

# Pillar 3 Full Year Disclosure

NEDERLANDSE WATERSCHAPSBANK N.V.

2021

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# PILLAR 3 FULL YEAR DISCLOSURE 2021

## INTRODUCTION AND BASIS FOR PREPARATION

The international prudential regulatory framework for banks is based on a comprehensive set of measures developed by the Basel Committee on Banking Supervision (known as Basel III). Basel III has been implemented in the European Union through a Capital Requirements Directive (CRD) and a Capital Requirements Regulation (CRR). The Basel framework (and thus CRD/CRR) is based upon three pillars:

- The first pillar consists of minimum capital requirements for three main categories of risk: credit risk, market risk and operational risk;
- The second pillar provides a framework for banks to review their capital (and liquidity) adequacy for both the risks identified in Pillar 1 as well as all other risks (e.g. concentration risk, strategic risk, etc.). This internal review by banks is known as the Internal Capital/ Liquidity Adequacy Assessment Process (ICAAP/ ILAAP). Supervisors independently assess these processes in their Supervisory Review and Evaluation Process (SREP);
- The third pillar aims to introduce market discipline to complement the capital and liquidity requirements from the first and second pillar. Therefore, Basel III (CRD/ CRR) contains a set of disclosure requirements which will allow market participants to have sufficient understanding of a bank's activities, the risks that are involved and the controls that are implemented to manage these risks.

This Pillar III Disclosure Report 2021 relates to the third pillar and provides a comprehensive overview of the risk profile of NWB Bank. The Report discloses

information on the capital adequacy of Nederlandse Waterschapsbank N.V. (NWB Bank) as specified in Part 8 of EU Capital Requirements Regulation (575/2013), later amended by CRR II regulation (2019/876) in compliance with the commission implementing regulations, delegated regulations and guidelines issues by EBA for publishing disclosures. In 2020, EBA published final implementing technical standard on public disclosures based on the mandate included in Article 434a of CRR II to specify uniform disclosure formats and associated instructions. These new disclosure requirements (EU 2021/637) apply from 28 June 2021 onwards and this Report has been prepared in accordance with updated regulation. The Articles mentioned at the start of each chapter and in the table of contents, correspond with the Articles of the Main Act (EU/ 2021/737) that was adopted by the European Commission and which lays down down the implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council. Information or templates identified as not applicable to NWB Bank have not been included in the Report.

The Pillar 3 disclosure framework seeks to promote transparency and market discipline through regulatory disclosure requirements. Most of the Pillar 3 disclosure items are reported in NWB Bank's report 2021 which was published on 14 April 2022 and has been subject to review by the Ernst & Young Accountants LLP. The information in this Report has not been audited.

## ARTICLE 1: KEY METRICS AND OVERVIEW OF RISK-WEIGHTED EXPOSURE AMOUNTS

### EU OVC- INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS

The internal capital adequacy assessment process is explained in the annual report. Changes to the regulation of banks' capital adequacy (CRR II and CRD V) were applied as of end June 2021. NWB Bank's Common Equity Tier 1 (CET1) ratio was 38.0% at year-end 2021 (year-end 2020: 45.1%). Including the hybrid capital (AT1) raised by the bank in 2015 and 2016, the capital as at 31 December 2021 amounted to €2,083 million, resulting in a Tier 1 ratio of 44.9% (year-end 2020: 53.5%). The decrease in the CET1 ratio and Tier 1 ratio is in line with the bank's strategy of more risk-weighted lending, but is mainly the result of the regulatory introduction of a new calculation method for counterparty credit risk (SA-CCR) applicable to our derivatives positions. Further information is set out below at EU OV1 Overview of risk-weighted exposure amounts.

The leverage ratio as at 31 December 2021 was 53.2% and comfortably exceeds the requirement according to CRR II applicable as of 28 June 2021. The ECB allows a temporary relief in the context of the COVID-19 pandemic, with deposits at central banks being excluded from the calculation. CRR II allows us, as a promotional bank, to exclude our lending to the public sector when calculating the leverage ratio. Because we excluded the position on the central bank from the calculation, a recalibration of the requirement has taken place.

At 185%, the Liquidity Coverage Ratio at the end of December was well above the minimum requirement of 100% (year-end 2020: 150%). The Net Stable Funding Ratio at the end of June amounted to 133% (minimum 100%, year-end 2020: 122%).

## EU KM1 - KEY METRICS

(x EUR 1,000 unless otherwise indicated)		a	b	c	d	e
		31 Dec 2021	30 Sep 2021 <sup>1)</sup>	30 Jun 2021	31 Mar 2021 <sup>1)</sup>	31 Dec 2020
<b>Available own funds (amounts)</b>						
1	Common Equity Tier 1 (CET1) capital	1,762,584		1,762,174		1,728,907
2	Tier 1 capital	2,083,084		2,082,674		2,049,407
3	Total capital	2,083,084		2,082,674		2,049,407
<b>Risk-weighted exposure amounts</b>						
4	Total risk exposure amount	4,641,988		4,501,816		3,832,913
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
5	Common Equity Tier 1 ratio (%)	37.97%		39.14%		45.11%
6	Tier 1 ratio (%)	44.87%		46.26%		53.47%
7	Total capital ratio (%)	44.87%		46.26%		53.47%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.25%		2.25%		2.25%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.27%		1.27%		1.27%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.69%		1.69%		1.69%
EU 7d	Total SREP own funds requirements (%)	10.25%		10.25%		10.25%

(x EUR 1,000 unless otherwise indicated)		a	b	c	d	e
		31 Dec 2021	30 Sep 2021 <sup>1)</sup>	30 Jun 2021	31 Mar 2021 <sup>1)</sup>	31 Dec 2020
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>						
8	Capital conservation buffer (%)	2.50%		2.50%		2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-		-		
9	Institution specific countercyclical capital buffer (%)	-		-		
EU 9a	Systemic risk buffer (%)	-		-		
10	Global Systemically Important Institution buffer (%)	-		-		
EU 10a	Other Systemically Important Institution buffer (%)	-		-		
11	Combined buffer requirement (%)	2.50%		2.50%		2.50%
EU 11a	Overall capital requirements (%)	12.75%		12.75%		12.75%
12	CET1 available after meeting the total SREP own funds requirements (%)	32.20%		33.37%		39.34%
<b>Leverage ratio</b>						
13	Total exposure measure	3,917,242		4,253,426		84,416,840
14	Leverage ratio (%)	53.18%		48.96%		2.43% <sup>2)</sup>
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%		0.00%		0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	-		-		-
EU 14c	Total SREP leverage ratio requirements (%)	9.30%		8.80%		3.00%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>						
EU 14d	Leverage ratio buffer requirement (%)	9.30%		8.80%		3.00%
EU 14e	Overall leverage ratio requirement (%)	9.30%		8.80%		3.00%

