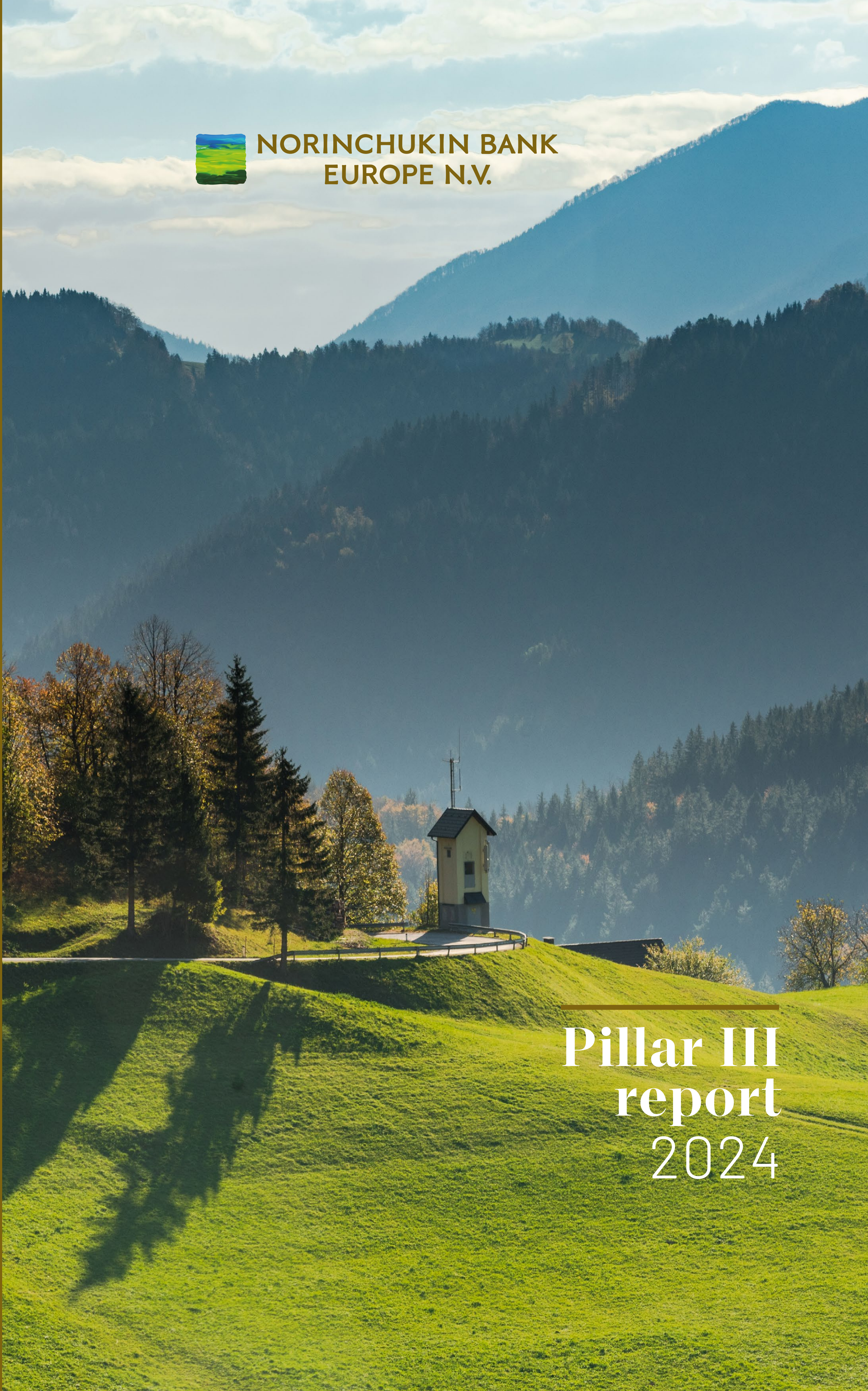
NORINCHUKIN BANK
EUROPE N.V.



Pillar III report 2024

Dedicated
to sustaining
all life.

Contents


Czech Republic, Europe

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 2024. 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 2024. However, in this Pillar III report we have included these sections which give a concise insight into our risk appetite and serve 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 supervisory 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. Therefore, we do 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 deposits at the central bank) and a limited number of clients/counterparties. From 2021 until 2024 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 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 standardised 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 standardised 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 in the basis of disclosure for prudential purposes and for accounting purposes. NBE has not consolidated any entity as it has no subsidiaries or other entities that fit the consolidation criteria.

Management Statement

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

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

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

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

NBE started its business in September 2020 with F&A banking business, Structured finance business, and Euro funding business, for which its exposure to risk bearing positions was well within the limits of NBE's risk appetite indicators. During 2024 the focus continued on further growth of the high credit quality loan portfolio while remaining well within the pre-defined risk appetite. As NBE is exposed to a relatively limited number of customers and counterparties, credit concentration risk is actively monitored and additional capital is assigned to cover the risk.

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

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

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

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

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

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

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

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

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

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

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

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

Overview of Key Metrics

NBE's risk profile and risk positions are sound with key metrics well above the minimum required levels. However, as NBE continues its transition from start-up to scale-up, the values of the key metrics will decline but will remain well above minimum required levels. In the respective section we will provide a high-level analysis of the movements of the key metrics in 2024 (compared to December 2023).

EU KM1 - Key metrics template

Amounts in thousands of euros unless otherwise stated.

		a	b	c	d	e
		2024-12-31	2024-09-30	2024-06-30	2024-03-31	2023-12-31
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	1,999,397	1,998,202	1,997,198	1,972,202	1,970,584
2	Tier 1 capital	1,999,397	1,998,202	1,997,198	1,972,202	1,970,584
3	Total capital	1,999,397	1,998,202	1,997,198	1,972,202	1,970,584
	Risk-weighted exposure amounts					
4	Total risk exposure amount	2,085,149	1,940,578	1,794,775	1,797,020	1,785,699
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	95.9%	103.0%	111.3%	109.8%	110.4%
6	Tier 1 ratio (%)	95.9%	103.0%	111.3%	109.8%	110.4%
7	Total capital ratio (%)	95.9%	103.0%	111.3%	109.8%	110.4%
	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 (%)	18.8%	18.8%	28.3%	28.3%	28.5%
EU 7b	of which: to be made up of CET1 capital (percentage points)	10.6%	10.6%	15.9%	15.9%	16.0%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	14.1%	14.1%	21.2%	21.2%	21.4%
EU 7d	Total SREP own funds requirements (%) *	26.8%	26.8%	36.3%	36.3%	36.5%
	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 (%)	1.0%	1.0%	1.0%	0.8%	0.6%
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 (%)	3.5%	3.5%	3.5%	3.3%	3.1%
EU 11a	Overall capital requirements (%)	30.3%	30.3%	39.8%	39.6%	39.6%
12	CET1 available after meeting the total SREP own funds requirements (%)	69.1%	76.2%	75.0%	73.5%	73.8%

		a	b	c	d	e
		2024-12-31	**2024-09-30**	**2024-06-30**	**2024-03-31**	**2023-12-31**
	Leverage ratio					
13	Total exposure measure	5,120,716	5,404,072	4,537,634	4,074,465	4,165,942
14	Leverage ratio (%)	39.0%	37.0%	44.0%	48.4%	47.3%
	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%	3.0%	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%	3.0%	3.0%	3.0%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	4,406,184	4,189,030	4,017,501	3,922,855	3,855,361
EU 16a	Cash outflows - Total weighted value	1,771,954	1,684,692	1,507,360	1,404,880	1,348,510
EU 16b	Cash inflows - Total weighted value	106,680	110,616	100,880	90,083	71,711
16	Total net cash outflows (adjusted value)	1,665,275	1,574,076	1,406,480	1,314,797	1,276,798
17	Liquidity coverage ratio (%)	264.6%	266.1%	285.6%	298.4%	302.0%
	Net Stable Funding Ratio					
18	Total available stable funding	2,631,617	2,703,023	2,651,144	2,713,666	2,695,369
19	Total required stable funding	1,573,431	1,434,128	1,365,946	1,417,043	1,361,568
20	NSFR ratio (%)	167.3%	188.5%	194.1%	191.5%	198.0%

* 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 consistently until 2024. Operational Risk remained at the same level as 2023. Counterparty Credit risk is limited and relates entirely to the Securities Financing Transactions (hereafter "SFT") business (repurchase and reverse repurchase transactions) via a Qualified Central Counterparty.

