NWB BANK

Half-year report

2024

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KEY FINANCIALS

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KEY FINANCIALS

(in millions of euros)[1]	**30 June 2024**	31 December 2023	31 December 2022	31 December 2021	31 December 2020
Balance sheet					
Long-term loans and advances (nominal value)[2]	55,857	53,854	52,167	51,888	49,844
Equity	2,058	2,060	1,995	1,902	1,827
Tier 1 capital	2,300	2,235	2,155	2,083	2,049
Total assets	84,753	75,909	73,285	96,019	106,882
Risk-weighted assets	5,171	4,659	4,792	4,641	3,833
Results					
Net interest income	122	262	301	286	244
Results from financial transactions	-12	-16	-30	-20	-55
Operating income	110	246	271	266	189
Operating expenses	28	54	44	35	42
Bank tax and resolution levy	-	18	28	38	12
Expected Credit Loss	-	-			
Income tax	24[3]	48	56	72	54
Net profit	58	126	143	121	81
Dividend					
Dividend distribution	-	60.0	60.0	50.0	45.0
Dividend (in euros per share)	-	1,017.1	1,017.1	847.6	762.9

1) An explanation of the calculation of the figures shown in the key figures is included in the 'Glossary'
2) Loans including interest-bearing securities, provided to local authorities
3) Applying the effective tax burden taking into account the bank tax to be paid in October

(in %)	**30 June 2024**	31 December 2023	31 December 2022	31 December 2021	31 December 2020
Ratios (in %)					
Tier 1 ratio	44.5	48.0	45.0	44.9	53.5
CET1 ratio	38.3	41.1	38.3	38.0	45.1
Cost/income ratio[1]	25.8	21.8	16.2	13.0	22.2
Dividend pay-out ratio	-	47.7	41.9	41.2	55.9
Leverage ratio	12.1	20.6	18.9	14.3	13.2
Leverage ratio (not adjusted for promotional assets)	2.8	3.1	3.1	2.6	2.4
Liquidity Coverage Ratio	153	159.5	285.1	182.5	150.1
Net Stable Funding Ratio	139	133.0	140.6	132.6	122.0
CSR					
Volume of ESG bond issuance in millions of euros	3,944	3,766	4,703	3,550	4,531
CO2 emissions equivalents from operating activities p.p. (in tonnes)	0.3	0.5	0.9	1.2	1.5
CO2 emissions equivalents PCAF portfolio coverage (in %)	-[2]	-[3]	91.9	90.7	91.6
CO2 emissions equivalents loan portfolio (in kton)	-[2]	-[3]	1,657[4]	1,731[4]	1,762[4]

1) 'Cost' concerns the operating expenses and 'income' the operating income
2) The calculation will be done at year-end
3) The most recent calculation is for 2022
4) Based on 91.9% of the loan portfolio (2021: 90.7%); The 2021 and 2020 figure is recalculated to the most actual methodology

REPORT OF THE MANAGING BOARD

- Report for the first half of 2024
- Outlook for 2024
- Statement of the Managing Board

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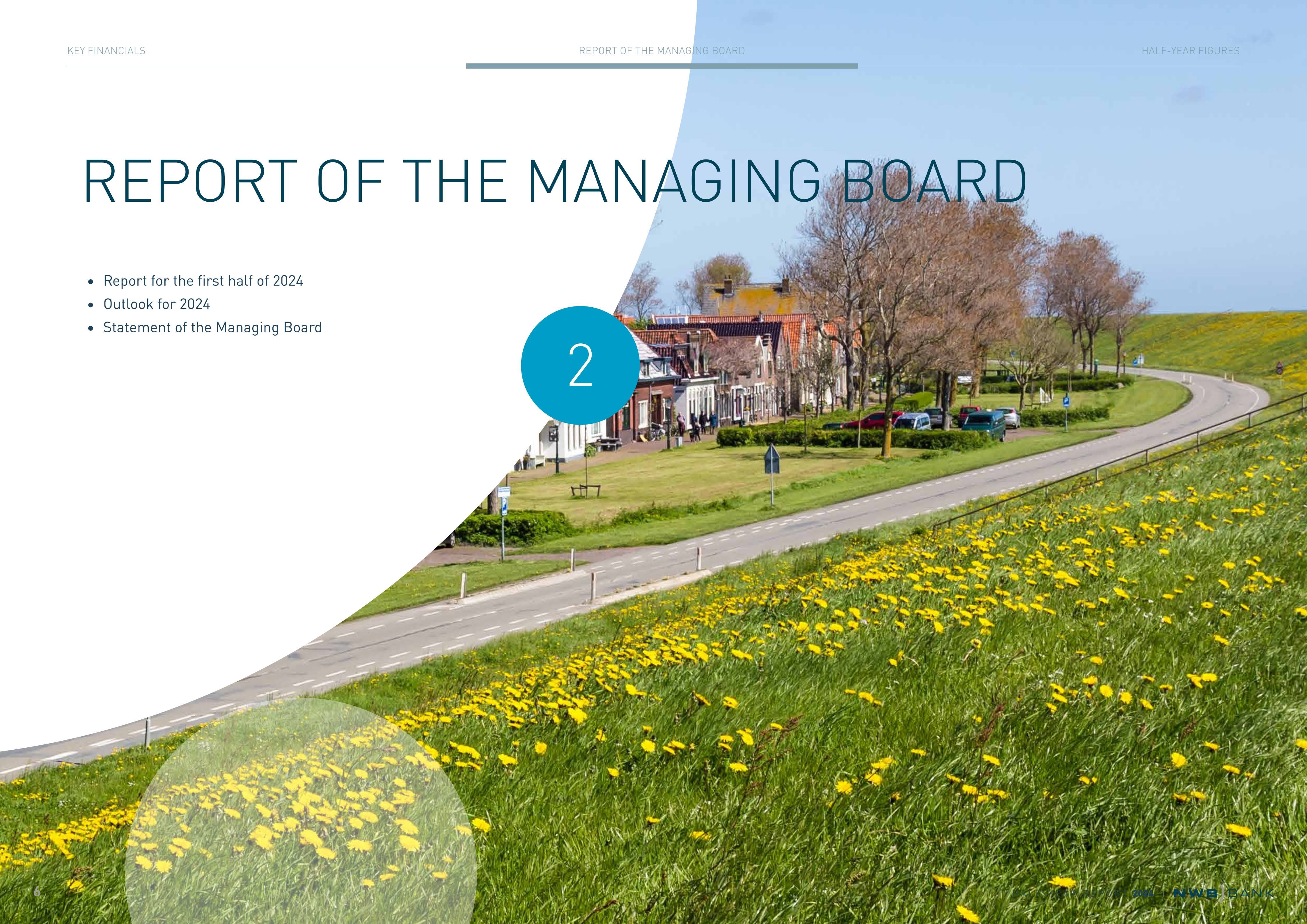

REPORT FOR THE FIRST HALF OF 2024

- €4.4 billion in new lending to the Dutch public sector
- Total loan portfolio grows to record level of €56 billion
- Net profit of €58 million

TRENDS AND DEVELOPMENTS

The Dutch economy had a somewhat shaky start in 2024. In the first quarter, there was even a slight contraction, mainly due to a decline in exports as a result of lower industry production. This contraction was in contrast with the economic performance of our main trading partners, who still enjoyed limited growth: in Belgium, GDP grew by 0.3% in the first quarter, while in Germany and France the economy expanded by 0.2%. The economy of the European Union as a whole grew by 0.3% quarter-on-quarter in the first three months of 2024. The Dutch economy however picked up significantly in the second quarter with a reported growth of 1% compared to the first quarter. This growth was mainly driven by public and private consumption, exports and business investment still continued to decline. The labour market in the Netherlands is still tight, although less so than before. Wages rose by more than 6% year-on-year in both the first and second quarters.

Inflation in all of the first six months of the year was significantly lower than in previous years but still above the European Central Bank's (ECB) medium-term target of 2%. This concerns the HICP inflation on which the ECB and other euro area central banks base their key interest rates. In the Netherlands, inflation stood at 3.4% in June, above the eurozone's inflation rate of 2.5%. Despite inflation still being above target, the ECB cut its policy rate for the first time since 2019 at the beginning of June. It now stands at 3.75%. For their part, the Federal Reserve in the United States and the Bank of England left their key rates unchanged in the first six months of the year. The US rate remains between 5.25% and 5.50%, still the highest level since 2001, and the UK rate was 5.25% at 30 June.

International geopolitical developments in particular are creating uncertainties for economic development. These include the wars in Ukraine and the Middle East and the upcoming elections in the United States. The tightness of the labour market and wage developments remain an issue, both for the further reduction of inflation and for the recovery of purchasing power.

On 16 May, the leaders of the PVV, VVD, NSC and BBB Dutch political parties presented their framework agreement, entitled 'Hope, courage and pride'. According to calculations by the Netherlands Bureau for Economic Policy Analysis (Centraal Planbureau, CPB), the plans in the agreement will slightly improve the purchasing power of households over the next four years. Lower income households would ultimately benefit more than higher income households.[1] The framework agreement also focuses on strengthening the Dutch business climate and sees healthy companies as the basis of prosperity. For example, the tax on share buy-backs and the profit exemption for small and medium-sized enterprises will be abolished. The agreement also includes measures in areas such as migration, healthcare, housing and climate. The agreements in the framework agreement will be elaborated by the cabinet, which took office on 2 July under the leadership of non-partisan Prime Minister Schoof.