(x EUR 1,000 unless otherwise indicated)		a	b	c	d	e
		31 Dec 2021	30 Sep 2021 <sup>1)</sup>	30 Jun 2021	31 Mar 2021 <sup>1)</sup>	31 Dec 2020
<b>Liquidity Coverage Ratio</b>						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	12,802,985		23,720,690		12,892,885
EU 16a	Cash outflows - Total weighted value	7,417,061		13,078,492		9,092,476
EU 16b	Cash inflows - Total weighted value	477,802		1,275,648		505,298
16	Total net cash outflows (adjusted value)	6,939,259		11,802,844		8,587,179
17	Liquidity coverage ratio (%)	184.50%		200.97%		150.14%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	74,289,507		79,395,311		75,505,738
19	Total required stable funding	56,013,369		56,701,358		57,458,711
20	NSFR ratio (%)	132.63%		140.02%		131.41%

1) NWB reports semi-annually

2) Including central bank reserves

## **EU OV1 - OVERVIEW OF RISK-WEIGHTED EXPOSURE AMOUNTS**

At 28 June 2021, the Banking Package has come into effect. The Banking Package is a revision of the Capital Requirements Directive (CRD), the Capital Requirements Regulation (CRR), the Bank Recovery and Resolution Directive (BRRD) and the Single Resolution Mechanism Regulation (SRMR). As a result of the changes in regulation, a new calculation method for counterparty credit risk has become applicable: the Standardised Approach to Counterparty Credit Risk (SA-CCR).



## EU OV1 - OVERVIEW OF RISK-WEIGHTED EXPOSURE AMOUNTS

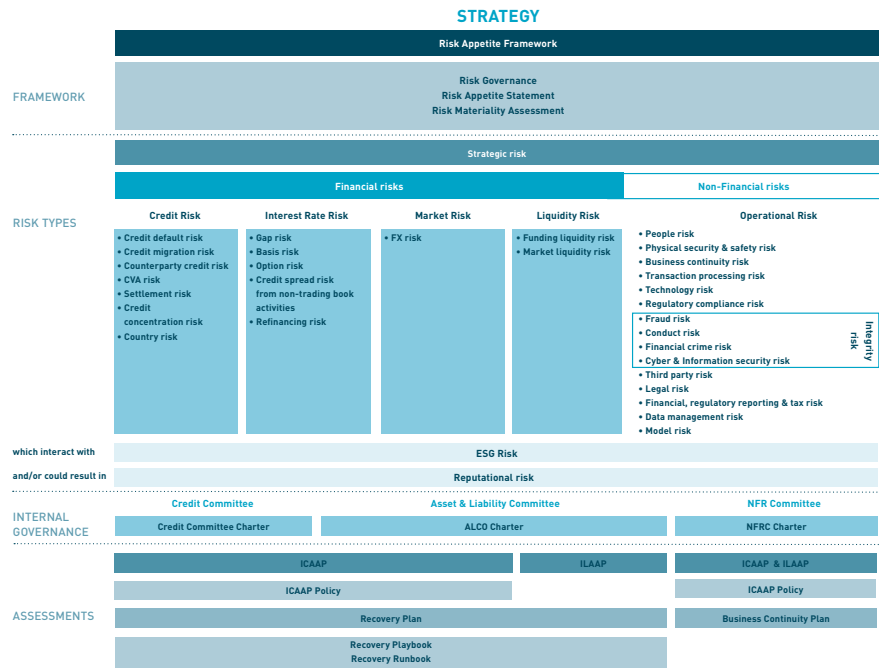
(x EUR 1,000)		Total risk exposure amounts (TREA)		Own Funds
		a	b	c
		31 Dec 2021		
1	Credit risk (excluding CCR)	2,255,534		180,443
2	Of which the standardised approach	2,255,534		180,443
3	Of which the Foundation IRB (F-IRB) approach			
4	Of which slotting approach			
EU 4a	Of which equities under the simple riskweighted approach			
5	Of which the Advanced IRB (A-IRB) approach			
6	Counterparty credit risk - CCR	1,848,305		147,864
7	Of which the standardised approach	698,493		55,879
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP			
EU 8b	Of which credit valuation adjustment - CVA	1,149,812		91,985
9	Of which other CCR			
10	Not applicable			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk			

(x EUR 1,000)		Total risk exposure amounts (TREA)		Own Funds
		a	b	c
		31 Dec 2021		
16	Securitisation exposures in the non-trading book (after the cap)	196,022		15,682
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach	196,022		15,682
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	342,128		27,370
EU 23a	Of which basic indicator approach			
EU 23b	Of which standardised approach	342,128		27,370
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			
<b>29</b>	<b>Total</b>	<b>4,641,988</b>		<b>371,359</b>

## ARTICLE 2: RISK MANAGEMENT OBJECTIVES AND POLICIES

### TABLE EU OVA - INSTITUTION RISK MANAGEMENT APPROACH

NWB Bank’s strategy places strict requirements on risk management and the organisation and enforcement of adequate internal controls. NWB Bank has adopted an organisation-wide approach to risk management and control. Risk management within NWB Bank is organised according to the following risk management framework. This framework brings together various elements that play a role in NWB Bank's risk management.



## Risk types

Financial risks are divided into credit risk, interest rate risk, market risk and liquidity risk. The only non-financial risk is operational risk (see Article 16) while other risks are subdivided into strategic risk, environmental, social and governance risk, and reputational risk.