EU OV1 – Overview of total risk exposure amounts

		TOTAL RISK EXPOSURE	TOTAL OWN FUNDS	TOTAL RISK EXPOSURE	TOTAL OWN FUNDS
		a	c	b	d
		2024-12-31	2024-12-31	2023-12-31	2023-12-31
1	Credit risk (excluding CCR)	2,019,454	161,556	1,720,493	137,639
2	Of which the standardised approach	2,019,454	161,556	1,720,493	137,639
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	1,171	94	682	55
7	Of which the standardised approach				
8	Of which internal model method (IMM)				
EU 8a	Of which exposures to a CCP	1,171	94	682	55
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				

		TOTAL RISK EXPOSURE	TOTAL OWN FUNDS	TOTAL RISK EXPOSURE	TOTAL OWN FUNDS
		a	c	b	d
		2024-12-31	2024-12-31	2023-12-31	2023-12-31
16	Securitisation exposures in the non-trading book (after the cap)				
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	64,524	5,162	64,524	5,162
EU 23a	Of which basic indicator approach	64,524	5,162	64,524	5,162
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**	**2,085,149**	**166,812**	**1,785,699**	**142,856**

Consolidation Scope

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

The following tables provide an 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 2024

	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	753,518	753,518	753,518				
Loans and advances to banks	18,885	18,885	1,849	14,537			2,500
Loans and advances to customers	1,727,044	1,727,044	1,727,044				
Debt Securities at amortized cost	1,384,637	1,384,637	1,384,637				
Property and equipment	393	393	393				
Intangible assets	169	169					169
Right-of-use assets	1,662	1,662	1,662				
Current tax assets	124	124	124				
Deferred tax assets	433	433					433
Other assets	5,371	5,371	5,371				
Total assets	**3,892,236**	**3,892,236**	**3,874,597**	**14,537**			**3,103**
Breakdown by liability classes according to the balance sheet in the published financial statements							
Due to banks	1,636,651	1,636,651		342,251			1,294,400
Due to customers	218,156	218,156					218,156
Lease liabilities	1,680	1,680					1,680
Current tax liabilities	1,697	1,697					1,697
Provisions	168	168					168
Deferred tax liabilities	429	429					429
Other liabilities	5,184	5,184					5,184
Total liabilities	**1,863,965**	**1,863,965**		**342,251**			**1,521,714**

EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories 2023

	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 secu-ritisation framework	Subject to the market risk frame-work	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	401,790	401,790	401,790				
Loans and ad-vances to banks	8,529	8,529	4,039	1,990			2,500
Loans and advances to customers	1,295,526	1,295,526	1,295,526				
Debt Securities at amortized cost	1,410,009	1,410,009	1,410,009				
Property and equipment	545	545	545				
Intangible assets	169	169					169
Right-of-use assets	2,200	2,200	2,200				
Current tax assets							
Deferred tax assets	5,596	5,596					5,596
Other assets	7,771	7,771	7,771				
Total assets	**3,132,135**	**3,132,135**	**3,121,879**	**1,990**			**8,265**
Breakdown by liability classes according to the balance sheet in the published financial statements							
Due to banks	909,435	909,435		25,164			884,270
Due to customers	214,098	214,098					214,098
Lease liabilities	2,249	2,249					2,249
Current tax liabilities	1,065	1,065					1,065
Provisions	222	222					222
Deferred tax liabilities	568	568					568
Other liabilities	3,675	3,675					3,675
Total liabilities	**1,131,312**	**1,131,312**					**1,106,148**

EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements 2024

		a	b	c	d	e
		Total	Items subject to			
			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)	**4,231,385**	3,874,597		356,788	
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	**4,231,385**	3,874,597		356,788	
4	Off-balance-sheet amounts	**3,715,236**	3,715,236			
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)*	**-3,000,000**	-3,000,000			
9	*Differences due to credit conversion factors*	**-357,618**	-357,618			
10	*Differences due to Securitisation with risk transfer*					
11	*Other differences*					
12	Exposure amounts considered for regulatory purposes	**4,589,003**	4,232,215		356,788	

EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements 2023

		a	b	c	d	e
		Total	Items subject to			
			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)	**3,149,034**	3,121,879		27,155	
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	**3,149,034**	3,121,879		27,155	
4	Off-balance-sheet amounts	**3,970,475**	3,970,475			
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)*	**-3,000,000**	-3,000,000			
9	*Differences due to credit conversion factors*	**-485,237**	-485,237			
10	*Differences due to Securitisation with risk transfer*					
11	*Other differences*					
12	Exposure amounts considered for regulatory purposes	**3,634,271**	3,607,116		27,155	

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


Slovenia, Europe

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 risk, across all divisions and levels, specific functions, projects and activities increases the likelihood that NBE will achieve its strategic objectives.

Risk is defined as "possible occurrence of any event which may produce a negative result to the management of operations (causing some kind of losses)", this includes impact on the climate and environment. This definition is aligned with The Norinchukin Bank's definition as defined in the basic policies of Risk Management. Uncertainty involving upside (positive) influence must also be included in risk, as per NBE's Risk Management Policy.

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

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

Risk Culture

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

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

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

Risk Management Framework and Governance

The risk management framework is established to meet the objective of risk management. The risk management framework is defined as "a set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization".

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

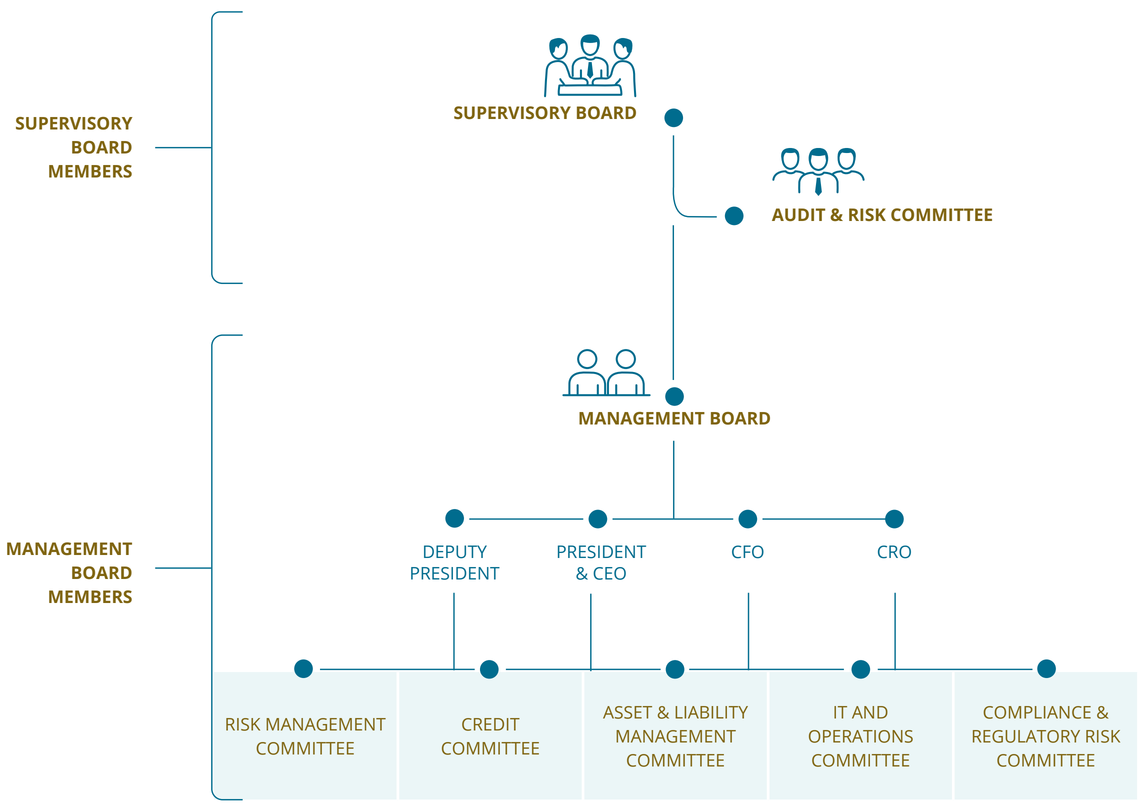
The risk management framework of NBE is implemented through a "Three Lines" model in line with industry standards. The model defines clear responsibilities and accountabilities and ensures that effective independent assurance activities take place covering key decisions. For each line, NBE applies a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

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

Second Line
The Risk Management function, provides oversight and independent challenge to the effectiveness of risk decisions taken by the business. Additionally, it provides advice and guidance by reviewing, challenging and periodic reporting on the risk profile of NBE.
Other Second Line functions are:

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

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



Third Line

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

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

Supervisory Board

The Supervisory Board is charged with the supervision of the policies pursued by the Management Board and the general course of affairs in the Bank. The Supervisory Board also provides advice to the Management Board. The Supervisory Board supervises and advises the Management Board, amongst other topics, on:

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

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

Audit and Risk Committee

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

Management Board

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

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

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

Risk Committees

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

Risk Management Committee

This committee has, as its sole and exclusive function, responsibility for setting the risk management policies of NBE's operations and oversight of the operation of NBE's risk management framework. The committee assists the Management Board in fulfilling its oversight responsibilities with regard to the risk appetite of NBE, the risk management framework and the governance structure that supports it. Since 2023 the oversight responsibility includes climate and environmental risk. The Risk Management Committee is chaired by the CRO and composed of the Management Board members and heads of relevant divisions.