The precise consequences of the agreement for our bank's clients and shareholders have yet to become clear in practice, and in many cases are still under discussion. In any case, the coalition will continue with its plan to build 100,000 new homes a year. New areas will

1) CPB, 2024

be designated where large-scale housing development can take place, and the starting point remains that an average of 30% of new homes must be social housing. However, there will be less subsidies for renewable energy. Municipalities have indicated that they want to begin discussions quickly on how to implement the new cabinet's plans, emphasising the need to balance their responsibilities with the resources provided to them. The water authorities stress the importance of ensuring that the framework agreement addresses the safety of dikes and the availability of fresh water, as well as the role of water and soil in the construction of new houses. The drinking water companies draw attention to the security of drinking water sources and urge the cabinet to quickly advance the ambition of the framework agreement to guarantee timely access to drinking water for new homes.

Elections to the European Parliament were held on 6 June. Developments in European policy are equally important to our clients and shareholders, as many laws and regulations come from Brussels. A well-known example is the Water Framework Directive, which aims to achieve and maintain chemically clean and ecologically healthy surface water and groundwater. The water authorities are largely responsible for implementing this directive, which has been transposed into Dutch laws and regulations. There is still a lot of work to be done in this area, and the Netherlands continues to face far-reaching challenges when it comes to improving nature, water quality and the climate.

LENDING

To help our clients achieve the important societal and sustainable challenges we face in the Netherlands, we provide them with appropriate financing at the lowest possible cost. In the first half of 2024, we provided a total of €4.4 billion in new financing compared with €2.8 billion in the first half of 2023. This includes interest rate and spread resets for existing loans. As loan redemptions were lower than new lending to our clients in the past six months, the size of our loan portfolio grew again, reaching a new record level of €55.9 billion by the end of June.

Within the first pillar of our strategy, 'the bank of and for the public water sector', we provided €367 million in new financing to water authorities and €67 million to drinking water companies. As such, we have consolidated our position in both sectors. We are and will remain the most important integrated financial services provider for water authorities, and we aim for the highest possible market share in financing these shareholders. Drinking water companies have also traditionally been an important client group for our bank, and financing these clients aligns perfectly with the profile of the 'sustainable water bank'.

The second pillar of our strategy is to be a 'key player in the financing of the Dutch public sector'. This applies in particular to the financing of housing associations, municipalities, and healthcare institutions. In the first half of the year, we provided €3.3 billion to housing associations, €382 million to municipalities (€412 million including joint schemes) and €81 million to healthcare institutions. Despite strong competition, we ensure that we maintain our market share in the (semi)public sector and that our prominent presence in this market secures the availability and affordability of financing for our clients.

The third pillar of our strategy is that of 'financing partner to enhance sustainability in the Netherlands'. In the first half of the year, our outstanding loan portfolio for sustainable energy projects continued to grow to over €1,318 million, mainly through secondary financing. This has brought us a step closer to our audacious goal of making our loan portfolio energy positive by 2035, on the way to becoming carbon neutral by 2050. Energy-positive means that the amount of renewable (climate-neutral) energy produced by the projects and clients we finance will exceed the total fossil energy consumed by our clients and projects from 2035 onwards.

Our portfolio of pass-through NHG RMBS (Residential Mortgage-Backed Securities) bonds has continued to grow over the last six months, from around €2.6 billion at the end of 2023 to around €2.9 billion at the end of June. These bonds are based on National Mortgage Guarantee (NHG) residential mortgages with long maturities and a favourable interest rate on the part of the mortgage is used to make the home more sustainable. In this way, as a bank, we contribute to the financing, affordability and sustainability of NHG guaranteed residential mortgages.

FUNDING

Over the past six months, we have again been able to secure attractive and sustainable funding. This is largely due to our AAA/Aaa ratings, which are the same as that of the Dutch state. We raised a total of €6.1 billion in long-term funding for new lending and refinancing of maturing funding.

Almost 60% (€3.9 billion) of our new funding was raised with ESG bonds. In the first six months, we issued a €1.25 billion 10-year SDG Housing Bond, a US$1.5 billion 5-year SDG Housing Bond and a €1 billion 7-year Water Bond. We also raised over €1 billion in funding through several tap issues. A tap issue is an increase of a previously issued bond. The proceeds from the Water Bonds will be used to finance the water authorities, and those from the SDG Housing Bonds will be used to finance affordable and sustainable social housing. In total, we have raised more than €31.9 billion with ESG bonds since our first Water Bond in 2014 and as a result we are still the largest issuer of such bonds in the Netherlands. More than 40% of our total outstanding funding now considers ESG bonds.

As at 30 June, the outstanding amount under our Euro Commercial Paper (ECP) programme was €9.4 billion and under our US Commercial Paper (USCP) programme €10.7 billion. We use the short-term funds raised through these programmes to make cash loans to clients, to increase our liquidity buffer, and to meet collateral obligations arising from the derivative transactions we enter into as a bank to hedge our own interest rate and foreign exchange risks.

PROFIT DEVELOPMENT

Net profit for the first half of 2024 was € 58 million compared to €72 million in the first half of 2023. The profit is lower than last year when there was a better result from financial transactions. Net interest income totalled €122 million and is approximately the same as in the first half of 2023, when net interest income was €124 million. The result from financial transactions in the past half year was a negative €12 million compared to a positive result of €7 million in the first half of 2023. The positive result last year was exceptional and largely due to an (unrealised) positive market valuation in the credit valuation adjustment (CVA) for derivative counterparties in the same period last year.

Operating expenses in the first six months were €28 million compared to €27 million in the first half of 2023. The slight increase in costs is partly due to the expansion of our workforce and investments in IT. We are also investing in capacity, systems and knowledge in areas such as ESG and data.

The tax burden for the first half of the year amounted to €24 million, which brings the effective tax rate to 28.8%. In addition to corporate income tax, we also pay a bank tax, which is always reflected in the results in the second half of the year. Earlier this year, the Single Resolution Board (SRB) indicated that the resolution fund had reached its target capital. This means that we will not have to make a resolution contribution in 2024.

CAPITAL AND LIQUIDITY RATIOS

The bank's equity stood at €2,058 million at the end of June, almost unchanged compared with the equity at the end of 2023, which stood at €2,060. This is because the profit of €58 million for the first six months of 2024 is roughly equivalent to the €60 million dividend paid to our shareholders for the 2023 financial year. The Common Equity Tier 1 (CET1) ratio was 38.3% at the end of the first half-year (year-end 2023: 41.1%). Including the bank's hybrid capital (AT1), total capital as at 30 June 2024 amounted to €2,300 million, resulting in a Tier 1 ratio of 44.5% (year-end 2023: 48%). This is well above the minimum requirement of 14.70% that has been set for our bank. The slight decrease of the CET1 ratio and Tier 1 ratio is in line with the bank's strategy of increasing risk-weighted lending, but is mainly due to an adjustment in the risk weighting of drinking water companies and grid operators. After extensive analysis, we had classified these client groups as public sector entities with a corresponding lower risk weighting in our

2023 Annual Report. In consultation with the regulator, we have decided to reverse this adjustment.

The leverage ratio as at 30 June was 12.1% (year-end 2023: 20.6%) and is well above the 3% requirement that applies under the Capital Requirements Regulation. In accordance with this regulation, as a promotional bank we are allowed to exclude our public sector lending from the calculation of the leverage ratio. If we were not to do this, then the leverage ratio would be 2.8% (year-end 2023: 3.1%). At 153%, the Liquidity Coverage Ratio (LCR) at the end of June was well above the minimum requirement of 100% (year-end 2023: 160%). The Net Stable Funding Ratio (NSFR) at the end of June was 139% (minimum 100%, year-end 2023: 133%).

At €84.8 billion on 30 June 2024, our bank's balance sheet was larger than at the end of 2023 (€75.9 billion). This increase is mainly due to the fact that we hold more cash reserves at the central bank as part of our liquidity buffer.

ORGANISATIONAL DEVELOPMENT

In recent years, we have made further investments in our internal organisation. The strengthening of our organisation is reflected, among other things, in the number of employees, which has further increased to 155 FTE as at 30 June. Attracting and retaining qualified and motivated people is and will remain a key priority, with an explicit focus on diversity and inclusion. We are investing heavily in the development of our people and paying particular attention to making connections and bringing to life our 'vision quadrant', in which we clearly state why we exist, what we stand for and what we excel at.

Since 1 June, our Managing Board has returned to full strength. On 13 May, at an Extraordinary Meeting of Shareholders, our shareholders approved the appointment of Wilma Schouten as our new CFO and member of the Managing Board of NWB Bank.

Our Annual General Meeting (AGM) was held on 4 April. At this meeting, Joanne Kellermann was reappointed as chair of our Supervisory Board. We said farewell to Manfred Schepers as a member of the Supervisory Board, as he had reached the maximum term of eight years. His successor, Geert Embrechts, was appointed as a new member of the Supervisory Board at the same Extraordinary Meeting of Shareholders at which Wilma Schouten was appointed CFO.

OUTLOOK FOR 2024

We expect to meet the financing needs of our clients in the Dutch public sector in the remainder of the year in the same socially responsible and sustainable way as in the first six months and we anticipate that our loan portfolio will continue to grow in the second half of 2024.

