tier 1 capital (T1 = CET1 + AT1)	1.958.263	1.956.532	
Tier 2 (T2) capital: instruments				
46	Capital instruments and the related share premium accounts			
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR			
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2			
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2			
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties			
49	of which: instruments issued by subsidiaries subject to phase out			
50	Credit risk adjustments			
51	Tier 2 (T2) capital before regulatory adjustments			

	31-12-2022	31-12-2021	(b)
Tier 2 (T2) capital: regulatory adjustments			
52			Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)
53			Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)
54			Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)
54a			Not applicable
55			Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)
56			Not applicable
EU-56a			Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)
EU-56b			Other regulatory adjustments to T2 capital
57			Total regulatory adjustments to Tier 2 (T2) capital
58			Tier 2 (T2) capital
59	1.958.263	1.956.532	Total capital (TC = T1 + T2)
60	1.244.226	471.718	Total Risk exposure amount
Capital ratios and requirements including buffers			
61	157,4%	414,8%	Common Equity Tier 1 capital
62	157,4%	414,8%	Tier 1 capital
63	157,4%	414,8%	Total capital
64	32,0%	15,6%	Institution CET1 overall capital requirements
65	2,5%	2,5%	of which: capital conservation buffer requirement
66	0,1%	0,1%	of which: countercyclical capital buffer requirement
67			of which: systemic risk buffer requirement
EU-67a			of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement
EU-67b	25,0%	8,5%	of which: additional own funds requirements to address the risks other than the risk of excessive leverage
68	148,5%	406,8%	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements
National minima (if different from Basel III)			
69			Not applicable
70			Not applicable
71			Not applicable

	31-12-2022	31-12-2021	(b)
Amounts below the thresholds for deduction (before risk weighting)			
72			Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)
73			Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)
74			Not applicable
75			Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)
Applicable caps on the inclusion of provisions in Tier 2			
76			Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)
77			Cap on inclusion of credit risk adjustments in T2 under standardised approach
78			Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)"
79			Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80			Current cap on CET1 instruments subject to phase out arrangements
81			Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)
82			Current cap on AT1 instruments subject to phase out arrangements
83			Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)
84			Current cap on T2 instruments subject to phase out arrangements
85			Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)

EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements

		31-12-2022		31-12-2021	
		a	b	a	b
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Balance sheet as in published financial statements	Under regulatory scope of consolidation
		As at period end	As at period end	As at period end	As at period end
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements					
1	Cash and balances with central banks	131.966	131.966	239.112	239.112
2	Loans and advances to banks	7.423	7.423	7.400	7.400
3	Loans and advances to customers	917.728	917.728	272.129	272.129
4	Debt Securities at amortized cost	1.435.342	1.435.342	1.460.608	1.460.608
5	Property and equipment	848	848	1.127	1.127
6	Intangible assets	237	237	287	287
7	Right-of-use assets	2.714	2.714	3.044	3.044
8	Contract assets				
9	Current tax assets				
10	Deferred tax assets	9.406	9.406	11.086	11.086
11	Other assets	6.010	6.010	3.611	3.611
12	Total assets	2.511.673	2.511.673	1.998.404	1.998.404
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements					
14	Due to banks	496.714	496.714	4.957	4.957
15	Due to customers	29.885	29.885	19.944	19.944
16	Debt issued and other borrowed funds				
17	Lease liabilities	2.771	2.771	3.087	3.087
18	Current tax liabilities	1.422	1.630		
19	Deferred tax liabilities				
20	Other liabilities	4.547	4.339	2.511	2.511
21	Total liabilities	535.339	535.339	30.499	30.499
Shareholders' Equity					
22	Shareholders' equity				
23	Issued capital	2.000.000	2.000.000	2.000.000	2.000.000
24	Share premium				
25	Retained earnings	-32.095	-32.095	-31.094	-31.094
26	Result for the year	8.429	8.429	-1.001	-1.001
27	Legal reserves				
28	Other reserves				
29	Total shareholders' equity	1.976.334	1.976.334	1.967.905	1.967.905



3. Leverage ratio

The leverage ratio is a measure that allows for the assessment of institutions' exposure to the risk of excessive leverage. The leverage ratio is calculated as the capital measure divided by the exposure measure (leverage ratio exposure). The leverage ratio of NBE

as per December 31, 2022 58,0% (2021; 80,6%) is well above the minimum required leverage ratio of 3%. In the following tables the leverage ratio exposure measure, capital measure and several breakdowns are provided.

EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

	31-12-2022	31-12-2021
	Applicable amount	Applicable amount
1	2.511.673	1.998.404
2		
3		
4		-239.112
5		
6		
7		
8		
9		
10	944.920	750.978
11		
EU-11a		
EU-11b	-70.873	-70.914
12	-9.642	-11.373
13	3.376.077	2.427.983

EU LR2 - LRCom: Leverage ratio common disclosure

		CRR LEVERAGE RATIO EXPOSURES	
		a	b
		2022-12-31	2021-12-31
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	2.511.673	1.998.404
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)		
4	Adjustment for securities received under securities financing transactions that are recognised as an asset		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	-9.642	-11.373
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	2.502.031	1.987.031
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)		
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions		
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach		
EU-9b	Exposure determined under Original Exposure Method		
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	Total derivatives exposures		
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	25.000.294	31.528.429
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-25.000.294	-31.528.429
16	Counterparty credit risk exposure for SFT assets		
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	Total securities financing transaction exposures		
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	3.690.047	3.301.956
20	(Adjustments for conversion to credit equivalent amounts)	-2.745.128	-2.550.978
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)		
22	Off-balance sheet exposures	944.920	750.978

CRR LEVERAGE RATIO EXPOSURES			
		a	b
		2022-12-31	2021-12-31
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		-239.112
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-70.873	-70.914
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)		
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)		
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units)): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)		
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)		
EU-22g	(Excluded excess collateral deposited at triparty agents)		
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)		
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
EU-22k	(Total exempted exposures)	-70.873	-310.026
Capital and total exposure measure			
23	Tier 1 capital	1.958.263	1.956.532
24	Total exposure measure	3.376.077	2.427.983
Leverage ratio			
25	Leverage ratio (%)	58,0%	80,6%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	58,0%	80,6%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	58,0%	73,4%
26	Regulatory minimum leverage ratio requirement (%)	3,0%	3,0%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU-26b	of which: to be made up of CET1 capital		
27	Leverage ratio buffer requirement (%)		
EU-27a	Overall leverage ratio requirement (%)	3,0%	3,0%

CRR LEVERAGE RATIO EXPOSURES			
		a	b
		2022-12-31	2021-12-31
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure		
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	3.376.077	2.427.983
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	3.376.077	2.667.095
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	58,0%	80,6%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	58,0%	73,4%

EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		31-12-2022	31-12-2021
		CRR leverage ratio exposures	CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	2.511.673	1.998.404
EU-2	Trading book exposures		
EU-3	Banking book exposures, of which:	2.511.673	1.998.404
EU-4	Covered bonds		
EU-5	Exposures treated as sovereigns	1.570.453	1.629.655
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns		70.914
EU-7	Institutions	6.783	6.721
EU-8	Secured by mortgages of immovable properties		
EU-9	Retail exposures		
EU-10	Corporates	918.118	272.419
EU-11	Exposures in default		
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	16.319	18.695

4. Credit Risk

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

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

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

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

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

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

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

The impact of COVID-19 on our credit risk is assessed as limited.