### Credit risk

Credit risk is defined as the potential impact on earnings/capital due to a deterioration in the creditworthiness of debtors/counterparties. NWB Bank's risk appetite for this risk is low. Credit risk is divided into the following sub-types:

Subtype	Definition
<b>Credit default risk</b>	Possible impact on profit/capital due to debtors defaulting on their obligations.
<b>Credit migration risk</b>	Possible impact on profit/capital due to deterioration of creditworthiness based on internal/external ratings of debtors or guarantors.
<b>Counterparty credit risk</b>	Possible impact on profit/capital due to counterparties not fulfilling their obligations in derivative transactions.
<b>CVA risk</b>	The risk of mark-to-market losses in Credit Valuation Adjustments (CVA) on bilateral derivative transactions.
<b>Settlement risk</b>	The risk that during the settlement of a transaction, the counterparty does not fulfil its obligations while NWB Bank fulfils its own.
<b>Credit concentration risk</b>	The risk of significant credit loss arising from a concentration of exposures on a small group of customers, a group of customers with similar default characteristics or financial assets with high levels of correlation.
<b>Country risk</b>	The risk that a counterparty or guarantor cannot meet its obligations because of political, social, economic or other events in the country in which it is established.

NWB Bank's policy is to maintain the very high creditworthiness of its loan portfolio. Loans are mainly granted to governments and other institutions that are guaranteed by the local government. The bank also grants loans to drinking water companies, sustainability projects and the bank finances PPP projects in which the government acts as a principal. In addition, NWB Bank grants loans to other client groups in the public sector, including university medical centres and regional network operators.

As part of its liquidity portfolio, NWB Bank purchases a limited number of bonds issued by governments in Western European countries and international organisations, as well as bonds backed by Dutch residential mortgages with NHG government guarantee. The bank applies the same quality requirements to these bonds as it does to lending in the Dutch public sector.

Finally, NWB Bank enters into transactions with banks and pension funds, including currency and interest rate swaps, which create counterparty credit risk.

In 2021, NWB Bank further tightened its credit risk management policy around the individual client assessments and the monitoring of solvency-free loans. Decisions on weighted loans are made in the Credit Committee based on a credit proposal from the Public Finance department and an independent risk assessment from the Risk Management department.

Last year, as part of its supervisory task, the ECB conducted an on-site inspection of credit risk management of both weighted and unweighted (solvency-free) items. The final report on credit risk is reported in July 2022 and the bank is working on an adequate follow-up.

In 2021, as in all previous years, NWB Bank did not experience a credit loss. The ongoing COVID-19 pandemic did not change this. However, the crisis did put more pressure on the public sector in the Netherlands, where NWB Bank has a concentration risk as a result of its business model as a promotional bank. The consequences of the pandemic in general are closely monitored by the Credit Committee.

Due to the public nature of the vast majority of NWB Bank's credit relationships, the credit risk of the loan portfolio is limited. This is also reflected in NWB Bank's robust capital ratios as most loans are solvency free. The total gross balance sheet value (including irrevocable commitments and contingent liabilities), without taking into account risk-mitigating measures, amounted to €101 billion at the end of 2021 (2020: €111 billion).

NWB Bank uses derivatives to manage interest rate and currency risk. To minimise the counterparty credit risk associated with these derivatives, the bank only transacts with counterparties with at least a single-A rating. This applies if these derivatives are not centrally cleared. NWB Bank has also put restrictions in place to limit the risk per counterparty with respect to derivatives. The market values of these derivatives are hedged by means of Credit Support Annexes (CSAs), for the most part without any thresholds and with a daily exchange of cash as collateral. It is NWB Bank's policy to make agreements with counterparties within the ISDA framework. These agreements concern at least ISDA-schedules, and CSAs for which netting agreements are applicable.

## Interest rate risk

Interest rate risk is defined as the current or future risk to both earnings and the economic value of an institution stemming from adverse interest rate movements affecting interest rate-sensitive instruments, including gap risk, basis risk and option risk. NWB Bank's risk appetite for this risk is medium. Interest rate risk is subdivided into the following subtypes:

Subtype	Definition
<b>Gap risk</b>	The risk arising from the term structure of interest-rate-sensitive instruments due to differences in the timing of their interest rate changes, including changes in the term structure of interest rates that occur consistently across the yield curve (parallel risk) or differ periodically (non-parallel risk).
<b>Basis risk</b>	The risk arising from the effect of relative changes in interest rates on interest-sensitive instruments that have similar maturities but are priced on the basis of different interest rate indices. Basis risk results from incomplete correlation in the matching of interest earned and paid on different interest rate-sensitive instruments, with otherwise similar characteristics with respect to interest rate changes.
<b>Option risk</b>	The risk arising from options (embedded and explicit), where the institution or its customer can change the level and timing of their cash flow. In particular, this relates to the risk arising from interest rate-sensitive instruments where the holder is almost certain to exercise the option when it is in their financial interest, and the risk arising from flexibility implicit in or provided by the terms and conditions of interest rate-sensitive instruments where changes in interest rates can lead to a change in the client's behaviour.
<b>Credit spread risk from non-trading book activities (CSRBB)</b>	The risk arising from changes in the market's perception of the price of credit risk, liquidity premium and possibly other components of credit risk instruments that lead to fluctuations in the price of credit risk, liquidity premium and other possible components, which is not explained by IRRBB or by expected default risk.
<b>Refinancing risk</b>	The risk that an increase in the refinancing costs of the liabilities when they become repayable is not offset by corresponding asset income.

Risks due to fluctuations in interest rates arise from differences in the interest rates and maturity terms of funds lent and borrowed. NWB Bank maintains a prudent policy with regard to these risks. The policy serves to manage the interest rate risk by concluding interest rate derivatives for both the asset and liability sides of the balance sheet. In doing so, the bank commits itself to, at predetermined moments, exchange the difference between the fixed and variable interest rates, calculated on the basis of an agreed principal amount.

NWB Bank is, however, prepared to take a so-called strategic interest rate risk position in order to achieve a result aimed at realising the benchmark return on equity as agreed upon with its shareholders. This benchmark return is based on the yield of a 10-year rolling investment in a 10-year Dutch government bond, plus a surcharge appropriate to NWB Bank's profile. This benchmark return is used as input for the bank's Fund Transfer Pricing model, which is used for the pricing of new lending. The current strategic interest

rate position is independent of any view on interest rates and is determined on a quarterly basis. Sound policies, supplemented by a suitable management system that takes into account the effective interest rate of the financial instruments, together form the basis for calculating, monitoring and controlling interest rate risks. The Asset & Liability Committee (ALCO) determines the extent of the risks within the set frameworks. For management purposes, an interest rate gap analysis (see below), risk measures such as (Spread) DV01, Earnings at Risk and scenario analyses are used. Furthermore, the outcomes of positions taken are analysed using profit forecasts, interest margin analysis and performance analysis. This management information is also important for decision-making processes and monitoring by the ALCO.