STATEMENT OF THE MANAGING BOARD

The Managing Board hereby states that, to the best of its knowledge, the half-year figures give a true and fair view of the bank's assets, liabilities, financial position and profit, and that the half-year report gives a true and fair review of the information required pursuant to section 5:25d, paragraph 8, of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

The Hague, 30 August 2024

Managing Board
Lidwin van Velden
Ard van Eijl
Wilma Schouten
Frenk van der Vliet

HALF-YEAR FIGURES

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STATEMENT OF INCOME

for the first half of 2024

(in millions of euros)	Note	First half of 2024	First half of 2023
Interest and similar income		3,971.6	3,162.5
Interest and similar expenses		3,849.4	3,038.7
Net interest income	1	**122.2**	**123.8**
Results from financial transactions	2	-11.9	6.5
Other operating income		-	-
Total operating income		**110.3**	**130.3**
Employee benefits expense	3	13.7	10.4
Other administrative expenses	3	12.4	14.1
Employee benefits and other expenses		**26.1**	**24.5**
Depreciation, amortisation and value adjustments of tangible and intangible assets		2.3	2.0
Resolution levy	4	-	5.0
Depreciation of receivables and provisions for liabilities included in the balance sheet	5	0.2	-0.1
Total operating expenses		**28.6**	**31.4**
Profit from ordinary operations before tax		**81.7**	**98.9**
Tax on profit from ordinary operations	6	23.6	27.3
Net profit		**58.1**	**71.6**

BALANCE SHEET

as at 30 June 2024

(in millions of euros)	Note	30 June 2024	31 December 2023
Assets			
Cash, cash equivalents and deposits at the Central Bank		16,035	7,476
Banks		2,658	3,687
Loans and receivables	7	55,649	55,264
Interest-bearing securities	8	5,446	5,032
Intangible assets		10	10
Tangible assets	9	5	5
Other assets		28	57
Derivative assets	10	4,905	4,363
Prepayments		17	15
Total assets		**84,753**	**75,909**

(in millions of euros)	Note	30 June 2024	31 December 2023
Liabilities			
Banks	11	2,136	1,789
Funds entrusted		7,495	7,080
Debt securities	12	69,155	60,556
Other liabilities		91	34
Derivative liabilities	13	3,461	4,035
Income tax		11	7
Accruals		6	10
Provisions		11	12
		82,366	**73,523**
Subordinated debt		**329**	**326**
Paid-up and called-up share capital		7	7
Revaluation reserves	-	-	-
Other reserves		1,993	1,927
Unappropriated profit for the year		58	126
Equity		**2,058**	**2,060**
Total equity and liabilities		**84,753**	**75,909**
Irrevocable commitments		5,116	4,726

STATEMENT OF COMPREHENSIVE INCOME

for the first half of 2024

(in millions of euros)	**First half of 2024**	First half of 2023
Changes in the revaluation reserves	-	-
Changes in other reserves (Changes in value as part of the pension provision before income tax)	-	-
Income tax on income and expenses recognised directly in equity	-	-
Income and expenses recognised directly in equity	**-**	**-**
Net profit	58.1	71.6
Comprehensive income	**58.1**	**71.6**

STATEMENT OF CHANGES IN EQUITY

for the first half of 2024

(in millions of euros)	Paid-up share capital	Revaluation reserves	Other reserves	Unappropriated profit for the year	**Total**
As at 1 January 2024	**7**	**-**	**1,927**	**126**	**2,060**
Profit appropriation of previous year	-	-	126	-126	-
Dividend	-	-	-60	-	-60
Direct change in the value of equity	-	-	-	-	-
Profit for the year	-	-	-	58	58
As at 30 June 2024	**7**	**-**	**1,993**	**58**	**2,058**
As at 1 January 2023	**7**	**-**	**1,845**	**143**	**1,995**
Profit appropriation of previous year	-	-	143	-143	-
Dividend	-	-	-60	-	-60
Direct change in the value of equity	-	-	-	-	-
Profit for the year	-	-	-	72	72
As at 30 June 2023	**7**	**-**	**1,928**	**72**	**2,007**

CONDENSED STATEMENT OF CASH FLOWS

for the first half of 2024

(in millions of euros)	**First half of 2024**	First half of 2023
Profit before income tax	82	99
Adjusted for:		
Depreciation, amortisation and value adjustments of tangible and intangible assets	2	2
Unrealised change in the value of assets and liabilities for fair value hedge accounting	2	-
Change in bank loans and receivables not available on demand	1,108	335
Change in public sector loans and receivables	-1,556	-425
Change in funds entrusted	500	364
Change in other assets and liabilities	393	252
Net cash flow from operating/banking activities	**531**	**627**
Expenses related to additions to interest-bearing securities	-875	-693
Income related to sale and redemptions of interest-bearing securities	395	512
	-480	**-181**
Expenses related to additions to tangible assets	-	-1
Income related to disposals of tangible assets	-	-
	-	**-1**
Expenses related to additions to intangible assets	-2	-2
Net cash flow from investing activities	**-482**	**-184**

(in millions of euros)	**First half of 2024**	First half of 2023
Income related to long-term debt securities issued	5,912	8,011
Expenses related to redemption of long-term debt securities	-8,068	-6,143
Income related to short-term debt securities issued	114,868	59,507
Expenses related to redemption of short-term debt securities	-104,106	-47,345
Income related to borrowed long-term loans Funds entrusted	42	120
Expenses related to redemption long-term loans Funds entrusted	-245	-
Income related to borrowed long-term loans Banks	200	-
Expenses related to redemption long-term loans Banks	-33	-
	8,570	**14,150**
Expenses related to dividend paid	-60	-60
Net cash flow from financing activities	**8,510**	**14,090**
Cash flow	**8,559**	**14,533**

(in millions of euros)	**First half of 2024**	**First half of 2023**
Cash and cash equivalents as at 1 January	7,476	8,619
Cash flow	8,559	14,533
Cash and cash equivalents as at 30 June	**16,035**	**23,152**

GENERAL NOTES TO THE HALF-YEAR FIGURES

NWB Bank is a public limited liability company under Dutch law located at Rooseveltplantsoen 3, 2517 KR in The Hague, the shares of which are owned by public authorities. The bank is an essential financial service provider in the Dutch public sector and financing partner for enhancing sustainability in the Netherlands. In addition to financing water authorities, municipalities and provincial authorities, it finances other public sector bodies such as housing associations, healthcare institutions, educational institutions, drinking water companies, regional grid operators, public-private partnership projects and renewable energy projects.

BASIS OF PREPARATION OF THE HALF-YEARLY FIGURES

STATEMENT OF COMPLIANCE

NWB Bank prepares its financial statements - and hence its half-year figures - in accordance with the statutory requirements contained in Part 9 of Book 2 of the Dutch Civil Code (Burgerlijk Wetboek) and accounting principles generally accepted in the Netherlands (NL GAAP). NWB Bank does not have any participating interests and prepares company financial statements.

The half-year figures have been prepared in accordance with the accounting policies that were applied in the 2023 annual financial statements. The half-year figures do not contain all the information and disclosures required for the full-year financial statements and should therefore be read in conjunction with the financial statements of 31 December 2023 of NWB Bank.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The half-year report has been prepared on the basis of historical cost, with the exception of certain interest-bearing securities and derivatives. Interest-bearing securities and derivatives are stated at fair value. Costs and revenue are recognised in the period to which they relate. The amounts in this half-year report are presented in millions of euros and all amounts in the Notes have been rounded off to the nearest thousand (€ 000), unless stated otherwise.

Many items used in the Financial Statements Formats Decree have been renamed, as these new names better reflect the content, according to NWB Bank.

Continuïty

The half-year report has been prepared on the basis of the going-concern assumption.

Recognition

An asset is recognised if it is probable that the future economic benefits will flow to the company and the asset can be measured reliably. A liability is recognised if it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which settlement takes place can be measured reliably.

Financial assets and liabilities (except for the loan principal) are recognised at the transaction date. Accordingly, a financial asset or financial liability is recognised from the time the company has the right to the benefits from or is bound by the obligations arising from the contract terms of the financial instrument. The loan principal is recognised at the settlement date.

Income is recognised in the statement of income if an increase in future economic benefits related to an increase in an asset or a decrease in a liability has arisen that can be measured reliably. Expenses are recognised in the statement of income if a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Derecognition of financial assets and liabilities

An asset or liability presented in the balance sheet continues to be recognised if a transaction does not result in a significant change in the economic reality with respect to such an asset or liability. Likewise, such transactions must not result in the reporting of income.

A financial asset or liability (or, if applicable, part of a financial asset or part of a group of similar financial assets or liabilities) is derecognised if the transaction results in the transfer to a third party of all or almost all rights to receive economic rewards and all or almost all risks of the asset or liability.

Measurement

Upon initial recognition, financial assets and liabilities are stated at fair value, including or deducting transaction costs, respectively, directly attributable to the asset's or liability's acquisition or issue, with the exception of the transactions recorded at fair value through profit or loss. The transaction costs directly attributable to these balance sheet items are taken directly to profit or loss.

The fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, independent parties who are willing to enter into a transaction. If a relevant middle rate is available, it is used as the best indication of fair value. For the majority of NWB Bank's financial instruments, the fair value cannot be established on the basis of a relevant middle rate because there is no listing or active market. NWB Bank calculates the fair value of these other financial instruments using models.

The models use various assumptions relating to the discount rate and the timing and size of the future cash flows. When calculating the fair value of options, option pricing models have been used.

After initial recognition, financial assets are classified as loans and receivables, banks, interest-bearing securities or derivative assets. The loans and receivables, interest-bearing securities held to maturity, other unlisted interest-bearing securities as well as banks are stated at amortised cost. Other listed interest-bearing securities and derivative assets are subsequently stated at fair value.

After initial recognition, financial liabilities are classified as banks, derivative liabilities, funds entrusted or debt securities. Banks, funds entrusted as well as debt securities are subsequently stated at amortised cost. Derivative liabilities are stated at fair value.

Provision for uncollectible receivables

NWB Bank uses the option to apply the 'expected loss impairment methodology' of IFRS 9 . The impairment model applies to all exposures held under financial assets at amortised cost, interest-bearing securities with value changes stated at fair value recorded directly in equity, and irrevocable commitments and contracts concerning financial guarantees.