Impairment allowance – Expected credit losses:

NBE aims to maintain sufficient level of reserves to cover its incurred losses. For accounting purposes NBE recognises a loss allowance for expected credit losses on financial assets measured at either amortized cost or (fair value with changes through comprehensive income (FVOCI)) and off-balance facilities based on IFRS 9. In Accounting Policy for the impairment on financial assets, expected credit loss approach is further elaborated (please refer to the Annual report 2022).

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

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.

Credit quality

Credit quality of NBE's assets is sound. There are no non-performing, forborne and past due exposures. All exposures are categorized as stage 1.

EU CR1: Performing and non-performing exposures and related provisions 2022

		Gross carrying amount/nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					Accumulated partial write-off	Collateral and financial guarantees received		
		Performing exposures		Non-performing exposures			Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures	
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2					Of which stage 2
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
005	Cash balances at central banks and other demand deposits	134.525	134.525												
010	Loans and advances	923.028	923.028				-435	-435						116.857	
020	Central banks														
030	General governments														
040	Credit institutions	4.864	4.864											2.364	
050	Other financial corporations	180.206	180.206												
060	Non-financial corporations	737.957	737.957				-370	-370						114.492	
070	Of which SMEs	148.971	148.971				-94	-94							
080	Households														
090	Debt securities	1.435.373	1.435.373				-31	-31							
100	Central banks														
110	General governments	1.364.500	1.364.500				-31	-31							
120	Credit institutions														
130	Other financial corporations	70.873	70.873				0	0							
140	Non-financial corporations														
150	Off-balance-sheet exposures	3.690.047	3.690.047				-208	-208						3.000.000	
160	Central banks														
170	General governments														
180	Credit institutions	3.000.000	3.000.000											3.000.000	
190	Other financial corporations	50.094	50.094				-21	-21							
200	Non-financial corporations	639.954	639.954				-187	-187							
210	Households														
220	Total	6.182.973	6.182.973				-675	-675						3.116.857	

EU CR1 - Performing and non-performing exposures and related provisions 2021

		a		b		c		d		e		f		g					h		i		j		k		l		m		n		o			
		Gross carrying amount/nominal amount																Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions										Accumulated partial write-off		Collateral and financial guarantees received						
		Performing exposures						Non-performing exposures						Performing exposures – accumulated impairment and provisions					Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							On performing exposures		On non-performing exposures								
			Of which stage 1	Of which stage 2			Of which stage 2	Of which stage 3			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3					Of which stage 2	Of which stage 3															
005	Cash balances at central banks and other demand deposits	241.205	241.205																																	
010	Loans and advances	277.480	277.480																																	
020	Central banks																																			
030	General governments																																			
040	Credit institutions	5.307	5.307																																	
050	Other financial corporations																																			
060	Non-financial corporations	272.172	272.172																																	
070	Of which SMEs	51.827	51.827																																	
080	Households																																			
090	Debt securities	1.460.706	1.460.706																																	
100	Central banks																																			
110	General governments	1.389.789	1.389.789																																	
120	Credit institutions																																			
130	Other financial corporations	70.916	70.916																																	
140	Non-financial corporations																																			
150	Off-balance-sheet exposures	3.301.997	3.301.997																																	
160	Central banks																																			
170	General governments																																			
180	Credit institutions	3.000.000	3.000.000																																	
190	Other financial corporations																																			
200	Non-financial corporations	301.997	301.997																																	
210	Households																																			
220	Total	5.281.387	5.281.387																																	3.076.389

NBE has no non-performing loans and advances therefore we have not disclosed templates CR2 and CR2a.



Credit Risk Mitigation

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. Currently the only financial instruments in scope of offsetting are repurchase transactions (“repos”) and reverse repurchase transactions (“reverse repos”). Counterparties of both repos and reverse repos have the same counterparty (a central clearing institution) after novation.

Collateral

NBE has received collateral for a committed facility (off-balance) to the parent company. The collateral received consists of high quality EUR tradable bonds. For reverse repurchase transaction NBE accepts only high quality European government bonds. The eligibility and value of the collateral is evaluated regularly.

Guarantees

NBE has received a limited number of guarantees, which relates to corporate lending in the exposure class corporates. NBE has no credit derivatives.

The is no market or credit risk concentrations within the credit risk mitigation taken.

EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques 2022

		UNSECURED CARRYING AMOUNT	SECURED CARRYING AMOUNT			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which se- cured by credit derivatives
		a	b	c	d	e
1	Loans and advances	940.696	116.857	2.364	114.492	
2	Debt securities	1.435.373				
3	Total	2.376.069	116.857	2.364	114.492	
4	Of which non-per- forming exposures					
EU-5	Of which defaulted					

EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques 2021

		UNSECURED CARRYING AMOUNT	SECURED CARRYING AMOUNT			
				Of which secured by collateral	Of which secured by financial guar- antees	
						Of which se- cured by credit derivatives
		a	b	c	d	e
1	Loans and advances	442.295	76.389	2.807	73.582	
2	Debt securities	1.460.706				
3	Total	1.903.001	76.389	2.807	73.582	
4	Of which non-per- forming exposures					
EU-5	Of which defaulted					

Forborne exposures and non-performing loans

NBE has no non-performing loans and advances therefore we have not disclosed templates CQ1 Credit quality of forborne exposures and CQ2 Quality of forbearance.

EU CQ3: Credit quality of performing and non-performing exposures by past due days 2022

		a	b	c	d	e	f	g	h	i	j	k	l
						Gross carrying amount/nominal amount							
		Performing exposures			Non-performing exposures								
		Not past due or past due =< 30 days	Past due > 30 days =< 90 days	Unlikely to pay that are not past due or are past due =< 90 days	Past due > 90 days =< 180 days	Past due > 180 days =< 1 year	Past due > 1 year =< 2 years	Past due > 2 years = < 5 years	Past due > 5 years =< 7 years	Past due > 7 years	Of which defaulted		
005	Cash balances at central banks and other demand deposits	134.525	134.525										
010	Loans and advances	923.028	923.028										
020	Central banks												
030	General governments												
040	Credit institutions	4.864	4.864										
050	Other financial corporations	180.206	180.206										
060	Non-financial corporations	737.957	737.957										
070	Of which SMEs	148.971	148.971										
080	Households												
090	Debt securities	1.435.373	1.435.373										
100	Central banks												
110	General governments	1.364.500	1.364.500										
120	Credit institutions												
130	Other financial corporations	70.873	70.873										
140	Non-financial corporations												
150	Off-balance-sheet exposures	3.690.047											
160	Central banks												
170	General governments												
180	Credit institutions	3.000.000											
190	Other financial corporations												
200	Non-financial corporations	639.954											
210	Households												
220	Total	6.182.973	2.492.925										