Credit Committee

This committee has responsibility for the credit risk management policies of the Bank's operations and oversight of the operation of the Bank's credit risk management framework. The Credit Committee also assesses the individual credit risk taking activities and review credit portfolio. The Credit Committee is chaired by the CRO and composed of the Management Board members and heads of relevant divisions.

Asset and Liability Management Committee

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

IT and Operations Committee

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

Compliance and Regulatory Risk Committee

This committee assists the Management Board in its oversight of developments in the field of integrity and regulatory compliance, as well as legal matters. Furthermore, the committee assists the Management Board on its integrity risk management capabilities, amongst others through the periodical review of the Systematic Integrity Risk Analysis ("SIRA") and it monitors the progress of the Compliance annual plan. The Compliance and Regulatory Risk Committee is chaired by the head of Legal and Compliance Division and composed of the Management Board members and heads of relevant divisions.

Risk Appetite

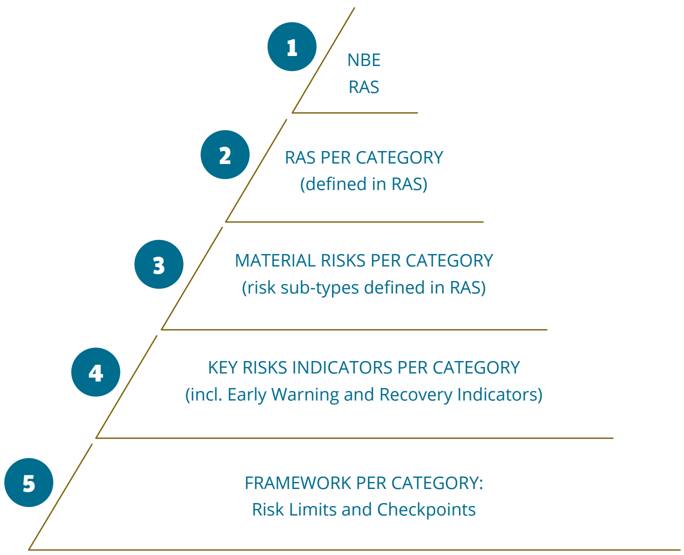
NBE aims to maintain a robust financial base in order to ensure stable Euro funding for the parent by constraining its risk-taking activities.

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

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

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

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



RISK UNIVERSE

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

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

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

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

1

Category 1 – Capital, Credit & Market Risk

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

- *Risk of Insufficient Capitalization:* risk resulting from low capital levels or high leverage. Not having enough capital to comfortably meet regulatory and internal requirements may require unintended corrective measures to the business plan, including distressed selling of assets which might result in losses or in valuation adjustments to the remaining assets.
- *Strategic Risk:* risk that overarching goals (including sustainable profitability goals), aligned with and supporting the organization's mission are not achieved and sound businesses at the Bank is not maintained. Financially, this may entail that volumes decline or margins may shrink, with no opportunity to offset the revenue declines with a reduction in costs.
- *Credit Risk*: risk of losses caused by a decrease in or loss of value of assets (including off-balance-sheet assets) due to the deterioration in financial position of borrowers.
- *Credit Concentration Risk:* risk stemming from a large single exposure or group of exposures that are adversely impacted by similar variations in conditions, events, or circumstances.
- *Interest Rate Risk in the Banking Book:* risk arising from maturity differences between bank assets and liabilities in NBE's Banking Book by differing interest rates used for pricing and differing repricing points.
- *Credit Spread Risk in the Banking Book:* risk of loss of economic value or interest income due to changes in credit spreads.
- *Climate and Environmental risks:* risks stemming from climate and environmental change and which translate into other risk categories such as an increase in credit risk. Given the importance for stakeholders also strategic risk and reputational risk are impacted. To date 31 December 2024, NBE deems that C&E impact on credit risk is material mainly driven by transition risk through the transmission channel "Rapid advancement and decreasing costs of renewable energy technologies".

For the period ended 31 December 2024, the risk profile of NBE has changed little compared to the previous year. NBE started its business in September 2020 with Global Investment business and Euro funding business for which its exposure to risk bearing positions was well within the limits of NBE's risk appetite indicators. During 2024 the focus was on a further increase of the loan portfolio and to remain well within the pre-defined risk appetite.

2

Category 2 – Liquidity & Funding Risk

Liquidity & Funding Risks consist of the following material risks:

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

For the period ended 31 December 2024, similar to category 1 risks, the risk profile of NBE for liquidity and funding risks was limited.

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

These commitments are included in NBE's liquidity risk management including survival period calculations. Due to the large available liquidity buffers that are in place because NBE is still building up the balance sheet, the liquidity and funding risks remained low, as shown by the LCR of 300% and NSFR of 167%.

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

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

Types of risks whose occurrence itself are subject to control:

Legal & Compliance Risk:

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

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

System Risk:

Risk of financial loss, regulatory sanctions or reputational damage caused by - inadequate design, development and/or usage of IT systems of the Bank

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

Information leakage risk:

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

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

Administrative risk:

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

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

Human risk:

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

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

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

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

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

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

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

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

Types of risks whose post-occurrence measures are subject to control:

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

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

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

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

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

For the period ended 31 December 2024, similar to category 1 and category 2 risks, the risk profile of NBE was limited. It is emphasized that reputational concerns were taken into consideration when the Risk Universe was constructed. NBE regards reputational damage as a potential secondary effect in the case that any risk materializes. Managing potential reputational effects is therefore considered to be interweaved throughout the risk management framework.

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

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

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

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 standardised 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 96% (2023; 110%). 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.

EU CC1 - Composition of regulatory own funds

		31-12-2024	31-12-2023	(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		-23,651	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	2,000,000	1,976,348	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)			
8	Intangible assets (net of related tax liability) (negative amount)	-169	-169	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)	-433	-5,596	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)			

		31-12-2024	31-12-2023	(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)			
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)	-603	-5,764	
29	Common Equity Tier 1 (CET1) capital	1,999,397	1,970,584	
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts			
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			

		31-12-2024	31-12-2023	(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)	1,999,397	1,970,584	
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			

		31-12-2024	31-12-2023	(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	Total capital (TC = T1 + T2)	1,999,397	1,970,584	
60	Total Risk exposure amount	2,085,149	1,785,699	
Capital ratios and requirements including buffers				
61	Common Equity Tier 1 capital	95.9%	110.4%	
62	Tier 1 capital	95.9%	110.4%	
63	Total capital	95.9%	110.4%	
64	Institution CET1 overall capital requirements	18.6%	23.6%	
65	of which: capital conservation buffer requirement	2.5%	2.5%	
66	of which: countercyclical capital buffer requirement	1.0%	0.6%	
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	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	10.6%	16.0%	
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	69.1%	73.8%	
National minima (if different from Basel III)				
69	Not applicable			
70	Not applicable			
71	Not applicable			

		31-12-2024	31-12-2023	(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	25,243	21,515	
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