Part of interest rate risk involves refinancing risk. This risk stems from one of the most important characteristics of a traditional banking business: maturity transformation. In the case of NWB Bank, public sector clients mainly ask for funding with a relatively long maturities. This is generally related to the long-term investments they make. Although the bank is in a position to attract funding with relatively long maturity as well, it does recognise the impact of a potential increase in the funding spread on interest income if there is a maturity mismatch between funding and lending. NWB Bank applies a limit system for this, which is described in more detail in the financial statements.

### Market risk

NWB Bank defines market risk as the risk of losses in 'on' or 'off' balance sheet positions resulting from an adverse change in market prices. The bank's risk appetite for this risk is low. One subtype is recognised within market risk:

Subtype	Definition
FX risk	The possible impact on profit/capital due to changes in exchange rates

The policy is aimed at structurally excluding exchange rate risks for both issued and withdrawn funds. Managing the currency risk is especially important for the funds the bank borrows. NWB Bank largely withdraws funds in foreign currencies. The resulting currency risks are immediately hedged in full by currency swaps.

### Liquidity risk

Liquidity risk is defined in terms of the potential impact on earnings/capital if repayment obligations cannot be met. NWB Bank's risk appetite for this risk is low. Two subtypes are recognised:

Subtype	Definition
<b>Funding liquidity risk</b>	The risk that NWB Bank cannot meet its repayment obligations. This risk also explicitly covers concentration risk within liquidity (e.g. a concentration of liquidity sources).
<b>Market liquidity risk</b>	The risk of not being able to trade on the market at a reasonable price with immediate effect.

NWB Bank has AAA/Aaa credit ratings, which are equal to that of the State of the Netherlands. With this credit status, the bank is more than able to meet current and future market liquidity needs under normal circumstances. This need is almost entirely covered by the international money and capital markets and the bank does not attract deposits from consumers. When raising funds, the bank takes into account diversification across geographical markets, investors, currencies, funding programmes and instruments. In the unlikely event of a stagnation in the money and capital markets, the bank always has ample and sufficient opportunities to repay maturing loans and to finance new loans. NWB Bank has more than sufficient liquid assets and collateral, and a large part of its portfolio is eligible as collateral at the central bank. For liquidity purposes, in addition to a substantial liquidity buffer, the bank also holds a liquidity portfolio of interest-bearing securities, including bonds issued by, or guaranteed by, Dutch governments, bonds issued by international organisations and multilateral development banks, and covered bonds issued by Dutch banks.

### Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed processes, people and systems, or from external events. NWB Bank's risk appetite for this risk is low. The following subtypes, in which integrity risk is embedded, are recognised:



Subtype	Definition
<b>People risk</b>	The risk of damage arising from inadequate knowledge, experience, availability or performance of personnel as a result of inadequate personnel management and/or damage arising from acts that are not in accordance with labour, health and safety laws and regulations, or arising from the payment of personal injury claims or from diversity/discrimination incidents.
<b>Fraud risk</b>	The risk of damage as a result of a) acts intended to defraud, misappropriate property or circumvent laws, regulations or internal policies with the involvement of internal parties and/or third parties and/or b) exceeding authority when entering into, approving or not reporting transactions, or misdeclaring positions and/or c) intentional damage to systems (hardware and/or software) by internal staff as a result of unauthorised activities or theft of data. (Integrity risk: fraud).
<b>Physical security &amp; safety risk</b>	The risk of loss of or damage to physical property and/or persons as a result of wilful misconduct, hostility, terrorism or the like which is not motivated by profit, or as a result of a natural disaster or other events, such as accidents.
<b>Business continuity risk</b>	The risk of damage due to impaired availability/resilience of buildings, people, processes, systems, products, services due to natural disasters, power failures, terrorism or other events and/or failures of the availability and/or continuity of solutions, and/or disaster recovery (e.g. fallback recovery data centre) as planned by IT when triggered in response to an incident.
<b>Transaction processing risk</b>	The risk of loss arising from inaccurate, incomplete or untimely processing of transactions, resulting in payment and/or customer service processes not being delivered effectively.
<b>Technology risk</b>	The risk of damage due to a) a business disruption or system failures (hardware failures, software failures and bugs, disruptive and destructive cyber-attacks) and/or b) inadequate capacity management and/or c) execution failures in IT processes including operation, architecture, development or implementation.
<b>Conduct risk</b>	The risk of loss arising from events relating to the unintentional or negligent failure to meet professional obligations to specific clients, and/or due to the nature or design of a product, and/or collusion and conflicts of interest, and/or inappropriate business or market practices, and/or inappropriate governance structures, and/or inappropriate, unethical or unlawful conduct by management or employees. (Integrity risk: conflict of interest and socially unacceptable behaviour.)
<b>Legal risk</b>	Legal risk refers to the risk of damage resulting from: a) failure to comply with legal responsibilities and/or b) unfavourable interpretation and/or unenforceability of contractual provisions.
<b>Financial crime risk</b>	The risk of damage resulting from crimes such as money laundering, terrorist financing and circumvention of sanctions, bribery and corruption, market abuse or insider trading. (Integrity risk: circumvention of sanction regulation, money laundering, terrorist financing, corruption and bribery, tax integrity or market abuse (including insider trading).)
<b>Regulatory compliance risk</b>	The risk of damage resulting from intentional or negligent non-compliance with regulations, laws and other rules applicable to the services/activities of NWB Bank.
<b>Third-party risk</b>	The risk of loss related to suppliers and outsourced activities. This risk arises from, among other things, (a) inadequate governance in relation to outsourcing and/or (b) insufficient resilience in third-party services and/or (c) inadequate security with third parties.
<b>Cyber &amp; Information security risk</b>	The risk of damage to privacy, confidentiality, integrity and/or availability of information as a result of inadequate internal IT security and/or cyberattacks. (Integrity risk: cybercrime.)