EU CQ3: Credit quality of performing and non-performing exposures by past due days 2021

		a	b	c	d	e	f	g	h	i	j	k	l
		Performing exposures				Non-performing exposures							
		Gross carrying amount/nominal amount											
		Not past due or past due =< 30 days	Past due > 30 days =< 90 days	Unlikely to pay that are not past due or are past due =< 90 days	Past due > 90 days =< 180 days	Past due > 180 days =< 1 year	Past due > 1 year =< 2 years	Past due > 2 years =< 5 years	Past due > 5 years =< 7 years	Past due > 7 years	Of which defaulted		
005	Cash balances at central banks and other demand deposits	241.205	241.205										
010	Loans and advances	277.480	277.480										
020	Central banks												
030	General governments												
040	Credit institutions	5.307	5.307										
050	Other financial corporations												
060	Non-financial corporations	272.172	272.172										
070	Of which SMEs	51.827	51.827										
080	Households												
090	Debt securities	1.460.706	1.460.706										
100	Central banks												
110	General governments	1.389.789	1.389.789										
120	Credit institutions												
130	Other financial corporations	70.916	70.916										
140	Non-financial corporations												
150	Off-balance-sheet exposures	3.301.997											
160	Central banks												
170	General governments												
180	Credit institutions	3.000.000											
190	Other financial corporations												
200	Non-financial corporations	301.997											
210	Households												
220	Total	5.281.387	1.979.390										

EU CQ4: Quality of non-performing exposures by geography 2022

		a	b	c	d	e	f	g
		Gross carrying/nominal amount			Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures	
			Of which non-performing	Of which subject to impairment				
			Of which defaulted					
010	On-balance-sheet exposures	2.492.925		2.492.925	-467			
	BE	148.627		148.627	-44			
	DE	175.558		175.558	-68			
	ES	569.843		569.843	-31			
	FR	1.223.013		1.223.013	-231			
	JP							
	LU	36.336		36.336	-49			
	NL	339.548		339.548	-43			
080	Off-balance-sheet exposures	3.690.047					-208	
	BE	13.197					-2	
	DE	214.561					-68	
	ES							
	FR	425.808					-138	
	JP	3.000.000						
	LU	28.389						
	NL	8.092						
150	Total	6.182.973		2.492.925	-467		-208	

EU CQ4: Quality of non-performing exposures by geography 2021

		a	b	c	d	e	f	g
		Gross carrying/nominal amount			Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures	
			Of which non-performing	Of which subject to impairment				
			Of which defaulted					
010	On-balance-sheet exposures	1.979.390		1.979.390	-141			
	BE	39.861		39.861	-9			
	DE	76.204		76.204	-1			
	ES	574.558		574.558	-75			
	FR	1.006.861		1.006.861	-50			
	JP							
	LU	12.780		12.780	-2			
	NL	269.126		269.126	-3			
080	Off-balance-sheet exposures	3.301.997					-41	
	BE	2.285					-2	
	DE	34.616					-3	
	ES							
	FR	245.875					-38	
	JP	3.000.000						
	LU	17.221						
	NL	2.001						
150	Total	5.281.387		1.979.390	-141		-41	

EU CQ5: Credit quality of loans and advances to non-financial corporations by industry 2022

		a	b	c	d	e	f
		Gross carrying amount			Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures	
			Of which non-performing	Of which loans and advances subject to impairment			
			Of which defaulted				
010	Agriculture, forestry and fishing						
020	Mining and quarrying						
030	Manufacturing	76.686		76.686	-3		
040	Electricity, gas, steam and air conditioning supply	423.265		423.265	-221		
050	Water supply						
060	Construction						
070	Wholesale and retail trade	39.418		39.418			
080	Transport and storage						
090	Accommodation and food service activities						
100	Information and communication	141.084		141.084	-127		
110	Financial and insurance activities						
120	Real estate activities						
130	Professional, scientific and technical activities						
140	Administrative and support service activities						
150	Public administration and defense, compulsory social security						
160	Education						
170	Human health services and social work activities						
180	Arts, entertainment and recreation						
190	Other services						
200	Total	680.452		680.452	-351		

EU CQ5: Credit quality of loans and advances to non-financial corporations by industry 2021

		a	b	c	d	e	f
		Gross carrying amount			Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures	
			Of which non-performing	Of which loans and advances subject to impairment			
			Of which defaulted				
010	Agriculture, forestry and fishing						
020	Mining and quarrying						
030	Manufacturing	52.781		52.781	-2		
040	Electricity, gas, steam and air conditioning supply	167.725		167.725	-30		
050	Water supply						
060	Construction						
070	Wholesale and retail trade	33.580		33.580			
080	Transport and storage						
090	Accommodation and food service activities						
100	Information and communication	18.086		18.086	-11		
110	Financial and insurance activities						
120	Real estate activities						
130	Professional, scientific and technical activities						
140	Administrative and support service activities						
150	Public administration and defense, compulsory social security						
160	Education						
170	Human health services and social work activities						
180	Arts, entertainment and recreation						
190	Other services						
200	Total	272.172		272.172	-43		

NBE has not obtained any collateral for these transactions and therefore templates CQ6, CQ7 and CQ8 are not disclosed.

Risk weighted assets

In the following table we present the exposures and risk weighted assets. The risk weights are in accordance with the credit quality steps in Article 113 to Article 134 of the CRR (Regulation (EU) 575/2013).

EU CR4 – standardised approach – Credit risk exposure and CRM effects 2022

EXPOSURE CLASSES		EXPOSURES BEFORE CCF AND BEFORE CRM		EXPOSURES POST CCF AND POST CRM		RWAS AND RWAS DENSITY	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	1.570.453		1.570.453			
2	Regional government or local authorities						
3	Public sector entities						
4	Multilateral development banks						
5	International organisations						
6	Institutions	6.783	3.000.000	6.783		1.489	22%
7	Corporates	918.118	689.839	918.118	344.920	1.194.179	95%
8	Retail						
9	Secured by mortgages on immovable property						
10	Exposures in default						
11	Exposures associated with particularly high risk						
12	Covered bonds						
13	Institutions and corporates with a short-term credit assessment						
14	Collective investment undertakings						
15	Equity						
16	Other items	4.176		4.176		4.176	100%
17	Total	2.499.531	3.689.839	2.499.531	344.920	1.199.844	42%

EU CR4 – standardised approach – Credit risk exposure and CRM effects 2021

EXPOSURE CLASSES		EXPOSURES BEFORE CCF AND BEFORE CRM		EXPOSURES POST CCF AND POST CRM		RWAS AND RWAS DENSITY	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	1.629.655		1.700.569			
2	Regional government or local authorities						
3	Public sector entities	70.914					
4	Multilateral development banks						
5	International organisations						
6	Institutions	6.721	3.000.000	6.721		1.385	21%
7	Corporates	272.419	301.997	272.419	150.998	423.417	100%
8	Retail						
9	Secured by mortgages on immovable property						
10	Exposures in default						
11	Exposures associated with particularly high risk						
12	Covered bonds						
13	Institutions and corporates with a short-term credit assessment						
14	Collective investment undertakings						
15	Equity						
16	Other items	4.822		4.822		4.822	100%
17	Total	1.984.531	3.301.997	1.984.531	150.998	429.624	20%