		31-12-2024		31-12-2023		
		a	b	a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		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	753,518	753,518	401,790	401,790	
2	Loans and advances to banks	18,885	18,885	8,529	8,529	
3	Loans and advances to customers	1,727,044	1,727,044	1,295,526	1,295,526	
4	Debt Securities at amortized cost	1,384,637	1,384,637	1,410,009	1,410,009	
5	Property and equipment	393	393	545	545	
6	Intangible assets	169	169	169	169	
7	Right-of-use assets	1,662	1,662	2,200	2,200	
8	Current tax assets	124	124			
9	Deferred tax assets	433	433	5,596	5,596	
10	Other assets	5,371	5,371	7,771	7,771	
11	**Total assets**	**3,892,236**	**3,892,236**	**3,132,135**	**3,132,135**	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements						
13	Due to banks	1,636,651	1,636,651	909,435	909,435	
14	Due to customers	218,156	218,156	214,098	214,098	
15	Lease liabilities	1,680	1,680	2,249	2,249	
16	Current tax liabilities	1,697	1,697	1,065	1,065	
17	Deferred tax liabilities	429	429	568	568	
18	Other liabilities	5,352	5,352	3,897	3,897	
19	**Total liabilities**	**1,863,965**	**1,863,965**	**1,131,312**	**1,131,312**	
Shareholders' Equity						
21	Issued capital	2,000,000	2,000,000	2,000,000	2,000,000	
22	Retained earnings			-23,651	-23,651	
23	Result for the year	28,271	28,271	24,474	24,474	
24	**Total shareholders' equity**	**2,028,271**	**2,028,271**	**2,000,823**	**2,000,823**	

Countercyclical buffer

EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer 2024

		a	b	c	d	e	f
		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures	**Total exposure value**
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	
010	**Breakdown by country:**						
	BE	128,763					**128,763**
	DE	517,942					**517,942**
	FR	1,018,141					**1,018,141**
	JP						
	LU	81,836					**81,836**
	NL	318,459					**318,459**
	PL	23,337					**23,337**
020	**Total**	**2,088,480**					**2,088,480**

EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer 2023

		a	b	c	d	e	f
		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures	**Total exposure value**
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models"	Exposure value for non-trading book	
010	**Breakdown by country:**						
	BE	149,055					**149,055**
	DE	474,387					**474,387**
	FR	849,311					**849,311**
	JP						
	LU	51,522					**51,522**
	NL	263,247					**263,247**
	PL						
020	**Total**	**1,787,522**					**1,787,522**

g	h	i	j	k	l	m
			Own fund requirements	Risk-weighted	Own fund requirements	Countercyclical
Relevant credit risk exposures - Credit risk"	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book "	**Total**	exposure amounts	weights (%)	buffer rate (%)
10,301			**10,301**	128,763	6.4%	1.00%
41,435			**41,435**	517,942	25.8%	0.75%
81,051			**81,051**	1,013,141	50.4%	1.00%
6,547			**6,547**	81,836	4.1%	0.50%
19,675			**19,675**	245,932	12.2%	2.00%
1,867			**1,867**	23,337	1.2%	
160,876			**160,876**	**2,010,952**		

g	h	i	j	k	l	m
			Own fund requirements	Risk-weighted	Own fund requirements	Countercyclical
Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book "	**Total**	exposure amounts	weights (%)	buffer rate (%)
11,924			**11,924**	149,055	8.7%	
37,951			**37,951**	474,387	27.6%	0.75%
67,945			**67,945**	849,311	49.4%	0.50%
4,122			**4,122**	51,522	3.0%	0.50%
15,512			**15,512**	193,899	11.3%	1.00%
137,454			**137,454**	**1,718,174**		

EU CCyB2 - Amount of institution-specific countercyclical capital buffer

		31-12-2024	31-12-2023
1	Total risk exposure amount	2,085,149	1,785,699
2	Institution specific countercyclical capital buffer rate	1.0%	0.6%
3	Institution specific countercyclical capital buffer requirement	21,393	10,394

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. The leverage ratio of NBE as per December 31, 2024 39% (2023; 47%) 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

		31-12-2024	31-12-2023
		Applicable amount	Applicable amount
1	Total assets as per published financial statements	3,892,236	3,132,135
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation		
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)		
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))		
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)		
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting		
7	Adjustment for eligible cash pooling transactions		
8	Adjustment for derivative financial instruments		
9	Adjustment for securities financing transactions (SFTs)	-110	-1,990
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	957,618	1,085,237
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)		
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-70,787	-70,830
12	Other adjustments	341,758	21,391
13	**Total exposure measure**	**5,120,716**	**4,165,942**

EU LR2 - LRCom: Leverage ratio common disclosure

		CRR LEVERAGE RATIO EXPOSURES	
		a	b
		31-12-2024	31-12-2023
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	4,234,487	3,157,299
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)	-603	-5,764
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**4,233,885**	**3,151,535**
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	2,507,551	26,678,610
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-2,507,551	-26,678,610
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	3,715,404	3,970,696
20	(Adjustments for conversion to credit equivalent amounts)	-2,757,786	-2,885,459
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)		
22	**Off-balance sheet exposures**	**957,618**	**1,085,237**

		CRR LEVERAGE RATIO EXPOSURES	
		a	b
		31-12-2024	31-12-2023
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-70,787	-70,830
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)**	**-70,787**	**-70,830**
Capital and total exposure measure			
23	Tier 1 capital	1,999,397	1,970,584
24	**Total exposure measure**	**5,120,716**	**4,165,942**
Leverage ratio			
25	Leverage ratio (%)	39.0%	47.3%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	39.0%	47.3%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	39.0%	47.3%
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
		31-12-2024	31-12-2023
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)	5,120,716	4,165,942
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)	5,120,716	4,165,942
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)	39.0%	47.3%
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)	39.0%	47.3%

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

		31-12-2024	31-12-2023
		CRR leverage ratio exposures	CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**4,163,701**	**3,086,469**
EU-2	Trading book exposures		
EU-3	Banking book exposures, of which:	4,163,701	3,086,469
EU-4	Covered bonds		
EU-5	Exposures treated as sovereigns	2,069,106	1,742,791
EU-6	Exposures to regional governments, MDB, international organizations and PSE, not treated as sovereigns		
EU-7	Institutions	360,630	33,129
EU-8	Secured by mortgages of immovable properties		
EU-9	Retail exposures		
EU-10	Corporates	1,727,851	1,296,528
EU-11	Exposures in default		
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	6,113	14,021

4. Credit Risk

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

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

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

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

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

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

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

Impairment allowance – Expected credit losses

NBE aims to maintain a sufficient level of reserves to cover losses incurred. For accounting purposes NBE recognizes a loss allowance for expected credit losses on financial assets measured at either amortized cost or fair value through other comprehensive income (FVOCI) and off-balance facilities based on IFRS 9. In the Accounting Policy for the impairment on financial assets, expected credit loss approach is further elaborated (refer to the Annual Report 2024).

All the financial assets and off-balance facilities were classified as stage 1 as per 31 December 2024 as there has been no significant increase in credit risk since initial recognition. The expected credit loss allowance was booked for debt securities, loans to customers, and off-balance loan commitments as per 31 December 2024 which were all measured at amortized cost. Loans and advances to banks consisted only of low credit risk and short term instruments (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 (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 2024

		a	b	c	d	e	f
		Gross carrying amount/nominal amount					
		Performing exposures			Non-performing exposures		
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3
005	Cash balances at central banks and other demand deposits	755,366	755,366				
010	Loans and advances	1,744,681	1,744,681				
020	Central banks						
030	General governments						
040	Credit institutions	17,037	17,037				
050	Other financial corporations	310,289	310,289				
060	Non-financial corporations	1,417,355	1,417,355				
070	Of which SMEs	831,470	831,470				
080	Households						
090	Debt securities	1,384,638	1,384,638				
100	Central banks						
110	General governments	1,313,851	1,313,851				
120	Credit institutions						
130	Other financial corporations	70,787	70,787				
140	Non-financial corporations						
150	Off-balance-sheet exposures	3,715,404	3,715,404				
160	Central banks						
170	General governments						
180	Credit institutions	3,000,000	3,000,000				
190	Other financial corporations	6,443	6,443				
200	Non-financial corporations	708,961	708,961				
210	Households						
220	**Total**	**7,600,089**	**7,600,089**				

g	h	i	j	k	l	m	n	o
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 – 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			
-600	-600						199,596	
							110	
-109	-109						50,004	
-491	-491						149,482	
-400	-400							
-1	-1							
-1	-1							
0	0							
168	168						3,000,000	
							3,000,000	
4	4							
165	165							
-770	**-770**						**3,199,596**	