Under IFRS 9 these exposures are classified into three groups based on the different stages of credit risk.

Stage 1 includes exposures that show no significant change in credit risk since their initial recognition. A 12-month expected credit loss is recognised for this group, i.e. the expected credit loss based on the probability of default within 12 months of the reporting date.

Stage 2 includes exposures that show a significant increase in credit risk since initial recognition but have not yet defaulted. A lifetime expected credit loss is recognised for these exposures, taking into account any guarantees and received collateral. This concerns the expected shortfalls on the contractual cash flows for the remaining duration of the exposure, discounted at the effective interest rate.

Stage 3 includes exposures that are credit impaired. A lifetime expected credit loss is recognised for these exposures, taking into account any guarantees and received collateral.

For exposures included in interest-bearing securities, the bank applies low credit risk exemption available under IFRS 9 to instruments that fall in the category of investment grade.

Hedge accounting

The bank hedges most interest rate and foreign exchange risks related to financial assets and liabilities by using financial instruments. In terms of market value, value changes due to interest rate and foreign exchange fluctuations are offset. Hedge accounting allows the financial results of a hedging instrument and the corresponding hedged position to be recognised simultaneously insofar as the hedging is effective. Hedge accounting is permitted only if adequate documentation has been prepared and the required effectiveness of the hedge is demonstrated. NWB Bank only uses derivative financial instruments as hedging items, and these are stated at fair value in the balance sheet. Together with the value changes in the hedged position related to the hedged risk, value changes in the derivatives which are part of the fair value hedge are recorded in profit or loss as results from financial transactions.

NWB Bank applies two types of fair value hedge accounting: micro-hedging and macro-hedging. Micro-hedging relates to individual transactions that are included in an economic hedge relationship covering interest rate and foreign exchange risks. It involves a one-on-one relationship between the hedged instrument and the hedged item. Macro-hedging relates to a group of transactions that is hedged, for interest rate risk purposes, by using a group of derivative financial instruments. While there is not always a one-on-one relationship between the hedged item and the hedging instrument at an individual level, it is demonstrated at a portfolio level that the derivative financial instruments in question offset the fair value changes of the assets and liabilities in question, respectively, caused by interest rate fluctuations.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are valued in euros at the middle rates at the balance sheet date (published by the ECB). The use of middle rates is connected to the policy of NWB Bank, which states that all foreign currency positions are hedged one-on-one, and which effectively causes the day-to-day foreign currency denominated outflows of funds to be virtually nil.

The balance of gains or losses arising from transactions in foreign currencies are valued at the prevailing rates on the transaction date. All currency translation differences of monetary assets and liabilities are recognised in profit or loss.

Currency swaps are used to hedge foreign exchange exposures on loans receivable and payable. These currency swaps are valued at the fair value of the instrument ruling on the balance sheet date. The results are recorded as results from financial transactions.

Cash, cash equivalents and deposits at the Central Bank

Cash, cash equivalents and deposits at the Central Bank are stated at amortised cost based on the effective interest method less any provision for uncollectibility.

Loans and receivables, and banks

Loans and receivables, and banks are stated at amortised cost using the effective interest method, less any provision for uncollectible receivables.

Interest-bearing securities

Interest-bearing securities are primarily intended to be held indefinitely and may be sold to meet liquidity needs or in response to changes in the issuer's risk profile. Interest-bearing securities are initially recognised at fair value. The subsequent measurement of interest-bearing securities can be divided into two sub-categories:

Interest-bearing securities held to maturity

Interest-bearing securities purchased with fixed or determinable payments, of which NWB Bank firmly intends to hold to maturity, and in respect of which it has the contractual and economic ability to do so, are stated at amortised cost using the effective interest method less any provision for uncollectibility.

Other interest-bearing securities

Other unlisted interest-bearing securities are stated in line with the securities held to maturity.

Other listed interest-bearing securities are stated at fair value. As long as the value change of an individual interest-bearing security is positive, it is recorded directly in equity until the time of realisation. Once the interest-bearing security in question is derecognised, the cumulative unrealised gain or loss on an individual asset that was recorded directly in equity is taken to profit or loss. Any cumulative decrease in value below cost is immediately taken to profit or loss. Any subsequent unrealised increase in value of the relevant interest-bearing security is taken to profit or loss if it is below amortised cost. Any increase in value above amortised cost is recorded in equity.

If interest-bearing securities are included in a fair value hedge relationship, the effective part of the hedge is recognised in profit and loss rather than equity.

Intangible assets

This item includes costs and expenditures related to computer software. After initial recognition, the intangible asset is recognised at cost less any accumulated amortisation and impairments. The useful life is five years and amortisation is straight line over the useful life. The amortisation period and amortisation method will be reviewed if there is cause to do so.

Tangible fixed assets

Tangible assets are property and equipment. Property and equipment is stated at acquisition price net of straight-line depreciation. Depreciation of these assets is recognised in profit or loss over the expected useful lives of the assets concerned.

The annual depreciation rates are as follows:

Building	2.5%
Fixtures and installations	10%
Equipment, furniture and fittings, etc.:	
• furniture and fittings, etc.	10%
• office equipment	20%
ICT equipment	20%
Cars	20%

Land is not depreciated.

An asset's residual value, useful life and measurement methods are reviewed and adjusted, if appropriate, on an annual basis.

Derivatives

A derivative is a financial instrument with the following three characteristics:

- The value changes as a result of changes in market factors, such as a certain interest rate, the price of a financial instrument, exchange rates, creditworthiness or other variables (the underlying value).
- No net initial investment or only a minor net initial investment is required in comparison with other types of contracts that respond in a similar way to changes in the market factors mentioned.
- It is settled at a future date.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into. Any discrepancies between a financial instrument's fair value and the value under the bank's measurement models are amortised over the instrument's term. Derivatives are subsequently remeasured at fair value including accrued interest. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in fair value on derivatives are recognised in profit or loss under the item results from financial transactions. Generally accepted measurement models are applied, based on the most appropriate valuation curves, including the '€STR curve'. A credit valuation adjustment and a debt valuation adjustment are also included in the measurement.

Embedded derivatives are measured separately if they meet the following characteristics:

- There is no close relationship between the economic characteristics and risks of the embedded derivative and those of the host contract.
- The host contract is not carried at fair value – with changes in value through profit or loss.

- A separate instrument having the same characteristics would be classified as a derivative.

Derivatives meeting these conditions are included in the balance sheet under the host contracts to which they belong and carried at fair value, with changes in value being taken to profit or loss. Contracts are assessed only when the transaction is affected, unless the terms of a contract change such that expected cash flows are significantly impacted.

Banks, funds entrusted, debt securities and subordinated debt

All loans under banks, funds entrusted, debt securities and subordinated liabilities are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans are subsequently stated at amortised cost using the effective interest method. Gains and losses are recognised in net interest income when the liabilities are derecognised.

Employee benefits and defined pension plan obligations

Pursuant to Dutch Accounting Standard 271 on Employee Benefits, NWB Bank applies the IFRS-EU standard on pensions and other post-retirement benefits (IAS 19) in full. From 1 January 2020, active employees became part of a defined contribution plan. The pension plan for inactive employees concerns a defined benefit plan funded by premiums paid to an insurance company based on regular actuarial calculations.

A defined contribution pension plan is a scheme in which the employee's pension contribution (rather than the payment) is defined. The provision for defined benefit plans is the present value of the pension liabilities at the balance sheet date less the fair value of the plan assets. The defined benefit plan obligations are calculated annually by an independent actuary using the projected unit credit method.

Offsetting financial assets and financial liabilities

A financial asset and a financial liability are offset and reported on a net basis if there is a legally enforceable right to offset the recognised amounts and if there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to NWB Bank and the revenue can be reliably measured.

Net interest income

Interest income and expenses are recognised in the income statement using the effective interest method. The application of this method includes the amortisation of any discount or premium or other differences (including transaction costs and applicable commissions) between the initial carrying amount of an interest-bearing instrument and the amount at maturity, based on the effective interest method.

Income tax

Income tax is recognised as an expense in the same period as the profit is recognised. Deferred tax assets and deferred tax liabilities are stated on an undiscounted basis.

Current tax assets and liabilities

Current tax assets and liabilities for the current and prior periods are stated at the amount expected to be recovered from or paid to the Dutch Tax and Customs Administration. The tax payable is calculated on the basis of current tax rates and tax laws.

Deferred tax assets and liabilities

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses if it is probable that taxable profit is available against which the deductible temporary differences can be offset, and the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit is available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on current tax rates and tax laws.

Deferred tax assets and liabilities are netted if a right to offset them exists.

Basis for preparation of the statement of cash flows

The statement of cash flows is presented in accordance with the indirect method, distinguishing between the cash flows from operating/banking, investing and financing activities.

Cash and cash equivalents represent assets that can be converted into cash without restriction, including the cash available as well as balances payable on demand at banks and central banks.

The changes in loans and receivables, funds entrusted and those based on banks are stated under cash flows from operating/banking activities, given the nature of the operations.

Investing activities include the purchase and sale and settlement of interest-bearing securities, as well as the purchase and sale of property and equipment. Long-term loans (terms > 1 year) and short-term loans (terms < 1 year) taken out and repaid are classified as a financing activity.

Segment information

As the bank's organisation is not geared towards operations in different sectors, NWB Bank does not distinguish between operating segments in its assessment and decision-making about returns and the allocation of resources. Accordingly, no segment information is disclosed in this half-year report.