EU CR5 – standardised approach 2022

	EXPOSURE CLASSES	RISK WEIGHT															TOTAL	OF WHICH UNRATED
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central governments or central banks	1.570.453															1.570.453	
2	Regional government or local authorities																	
3	Public sector entities																	
4	Multilateral development banks																	
5	International organisations																	
6	Institutions		2.364			2.559		1.859									6.783	
7	Corporates							137.717			1.125.321						1.263.038	1.125.321
8	Retail exposures																	
9	Exposures secured by mortgages on immovable property																	
10	Exposures in default																	
11	Exposures associated with particularly high risk																	
12	Covered bonds																	
13	Exposures to institutions and corporates with a short-term credit assessment																	
14	Units or shares in collective investment undertakings																	
15	Equity exposures																	
16	Other items										4.176						4.176	4.176
17	Total	1.570.453	2.364			2.559		139.577			1.129.497						2.844.450	1.129.497

EU CR5 – standardised approach 2021

	EXPOSURE CLASSES	RISK WEIGHT															TOTAL	OF WHICH UNRATED
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central governments or central banks	1.700.569															1.700.569	
2	Regional government or local authorities																	
3	Public sector entities																	
4	Multilateral development banks																	
5	International organisations																	
6	Institutions		2.807			2.093		1.821									6.721	
7	Corporates										423.417						423.417	423.417
8	Retail exposures																	
9	Exposures secured by mortgages on immovable property																	
10	Exposures in default																	
11	Exposures associated with particularly high risk																	
12	Covered bonds																	
13	Exposures to institutions and corporates with a short-term credit assessment																	
14	Units or shares in collective investment undertakings																	
15	Equity exposures																	
16	Other items										4.822						4.822	4.822
17	Total	1.700.569	2.807			2.093		1.821			428.239						2.135.529	428.239

Counterparty Credit Risk

NBE has a limited amount subject to counterparty credit risk and relates entirely to the Securities Financing transactions (SFT) business (repurchase and reverse repurchase transactions via a Qualified Central Counterparty). NBE does not expect that the exposures to the QCCP will increase significantly. Required capital for counterparty credit risk is marginal. Assigning internal capital for credit risk is included in the internal capital adequacy assessment process.

EU CCR1 – Analysis of CCR exposure by approach 2022

	a	b	c	d	e	f	g	h
	Replace- ment cost (RC)	Potential future expo- sure (PFE)	EEPE	Alpha used for comput- ing regula- tory expo- sure value	Expo- sure value pre-CRM	Expo- sure value post- CRM	Expo- sure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)			1.4				
EU-2	EU - Simplified SA-CCR (for derivatives)			1.4				
1	SA-CCR (for derivatives)			1.4				
2	IMM (for derivatives and SFTs)							
2a	Of which securities financing transactions netting sets							
2b	Of which derivatives and long settlement transactions netting sets							
2c	Of which from contractual cross-product netting sets							
3	Financial collateral simple method (for SFTs)							
4	Financial collateral comprehensive method (for SFTs)				2.364	2.364	2.364	47
5	VaR for SFTs							
6	Total				2.364	2.364	2.364	47

EU CCR1 – Analysis of CCR exposure by approach 2021

	a	b	c	d	e	f	g	h
	Replace- ment cost (RC)	Potential future expo- sure (PFE)	EEPE	Alpha used for comput- ing regula- tory expo- sure value	Expo- sure value pre-CRM	Expo- sure value post- CRM	Expo- sure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)			1.4				
EU-2	EU - Simplified SA-CCR (for derivatives)			1.4				
1	SA-CCR (for derivatives)			1.4				
2	IMM (for derivatives and SFTs)							
2a	Of which securities financing transactions netting sets							
2b	Of which derivatives and long settlement transactions netting sets							
2c	Of which from contractual cross-product netting sets							
3	Financial collateral simple method (for SFTs)							
4	Financial collateral comprehensive method (for SFTs)				2.807	2.807	2.807	56
5	VaR for SFTs							
6	Total				2.807	2.807	2.807	56

EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights 2022

EXPOSURE CLASSES		RISK WEIGHT											Total exposure value
		a	b	c	d	e	f	g	h	i	j	k	
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
1	Central governments or central banks												
2	Regional government or local authorities												
3	Public sector entities												
4	Multilateral development banks												
5	International organisations												
6	Institutions		2.364										2.364
7	Corporates												
8	Retail												
9	Institutions and corporates with a short-term credit assessment												
10	Other items												
11	Total exposure value		2.364										2.364

EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights 2021

EXPOSURE CLASSES		RISK WEIGHT											Total exposure value
		a	b	c	d	e	f	g	h	i	j	k	
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
1	Central governments or central banks												
2	Regional government or local authorities												
3	Public sector entities												
4	Multilateral development banks												
5	International organisations												
6	Institutions		2.807										2.807
7	Corporates												
8	Retail												
9	Institutions and corporates with a short-term credit assessment												
10	Other items												
11	Total exposure value		2.807										2.807

EU CCR8 – Exposures to CCPs 2022

		a	b
		Exposure value	RWEA
1	Exposures to QCCPs (total)		162
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	2.364	47
3	(i) OTC derivatives		
4	(ii) Exchange-traded derivatives		
5	(iii) SFTs	2.364	47
6	(iv) Netting sets where cross-product netting has been approved		
7	Segregated initial margin		
8	Non-segregated initial margin		
9	Prefunded default fund contributions	2.500	115
10	Unfunded default fund contributions		
11	Exposures to non-QCCPs (total)		
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13	(i) OTC derivatives		
14	(ii) Exchange-traded derivatives		
15	(iii) SFTs		
16	(iv) Netting sets where cross-product netting has been approved		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Prefunded default fund contributions		
20	Unfunded default fund contributions		

EU CCR8 – Exposures to CCPs 2021

		a	b
		Exposure value	RWEA
1	Exposures to QCCPs (total)		106
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	2.807	56
3	(i) OTC derivatives		
4	(ii) Exchange-traded derivatives		
5	(iii) SFTs	2.807	56
6	(iv) Netting sets where cross-product netting has been approved		
7	Segregated initial margin		
8	Non-segregated initial margin		
9	Prefunded default fund contributions	2.500	50
10	Unfunded default fund contributions		
11	Exposures to non-QCCPs (total)		
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13	(i) OTC derivatives		
14	(ii) Exchange-traded derivatives		
15	(iii) SFTs		
16	(iv) Netting sets where cross-product netting has been approved		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Prefunded default fund contributions		
20	Unfunded default fund contributions		



5. Liquidity Risk

Risk Appetite Statement for Liquidity

The liquidity risk appetite of NBE is defined in order to maintain the NBE's business model. It is composed of two sets of statements, qualitative and quantitative, and covers a statement which is applied in extreme stress situations. When NBE changes its business strategy, it updates its liquidity risk appetite, if necessary. With stress testing the robustness and resiliency of the NBE's liquidity adequacy is assessed

Liquidity Risk Management Strategy

The NBE's liquidity risk management covers the following two risk categories which are in line with the Parent's risk management as a whole, those risk categories cover European regulatory terms such as the Liquidity risk (adequate liquidity resources for short to medium term) and Funding risk (prudent funding profile for medium to long term).