EU CR1 - Performing and non-performing exposures and related provisions 2023

		a	b	c	d	e	f
		Gross carrying amount/nominal amount					
		Performing exposures			Non-performing exposures		
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3
005	Cash balances at central banks and other demand deposits	405,829	405,829				
010	Loans and advances	1,300,491	1,300,491				
020	Central banks						
030	General governments						
040	Credit institutions	4,490	4,490				
050	Other financial corporations	204,232	204,232				
060	Non-financial corporations	1,091,768	1,091,768				
070	Of which SMEs	534,045	534,045				
080	Households						
090	Debt securities	1,410,040	1,410,040				
100	Central banks						
110	General governments	1,339,210	1,339,210				
120	Credit institutions						
130	Other financial corporations	70,830	70,830				
140	Non-financial corporations						
150	Off-balance-sheet exposures	3,970,696	3,970,696				
160	Central banks						
170	General governments						
180	Credit institutions	3,000,000	3,000,000				
190	Other financial corporations	27,160	27,160				
200	Non-financial corporations	943,536	943,536				
210	Households						
220	**Total**	**7,087,056**	**7,087,056**				

g	h	i	j	k	l	m	n	o
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumu-lated-partial write-off	Collateral and financial guarantees received	
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			
-474	-474						183,358	
							1,990	
-92	-92							
-383	-383						181,367	
-272	-272							
-31	-31							
-31	-31							
0	0							
222	222						3,000,000	
							3,000,000	
9	9							
213	213							
-727	**-727**						**3,183,358**	

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.

There 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 2024

		UNSECURED CARRYING AMOUNT	SECURED CARRYING AMOUNT			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	2,299,863	199,585	110	199,475	
2	Debt securities	1,384,637				
3	**Total**	**3,684,499**	**199,585**	**110**	**199,475**	
4	Of which non-performing exposures					
EU-5	Of which defaulted					

EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques 2023

		UNSECURED CARRYING AMOUNT	SECURED CARRYING AMOUNT			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	1,522,967	183,353	1,990	181,363	
2	Debt securities	1,410,040				
3	**Total**	**2,933,007**	**183,353**	**1,990**	**181,363**	
4	Of which non-performing 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 2024

		a	b	c	d	e
		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
005	Cash balances at central banks and other demand deposits	755,366	755,366			
010	Loans and advances	1,744,681	1,744,681			
020	Central banks					
030	General governments					
040	Credit institutions	17,037	17,037			
050	Other financial corporations	310,289	310,289			
060	Non-financial corporations	1,417,355	1,417,355			
070	Of which SMEs	831,470	831,470			
080	Households					
090	Debt securities	1,384,638	1,384,638			
100	Central banks					
110	General governments	1,313,851	1,313,851			
120	Credit institutions					
130	Other financial corporations	70,787	70,787			
140	Non-financial corporations					
150	Off-balance-sheet exposures	3,715,404				
160	Central banks					
170	General governments					
180	Credit institutions	3,000,000				
190	Other financial corporations	6,443				
200	Non-financial corporations	708,961				
210	Households					
220	**Total**	**7,600,089**	**3,884,685**			

f	g	h	i	j	k	l
						Gross carrying amount/nominal amount
						Non-performing exposures
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

EU CQ3 - Credit quality of performing and non-performing exposures by past due days 2023

		a	b	c	d	e
		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
005	Cash balances at central banks and other demand deposits	405,829	405,829			
010	Loans and advances	1,300,491	1,300,491			
020	Central banks					
030	General governments					
040	Credit institutions	4,490	4,490			
050	Other financial corporations	204,232	204,232			
060	Non-financial corporations	1,091,768	1,091,768			
070	Of which SMEs	534,045	534,045			
080	Households					
090	Debt securities	1,410,040	1,410,040			
100	Central banks					
110	General governments	1,339,210	1,339,210			
120	Credit institutions					
130	Other financial corporations	70,830	70,830			
140	Non-financial corporations					
150	Off-balance-sheet exposures	3,970,696				
160	Central banks					
170	General governments					
180	Credit institutions	3,000,000				
190	Other financial corporations	27,160				
200	Non-financial corporations	943,536				
210	Households					
220	**Total**	**7,087,056**	**3,116,360**			

	f	g	h	i	j	k	l
							Gross carrying amount/nominal amount
							Non-performing exposures
	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

EU CQ4 - Quality of non-performing exposures by geography 2024

		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	3,884,685			3,884,685	-601		
	BE	125,358			125,358	-21		
	DE	431,351			431,351	-179		
	ES	560,399			560,399	-1		
	FR	1,621,301			1,621,301	-297		
	JP							
	LU	73,106			73,106	-77		
	NL	1,066,483			1,066,483	-22		
	PL	6,689			6,689	-4		
080	Off-balance-sheet exposures	3,715,404					168	
	BE	6,883						
	DE	175,194					56	
	ES							
	FR	476,928					102	
	JP	3,000,000						
	LU	17,616					1	
	NL	5,469						
	PL	33,313					9	
150	**Total**	**7,600,089**			**3,884,685**	**-601**	**168**	

EU CQ4 - Quality of non-performing exposures by geography 2023

		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	3,116,360			3,116,360	-505		
	BE	145,663			145,663	-33		
	DE	328,937			328,937	-96		
	ES	565,127			565,127	-31		
	FR	1,381,078			1,381,078	-259		
	JP							
	LU	39,560			39,560	-63		
	NL	655,995			655,995	-24		
	PL							
080	Off-balance-sheet exposures	3,970,696					222	
	BE	6,883						
	DE	295,738					80	
	ES							
	FR	635,933					141	
	JP	3,000,000						
	LU	24,050					0	
	NL	8,092						
	PL							
150	**Total**	**7,087,056**			**3,116,360**	**-505**	**222**	

EU CQ5 - Credit quality of loans and advances to non-financial corporations by industry 2024

		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	93,273			93,273	-2	
040	Electricity, gas, steam and air conditioning supply	593,441			593,441	-205	
050	Water supply						
060	Construction						
070	Wholesale and retail trade	16,203			16,203	0	
080	Transport and storage						
090	Accommodation and food service activities						
100	Information and communication	184,114			184,114	-107	
110	Financial and insurance activities	336,765			336,765	-97	
120	Real estate activities						
130	Professional, scientific and technical activities	193,559			193,559	-79	
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**	**1,417,355**			**1,417,355**	**-491**	

EU CQ5 - Credit quality of loans and advances to non-financial corporations by industry 2023

		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	168,196			168,196	-5	
040	Electricity, gas, steam and air conditioning supply	552,472			552,472	-214	
050	Water supply						
060	Construction	61,811			61,811	-12	
070	Wholesale and retail trade	49,175			49,175	-1	
080	Transport and storage						
090	Accommodation and food service activities						
100	Information and communication	200,362			200,362	-131	
110	Financial and insurance activities	59,751			59,751	-19	
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**	**1,091,768**			**1,091,768**	**-383**	

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 2024

	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	2,139,893		2,139,893			
2	Regional government or local authorities						
3	Public sector entities						
4	Multilateral development banks						
5	International organizations						
6	Institutions	360,630	3,000,000	360,630		8,502	2%
7	Corporates	1,727,851	715,236	1,727,851	357,618	2,007,941	96%
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	3,011		3,011		3,011	100%
17	**TOTAL**	**4,231,385**	**3,715,236**	**4,231,385**	**357,618**	**2,019,454**	**44%**

EU CR4 – standardised approach – Credit risk exposure and CRM effects 2023

	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	1,813,621		1,813,621			
2	Regional government or local authorities						
3	Public sector entities						
4	Multilateral development banks						
5	International organizations						
6	Institutions	33,129	3,000,000	33,129		2,319	7%
7	Corporates	1,296,528	970,475	1,296,528	485,237	1,712,417	96%
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	5,757		5,757		5,757	100%
17	**TOTAL**	**3,149,035**	**3,970,475**	**3,149,035**	**485,237**	**1,720,493**	**47%**

EU CR5 – standardised approach 2024

	EXPOSURE CLASSES	RISK WEIGHT						
		0%	2%	4%	10%	20%	35%	50%
		a	b	c	d	e	f	g
1	Central governments or central banks	2,139,893						
2	Regional government or local authorities							
3	Public sector entities							
4	Multilateral development banks							
5	International organizations							
6	Institutions		356,788			1,849		1,993
7	Corporates							155,056
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							
17	**TOTAL**	**2,139,893**	**356,788**			**1,849**		**157,049**

									TOTAL	OF WHICH UNRATED
	70%	75%	100%	150%	250%	370%	1250%	Others		
	h	i	j	k	l	m	n	o	p	q
									2,139,893	
									360,630	
			1,930,413						2,085,469	1,907,155
			3,011						3,011	3,011
			1,933,424						**4,589,003**	**1,910,166**

EU CR5 – standardised approach 2023

	EXPOSURE CLASSES	RISK WEIGHT						
		0%	2%	4%	10%	20%	35%	50%
		a	b	c	d	e	f	g
1	Central governments or central banks	1,813,621						
2	Regional government or local authorities							
3	Public sector entities							
4	Multilateral development banks							
5	International organizations							
6	Institutions		27,155			4,039		1,936
7	Corporates							138,696
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							
17	**TOTAL**	**1,813,621**	**27,155**			**4,039**		**140,632**

								TOTAL	OF WHICH UNRATED
70%	75%	100%	150%	250%	370%	1250%	Others		
h	i	j	k	l	m	n	o	p	q
								1,813,621	
								33,129	
		1,643,069						1,781,765	1,625,093
		5,757						5,757	5,757
		1,648,826						**3,634,272**	**1,630,850**

Counterparty Credit Risk

NBE has a limited amount subject to counterparty credit risk and relates entirely to the 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.