Significant assumptions and estimation uncertainties

The preparation of the financial statements requires that the Managing Board forms opinions and makes estimates and assumptions that have an impact on the application of accounting policies and the reported value of assets and liabilities and of income and expenses. The estimates and associated assumptions are based on past experience, market information and other factors considered to be reasonable given the circumstances. The outcomes form the basis for the opinion on most of the carrying amounts of NWB Bank's assets and liabilities that cannot be easily established from other sources. The actual outcomes may differ from these estimates.

The estimates and underlying assumptions are reviewed periodically.

Revisions of estimates are recognised in the period in which the estimate was revised if the revision only has consequences for that period. If the revision also has consequences for future periods, then the revision is recognised in both the reporting period and future periods.

Opinions formed by the Managing Board that could have a significant impact on the financial statements, and estimates containing a substantial risk of a material adjustment in a subsequent financial year, relate primarily to the measurement of financial assets and financial liabilities stated at fair value, especially to the measurement of derivatives, as well as impairments when applying the expected loss impairment methodology of IFRS 9.

NOTES TO THE STATEMENT OF INCOME

1 NET INTEREST INCOME

	First half of 2024	First half of 2023
Interest income on cash, cash equivalents and deposits at the Central Bank, banks and on loans and receivables at amortised cost	1,416,231	1,193,358
Interest income on interest-bearing securities	45,262	25,124
Derivatives	2,509,031	1,942,186
Commission	1,083	1,855
Negative interest expense	-	-
Interest income	**3,971,607**	**3,162,523**
Interest expense on banks, funds entrusted, hybrid capital and debt securities at amortised cost	1,120,290	960,946
Derivatives	2,725,835	2,074,711
Negative interest income	3,254	3,084
Interest expense	**3,849,379**	**3,038,741**
Net interest income	**122,228**	**123,782**

Interest income consists of interest income on loans and receivables, interest-bearing securities, cash, cash equivalents and deposits at the Central Bank, as well as interest-like commission, fees received for the early redemption of financial instruments to which no hedge accounting is applied, premiums and discounts. Premiums and discounts on loans and receivables not stated at fair value are recognised using the effective interest method, together with the relevant interest income.

Interest expense consists of interest expenses on liabilities, whether or not embodied in debt securities, and derivatives, as well as paid interest-like commission, compensations paid for early redemption, premiums and discounts. Premiums and discounts on debts, whether or not embodied in debt securities, not stated at fair value are recognised using the effective interest method, together with the relevant interest expense.

Negative interest income concerns the negative interest on financial assets: cash and cash equivalents and deposits at the Central Bank, banks, and loans and receivables.

Negative interest expense concerns the negative interest on financial liabilities banks, funds entrusted and debt securities.

The rise in interest income, interest expense and derivatives in the first half of 2024 compared to the first half of 2023 is mainly attributable to increased market interest rates.

2 RESULTS FROM FINANCIAL TRANSACTIONS

NWB Bank applies two types of fair value hedge accounting: micro-hedging and macro-hedging. Micro-hedging relates to individual transactions that are included in an economic hedge relationship covering interest rate and foreign exchange risks. Micro-hedging involves a one-on-one relationship between the hedged instrument and the hedged item. Macro-hedging relates to a group of transactions that is hedged, for interest rate risk purposes, by using a several derivative financial instruments. While there is not always a one-on-one relationship between the hedged item and the hedging instrument at an individual level, it is demonstrated at a portfolio level that the derivative financial instruments in question offset the fair value changes caused by interest rate fluctuations.

The results from financial transactions can be broken down as follows:

	First half of 2024	First half of 2023
Changes in the fair value of derivatives included in macro-hedge accounting	1,214,637	282,340
Revaluation of financial assets and liabilities included in macro-hedge accounting	-1,216,784	-283,486
Macro-hedge accounting ineffectiveness	**-2,147**	**-1,146**
Micro-hedge accounting ineffectiveness	739	1,024
Total hedge accounting ineffectiveness	**-1,408**	**-122**
Other changes in the fair value of restructured derivatives included in hedge accounting	-15,426	-17,529
Changes in the fair value of derivatives not included in hedge accounting	-32	-1,471
Change in counterparty credit risk (CVA/DVA)	626	16,650
Results from maturity extensions and early redemptions	511	-1,396
Other fair value changes	3,875	10,414
Total	**-11,854**	**6,546**

The bank invests in pass-through NHG RMBS. These investments are hedged with interest rate derivatives. The bank applies fair value hedge accounting thereon. The result of this is included under the item 'Macro-hedge accounting ineffectiveness'.

The other changes in the fair value of restructured derivatives included in hedge accounting were caused by the restructuring of the derivatives portfolio on several occasions in the past with a view to managing the interest rate risk position. As a result, the restructuring of the derivatives portfolio has a favourable effect on net interest income (due to lower interest expenses).

The change in counterparty credit risk (CVA/DVA) relates mainly to an unsecured exposure of €120 million arising from derivative contracts and the related collateral agreement. The volatility of the result on financial transactions for this item, which occurred mainly in the first half of 2023, is primarily dependent on movements in the credit default swap (CDS) spread for this specific counterparty. No new transactions have been entered into with this specific counterparty for a long time.

The result on loan extensions and prepayments relates to adjustments to loans at the request of clients.

The other fair value changes include changes in the fair value of financial instruments after the moment of purchase or sale, and entering into or terminating the hedge relationship, changes in the fair value of derivatives entered into for asset and liability management purposes, premiums and fees received and paid upon the settlement of derivative contracts, realised revaluation gains on the sale of interest-bearing securities and commission.

NWB Bank borrows significant amounts in foreign currencies. The associated risks are immediately and fully hedged by currency swaps. As a result, the currency risk incurred by NWB Bank is nil.

3 EMPLOYEE BENEFIT EXPENSES AND OTHER ADMINISTRATIVE EXPENSES

The number of employees in employment expressed in FTEs, including the Managing Board, totalled 135.7 as at 30 June 2024 (30 June 2023: 114.7).

	First half of 2024	First half of 2023
Wages and salaries	7,620	5,880
Pension costs	1,306	940
Other social security costs	760	663
Other staff costs	3,991	2,935
Total	**13,677**	**10,418**

Salary costs rose mainly as a result of an increase in headcount. Other staff costs increased due to the higher cost of temporary staff.

Other administrative costs decreased from €14.1 million in the first half of 2023 to €12.4 million in the half of 2024. Other administrative costs are lower due supervisory costs accounted for in the first half of 2023 and lower advisory costs, particularly for automation projects in 2024, offset by higher licencing costs in 2024, resulting in a net decrease in administrative costs.

4 RESOLUTON LEVY

Under the Bank Recovery and Resolution Directive (BRRD), the bank is required to pay a resolution levy. On 15 February 2024, the Single Resolution Board announced that no levy is expected before 2024 as the target level of the Single Resolution Fund has been reached.

The levy for 2023 was € 6.5 million. Of this amount, €1.5 million was paid in 2023 in the form of Irrevocable Payment Commitments and €5.0 million was charged to the profit.

As of 30 June 2024, a cumulative amount of €9.2 million was paid in the form of Irrevocable Payment Commitments (2023: €9.2 million).

5 DEPRECIATION OF RECEIVABLES AND PROVISIONS FOR LIABILITIES INCLUDED IN THE BALANCE SHEET

NWB Bank uses the option to apply the expected loss impairment methodology of IFRS 9. This item can be presented as follows:

	First half of 2024	First half of 2023
Loans and receivables	156	-132
Interest-bearing securities	-5	-5
Total	**151**	**-137**

A detailed explanation of Expected Credit Loss can be found in section 14.

6 INCOME TAX

	First half of 2024	First half of 2023
Profit before income tax	81,802	98,858
Income tax at 25.8% (2023: 25.8%)	21,105	25,505
Non-deductible expenses relating to bank tax	2,457	1,787
Adjustments for previous financial years	-1	
Income tax expense	**23,561**	**27,292**
Effective tax rate (%)	28.8%	27.6%

A minimum capital requirement applies to banks: the thin cap rule. This rule limits the interest deduction for corporate income tax if the leverage ratio is lower than 9%. As the bank's leverage ratio (as at 31 December of the previous year) for the calculation of the thin cap rule exceeds 9% for the 2024 and 2023 financial years, the charge under this rule is nil.

Mainly due to the non-deductibility of the bank tax, the effective tax rate is higher than the nominal rate of 25.8%.

NOTES TO THE BALANCE SHEET

7 LOANS AND RECEIVABLES

This item consists of loans and receivables, other than interest-bearing securities, from clients other than banks. The receivables, almost all of which relate to the Dutch public sector, are mostly long-term. Public sector loans and receivables include those to or guaranteed by Dutch public authorities, and to government-controlled public limited liability companies and other businesses or institutions with delegated government duties.

The breakdown of loans and receivables can be depicted as follows:

	30 June 2024	31 December 2023
As at 31 December	**55,263,557**	**51,436,704**
Newly granted long-term loans	4,751,880	7,702,394
Newly granted short-term loans	1,328,371	1,868,767
Redemptions	-4,451,344	-7,712,166
Value adjustment for fair value hedge accounting	-1,243,579	1,967,754
Expected Credit Loss	-156	104
Total	**55,648,729**	**55,263,557**

A provision for uncollectibility is determined based on the Expected Credit Loss methodology of IFRS 9. This is explained in more detail in section 14.

8 INTEREST-BEARING SECURITIES

This item can be broken down as follows:

	30 June 2024	31 December 2023
Other listed interest-bearing securities	785,469	786,939
Other unlisted interest-bearing securities	4,660,043	4,245,137
Total	**5,445,512**	**5,032,076**

Part of the interest-bearing securities is the investment in the senior notes of pass-through NHG RMBS (Residential Mortgage-backed Securities) in line with the third pillar of the 'financing partner to enhance sustainability in the Netherlands' strategy. The bank would therefore like to help reduce mortgage costs for owners of sustainable homes that benefit from a national mortgage guarantee. The total investment of €2,912 million (31 December 2023: €2,638 million) is included under the item 'Other unlisted interest-bearing securities'.