Subtype	Definition
<b>Financial, regulatory reporting &amp; tax risk</b>	The risk of inaccuracies in reported (financial, legally mandated) information and the risk that the bank's reported income (or that which is yet to be reported) changes without changing the economic value of NWB Bank, and that tax legislation is not complied with in a timely, transparent and effective manner, resulting in penalties, interest and/or legal fees levied by the tax authorities on taxes arising from the bank's activities.
<b>Data management risk</b>	The risk of loss or flawed decision-making as a result of ineffective and inefficient management of data, data quality or data knowledge across the data lifecycle, including the acquisition, creation, processing, use, sharing, consultation, retention or disposal of data.
<b>Model risk</b>	The risk of damage that NWB Bank may incur as a result of decisions that are primarily based on the output of internal models, as a result of errors in the development, implementation or use of such models.

To fulfil its mission as a robust and sustainable bank serving the public sector, NWB Bank has set its risk appetite for operational risks at a low level. Its internal organisation, processes and systems are designed to minimise operational incidents and related losses.

NWB Bank's Operational Risk Management (ORM) is organised according to the three lines of defence principle, with the first line (heads of department at Treasury, Public Finance, Back Office, ICT, Legal & Corporate Affairs, Finance & Control and HR) responsible for managing the operational risks in the primary processes. The second line supports the first line to this end, ensuring the effectiveness of risk management by adopting a framework and fulfilling an advisory and monitoring role. This second line, consisting of Compliance and Operational Risk Management, together with HR forms the ORM team that reports to the Executive Committee and the Non-Financial Risk Committee (NFRC).

The ORM team's responsibilities include the following instruments from the operational risk management framework:

- Risk control self-assessments: an annual self-assessment of the risks and effectiveness of processes and control measures of the first line. The systematic integrity risk analysis is integrated into this.
- Key risk indicators: indicators have been set up for various subcategories of operational risk in order to assess risk management.
- Incident register and reporting: incidents are registered and reported to the NFRC, where possible measures to prevent similar incidents are identified.
- AO/IC: the processes, risks and associated key controls are laid out in a Risk & Control Framework, and are reviewed and updated annually.
- Non-financial risk report: a comprehensive non-financial risk report to the NFRC and the management team.

The Internal Audit Department (IAD) is the third line and performs an independent role within the bank. The IAD tests the management of risks related to the bank's activities. In addition, the IAD gives advice on the structure and risk management of the bank.

### Fraud assessment

Fraud risk is assessed as part of the operational risk framework. This assessment of the 'fraud risk' sub-type takes place in the context of the SIRA. The fraud risk management measures have been improved. Measures are derived from various scenarios.

### Product Approval and Review Process

The Product Approval and Review Process (PARP) is the procedure the bank uses to decide whether to enter a new market, and/or to handle or distribute a certain new product, in terms of both its own business and risk-levels, and those of its customers. In this process, aspects of transparency and risk management are broadly assessed. New products are not brought to market without careful consideration of their associated risks by the relevant departments within the bank, alongside careful assessment of other relevant aspects. The bank's Executive Committee is responsible for the proper functioning of the product approval process. Each PARP is submitted to the Supervisory Board for information. If there is a material impact on the bank's risk profile or result, it is submitted for approval. Based on the annual risk analysis, the IAD checks whether the process has been designed properly, is present and is working effectively, and must inform the Executive Committee and the Supervisory Board about the results.

### Information provision

To prevent failures in the provision of information, NWB Bank continuously invests in improving its ICT systems. Key words here are security, integrity, manageability and continuity. With a well-organised infrastructure and ICT organisation, as well as optimal security of ICT components, the bank strives to limit the consequences of possible operational failures as much as possible. To this end, adequate service and maintenance contracts have been signed for all hardware and software in use, ICT staff is continuously trained (through courses and seminars) and contracts have been signed with external parties for back-up, recovery and fall-back options. In the event of an emergency, the bank has an external location at which it can continue its core activities. NWB Bank's information security policy has been drawn up in accordance with the internationally recognised ISO-27002 (NEN) code for information security.

NWB Bank has a fully integrated and reliable Management Information System (MIS). The data quality of the MIS is monitored, validated and reconciled with the financial administration on a daily basis. To minimise operational risks, all internal and external reporting is fully automated. Adjustments to the system landscape and information provision are approved by the Change Advisory Board and implemented via a controlled change process.

The bank has outsourced its payment traffic for customers, as well as the related supporting ICT activities. This means that certain services take place outside the company. Therefore, agreements have been made with service providers concerning management measures regarding payment traffic.

## Compliance

NWB Bank takes its reputation as a solid bank with integrity seriously. Compliance and integrity are therefore important areas of attention within NWB Bank. The bank wants to leave its clients and investors feeling absolutely certain that they can use the bank's services, or store their funds with the bank, safely and with peace of mind.

Supervisory Board members, members of the Executive Committee and employees have all taken the bank oath (which comes with related rules of conduct and disciplinary rules), in accordance with the official rules on oaths and commitments within the financial sector, as well as the Banking Code which came into force on 1 January 2015. The bank also has a code of conduct that forms part of the employment contracts for its employees. This code of conduct can be found on the bank's external website.

NWB Bank has a second-line compliance function with two core tasks: promoting and monitoring compliance with laws and regulations (both internal and external), and promoting integrity. In 2020, the compliance function was strengthened by increasing capacity and further fleshing out the compliance framework. A number of processes, including Customer Due Diligence and transaction monitoring, were updated in 2020, taking into account the bank's risk profile. The strengthening of the compliance function confirms how seriously NWB Bank takes compliance work.

Laws and regulations are increasing in both volume and complexity. And the number of rules and requirements set by regulators is also increasing. This increases the pressure on managing compliance risks. NWB Bank has a regulatory team to identify and exchange information on developments in laws and regulations. The compliance function plays a coordinating role within the regulatory team.

The compliance function reports directly to the Executive Committee and has direct access to the chair of the Supervisory Board.

## Legal & Corporate Affairs

Like any other banking organisation, NWB Bank runs legal risks. The bank's fundamental aim is to provide high-quality financial services. By using standard contracts wherever possible, the bank aims to limit the legal risks for both itself and its clients. If necessary, the bank engages external advisors to address legal issues and assess transaction documentation.