NBE has no collateral posted for counterparty credit risk and therefore we have not disclosed template CRR5 Composition of collateral for CCR exposures.

EU CCR1 – Analysis of CCR exposure by approach 2024

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure 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)					356,788	356,788	356,788	7,136
5	VaR for SFTs								
6	**Total**					**356,788**	**356,788**	**356,788**	**7,136**

EU CCR1 – Analysis of CCR exposure by approach 2023

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure 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)					27,155	27,155	27,155	543
5	VaR for SFTs								
6	**Total**					**27,155**	**27,155**	**27,155**	**543**

EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights 2024

	EXPOSURE CLASSES	RISK WEIGHT			
		a	b	c	d
		0%	2%	4%	10%
1	Central governments or central banks				
2	Regional government or local authorities				
3	Public sector entities				
4	Multilateral development banks				
5	International organizations				
6	Institutions		356,788		
7	Corporates				
8	Retail				
9	Institutions and corporates with a short-term credit assessment				
10	Other items				
11	**Total exposure value**		**356,788**		

EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights 2023

	EXPOSURE CLASSES	RISK WEIGHT			
		a	b	c	d
		0%	2%	4%	10%
1	Central governments or central banks				
2	Regional government or local authorities				
3	Public sector entities				
4	Multilateral development banks				
5	International organizations				
6	Institutions		27,155		
7	Corporates				
8	Retail				
9	Institutions and corporates with a short-term credit assessment				
10	Other items				
11	**Total exposure value**		**27,155**		

e	f	g	h	i	j	k	l
20%	50%	70%	75%	100%	150%	Others	Total exposure value
							356,788
							356,788

e	f	g	h	i	j	k	l
20%	50%	70%	75%	100%	150%	Others	Total exposure value
							27.155
							27,155

EU CCR8 – Exposures to CCPs 2024

		a	b
		Exposure value	RWEA
1	**Exposures to QCCPs (total)**		**8,307**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	356,788	7,136
3	(i) OTC derivatives		
4	(ii) Exchange-traded derivatives		
5	(iii) SFTs	356,788	7,136
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	1,171
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 2023

		a	b
		Exposure value	RWEA
1	**Exposures to QCCPs (total)**		**1,225**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	27,155	543
3	(i) OTC derivatives		
4	(ii) Exchange-traded derivatives		
5	(iii) SFTs	27,155	543
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	682
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 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 NBE's liquidity adequacy is assessed.

Liquidity Risk Management Strategy

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.

Intraday Liquidity Risk
The risk arising from short-term liquidity risk within a day from payment/settlement activities.

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 as First Line is responsible for (1) drafting of 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, 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 Asset and Liability Management (hereafter "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 Risk Management Committee gives a preliminary approval and sends the documents for 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 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 controls short-term cash-flow risk (LCR), structural funding risk (NSFR) and medium-term liquidity (survival horizon).

Contingency Liquidity Plan

NBE's Contingency Liquidity Plan (hereafter "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 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 NBE,
d. a description of the CLP activation procedure which determines the steps that will be taken to determine and execute NBE's action plan, and
e. an annual CLP testing procedure to ensure that the CLP is adequate and funding sources will be available in a stress situation. 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 (2024; 265%) 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 NBE's business, in September 2020, the LCR is well above 100%.

EU LIQ1 - Quantitative information of LCR

		a	b
EU 1a	Quarter ending on (DD Month YYY)	31-12-2024	30-09-2024
EU 1b	Number of data points used in the calculation of averages	12	12
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		
CASH - OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits		
4	Less stable deposits		
5	Unsecured wholesale funding	457,343	369,128
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks		
7	Non-operational deposits (all counterparties)	457,343	369,128
8	Unsecured debt		
9	Secured wholesale funding		
10	Additional requirements	3,000,000	3,000,000
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
14	Other contractual funding obligations	52	51
15	Other contingent funding obligations	120,537	124,862
16	**TOTAL CASH OUTFLOWS**		
CASH - INFLOWS			
17	Secured lending (e.g. reverse repos)	10,481,726	12,951,156
18	Inflows from fully performing exposures	186,826	194,070
19	Other cash inflows		
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**	**10,668,552**	**13,145,226**
EU-20a	*Fully exempt inflows*		
EU-20b	*Inflows subject to 90% cap*		
EU-20c	*Inflows subject to 75% cap*	10,668,552	13,145,226
TOTAL ADJUSTED VALUE			
EU-21	**Liquidity buffer**		
22	**Total net cash outflows**		
23	**Liquidity coverage ratio**		

c	d	e	f	g	h
Total unweighted value (average)		**Total weighted value (average)**			
30-06-2024	31-03-2024	31-12-2024	30-09-2024	30-06-2024	31-03-2024
12	12	12	12	12	12
		4,406,184	4,189,030	4,017,501	3,922,855
195,637	123,103	482,826	386,126	212,635	107,891
195,637	123,103	482,826	386,126	212,635	107,891
3,000,000	3,000,000	1,200,000	1,200,000	1,200,000	1,200,000
3,000,000	3,000,000	1,200,000	1,200,000	1,200,000	1,200,000
53	55				
121,443	137,431	89,129	98,566	94,725	96,989
		1,771,954	**1,684,692**	**1,507,360**	**1,404,880**
16,079,908	17,419,930				
176,482	153,041	106,680	110,616	100,880	90,083
16,256,391	**17,572,972**	**106,680**	**110,616**	**100,880**	**90,083**
16,256,391	17,572,972	106,680	110,616	100,880	90,083
		4,406,184	**4,189,030**	**4,017,501**	**3,922,855**
		1,665,275	**1,574,076**	**1,406,480**	**1,314,797**
		265%	**266%**	**286%**	**298%**

Net Stable Funding

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

EU LIQ2 - Net Stable Funding Ratio - December 2024

In accordance with Article 451a(3) CRR		a	b
		No maturity	< 6 months
Available stable funding (ASF) Items			
1	Capital items and instruments	2,000,000	
2	Own funds	2,000,000	
3	Other capital instruments		
4	Retail deposits		
5	Stable deposits		
6	Less stable deposits		
7	Wholesale funding:		1,333,513
8	Operational deposits		
9	Other wholesale funding		1,333,513
10	Interdependent liabilities		
11	Other liabilities:		7,782
12	NSFR derivative liabilities		
13	All other liabilities and capital instruments not included in the above categories		7,782
14	**Total available stable funding (ASF)**		
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:		**270,019**
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		14,537
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		172,508
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		82,974
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:		17,908
27	Physical traded commodities		
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		
29	NSFR derivative assets		
30	NSFR derivative liabilities before deduction of variation margin posted		
31	All other assets not included in the above categories		17,908
32	Off-balance sheet items		3,184,713
33	**Total RSF**		
34	**Net Stable Funding Ratio (%)**		

c	d	e
Unweighted value by residual maturity		Weighted value
6 months to < 1yr	>= 1yr	
		2,000,000
		2,000,000
	521,293	630,371
	521,293	630,371
261	1,115	1,246
261	1,115	1,246
		2,631,617
38,423	**1,434,988**	**1,380,402**
26,549	551,418	581,943
11,874	883,570	798,458
262	4,632	7,267
	2,500	2,125
262	2,132	5,142
146,517	384,005	185,762
		1,573,431
		167%