A provision for uncollectibility is determined based on the Expected Credit Loss methodology of IFRS 9. This is explained in more detail in section 14.

9 TANGIBLE ASSETS

This item comprises capitalised expenses related to the office building and other equipment. Other equipment primarily concerns inventory, ICT equipment and cars.

The breakdown of this item in 2023 and 2022 is as follows:

	Property in use by the bank	Other equipment	Total
Carrying amount as at 1 January 2024	**3,839**	**1,325**	**5,164**
Investments 2024	11	437	448
Disposals 2024	-	-8	-8
Depreciation in 2024	-211	-312	-523
Carrying amount as at 30 June 2024	**3,639**	**1,442**	**5,081**
Carrying amount as at 1 January 2023	**3,843**	**1,813**	**5,656**
Investments 2023	425	188	613
Disposals 2023	-	-6	-6
Depreciation in 2023	-429	-670	-1,099
Carrying amount as at 31 December 2023	**3,839**	**1,325**	**5,164**

Cumulative amounts as at 30 June 2024:	Property in use by the bank	Other equipment	Total
Investments	12,740	12,363	25,103
Depreciation	-9,100	-10,921	-20,021
Carrying amount as at 30 June 2024	**3,640**	**1,442**	**5,082**

Cumulative amounts as at 31 December 2023:	Property in use by the bank	Other equipment	Total
Additions	12,728	11,934	24,662
Depreciation	-8,889	-10,609	-19,498
Carrying amount as at 31 December 2023	**3,839**	**1,325**	**5,164**

10 DERIVATIVE ASSETS

This item consists of interest rate swaps and currency swaps, caps, floors and swaptions. These products are carried at fair value, including accrued interest. Generally accepted valuation models are applied, based on the most appropriate valuation curves. In the breakdown of derivatives below for 30 June 2024, derivatives totalling €279 million (31 December 2023: €296 million) were not included in hedge accounting.

Breakdown by remaining term to maturity of fair values, respectively, as at 30 June 2024 and 31 December 2023:

	<3 months	3-12 months	1-5 years	>5 years	Total
30 June 2024					
Interest rate swaps	38	3,734	19,749	3,948,494	3,972,015
Currency swaps	169,935	111,287	125,198	340,136	746,556
Caps, floors and swaptions	-	-	1,142	184,855	185,997
Total 30 June 2024	**169,973**	**115,021**	**146,089**	**4,473,485**	**4,904,568**
31 December 2023					
Interest rate swaps	1,135	4,571	31,335	3,642,618	3,679,659
Currency swaps	6,234	24,827	74,966	377,739	483,766
Caps, floors and swaptions	-	-	1,237	198,641	199,878
Total 31 December 2023	**7,369**	**29,398**	**107,538**	**4,218,998**	**4,363,303**

11 BANKS

This item comprises - other than embedded -debt securities to domestic and foreign banks.

This item can be broken down as follows:

	30 June 2024	31 December 2023
Loans taken out at banks	1,608,968	1,441,042
Value adjustment for fair value hedge accounting	-82,960	-74,062
Liabilities under collateral arrangements	598,193	422,025
Exposure Central Clearing	12,106	-
Total	**2,136,307**	**1,789,005**

The collateral included in this item concerns collateral held under collateral arrangements related to derivative contracts. The 'Exposure Central Clearing' item comprises the balance of the daily offset of the derivatives against the collateral received or paid with central counterparties.

12 DEBT SECURITIES

This item comprises marketable interest-bearing securities and can be specified as follows:

	30 June 2024	31 December 2023
Bonds	59,291,792	61,113,140
Short-term debt securities	16,538,396	5,488,278
Value adjustment for fair value hedge accounting	-6,674,693	-6,045,835
Total	**69,155,495**	**60,555,583**

Issue, repurchase and repayment of debt securities

In the first half of 2024, bonds were issued for an amount of €5,912 million (first half of 2023: €8,011 million) and redeemed for an amount of €8,068 million (first half of 2023: €6,143 million). In addition, the change in bonds concerns the currency revaluation and the change allocated to accrued interest.

In the first half of 2024, short-term securities were issued for an amount of €114,868 million (first half of 2023: €59,507 million) and redeemed for an amount of €104,106 million (first half of 2023: €47,345 million). In addition, the change in short-term securities concerns the currency revaluation and the change allocated to accrued interest.

13 DERIVATE LIABILITIES

This item consists of interest rate swaps and currency swaps, caps, floors and swaptions. These products are carried at fair value, including accrued interest. Generally accepted valuation models are applied, based on the most appropriate valuation curves. In the breakdown of derivatives below for 30 June 2024, derivatives totalling €75 million(2023: €120 million) were not included in hedge accounting.

Breakdown by remaining term to maturity of negative fair values as at 30 June 2024 and 31 December 2023:

	<3 months	3-12 months	1-5 years	>5 years	Total
30 June 2024					
Interest rate swaps	919	1,132	34,482	2,448,422	2,484,955
Currency swaps	1,511	41,306	360,736	387,890	791,443
Caps, floors and swaptions	-	-	1,102	183,815	184,917
Total 30 June 2024	**2,430**	**42,438**	**396,320**	**3,020,127**	**3,461,315**
31 December 2023					
Interest rate swaps	1,674	67	36,551	2,639,797	2,678,089
Currency swaps	50,442	156,942	553,033	398,094	1,158,511
Caps, floors and swaptions	-	-	1,052	197,224	198,276
Total 31 December 2023	**52,116**	**157,009**	**590,636**	**3,235,115**	**4,034,876**

OTHER NOTES TO THE HALF-YEAR FIGURES

14 EXPECTED CREDIT LOSS

NWB Bank uses the option to apply the 'expected loss impairment methodology' of IFRS 9. Under IFRS 9, NWB Bank recognises a provision for expected credit loss (ECL) for each client with a credit facility. A provision is also made for expected losses on loan commitments and financial guarantee contracts, so-called off-balance sheet positions. It should be noted that the majority of the bank's exposures are guaranteed by the government. As a result, there is limited credit risk.

The ECL methodology used by the bank consists of a scoring and rating model, a macro-economic model, models for Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), and scenarios (macro-economic forecasts). Each of these components is used to calculate the final ECL provision.

The table below depicts the course of the expected credit loss in 2023 and the first half of 2024:

(in thousands of euros)	As per 31 December 2023	First half of 2024	Total 30 June 2024
Loans and receivables	-441	-156	-597
Interest-bearing securities	-9	5	-4
Total	**-450**	**-151**	**-601**

(in thousands of euros)	As per 31 December 2022	2023	Total 31 December 2023
Loans and receivables	-545	104	-441
Interest-bearing securities	-14	5	-9
Total	**-559**	**109**	**-450**

Broken down by cause, the summary of movements is as follows:

(in thousands of euros)	2024	2023
Total as at 01 January	**-450**	**-559**
Updated macro-economic projections and management overlay	-41	43
Change in LGD	56	-
Adjustments credit risk scores	-166	66
Total as at 30 June, 31 December	**-601**	**-450**

The breakdown of ECL recognised in the statement of income for the financial year is as follows:

	From 01-01-2024 to 30-06-2024			
(in thousands of euros)	Stage 1	Stage 2	Stage 3	Total
Mutation ECL in P&L				
- Increase through new loans and loans taken over	16	-	-	16
- Decrease through redemptions	-18	-	-	-18
- Changes by creditrisk (net)	2	151	-	153
Total	**-**	**151**	**-**	**151**

	From 01-01-2023 to 31-12-2023			
(in thousands of euros)	Stage 1	Stage 2	Stage 3	Total
Mutation ECL in P&L				
- Increase through new loans and loans taken over	62	-	-	62
- Decrease through redemptions	-2	-	-	-2
- Changes by creditrisk (net)	-248	79	-	-169
Total	**-188**	**79**	**-**	**-109**

The bank has reassessed and revised the macroeconomic parameters in the ECL model. In addition, the bank further refined the expected loss impairment methodology in the first half of 2024 by introducing a more granular approach to LGD rates across relevant client groups. Prior to the adjustment, an LGD rate of 0% was used for government-guaranteed loans and 25% for non-government guaranteed loans. Following the implementation of the refinement, the following rates were used: loans to the government or guaranteed by the government 0%; loans guaranteed by non-governmental institutions 10%; project finance 20%; loans to public limited companies (NV) owned by the government 25%; and finally, other non-guaranteed loans 30%. The financial impact of the adjustment is limited, with the total expected credit loss decreasing by approximately €56 thousand.

Impairment of loans and receivables and interest-bearing securities

The following table provides a breakdown of the loans and receivables and interest-bearing securities (already provided and still to be provided) to which the ECL model is applied. It should be noted that this analysis does not take any potential guarantees into consideration.

Stage 1: These are the performing exposures without a Significant Increase of Credit Risk (SICR) since the starting date.

Stage 2: These are the performing exposures with a SICR since the starting date.