## Strategic risk

Strategic risk is defined as the risk of not achieving strategic objectives. This may arise from the pursuit of inadequate objectives, making mistakes, under-implementation of decisions, inadequate allocation of resources or from failure to respond adequately to changes in the business environment. NWB Bank's risk appetite for this risk is low.

An important starting point in managing strategic risk is to maintain the bank's high-quality risk profile as reflected in its credit ratings. To be able to continue to serve its clients optimally, it is important that the credit ratings remain in line with those of the Dutch government. NWB Bank's ratings depend to a large extent on the public sector profile of its shareholders and clients, combined with a strong capital position. The bank closely monitors external factors that may influence this. Where desired, the Executive Committee makes timely adjustments to the bank's strategy. As a promotional bank dedicated to the Dutch public sector, it is important to respond proactively to the sector's changing needs. The bank is also sensitive to changes in government policy regarding the financing of the Dutch public sector. A continuous, constructive dialogue is maintained with stakeholders on this issue. Another important area of strategic risk management for the Executive Committee is the impact of continuously changing legislation and regulations with which the bank, as a financial institution, must comply. NWB Bank's Executive Committee is responsible for the management of strategic risks.

### **Environmental, Social and Governance (ESG) risk**

ESG risk, including climate risk, is defined as the risk that NWB Bank's strategic goals (including sustainable development goals), capital position and/or profit are negatively affected by ESG factors. These factors manifest themselves in financial and non-financial risks. The bank's risk appetite for this risk is low.

ESG risks are taken into account when assessing loan applications. These include the equator principles for project financing.

The supervisory authority published several papers and guidelines last year in which ESG risks were discussed. NWB Bank took further steps in 2021 to integrate ESG risks into the Risk Management Framework. In early 2021, the bank conducted a gap analysis on the guidelines issued by the European Central Bank. Based on this assessment, the risk identification process was launched to identify ESG risks for the most important client groups in the portfolio. A materiality assessment was then carried out based on this risk assessment, in which the most material ESG risks for the various risk types (credit, liquidity, interest rate and operational risk) were identified. Material ESG risks have been identified for credit risk, interest rate risk and operational risk. The next step will be to test these material ESG risks in dialogues with the bank's main stakeholders in the first half of 2022. In addition, material ESG risks will be further integrated into the Risk Appetite Statement and Credit Risk Management Policy during the annual update of these documents. To enrich the individual client assessment, the ESG data collection will also be expanded. This data collection will also help in future materiality assessments. Given the results of the materiality analysis and the fact that NWB Bank is a promotional bank and its strategy is geared towards sustainability, the ESG risk profile is considered limited. This will be further substantiated in the coming period by further quantifying these risks where possible.

### **Reputational risk**

Reputational risk is the risk of damage to NWB Bank's reputation resulting from an incident. Reputational risk can result from any kind of event, which means that this type of risk needs to be managed in the context of all other risks.

Reputational risk may result in a loss of our ability to meet NWB Bank's objectives because the bank no longer meets the expectations of its clients, regulators, rating agencies, investors or other stakeholders. NWB Bank's Executive Committee is responsible for managing reputational risk.

### **Internal governance**

NWB Bank's strategy places high demands on risk management and the design and maintenance of adequate internal controls. An organisation-wide approach is applied to risk management and control. The Executive Committee defines the risk management framework and, within this framework, the Asset & Liability Committee, Credit Committee and Non-Financial Risk Committee take decisions about the bank's risks. The Supervisory Board, and in particular its Risk Committee, evaluates the management of risks related to the carrying out of the bank's business. This is an important part of its supervisory task.

### **TABLE EU OVB - DISCLOSURE ON GOVERNANCE ARRANGEMENTS**

Information on governance arrangements, including the number of directorships held by members of the management body, the recruitment policy for the selection of members of the management body and information about diversity, is described in the Governance chapter of NWB Bank's Annual Report. This Annual Report is available through NWB Bank's website.

## ARTICLE 3: PRUDENT VALUATION

### EU PV1: PRUDENT VALUATION ADJUSTMENTS

Additional valuation adjustments (AVAs) are designed to ensure that institutions prudently value their fair-valued financial instruments.

Category level AVA	a	b	c	d	e	EU e1	EU e2	f	g	h
	Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA			
1	Market price uncertainty									
2	Not applicable									
3	Close-out cost									
4	Concentrated positions									
5	Early termination									
6	Model risk									
7	Operational risk									
8	Not applicable									
9	Not applicable									
10	Future administrative costs									
11	Not applicable									
<b>12</b>	<b>Total Additional Valuation Adjustments (AVAs)</b>							<b>5,033,372</b>		

## ARTICLE 4: OWN FUNDS

### EU CC1 - COMPOSITION OF REGULATORY OWN FUNDS

At the end of the reporting period, NWB Bank's Common Equity Tier 1 (CET1) capital amounted to €1,781 million. Including the hybrid capital (AT1), the Tier 1 capital and therefore the total capital of the bank as at 31 December 2021 amounted to €2.1 billion. NWB Bank has no Tier 2 capital.



## COMPOSITION OF REGULATORY OWN FUNDS - 31 DECEMBER 2021

(x EUR 1,000)		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>		
1	Capital instruments and the related share premium accounts	6,823	(h)
	of which: Instrument type 1		
	of which: Instrument type 2		
	of which: Instrument type 3		
2	Retained earnings	1,773,826	
3	Accumulated other comprehensive income (and other reserves)	2	
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	-	
<b>6</b>	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>1,780,652</b>	
	<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>		
7	Additional value adjustments (negative amount)	(5,117)	
8	Intangible assets (net of related tax liability) (negative amount)	(6,497)	(a)minus (d)
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)	-	
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	-	

(x EUR 1,000)		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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)	-	
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)	-	

(x EUR 1,000)		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	(6,453)	
<b>28</b>	<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>(18,067)</b>	
<b>29</b>	<b>Common Equity Tier 1 (CET1) capital</b>	<b>1,762,584</b>	
	<b>Additional Tier 1 (AT1) capital: instruments</b>		
30	Capital instruments and the related share premium accounts	320,500	(i)
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards	320,500	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	
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	-	
<b>36</b>	<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>	<b>320,500</b>	
	<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>	<b>320,500</b>	
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)	-	