Cash flow (Funding and liquidity) risk

The risk of having difficulties securing necessary funds due to a mismatch between investment and funding durations or unexpected cash outflows, or the risk of incurring losses by being forced to raise funds at significantly higher funding costs than normal. The cash flow risk includes the short-term liquidity risk within the day (intraday liquidity risk).

Market liquidity risk

The 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 occasions.

Risk Governance for Liquidity Risk Management

Liquidity Risk Management Governance of NBE describes roles and responsibilities of the involved parties of the periodical and continuous liquidity risk management processes.

The Treasury Division is responsible for (1) drafting of the NBE's annual funding plan. In drafting these plans, the Treasury Division collaborates closely with the Treasury & Forex Division of the Parent, which is responsible for drafting its funding plan and contingency liquidity plan. The division is also responsible for (2) the execution of the funding operations in accordance with the approved limits and funding plans, (3) market reviews and (4) communication with trade counterparties.

The Risk Management division, as the second line of defence, is responsible for monitoring the funding operations and adherence to the approved Risk Appetite Statements, Liquidity Risk indicators and accompanying thresholds. It also is responsible for the annual revision of the contingency liquidity plan. It produces periodical monitoring reports which are reported to the ALM Committee.

The ALM Committee is responsible for review of (1) the annual funding plan and (2) the contingency liquidity plan. The ALM Committee is also responsible for (3) liquidity monitoring and adherence to the liquidity risk appetite, and (4) reviewing liquidity stress testing results.

The Risk Management Committee is responsible for review of the annual revisions of the (1) liquidity risk appetite, (2) liquidity risk management framework, and (3) ILAAP. After the review and discussion, the Committee gives a preliminary approval and sends the documents for the final approval to the Management Board and Supervisory Board.

The Management Board is responsible for the approval of (1) funding plan, (2) contingency liquidity plan, (3) liquidity risk appetite, (4) ILAAP and (5) liquidity risk management framework.

The Supervisory Board is informed and ultimately approves the liquidity risk appetite and ILAAP. The Internal Audit division performs periodical audits on the framework, policies and associated processes with regard to liquidity risk management and provides their conclusions to the Management and Supervisory Board.

Liquidity Risk Management metrics

Key regulatory liquidity metrics that NBE monitors regularly are the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR) and the survival horizon.

- *Liquidity Coverage Ratio (LCR)* - a regulatory requirement to maintain a buffer of highly liquid assets (HQLA) against liquidity outflows in a stress scenario over a 30 day period defined by the regulator.
- *Net Stable Funding Ratio (NSFR)* - a regulatory requirement to maintain a stable funding profile in relation to NBE's on- and off-balance sheet activities.
- *Survival horizon* - a regulatory requirement to maintain positive excess liquidity over the horizon of 6 months during assumed stressed circumstances.

Using those indicators, NBE will control short-term cash-flow risk (LCR), structural funding risk (NSFR) and medium-term liquidity (survival horizon)

Contingency Liquidity Plan

The NBE's Contingency Liquidity Plan (CLP) is developed in order to adequately address (un)expected liquidity stress events triggered by internal or external factors. The plan contains:

- a. possible internal and external factors that could lead to a liquidity stress event and may trigger the activation of the CLP,
- b. contingency measures that the NBE could implement in case of a stress event,
- c. local early warning indicators (EWIs) that will be determined in order to identify deteriorating local market circumstances in a timely manner and to decide quickly upon the actions that should be taken by the NBE,
- d. a description of the CLP activation procedure which determines the steps that will be taken to determine and execute the NBE's action plan, and
- e. an annual CLP review to ensure that the CLP is adequate. The plan is consistent with that of the contingency liquidity plan of the Parent.

Liquidity Coverage Ratio

NBE ensures a liquidity position via amongst others sufficient unencumbered high quality Liquid assets (liquidity buffer). The liquidity coverage ratio (LCR), which is presented below, is one of the key liquidity metrics NBE uses to manage the liquidity position. The average LCR (2022; 311%) is well above the minimum of 100%. The LCR is predominantly driven by unencumbered high quality Liquid assets (liquidity buffer) which consists of level 1 assets (amongst others EU central governments bonds and withdrawable central bank reserves). Furthermore the LCR is driven by credit and liquidity facilities. Since the start of our business, in September 2020, the LCR is well above 100%, as NBE is in the process of building up its business.

EU LIQ1 - Quantitative information of LCR

		a	b	c		d	e		f	g		h
				Total unweighted value (average)				Total weighted value (average)				
EU 1a	Quarter ending on (DD Month YYYY)	31-12-2022	30-09-2022	30-06-2022	31-03-2022	31-12-2022	30-09-2022	30-06-2022	31-03-2022	30-06-2022	31-03-2022	
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12	12	12	
HIGH-QUALITY LIQUID ASSETS												
1	Total high-quality liquid assets (HQLA)					3.815.972	3.853.234	3.899.317	3.842.986			
CASH - OUTFLOWS												
2	Retail deposits and deposits from small business customers, of which:											
3	Stable deposits											
4	Less stable deposits											
5	Unsecured wholesale funding	21.947	14.570	2.010	1.667	20.451	13.570	1.010	667			
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks											
7	Non-operational deposits (all counterparties)	3.200	2.071	2.010	1.667	1.705	1.071	1.010	667			
8	Unsecured debt	18.747	12.498			18.747	12.498					
9	Secured wholesale funding											
10	Additional requirements	3.000.000	3.000.000	3.000.000	3.000.000	1.200.000	1.200.000	1.200.000	1.200.000			
11	Outflows related to derivative exposures and other collateral requirements											
12	Outflows related to loss of funding on debt products											
13	Credit and liquidity facilities	3.000.000	3.000.000	3.000.000	3.000.000	1.200.000	1.200.000	1.200.000	1.200.000			
14	Other contractual funding obligations	51	49	49	50							
15	Other contingent funding obligations	135.041	132.281	131.840	103.101	72.195	64.274	62.464	49.629			
16	Total cash outflows					1.292.646	1.277.843	1.263.474	1.250.296			
CASH - INFLOWS												
17	Secured lending (e.g. reverse repos)	12.821.963	13.060.641	12.203.404	10.146.995							
18	Inflows from fully performing exposures	103.021	75.773	53.450	56.500	64.657	48.608	36.950	47.955			
19	Other cash inflows			974	974			974	974			
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)											
EU-19b	(Excess inflows from a related specialised credit institution)											
20	Total cash inflows	12.924.984	13.136.413	12.257.829	10.204.469	64.657	48.608	37.924	48.929			
EU-20a	Fully exempt inflows											
EU-20b	Inflows subject to 90% cap											
EU-20c	Inflows subject to 75% cap	12.924.984	13.136.413	12.257.829	10.204.469	64.657	48.608	37.924	48.929			
TOTAL ADJUSTED VALUE												
EU-21	Liquidity buffer					3.815.972	3.853.234	3.899.317	3.842.986			
22	Total net cash outflows					1.227.989	1.229.236	1.225.550	1.201.367			
23	Liquidity coverage ratio					311%	313%	318%	320%			

Net stable Funding

In the following table the Net Stable Funding Ratio (NSFR) is presented.