Stage 3: These are the non-performing exposures that are credit-impaired.

as of 30 June 2024 (in thousands of euros)	Gross carrying amount	Performing Stage 1	Performing Stage 2	Non-Performing Stage 3
Loans and receivables	60,195,159	56,433,597	3,584,966	176,596
Interest-bearing securities	4,660,243	4,660,243	-	-
Total	**64,855,402**	**61,093,840**	**3,584,966**	**176,596**

as of 31 December 2023 (in thousands of euros)	Gross carrying amount	Performing Stage 1	Performing Stage 2	Non-Performing Stage 3
Loans and receivables	59,621,484	55,744,456	3,793,760	83,268
Interest-bearing securities	4,245,137	4,245,137	-	-
Total	**63,866,621**	**59,989,593**	**3,793,760**	**83,268**

At the end of June, €176.6 million (31 December 2023: €83.3 million) was classified as 'credit impaired'. This amount concerns exposures in Stage 3 and relates to exposures to 12 (31 December 2023: 5) clients. These exposures are guaranteed by the government and will not lead to an ECL provision or to a write-off.

Following is a more detailed explanation of how the stages progress:

Stage 1: 12-month ECL

Stage 1 includes exposures that show no SICR since their initial recognition. A 12-month ECL is recognised for this group, which is the ECL based on the probability that the exposure will default within 12 months of the reporting date. The 12-month ECL is calculated for all individual exposures as a function of the EAD, PD and LGD and includes forward-looking (macro-economic) indicators. Essentially, an exposure moves from Stage 1 to Stage 2 if one of the following criteria are met:

1. A loan claim has been outstanding for more than or equal to 30 days (30-day indicator serves as a 'backstop indicator');
2. There is a significant increase in the credit risk compared with the time the loan was granted. There is a SICR if an internal rating limit has been exceeded;
3. Other qualitative indicators including information from a credit rating agency, the qualification of an exposure as 'forborne performing' or if an exposure is on the internal watch list.

The 12-month ECL is calculated for all individual exposures as a function of the EAD, PD and LGD and including forward-looking (macro-economic) indicators.

Stage 2: life-time ECL (not credit-impaired)

Stage 2 includes exposures that show a SICR since initial recognition but have not defaulted. A lifetime ECL is recognised for these exposures, taking into account any guarantees and received collateral. This concerns the expected shortfalls on the contractual cash flows for the remaining duration of the exposure, discounted at the effective interest rate. The lifetime ECL is calculated for all individual exposures as a function of the EAD, PD and LGD and including forward-looking (macroeconomic) indicators.

To determine whether an exposure moves from Stage 2 to Stage 3, the 90-day arrears period acts as a backstop indicator.

An exposure enters stage 3 if it is credit-impaired. This may be the case when:

1. a substantial claim has been outstanding for more than 90 days;
2. the bank considers it unlikely that the client will meet its credit claims ('unlikely-to-pay' (UTP)) without recourse to remedial action such as invoking a guarantee.

Stage 3: life-time ECL (credit-impaired)

Exposures with payment arrears of 90 days or more fall under Stage 3 and are classified as default. However, Stage 3 also includes exposures that are identified as credit-impaired in line with the internally applied definition of default. Therefore, this also includes exposures that are forborne non-performing. If a client defaults, all exposures to that client are moved to Stage 3 and classified as credit-impaired.

A lifetime ECL is recognised for these exposures, taking into account any guarantees and received collateral. This concerns the expected shortfalls on the contractual cash flows for the remaining duration of the exposure, discounted at the effective interest rate. The lifetime ECL is calculated for all individual exposures as a function of EAD, PD and LGD and including forward-looking (macro-economic) indicators. Subsequently, the lifetime ECL is deducted from the outstanding gross carrying amount on the balance sheet. In other words, an impairment is taken on the exposure.

Migrating back to an earlier ECL stage

If the creditworthiness improves and the exposure no longer meets the above criteria, an exposure can migrate from Stage 2 to Stage 1 or from Stage 3 to Stage 2. This occurs according to the bank's ECL Policy, Credit Risk Management Policy and Non-Performing Loan Policy.

Determining a significant increase in credit risk (SICR)

A SICR exists when the credit rating at the time of reporting has significantly deteriorated compared with the credit rating at origination date. Whether there is a SICR depends on the credit risk classification:

- exposures taken with a credit rating of 7 or better (i.e. ⩽ 7): significant credit risk increase occurs when the credit rating shifts to 8 or worse (i.e. ⩾ 8); and
- exposures taken with a credit rating of 8 or worse (i.e. ⩾ 8): significant credit risk increase occurs when the credit rating shifts a notch. For example, from 8 to 9 is a one-notch shift.

NWB Bank has an internal credit rating scale from 1 to 15. Credit ratings 1 to 7 relate to higher-creditworthy classified exposures (investment grade); ratings 8 to 14 relate to lower-creditworthy classified exposures (non-investment grade); and 15 relates to exposures in default. The internal credit rating scale is calibrated with the help of a reputable external credit rating agency. Internal credit ratings of > 7 are non-investment grade and correspond to a rating of BB+ or worse.

Rating classes

The ECL provision is based on rating classes. The following overview shows the ECL per rating class. The breakdown as at 30 June 2024 and 31 December 2023 is as follows:

30 June 2024:	Stage 1			Stage 2			Stage 3		
Rating Class	Gross carrying amount guaranteed	Gross carrying amount not guaranteed	ECL	Gross carrying amount guaranteed	Gross carrying amount not guaranteed	ECL	Gross carrying amount guaranteed	Gross carrying amount not guaranteed	ECL
1	797,212	2,948,007	5	-	-	-	-	-	-
2	5,133,840	17,703	-	-	-	-	-	-	-
3	5,168,193	-	-	-	-	-	-	-	-
4	24,830,993	1,546,720	91	301,348	-	-	-	-	-
5	14,547,303	171,340	22	-	-	-	-	-	-
6	3,581,728	510,681	71	3,103,959	-	-	-	-	-
7	733,044	969,788	173	67,228	-	-	-	-	-
8	37,088	22,230	9	19,539	25,054	230	-	-	-
9	-	-	-	6,815	-	-	-	-	-
10	-	-	-	60,728	-	-	-	-	-
11	77,970	-	-	295	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-
15	-	-	-	-	-	-	176,596	-	-
Total	**54,907,371**	**6,186,469**	**371**	**3,559,912**	**25,054**	**230**	**176,596**	**-**	**-**

31 December 2023:	Stage 1			Stage 2			Stage 3		
Rating Class	Gross carrying amount guaranteed	Gross carrying amount not guaranteed	ECL	Gross carrying amount guaranteed	Gross carrying amount not guaranteed	ECL	Gross carrying amount guaranteed	Gross carrying amount not guaranteed	ECL
1	1,007,546	2,707,011	10	-	-	-	-	-	-
2	4,704,823	10,438	-	-	-	-	-	-	-
3	4,896,156	4,295	-	-	-	-	-	-	-
4	22,483,967	1,460,850	68	79,275	-	-	-	-	-
5	15,091,138	264,991	30	315,645	-	-	-	-	-
6	4,935,602	449,946	64	3,268,420	25,255	79	-	-	-
7	807,387	860,795	152	75,427	-	-	-	-	-
8	42,115	164,319	47	28,295	-	-	-	-	-
9	-	-	-	421	-	-	-	-	-
10	-	-	-	728	-	-	-	-	-
11	98,214	-	-	294	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-
15	-	-	-	-	-	-	83,268	-	-
Total	**54,066,948**	**5,922,645**	**371**	**3,768,505**	**25,255**	**79**	**83,268**	**-**	**-**

Rating classes 1 to 7 are classified as 'investment grade', while rating classes 8 to 14 are 'non-investment grade'. Finally, rating class 15 concerns the classification 'default'. The guaranteed exposures have an LGD of 0%.

Analysis of the 'performing exposures' according to maturity date

The following table shows the amounts that have become due but have not yet been received at reporting date, which have not been included in Stage 3.

(in thousands of euros)	30 June 2024	31 December 2023
Less than or equal to 30 days	1,537	503
Greater than 30 days and less than or equal to 60 days	-	-
Total	**1,537**	**503**

Parameters and assumptions used

The ECL of a financial asset is determined on the basis of 12 months or its entire term, depending on whether there has been a significant increase in credit risk. The total ECL is determined based on the product of the PD, LGD and EAD, discounted to reporting date.

Probability of Default (PD)

The PD is used to determine the ECL and the SICR. The bank has developed PD models for its lending for which no external rating is available, which are largely based on expert judgement combined with accepted mathematical techniques.

Loss Given Default (LGD)

The LGD concerns the loss in case of non-payment. The majority of the bank's portfolio consists of loans guaranteed by the Dutch government.

Exposure at Default (EAD)

The EAD concerns the expected value of the exposure at the moment when the counterparty defaults. This value includes the principal amount, the accrued interest the premium/discount, the value adjustment resulting from the application of fair value hedge accounting and any amount due but not yet received. The effect of potential early redemptions is minimal and therefore not included in the EAD.

Low credit risk exemption

For exposures included in the item interest-bearing securities, the bank applies a 'low credit risk exemption' (LCRE) in accordance with IFRS 9. IFRS 9 allows the bank to assume, without further analysis, that the credit risk on a financial instrument has not increased significantly since its initial recognition if it is determined that the financial instrument has a low credit risk at the reporting date. An external rating of investment grade is an example of a financial instrument that can be considered low credit risk.

From credit risk score per client to PD rating per exposure

NWB Bank assigns an (internal) PD rating to each exposure at the time of origination. The PD rating is derived from the Master Scale of the ECL model. An important input for the ECL model is the Credit Risk Score (CRS) established by the Risk Management department. The bank assigns a CRS to each client to calculate the ECL per exposure. CRSs have a scale of best to worst scores ranging from 1 to 21. The internal credit ratings from the Master Scale are used in accordance with IFRS guidelines. The Master Scale links CRSs with default rates and the final credit rating. The Master Scale developed by the bank is calibrated with the help of a reputable external credit rating agency and has been validated. The CRS is reviewed periodically in accordance with the credit management cycle to determine whether it is a SICR under ECL IFRS guidelines.