(x EUR 1,000)		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
<b>43</b>	<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	<b>320,500</b>	
<b>44</b>	<b>Additional Tier 1 (AT1) capital</b>	<b>320,500</b>	
<b>45</b>	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>2,083,084</b>	
	<b>Tier 2 (T2) capital: instruments</b>		
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	-	
<b>51</b>	<b>Tier 2 (T2) capital before regulatory adjustments</b>	<b>-</b>	
	<b>Tier 2 (T2) capital: regulatory adjustments</b>		
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		

(x EUR 1,000)		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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	-	
<b>57</b>	<b>Total regulatory adjustments to Tier 2 (T2) capital</b>	-	
<b>58</b>	<b>Tier 2 (T2) capital</b>	-	
<b>59</b>	<b>Total capital (TC = T1 + T2)</b>	<b>2,083,084</b>	
<b>60</b>	<b>Total Risk exposure amount</b>	<b>4,641,988</b>	
	<b>Capital ratios and requirements including buffers</b>		
61	Common Equity Tier 1 capital	38.0%	
62	Tier 1 capital	44.9%	
63	Total capital	44.9%	
64	Institution CET1 overall capital requirements	2.5%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: countercyclical capital buffer requirement	-	
67	of which: systemic risk buffer requirement	-	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	-	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.3%	
<b>68</b>	<b>Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>	<b>32.2%</b>	
	<b>National minima (if different from Basel III)</b>		
69	Not applicable		
70	Not applicable		
71	Not applicable		

(x EUR 1,000)		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
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)	-	
	<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
	<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)</b>		
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)	-	g
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)	-	

## COMPOSITION OF REGULATORY OWN FUNDS - 31 DECEMBER 2020

(x EUR 1,000)		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>		
1	Capital instruments and the related share premium accounts	6,823	(h)
	of which: Instrument type 1		
	of which: Instrument type 2		
	of which: Instrument type 3		
2	Retained earnings	1,737,951	
3	Accumulated other comprehensive income (and other reserves)	1,253	
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	-	
<b>6</b>	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>1,746,027</b>	
	<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>		
7	Additional value adjustments (negative amount)	(5,376)	
8	Intangible assets (net of related tax liability) (negative amount)	(6,359)	(a)minus (d)
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)	-	
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)	-	

(x EUR 1,000)		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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)	-	
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)	-	



(x EUR 1,000)		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	(5,386)	
<b>28</b>	<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>(17,121)</b>	
<b>29</b>	<b>Common Equity Tier 1 (CET1) capital</b>	<b>1,728,907</b>	
	<b>Additional Tier 1 (AT1) capital: instruments</b>		
30	Capital instruments and the related share premium accounts	320,500	(i)
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards	320,500	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	
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	-	
<b>36</b>	<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>	<b>320,500</b>	
	<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>		
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)	-	

(x EUR 1,000)		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
41	Not applicable	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
<b>43</b>	<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	<b>320,500</b>	
<b>44</b>	<b>Additional Tier 1 (AT1) capital</b>	<b>320,500</b>	
<b>45</b>	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>2,049,407</b>	
	<b>Tier 2 (T2) capital: instruments</b>		
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	-	
<b>51</b>	<b>Tier 2 (T2) capital before regulatory adjustments</b>		
	<b>Tier 2 (T2) capital: regulatory adjustments</b>		
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	-	

(x EUR 1,000)		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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	-	
<b>57</b>	<b>Total regulatory adjustments to Tier 2 (T2) capital</b>	-	
<b>58</b>	<b>Tier 2 (T2) capital</b>	-	
<b>59</b>	<b>Total capital (TC = T1 + T2)</b>	<b>2,049,407</b>	
<b>60</b>	<b>Total Risk exposure amount</b>	<b>3,832,913</b>	
<b>Capital ratios and requirements including buffers</b>			
61	Common Equity Tier 1 capital	45.1%	
62	Tier 1 capital	53.5%	
63	Total capital	53.5%	
64	Institution CET1 overall capital requirements	2.5%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: countercyclical capital buffer requirement	-	
67	of which: systemic risk buffer requirement	-	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	-	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	-	
<b>68</b>	<b>Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>	<b>39.3%</b>	
<b>National minima (if different from Basel III)</b>			
69	Not applicable		
70	Not applicable		
71	Not applicable		

(x EUR 1,000)		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
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)	-	
	<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
	<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)</b>		
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)	-	g
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

(x EUR 1,000)		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end	As at period end	
<b>Assets - Breakdown by asset classes according to the balance sheet in the published financial statements</b>				
1	Cash and cash balances at central banks	10,628,492	10,628,492	
2	Non-trading non-derivative financial assets measured at fair value to equity	876,471	876,471	
3	NON-TRADING DEBT INSTRUMENTS MEASURED AT A COST-BASED METHOD	80,553,820	80,553,820	
4	Of which: Debt securities	3,883,264	3,883,264	
5	Of which: Loans and advances	76,670,556	76,670,556	
6	Derivatives – Hedge accounting	3,926,025	3,926,025	
7	Tangible assets	3,865	3,865	
8	Intangible assets	6,497	6,497	
9	other assets	24,127	24,127	
<b>10</b>	<b>Total assets</b>	<b>96,019,298</b>	<b>96,019,298</b>	
<b>Liabilities- Breakdown by liability classes according to the balance sheet in the published financial statements</b>				
1	Non-trading non-derivative financial liabilities measured at a cost-based method	84,236,684	84,236,684	
2	Of which: Deposits	19,138,644	19,138,644	
3	Of which: Debt securities issued	65,098,041	65,098,041	
4	Derivatives – Hedge accounting	9,776,054	9,776,054	
5	Provisions	2,283	2,283	
6	Tax liabilities	43,648	43,648	
7	Other liabilities	58,515	58,515	
8				
9				
<b>10</b>	<b>Total liabilities</b>	<b>94,117,184</b>	<b>94,117,184</b>	

(x EUR 1,000)		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end	As at period end	
<b>Shareholders' equity</b>				
1	Capital	6,823	6,823	
2	Retained earnings	1,773,826	1,773,826	
3	Revaluation reserves	2	2	
4	Profit or loss attributable to owners of the parent	121,462	121,462	
5				
6				
7				
8				
9				
<b>10</b>	<b>Total shareholders' equity</b>	<b>1,902,113</b>	<b>1,902,113</b>	
<b>11</b>	<b>Total liabilities and shareholders' equity</b>	<b>96,019,298</b>	<b>96,019,298</b>	

## ARTICLE 5: COUNTERCYCLICAL CAPITAL BUFFERS

NWB Bank has no exposures subject to countercyclical capital buffers.