EU LIQ2 - Net Stable Funding Ratio - December 2022

		a	b	c		d	e
		No maturity	< 6 months	Unweighted value by residual maturity		Weighted value	
				6 months to < 1yr	>= 1yr		
Available stable funding (ASF) Items							
1	Capital items and instruments	1.967.905					1.967.905
2	Own funds	1.967.905					1.967.905
3	Other capital instruments						
4	Retail deposits						
5	Stable deposits						
6	Less stable deposits						
7	Wholesale funding:		29.885		496.714		511.657
8	Operational deposits						
9	Other wholesale funding		29.885		496.714		511.657
10	Interdependent liabilities						
11	Other liabilities:		6.299	280	10.590		10.730
12	NSFR derivative liabilities						
13	All other liabilities and capital instruments not included in the above categories		6.299	280	10.590		10.730
14	Total available stable funding (ASF)						2.490.291
Required stable funding (RSF) Items							
15	Total high-quality liquid assets (HQLA)						
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool						
16	Deposits held at other financial institutions for operational purposes						
17	Performing loans and securities:		125.619	17.713	779.318		821.708
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		2.364				
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		16.626	16.711	636.354		646.372
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		106.629	1.002	142.964		175.336
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk						
22	Performing residential mortgages, of which:						
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk						
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products						
25	Interdependent assets						
26	Other assets:		6.332	284	12.598		18.031
27	Physical traded commodities						
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs"				2.500		2.125
29	NSFR derivative assets						
30	NSFR derivative liabilities before deduction of variation margin posted						
31	All other assets not included in the above categories		6.332	284	12.598		15.906
32	Off-balance sheet items		3.201.253	90.663	397.923		184.492
33	Total RSF						1.024.231
34	Net Stable Funding Ratio (%)						243%

Encumbered assets

A limited amount of assets is encumbered. All encumbered assets relate to transactions via A QCCP including contributions to the default fund.

EU AE1 - Encumbered and unencumbered assets 2022

	CARRYING AMOUNT OF ENCUMBERED ASSETS		FAIR VALUE OF ENCUMBERED ASSETS		CARRYING AMOUNT OF UNENCUMBERED ASSETS		FAIR VALUE OF UNENCUMBERED ASSETS	
	010	of which notionally eligible EHQLA and HQLA 030	040	of which notionally eligible EHQLA and HQLA 050	060	of which EHQLA and HQLA 080	090	of which EHQLA and HQLA 100
010 Assets of the reporting institution	5,449				2,506,224	1,564,358		
030 Equity instruments								
040 Debt securities					1,435,342	1,435,342	1,140,560	1,140,560
050 of which: covered bonds								
060 of which: securitisations								
070 of which: issued by general governments					1,364,469	1,364,469	1,083,633	1,083,633
080 of which: issued by financial corporations					70,873	70,873	56,927	56,927
090 of which: issued by non-financial corporations								
120 Other assets	5,449				1,070,882	129,016		

EU AE1 - Encumbered and unencumbered assets 2021

	CARRYING AMOUNT OF ENCUMBERED ASSETS		FAIR VALUE OF ENCUMBERED ASSETS		CARRYING AMOUNT OF UNENCUMBERED ASSETS		FAIR VALUE OF UNENCUMBERED ASSETS	
	010	of which notionally eligible EHQLA and HQLA 030	040	of which notionally eligible EHQLA and HQLA 050	060	of which EHQLA and HQLA 080	090	of which EHQLA and HQLA 100
010 Assets of the reporting institution	2,649				1,995,755	1,699,571		
030 Equity instruments								
040 Debt securities					1,460,608	1,460,608	1,439,432	1,439,432
050 of which: covered bonds								
060 of which: securitisations								
070 of which: issued by general governments					1,389,694	1,389,694	1,368,981	1,368,981
080 of which: issued by financial corporations					70,914	70,914	70,452	70,452
090 of which: issued by non-financial corporations								
120 Other assets	2,649				535,146	238,962		

EU AE2 - Collateral received and own debt securities issued 2022

	FAIR VALUE OF ENCUMBERED COLLATERAL		UNENCUMBERED	
	received or own debt securities issued	of which notionally eligible EHQLA and HQLA	Fair value of collateral received or own debt securities issued available for encumbrance	of which EHQLA and HQLA
	010	030	040	060
130 Collateral received by the reporting institution			3.959.314	2.450.359
140 Loans on demand				
150 Equity instruments				
160 Debt securities			3.959.314	2.450.359
170 of which: covered bonds				
180 of which: securitisations			989.853	
190 of which: issued by general governments			386.132	386.132
200 of which: issued by financial corporations			3.573.182	2.064.227
210 of which: issued by non-financial corporations				
220 Loans and advances other than loans on demand				
230 Other collateral received				
240 Own debt securities issued other than own covered bonds or securitisations				
241 Own covered bonds and asset-backed securities issued and not yet pledged				
250 Total assets, collateral received and own debt securities issued	5.449			

EU AE2 - Collateral received and own debt securities issued 2021

	FAIR VALUE OF ENCUMBERED COLLATERAL		UNENCUMBERED	
	received or own debt securities issued	of which notionally eligible EHQLA and HQLA	Fair value of collateral received or own debt securities issued available for encumbrance	of which EHQLA and HQLA
	010	030	040	060
130 Collateral received by the reporting institution			4.475.763	2.600.555
140 Loans on demand				
150 Equity instruments				
160 Debt securities			4.475.763	2.600.555
170 of which: covered bonds				
180 of which: securitisations			1.251.119	
190 of which: issued by general governments			390.708	390.708
200 of which: issued by financial corporations			4.085.055	2.209.847
210 of which: issued by non-financial corporations				
220 Loans and advances other than loans on demand				
230 Other collateral received				
240 Own debt securities issued other than own covered bonds or securitisations				
241 Own covered bonds and asset-backed securities issued and not yet pledged				
250 Total assets, collateral received and own debt securities issued	2.649			

NBE has no Matching liabilities, contingent liabilities or securities lent, therefore template EU AE3 is not disclosed.

6. Market Risk

The most important market risk is interest rate risk in the banking book (IRRBB). NBE has no trading activities. NBE has marginal foreign currency exposures. Assets in foreign currencies are funded in the respective currency, mitigating the foreign exchange risk.

NBE has no Risk Weighted Exposure amounts, therefore template MR1 is not disclosed.