Macro-economic variables

Macro-economic variables are taken into account for the determination of the ECL. This implies taking into account forward-looking developments that may affect potential credit losses. The macro-economic variables that the bank's internally developed models have taken into account are unemployment and inflation. In June 2024, the bank updated the projections for inflation and unemployment. This was done using input data from the Netherlands Bureau for Economic Policy Analysis (CPB) and the ECB's scenarios on inflation and unemployment for the eurozone respectively.

The following breakdown provides an overview of the macro-economic variables and their weighting.

Macro-economic variable	Scenario	Weighting as at 30 June 2024	Weighting as at 31 December 2023
Unemployment	Base scenario	0.30	0.30
	Upward scenario	0.10	0.10
	Downward scenario	0.60	0.60
		-	-
Inflation	Base scenario	0.30	0.30
	Upward scenario	0.10	0.10
	Downward scenario	0.60	0.60

The following breakdown provides an overview of the macro-economic variables and the percentages used in the baseline scenario.

Macro-economic variable	Year	% as at 30 June 2024	% as at 31 December 2023
Unemployment	2024	4.10	4.00
	2025	4.30	4.20
	2026	4.50	4.40
Inflation	2024	3.10	3.90
	2025	2.30	2.30
	2026	2.30	2.30

Sensitivity analysis

The following analysis was carried out to measure the ECL's sensitivity to the various factors. The calculation of the ECL is partly determined by the assumed macro-economic variables. The following overview shows the impact on the ECL in different scenarios.

Breakdown of the ECL by economic scenarios

30 June 2024		2024	2025	2026	Probability-weighting scenario	Weighted ECL	Total ECL
Scenario 1: Down market	Inflation NL	2.65	1.66	1.66	0.60	394	
	Unemployment NL	4.61	5.08	5.28	0.60		
Scenario 2: Stable	Inflation NL	3.10	2.30	2.30	0.30	163	601
	Unemployment NL	4.10	4.30	4.50	0.30		
Scenario 3: Up market	Inflation NL	3.52	2.96	2.96	0.10	44	
	Unemployment NL	3.61	3.46	3.66	0.10		

31 December 2023		2024	2025	2026	Probability-weighting scenario	Weighted ECL	Total ECL
Scenario 1: Down market	Inflation NL	3.26	1.66	1.66	0.60	304	
	Unemployment NL	4.78	4.98	5.18	0.60		
Scenario 2: Stable	Inflation NL	3.90	2.30	2.30	0.30	117	450
	Unemployment NL	4.00	4.20	4.40	0.30		
Scenario 3: Up market	Inflation NL	4.56	2.96	2.96	0.10	29	
	Unemployment NL	3.16	3.36	3.56	0.10		

Analysis 1: Sensitivity of the ECL if 100% of the individual scenarios were to be applied

The table below shows the sensitivity of the ECL if 100% of the individual scenarios (downward, basis and upward) were to be applied to all exposures at the end of June 2024. Given the limited size of non-government guaranteed exposures, the sensitivity to the different scenarios is limited.

Sensitivity Analysis - scenarios (in thousands of euros) as per 30 June 2024	100% Downward scenario	100% Basis scenario	100% Upward scenario
ECL	866	716	588

Sensitivity Analysis - scenarios (in thousands of euros) as per 31 December 2023	100% Downward scenario	100% Basis scenario	100% Upward scenario
ECL	507	389	285

Analysis 2: All Credit Risk Scores deteriorate by 1 step (CRS+1)

In this analysis, the most important factor in the calculation of the ECL, Credit Risk Scores (CRS), is shifted with a deterioration of plus 1. The impact of this shift on the ECL is an increase of approximately €53 thousand (31 December 2023: €154 thousand). As a result, the ECL would be approximately €654 thousand (31 December 2023: €604 thousand) instead of the amount of €601 thousand (31 December 2023: €450 thousand) reported on 30 June 2023.

15 DIVIDEND

The dividend of €60 million proposed in the 2023 financial statements and adopted by the General Meeting of Shareholders was paid out in 2024 and is recognised in other reserves.

16 TIER 1 CAPITAL RATIO

NWB Bank applies the Standardised Approach (SA) in calculating risk-weighted assets.

	30 June 2024	31 December 2023
Equity excluding profit for the current financial year	2,000	1,934
Intangible assets	-10	-10
Prudential filters	-10	-10
CET 1 capital	**1,980**	**1,914**
Additional Tier 1 capital	321	321
Tier 1 capital (A)	**2,301**	**2,235**
Weighted credit risk (SA)[1]	3,562	2,734
Capital requirement pursuant to CVA (SA)[1]	1,119	1,472
Weighted operational risk (SA)[1]	489	453
Risk-weighted assets (B)	**5,170**	**4,659**
Tier 1 ratio (A/B)	**44%**	**48%**

1) Standardised Approach

Visible equity stood at €2,000 million (excluding profit for the current financial year) at the end of June 2024, compared with €1,934 million (excluding profit for the current financial year) at the end of 2023. CET 1 capital including Additional Tier 1 capital amounted to €2,301 million (excluding profit for the current financial year) at the end of June 2024, compared with €2,235 million (excluding profit for the current financial year) at the end of 2023. The bank's total risk-weighted assets rose from €4,659 million at the end of 2023 to €5,170 million at the end of June 2024. This rise is primarily the result of the revised risk weighting of loans provided to drinking water companies and grid operators. At the end of 2023, NWB Bank reclassified exposures to drinking water companies and grid operators to the 'public sector' category with a 20% risk weighting. Following consultation with the ECB in 2024, drinking water companies and grid operators will be reported in the 'corporate' category with a 100% risk weighting from June 2024. This has had an impact on risk-weighted assets of approximately €900 million.

17 EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events after the balance sheet date that need further explanation.

OTHER INFORMATION

GLOSSARY

CET 1 capital ratio
The bank's core capital as a percentage of total risk exposure.

Tier 1 capital ratio
Core capital including Additional Tier 1 capital of the bank expressed as a percentage of total risk exposure.

Cost/income ratio
Operating expenses (excluding bank tax, resolution levy and Expected Credit Loss) compared to operating income.

Dividend pay-out ratio
Dividend pay-out relative to net profit.

Leverage ratio (adjusted for promotional assets)
The ratio between the Tier 1 capital and the (adjusted) total assets of the bank. The promotional assets are not included in the total assets.

Leverage ratio (not adjusted for promotional assets)
The ratio between the Tier 1 capital and the (unadjusted) total assets of the bank. The promotional assets are included in the total assets.

Promotional asset
A loan granted directly or through an intermediary credit institution on a non-competitive, not-for-profit basis by a public development credit institution or an entity set up by the central government, regional government or local government of a Member State of the European Union to promote the policy objectives of the central government, regional government or local government of a Member State.

Liquidity Coverage Ratio
The Liquidity Coverage Ratio (LCR) is an indicator that shows whether there are sufficient liquid assets to absorb a 30-day period of stress.

Net Stable Funding Ratio
The aim of the Net Stable Funding Ratio (NSFR) is to determine the extent to which longer-term assets are financed with more stable forms of funding.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO: THE SHAREHOLDERS, SUPERVISORY BOARD AND MANAGING BOARD OF NEDERLANDSE WATERSCHAPSBANK N.V.

Our conclusion

We have reviewed the interim financial information included in the accompanying half-yearly financial report of Nederlandse Waterschapsbank N.V. (NWB Bank) based in The Hague for the period from 1 January 2024 to 30 June 2024.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of NWB Bank for the period from 1 January 2024 to 30 June 2024 is not prepared, in all material respects, in accordance with Richtlijn voor de Jaarverslaggeving 394 "Tussentijdse berichten" (Dutch Accounting Standard 394 on Interim Reports).

The interim financial information comprises:

- the balance sheet as at 30 June 2024;
- the statement of income, statement of comprehensive income, the statement of changes in equity and the condensed statement of cash flows for the period from 1 January 2024 to 30 June 2024;
- the notes comprising of a summary of accounting policies and selected other information.

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, "Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit" (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the Our responsibilities for the review of the interim financial information section of our report.

We are independent of NWB Bank in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the Managing Board for the interim financial information

The Managing Board is responsible for the preparation and presentation of the interim financial information in accordance with Richtlijn voor de Jaarverslaggeving 394 "Tussentijdse berichten" (Dutch Accounting Standard 394 on Interim Reports). Furthermore, the Managing Board is responsible for such internal control as it determines is necessary to enable the preparation of the interim financial information that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing NWB Bank's financial reporting process.

Our responsibilities for the review of the interim financial information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

- updating our understanding of NWB Bank and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the interim financial information where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient -and appropriate to provide a basis for our conclusion;
- obtaining an understanding of internal control as it relates to the preparation of interim financial information;
- making inquiries of the Managing Board and others within NWB Bank;
- applying analytical procedures with respect to information included in the interim financial information;
- obtaining assurance evidence that the interim financial information agrees with, or reconciles to, NWB Bank's underlying accounting records;
- evaluating the assurance evidence obtained;
- considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle;
- considering whether the Managing Board has identified all events that may require adjustment to or disclosure in the interim financial information;
- considering whether the interim financial information has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

Amsterdam, 30 August 2024

Ernst & Young Accountants B.V.

w.g. R. Koekkoek

MANAGING BOARD AND SUPERVISORY BOARD

Managing Board

Lidwin van Velden

Ard van Eijl

Wilma Schouten

Frenk van der Vliet

Supervisory Board

Joanne Kellermann

Toon van der Klugt

André ten Damme

Geert Embrechts

Frida van den Maagdenberg

Caroline Oosterloo

Annette Ottolini

The Hague, 30 August 2024