EU LIQ2 - Net Stable Funding Ratio - December 2023

In accordance with Article 451a(3) CRR		a	b
		No maturity	< 6 months
Available stable funding (ASF) Items			
1	Capital items and instruments	1,976,348	
2	Own funds	1,976,348	
3	Other capital instruments		
4	Retail deposits		
5	Stable deposits		
6	Less stable deposits		
7	Wholesale funding:		513,351
8	Operational deposits		
9	Other wholesale funding		513,351
10	Interdependent liabilities		
11	Other liabilities:		5,856
12	NSFR derivative liabilities		
13	All other liabilities and capital instruments not included in the above categories		5,856
14	**Total available stable funding (ASF)**		
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:		**230,610**
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		1,990
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		23,108
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		205,512
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:		15,892
27	Physical traded commodities		
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		
29	NSFR derivative assets		
30	NSFR derivative liabilities before deduction of variation margin posted		
31	All other assets not included in the above categories		15,892
32	Off-balance sheet items		3,248,928
33	**Total RSF**		
34	**Net Stable Funding Ratio (%)**		

c	d	e
Unweighted value by residual maturity		Weighted value
6 months to < 1yr	>= 1yr	
		1,976,348
		1,976,348
	610,182	717,231
	610,182	717,231
266	1,656	1,789
266	1,656	1,789
		2,695,369
11,335	**1,059,610**	**1,148,806**
10,332	916,016	923,493
1,002	143,594	225,312
271	10,447	14,238
	2,500	2,125
271	7,947	12,113
124,253	597,293	198,524
		1,361,568
		198%

Encumbered Assets

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

EU AE1 - Encumbered and unencumbered assets 2024

		CARRYING AMOUNT OF ENCUMBERED ASSETS	
			of which notionally eligible EHQLA and HQLA
		010	030
010	Assets of the reporting institution	434,181	405,104
030	Equity instruments		
040	Debt securities	405,104	405,104
050	of which: covered bonds		
060	of which: securitisations		
070	of which: issued by general governments	405,104	405,104
080	of which: issued by financial corporations		
090	of which: issued by non-financial corporations		
120	Other assets	29,077	

EU AE1 - Encumbered and unencumbered assets 2023

		CARRYING AMOUNT OF ENCUMBERED ASSETS	
			of which notionally eligible EHQLA and HQLA
		010	030
010	Assets of the reporting institution	41,894	31,564
030	Equity instruments		
040	Debt securities	31,564	31,564
050	of which: covered bonds		
060	of which: securitisations		
070	of which: issued by general governments	31,564	31,564
080	of which: issued by financial corporations		
090	of which: issued by non-financial corporations		
120	Other assets	10,330	

	FAIR VALUE OF ENCUMBERED ASSETS		CARRYING AMOUNT OF UNENCUMBERED ASSETS		FAIR VALUE OF UNENCUMBERED ASSETS	
		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
	040	050	060	080	090	100
			3,458,055	1,722,749		
	340,653	340,653	979,533	979,533	838,178	838,178
	340,653	340,653	908,746	908,746	776,666	776,666
			70,787	70,787	61,512	61,512
			2,478,523	743,216		

	FAIR VALUE OF ENCUMBERED ASSETS		CARRYING AMOUNT OF UNENCUMBERED ASSETS		FAIR VALUE OF UNENCUMBERED ASSETS	
		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
	040	050	060	080	090	100
			3,090,241	1,776,444		
	26,926	26,926	1,378,445	1,378,445	1,169,022	1,169,022
	26,926	26,926	1,307,615	1,307,615	1,107,854	1,107,854
			70,830	70,830	61,168	61,168
			1,711,795	397,999		

EU AE2 - Collateral received and own debt securities issued 2024

		FAIR VALUE OF ENCUMBERED COLLATERAL		UNENCUMBERED	
		received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	Collateral received by the reporting institution			4,305,640	3,439,042
140	Loans on demand				
150	Equity instruments				
160	Debt securities			4,305,640	3,439,042
170	of which: covered bonds				
180	of which: securitisations			825,634	
190	of which: issued by general governments			2,650,660	2,650,660
200	of which: issued by financial corporations			1,654,980	788,382
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**	**434,181**	**405,104**		

EU AE2 - Collateral received and own debt securities issued 2023

		FAIR VALUE OF ENCUMBERED COLLATERAL		UNENCUMBERED	
		received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQ-LA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	Collateral received by the reporting institution			4,044,744	2,593,790
140	Loans on demand				
150	Equity instruments				
160	Debt securities			4,044,744	2,593,790
170	of which: covered bonds				
180	of which: securitisations			902,841	
190	of which: issued by general governments			419,699	419,699
200	of which: issued by financial corporations			3,625,045	2,174,091
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**	**41,894**	**31,564**		

Template EU AE3 - Sources of encumbrance

		2024-12-31		2023-12-31	
		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030	010	030
010	Carrying amount of selected financial liabilities	342,251	405,104	25,164	31,564

6. Market Risk

The Bank has no trading book and as such has no market risk related to trading book exposures.
The Bank is exposed to three types of market risk: Interest rate risk, Credit spread risk and Currency risk. Currency risk at the Bank is limited. The Bank has a basic policy of hedging FX exposure: i.e. FX assets will generally balance against FX liabilities.

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

Interest Rate Risk in the Banking Book (IRRBB)
IRRBB results are at least monitored and reported on a monthly basis. IRRBB is the current or prospective risk to both earnings and economic value arising from adverse movements in interest rates that affect interest rate sensitive instruments. In assessing NBE's exposure to IRRBB, the Bank considers two different approaches: changes in Economic Value of Equity (EVE) and changes in Net Interest Income (NII). ΔEVE is a measure of the change in the net-present value of the balance sheet under a range of yield curve stress scenarios. It is a long-term measure, assessing the impact over the remaining life of the balance sheet, while changes in expected earnings (i.e. changes in NII) ΔNII is a short-medium term measure, assessing the impact to earnings over a defined time period. In case of NBE this is 1 and 2 years.

In accordance with EBA Guidelines (EBA/GL/2022/14), NBE measures its exposure to six 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 (France and Spain) with a duration of 6.96 years per 31 December 2024. This position explains the risk for rising interest rates. The investment portfolio is valued at hold to collect contractual cashflows. The loan portfolios have a shorter duration and are in general floating rate. In 2023 the green deposit was introduced. The duration profile of the client deposits is shorter than 1 year. In 2024 new EBA guidance was issued for the measurement of IRRBB.

NBE uses the standardised approach for these calculations per 31 December 2024. The € 153 million risk exposure based on the Parallel up scenario of 200 bps is used as the capital requirements stemming from IRRBB. Furthermore, NBE has updated the interpretation of EBA regulation requiring that positive changes are to be weighted by a factor of 50%, which is including euro positions as of 2024 (until 2024 this factor was only applied for FX positions).

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 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
1	Parallel up	-153,169	-151,777	5,026	18,874
2	Parallel down	83,285	175,804	-17,286	-18,698
3	Steepener	-25,211	-38,420		
4	Flattener	-33	13,842		
5	Short rates up	-46,507	-33,397		
6	Short rates down	23,963	34,417		

Credit Spread Risk in the Banking Book (CSRBB)

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

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. The percentage for own funds requirements is equal to 15% of the average operating income over three years. Operational Risk remained at the same level as 2023.

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

	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)	15,933	31,285	56,021	5,162	64,524
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. The remuneration for employees other than Management Board is proposed by the Management Board. In 2024 one meeting to oversee and/or determine the remuneration was held.