Interest rate risk

Interest rate risk is calculated and IRRBB results are frequently monitored and reported. IRRBB is the current or prospective risk to both earnings and economic value arising from adverse movements in interest rates that affect interest rate sensitive instruments. In assessing NBE's exposure to IRRBB, the bank considers two different approaches: changes in Economic Value of Equity (EVE) and changes in Net Interest Income (NII). ΔEVE is a measure of the change in the net-present value of the balance sheet under a range of yield curve stress scenarios. It is a long-term measure, assessing the impact over the remaining life of the balance sheet, while changes in expected earnings (i.e. changes in

NII). ΔNII is a short-medium term measure, assessing the impact to earnings over a defined time period, in case of NBE this is 1 and 2 years. In accordance with EBA Guidelines (EBA/GL/2018/02), NBE measures its exposure to six standardised yield-curve shocks. Interest rate risk is calculated and IRRBB results are monthly monitored and reported to the Asset and Liability Management Committee.

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

The following table shows a sensitivity analysis of interest rate risk in relation to equity as well as net interest income.

EU IRRBB1 - Interest rate risks of non-trading book activities

Supervisory shock scenarios		a		b		c		d	
		Changes of the economic value of equity		Changes of the net interest income (1 year)					
		31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021				
1	Parallel up	-154.642	-228.176	15.328	9.270				
2	Parallel down	182.960	102.379	-15.081	-1.832				
3	Steeper	-48.200	-75.032						
4	Flattener	23.689	38.935						
5	Short rates up	-25.618	-34.863						
6	Short rates down	26.271	33.224						



7. Operational Risk

To determine the own funds requirements for operational risk NBE applies the Basic indicator approach as laid down in CRR article 315.

EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts 2022

Banking activities		a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	31.285	15.933	-832	3.541	44.267
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches					
3	Subject to TSA:					
4	Subject to ASA:					
5	Banking activities subject to advanced measurement approaches AMA					

EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts 2021

Banking activities		a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	28.913	15.933	-1.073	3.363	42.043
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches					
3	Subject to TSA:					
4	Subject to ASA:					
5	Banking activities subject to advanced measurement approaches AMA					



8. 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 which is constructed by the Management Board. In 2022 two meetings to oversee or determine the remuneration were held.

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

Fixed remuneration

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

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, is a part of the performance assessment, non-financial performance criteria would form a large part of the performance assessment in order to not incentivise excessive risk taking and to contribute to NBE's long term business continuity.

Bonus Cap

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

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

Recruitment and diversity

The Management body is recruited/selected based on fit and proper assessments, in which is taken into consideration knowledge, skills, experience, background as well as diversity elements in line with our recruitment policy.

NBE aims to be diverse in every aspect related to diversity. Therefore NBE strives to increase (gender) diversity in the management body where possible. General ambition would be in line with regulatory goals.

EU REM1 - Remuneration awarded for the financial year 2022

		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	4	4	12
2		Total fixed remuneration	90	1.252	2.556
3		Of which: cash-based	90	1.252	2.556
4		(Not applicable in the EU)			
EU-4a		Of which: shares or equivalent ownership interests			
5		Of which: share-linked instruments or equivalent non-cash instruments			
EU-5x		Of which: other instruments			
6		(Not applicable in the EU)			
7		Of which: other forms			
8		(Not applicable in the EU)			
9	Variable remuneration	Number of identified staff	4	4	12
10		Total variable remuneration		34	84
11		Of which: cash-based		34	84
12		Of which: deferred			
EU-13a		Of which: shares or equivalent ownership interests			
EU-14a		Of which: deferred			
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments			
EU-14b		Of which: deferred			
EU-14x		Of which: other instruments			
EU-14y		Of which: deferred			
15		Of which: other forms			
16		Of which: deferred			
17	Total remuneration (2 + 10)		90	1.286	2.640

EU REM1 - Remuneration awarded for the financial year 2021

		a	b	c	d	
		MB Supervisory function	MB Management function	Other senior management	Other identified staff	
1	Fixed remuneration	Number of identified staff	4	4	11	0
2		Total fixed remuneration	90	1.215	2.364	
3		Of which: cash-based	90	1.215	2.364	
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		Of which: other instruments				
6		(Not applicable in the EU)				
7		Of which: other forms				
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	4	4	11	
10		Total variable remuneration		50	120	
11		Of which: cash-based		50	120	
12		Of which: deferred				
EU-13a		Of which: shares or equivalent ownership interests				
EU-14a		Of which: deferred				
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments				
EU-14b		Of which: deferred				
EU-14x		Of which: other instruments				
EU-14y		Of which: deferred				
15		Of which: other forms				
16		Of which: deferred				
17	Total remuneration (2 + 10)		90	1.265	2.484	

NBE has no special payments to Identified Staff, no deferred remuneration and no remuneration of 1 million or more therefore templates REM2, REM3 and REM4 are not included in this document.



EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) 2022

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										20
2	Of which: members of the MB	4	4	8							
3	Of which: other senior management				4			4	4		
4	Of which: other identified staff										
5	Total remuneration of identified staff	90	1.286	1.376	941			879	821		
6	Of which: variable remuneration		34	34	29			32	24		
7	Of which: fixed remuneration		1.252	1.252	912			847	797		

EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) 2021

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										19
2	Of which: members of the MB	4	4	8							
3	Of which: other senior management				3			4	4		
4	Of which: other identified staff										
5	Total remuneration of identified staff	90	1.265	1.355	746			977	761		
6	Of which: variable remuneration		50	50	36			49	35		
7	Of which: fixed remuneration		1.215	1.215	709			928	727		

9. Appendix: Disclosure index

Overview of pillar III templates including which are applicable and which not. Qualitative templates/tables are not presented separately but are included in the narratives, except for template REMA Remuneration policy.

DISCLOSURE INDEX			
NAME OF TEMPLATE	Applicable	Disclosed in the Pillar III report	Qualitative
EU OV1 – Overview of risk weighted exposure amounts	Yes	Section Introduction	No
EU KM1 - Key metrics template	Yes	Section Introduction	No
EU INS1 - Insurance participations	No	NBE has no such participations	Na
EU INS2 - Financial conglomerates information on own funds and capital adequacy ratio	No	NBE has no such own funds requirements	Na
EU OVC - ICAAP information	Yes	Section Introduction	Yes
EU OVA - Institution risk management approach	Yes	Section Introduction	Yes
EU OVB - Disclosure on governance arrangements	Yes	Section Introduction	Yes
EU LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories	Yes	Section Introduction	no
EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements	Yes	Section Introduction	no
EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity)	Yes	Section Introduction	no
EU LIA - Explanations of differences between accounting and regulatory exposure amounts	Yes	Section Introduction	Yes
EU LIB - Other qualitative information on the scope of application	Yes	Section Introduction	Yes
EU PV1: Prudent valuation adjustments (PVA)	No	NBE has no PVA adjustments	Na
EU CC1 - Composition of regulatory own funds	Yes	Section Own Funds	No
EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements	Yes	Section Own Funds	No
EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments	Yes	Section Own Funds	No

DISCLOSURE INDEX			
NAME OF TEMPLATE	Applicable	Disclosed in the Pillar III report	Qualitative
EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	Yes	Section Own Funds	No
EU CCyB2 - Amount of institution-specific countercyclical capital buffer	Yes	Section Own Funds	No
EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures	Yes	Section Leverage Ratio	No
EU LR2 - LRCom: Leverage ratio common disclosure	Yes	Section Leverage Ratio	No
EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	Yes	Section Leverage Ratio	No
EU LRA: Free format text boxes for disclosure on qualitative items	Yes	Section Leverage Ratio	Yes
EU LIQA - Liquidity risk management	Yes	Section Liquidity Risk	Yes
EU LIQ1 - Quantitative information of LCR	Yes	Section Liquidity Risk	No
EU LIQB on qualitative information on LCR, which complements template EU LIQ1	Yes	Section Liquidity Risk	Yes
EU LIQ2: Net Stable Funding Ratio	Yes	Section Liquidity Risk	No
EU CRA: General qualitative information about credit risk	Yes	Section Credit Risk	Yes
EU CRB: Additional disclosure related to the credit quality of assets	Yes	Section Credit Risk	Yes
EU CR1: Performing and non-performing exposures and related provisions	Yes	Section Credit Risk	No
EU CR1-A: Maturity of exposures	Yes	Section Credit Risk	No
EU CR2: Changes in the stock of non-performing loans and advances	Yes	Section Credit Risk	No
EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Yes	Section Credit Risk	No
EU CQ1: Credit quality of forborne exposures	Yes	Section Credit Risk	No
EU CQ2: Quality of forbearance	Yes	Section Credit Risk	No
EU CQ3: Credit quality of performing and non-performing exposures by past due days	Yes	Section Credit Risk	No
EU CQ4: Quality of non-performing exposures by geography	Yes	Section Credit Risk	No
EU CQ5: Credit quality of loans and advances by industry	Yes	Section Credit Risk	No
EU CQ6: Collateral valuation - loans and advances	Yes	Section Credit Risk	No
EU CQ7: Collateral obtained by taking possession and execution processes	Yes	Section Credit Risk	No
EU CQ8: Collateral obtained by taking possession and execution processes - vintage breakdown	Yes	Section Credit Risk	No
EU CRC – Qualitative disclosure requirements related to CRM techniques	Yes	Section Credit Risk	Yes
EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques	Yes	Section Credit Risk	No
EU CRD – Qualitative disclosure requirements related to standardised model	Yes	Section Credit Risk	Yes

DISCLOSURE INDEX				
NAME OF TEMPLATE		Applicable	Disclosed in the Pillar III report	Qualitative
EU CR4 – standardised approach – Credit risk exposure and CRM effects	Yes		Section Credit Risk	No
EU CR5 – standardised approach	Yes		Section Credit Risk	No
EU CRE – Qualitative disclosure requirements related to IRB approach	No	NBE applies the standardized approach		Yes
EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range	No	NBE applies the standardized approach		Na
EU CR6-A – Scope of the use of IRB and SA approaches	No	NBE applies the standardized approach		Na
EU CR7 – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques	No	NBE applies the standardized approach		Na
EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques	No	NBE applies the standardized approach		Na
EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach	No	NBE applies the standardized approach		Na
EU CR9 –IRB approach – Back-testing of PD per exposure class (fixed PD scale)	No	NBE applies the standardized approach		Na
EU CR9.1 –IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)	No	NBE applies the standardized approach		Na
EU CR10 – Specialised lending and equity exposures under the simple riskweighted approach	No	NBE applies the standardized approach		Na
EU CCRA – Qualitative disclosure related to CCR	Yes		Section Counterparty Credit Risk	Yes
EU CCR1 – Analysis of CCR exposure by approach	Yes		Section Counterparty Credit Risk	No
EU CCR2 – Transactions subject to own funds requirements for CVA risk	No	NBE has no CVA Risk		Na
EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights	Yes		Section Counterparty Credit Risk	No
EU CCR4 – IRB approach – CCR exposures by exposure class and PD scale	No	NBE applies the standardized approach		Na
EU CCR5 – Composition of collateral for CCR exposures	Yes		Section Counterparty Credit Risk	No
EU CCR6 – Credit derivatives exposures	No	NBE has no such exposures		Na
EU CCR7 – RWEA flow statements of CCR exposures under the IMM	No	NBE applies the standardized approach		Na
EU CCR8 – Exposures to CCPs	Yes		Section Counterparty Credit Risk	No
EU-SECA - Qualitative disclosure requirements related to securitisation exposures	No	NBE has no such exposures		Na
EU-SEC1 - Securitisation exposures in the non-trading book	No	NBE has no such exposures		Na
EU-SEC2 - Securitisation exposures in the trading book	No	NBE has no such exposures		Na
EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor	No	NBE has no such exposures		Na

DISCLOSURE INDEX				
NAME OF TEMPLATE		Applicable	Disclosed in the Pillar III report	Qualitative
EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor	No	NBE has no such exposures		Na
EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments	No	NBE has no such exposures		Na
EU MRA: Qualitative disclosure requirements related to market risk	Yes		Section Market Risk	Yes
EU MR1 - Market risk under the standardised approach	Yes		Section Market Risk	No
EU MRB: Qualitative disclosure requirements for institutions using the internal Market Risk Models	No	NBE applies the standardized approach		Na
EU MR2-A - Market risk under the internal Model Approach (IMA)	No	NBE applies the standardized approach		Na
EU MR2-B - RWA flow statements of market risk exposures under the IMA	No	NBE applies the standardized approach		Na
EU MR3 - IMA values for trading portfolios	No	NBE applies the standardized approach		Na
EU MR4 - Comparison of VaR estimates with gains/losses	No	NBE applies the standardized approach		Na
EU ORA - Qualitative information on operational risk	Yes		Section 7 Operational Risk	Yes
EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts	Yes		Section 7 Operational Risk	No
EU REMA - Remuneration policy	Yes		Section 8 Remuneration	Yes
EU REM1 - Remuneration awarded for the financial year	Yes		Section 8 Remuneration	No
EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)	Yes		Section 8 Remuneration	No
EU REM3 - Deferred remuneration	Yes		Section 8 Remuneration	No
EU REM4 - Remuneration of 1 million EUR or more per year	Yes		Section 8 Remuneration	No
EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)	Yes		Section 8 Remuneration	No
EU AE1 - Encumbered and unencumbered assets	Yes		Section Liquidity Risk	No
EU AE2 - Collateral received and own debt securities issued	Yes		Section Liquidity Risk	No
EU AE3 - Sources of encumbrance	Yes		Section Liquidity Risk	No
EU AE4 - Accompanying narrative information	Yes		Section Liquidity Risk	Yes
EU IRRBB1 - Interest rate risks of non-trading book activities	Yes		Section Market Risk	No
EU IRRBBA - Qualitative information on interest rate risks of non-trading book activities	Yes		Section Market Risk	Yes



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