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

Fixed remuneration

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

Variable remuneration

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

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

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 2024

			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	100	1,158	2,682	
3		Of which: cash-based	100	1,158	2,682	
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		2	9	
10		Total variable remuneration		1	21	
11		Of which: cash-based		1	21	
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)**		**100**	**1,159**	**2,703**	

EU REM1 - Remuneration awarded for the financial year 2023

			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	1,377	2,786	
3		Of which: cash-based	90	1,377	2,786	
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		3	11	
10		Total variable remuneration		35	101	
11		Of which: cash-based		35	101	
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**	**1,412**	**2,887**	

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) 2024

		a	b	c	d
		Management body remuneration			
		MB Supervisory function	MB Management function	Total MB	Investment banking
1	Total number of identified staff				
2	Of which: members of the MB	4	4	8	
3	Of which: other senior management				3
4	Of which: other identified staff				
5	Total remuneration of identified staff	100	1,159	1,259	809
6	Of which: variable remuneration		1	1	3
7	Of which: fixed remuneration	100	1,158	1,258	805

EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) 2023

		a	b	c	d
		Management body remuneration			
		MB Supervisory function	MB Management function	Total MB	Investment banking
1	Total number of identified staff				
2	Of which: members of the MB	4	4	8	
3	Of which: other senior management				4
4	Of which: other identified staff				
5	Total remuneration of identified staff	90	1,412	1,502	1,066
6	Of which: variable remuneration		35	35	30
7	Of which: fixed remuneration	90	1,377	1,467	1,035

e	f	g	h	i	j
				Business areas	
Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	**Total**
					20
		6	3		
		1,335	559		**3,962**
		17	1		**22**
		1,319	558		**3,939**

e	f	g	h	i	j
				Business areas	
Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	**Total**
					20
		5	3		
		1,018	804		**4,390**
		52	19		**136**
		966	785		**4,253**

EU REMA - Remuneration policy

QUALITATIVE DISCLOSURES
Information relating to the bodies that oversee remuneration. Disclosures shall include:
• The remuneration of other Employees than the members of the Management Board shall be proposed by the Management Board, taking into account all relevant criteria pursuant to this Remuneration Policy and, having regard of the input from the function holders referred to in paragraph 4.3 below, submitted for approval to the Supervisory Board.
• Risk Management function and Compliance function will provide effective input in accordance with their roles into the setting of bonus pools, performance criteria and remuneration awards where those functions have concerns regarding the impact on Employees behaviour and the riskiness of the business undertaken.
• The Risk Management function will assist with and inform on the definition of suitable risk adjusted performance measures (including ex post adjustments), as well as with assessing how the variable remuneration structure affects the risk profile and culture of the Bank. The Risk Management function will validate and assess risk adjustment data.
• The Compliance function should analyse how the Remuneration Policy affects the Bank's compliance with legislation, regulations, internal policies and risk culture and should report all identified compliance risks and issues of non-compliance to the Management Board and Supervisory Board. The findings of the Compliance function should be taken into account by the Supervisory Board during the approval, review procedures and oversight of the Remuneration Policy.
• The Internal Audit Division should carry out an independent review of the design, implementation and effects of the Remuneration Policy on the risk profile of the Bank and the way these effects are managed.
• The Human Resources function should participate in and inform on the design and the evaluation of the Remuneration Policy for the Bank, including the remuneration structure, the aspect of gender neutrality, remuneration levels and incentive schemes, in a way that would not only attract and retain Employees within the Bank's needs but also ensure that the Remuneration Policy is aligned with the Bank's risk profile.
Information relating to the design and structure of the remuneration system for identified staff. Disclosures shall include:
• The Bank has Identified Staff whose professional activities have a material impact on the Bank's risk profile and to whom specific requirements apply as follows. The variable remuneration for Identified Staff is in principle capped at 20% of the fixed annual remuneration to the extent that its remuneration entirely follows CLA Banks standards. In any case, the variable remuneration for Identified Staff is capped at 100% of the fixed annual remuneration.
• The gender-neutral fixed remuneration of Identified Staff (which includes MB members) reflects their professional experience and organizational responsibility taking into account the level of education, the degree of seniority, the level of expertise and skills, the constraints (e.g. social, economic, cultural or other relevant factors) and job experience, the relevant business activity. To ensure alignment of the total remuneration with market practice, a salary scale system is utilized and the proposed grading and remuneration level is benchmarked via an external consultancy firm.
• The remuneration for an expatriate employee, who is employed by the parent bank (The Norinchukin Bank, the sole shareholder of the Bank), is based on the salary-scale system as is used by the parent bank pursuant to the parent bank's policy, provided that, for remuneration regarding his or her activities for the Bank, this Remuneration Policy will apply as well. For expatriate employees a secondment contract with the parent is established that agrees what costs are born by NBE.
• Employees in internal control functions will be independent and have sufficient resources, knowledge and experience to perform their tasks and will have sufficient authority. They will be remunerated on the basis of the achievement of the objectives of their function, independent of the results of the business activities they supervise.
• Before paying out the variable remuneration, an assessment of the performance and, if necessary, an ex post risk adjustment will be applied to align variable remuneration to additional risks that have been identified or materialised.
• Variable remuneration shall only be paid out or vest, as applicable, if this is sustainable given the financial situation of the Bank and if the performance of the Bank, the business unit and the relevant Employee justifies payment of variable remuneration.
Description of the ways in which the institution seeks to link performance during a performance measurement period with levels of remuneration. Disclosures shall include:
• The Bank will set appropriate performance measurements to evaluate Employees' individual performances. Annual salary increases will be based on the result of individual performance evaluations. The assessment is completed on an individual by individual basis and is supported with a comprehensive company-wide process under which risk and performance related events are identified and assessed, whereby all relevant facts and circumstances are investigated and adjustments to performance assessments and/or the remuneration itself are made as appropriate. The Bank will use performance rating scales for the individual performance evaluations and increment in annual salary increases for each Employee are based on his/her rating scale.

QUALITATIVE DISCLOSURES
Description of the ways in which the institution seeks to adjust remuneration to take account of long term performance. Disclosures shall include:
• The Bank is entitled to reclaim remuneration in whole or in part insofar as the payment has been made on the basis of incorrect information about the achievement of the targets underlying the remuneration. The reclaim may also be filed on behalf of the Bank by the Supervisory Board or by a representative appointed by the shareholders meeting.
• The Bank will reduce or reclaim the amount of a variable remuneration awarded to a natural person under its responsibility in case of: • Fraud or other conduct with intent or severe negligence which led to significant losses to the Bank or; • Failure to meet appropriate standards of suitability and integrity.
"The description of the main parameters and rationale for any variable components scheme and any other non-cash benefit in accordance with point (f) of Article 450(1) CRR. Disclosures shall include:"
• Where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned and of the overall results of the Bank. When assessing individual performance, financial and non-financial criteria are taken into account. Individual performance criteria is based on the Employee's job description and would be set out in an individual annual performance target.
• 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 the Bank, creativity and motivation. While financial performance criteria, such as the Bank’s financial/business results, is a part of the performance assessment, non-financial performance criteria would make up a large part of the performance assessment in the light of the notion that the performance criteria should not incentivise excessive risk taking and therefore should contribute to the Bank’s long term business continuity.
• The Bank will set the 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 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, the Bank’s total variable component for Employees concerned shall not exceed 20% of the total fixed component of the Bank’s total remuneration.
• The allocation of variable remuneration will be related to the Bank’s long-term objectives.
• The Bank will ensure that Employees will not to use personal hedging strategies or remuneration- and liability- related insurances to undermine the risk alignment effects as embedded in the remuneration arrangements.

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 participations	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
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

DISCLOSURE INDEX			
NAME OF TEMPLATE	Applicable	Disclosed in the Pillar III report	Qualitative
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	No	Not Applicable	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
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 standardised approach	Yes
EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range	No	NBE applies the standardised approach	Na
EU CR6-A – Scope of the use of IRB and SA approaches	No	NBE applies the standardised approach	Na
EU CR7 – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques	No	NBE applies the standardised approach	Na
EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques	No	NBE applies the standardised approach	Na
EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach	No	NBE applies the standardised approach	Na
EU CR9 –IRB approach – Back-testing of PD per exposure class (fixed PD scale)	No	NBE applies the standardised 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 standardised approach	Na

DISCLOSURE INDEX			
NAME OF TEMPLATE	**Applicable**	**Disclosed in the Pillar III report**	**Qualitative**
EU CR10 – Specialised lending and equity exposures under the simple riskweighted approach	No	NBE applies the standardised 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 standardised 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 standardised 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
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 standardised approach	Na
EU MR2-A - Market risk under the internal Model Approach (IMA)	No	NBE applies the standardised approach	Na
EU MR2-B - RWA flow statements of market risk exposures under the IMA	No	NBE applies the standardised approach	Na
EU MR3 - IMA values for trading portfolios	No	NBE applies the standardised approach	Na
EU MR4 - Comparison of VaR estimates with gains/losses	No	NBE applies the standardised 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

DISCLOSURE INDEX			
NAME OF TEMPLATE	**Applicable**	**Disclosed in the Pillar III report**	**Qualitative**
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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