## ARTICLE 6: LEVERAGE RATIO

### EU LR1 - LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

The leverage ratio requirement is part of the Capital Requirements Regulation (CRR).

The ratio is defined as Tier 1 capital as a percentage of total assets of the bank. Since the applicability of CRR II (27 June 2021), NWB Bank, as a promotional bank, may exclude its lending to the public sector in its total assets when calculating the leverage ratio.

The ECB also allows a temporary relief in the context of the COVID-19 pandemic, with deposits at central banks being excluded from the calculation. The ECB announced this

on 17 September 2020 and extended the relief in June 2021 until March 2022. Because of this, a recalibration of the requirement has taken place.

The leverage ratio as at 31 December 2021 was 53.2% and comfortably exceeds the requirement according to CRR II applicable as of 28 June 2021. In calculating this leverage ratio, NWB Bank has thus excluded its deposits with the central bank and its promotional assets. This explains the large difference in percentage between 2021 and 2020. Without this adjustment, the leverage ratio would be 2.6 (2020: 2.4%).



## EU LR1 - LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES - 31 DECEMBER 2021

(x EUR 1,000)		a
		Applicable amount
1	Total assets as per published financial statements	96,019,298
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))	(10,628,206)
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	(1,521,930)
9	Adjustment for securities financing transactions (SFTs)	
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	2,315,167
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)	-
12	Other adjustments	(82,267,086)
<b>13</b>	<b>Total exposure measure</b>	<b>3,917,242</b>

## EU LR1 - LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES - 31 DECEMBER 2020

(x EUR 1,000)		a
		Applicable amount
1	Total assets as per published financial statements	106,882,433
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	(14,549,602)
9	Adjustment for securities financing transactions (SFTs)	
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	1,950,536
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)	
12	Other adjustments	(9,869,238)
<b>13</b>	<b>Total exposure measure</b>	<b>84,414,129</b>

## EU LR2 - LRCOM: LEVERAGE RATIO COMMON DISCLOSURE

### EU LR2 - LRCOM: LEVERAGE RATIO COMMON DISCLOSURE

(x EUR 1,000)		a	b
		31 Dec 2021	31 Dec 2020
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	74,023,629	91,949,914
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)		(11,757,990)
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)		
7	<b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>74,023,629</b>	80,191,924
<b>Derivative exposures</b>			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	1,266,705	1,152,436
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	1,137,389	1,119,865
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	<b>Total derivatives exposures</b>	<b>2,404,094</b>	2,272,300

(x EUR 1,000)		a	b
		31 Dec 2021	31 Dec 2020
<b>Securities financing transaction (SFT) exposures</b>			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions		
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
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	<b>Total securities financing transaction exposures</b>		
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposures at gross notional amount	5,313,751	4,981,863
20	(Adjustments for conversion to credit equivalent amounts)	(2,998,585)	(3,031,327)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)		
22	<b>Off-balance sheet exposures</b>	2,315,167	1,950,536
<b>Excluded exposures</b>			
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))		
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	(3,319,931)	
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	(71,505,717)	
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))		
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	<b>(Total exempted exposures)</b>	(74,825,648)	-

(x EUR 1,000)		a	b
		31 Dec 2021	31 Dec 2020
<b>Capital and total exposure measure</b>			
23	<b>Tier 1 capital</b>	2,083,084	2,049,407
24	<b>Total exposure measure</b>	<b>3,917,242</b>	<b>84,414,760</b>
<b>Leverage ratio</b>			
25	Leverage ratio (%)	53.18%	2.43%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	2.65%	2.43%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	14.32%	2.43%
26	Regulatory minimum leverage ratio requirement (%)	9.30%	3.00%
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 (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	9.30%	3.00%
<b>Choice on transitional arrangements and relevant exposures</b>			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	-	-

(x EUR 1,000)		a	b
		31 Dec 2021	31 Dec 2020
<b>Disclosure of mean values</b>			
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 receivable	-	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	3,917,242	84,414,760
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	3,917,242	84,414,760
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)	53.18%	2.43%
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)	53.18%	2.43%

## EU LR3 - LRSPL: SPLIT-UP ON BALANCE SHEET EXPOSURES

### CRR LEVERAGE RATIO EXPOSURE

(x EUR 1,000)		a	a
		30 Dec 2021	31 Dec 2020
<b>EU-1</b>	<b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	<b>74,023,633</b>	<b>80,191,924</b>
EU-2	Trading book exposures		
EU-3	Banking book exposures, of which:	74,023,633	80,191,924
EU-4	Covered bonds	600,196	846,531
EU-5	Exposures treated as sovereigns	69,607,045	75,752,065
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	366,993	179,664
EU-7	Institutions	235,015	367,478
EU-8	Secured by mortgages of immovable properties		
EU-9	Retail exposures		
EU-10	Corporates	1,900,055	1,738,325
EU-11	Exposures in default		
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	1,314,329	1,307,861

## EU LRA - DISCLOSURE OF LR QUALITATIVE INFORMATION

Information on the factors that an impact on the the leverage ratio, is described in the Report of the Managing Board and the Notes to the Financial Statements in the Annual Report. This Annual Report is available through NWB Bank's website

## ARTICLE 7: LIQUIDITY REQUIREMENTS

### EU LIQA: QUANTITATIVE INFORMATION OF LCR

In 2015, the Liquidity Coverage Ratio (LCR) was introduced as part of CRR/CRD IV. The LCR is an indicator that shows whether there are sufficient liquid assets to absorb a 30-day period of stress. At 183%, the Liquidity Coverage Ratio at the end of December 2021 was well above the minimum requirement of 100% (year-end 2020: 150%). The EU LIQ1 template shows averages for all elements in the LCR over the past 12 months. The calculation of these averages are now based on the EBA mapping between technical standards on Pillar 3 disclosures and technical standards on supervisory reporting.

Disclosures of liquidity risk management are described in the paragraph Risk Management of the chapter Governance and section 35 of the Other Notes to the Financial Statements in the Annual Report. This Annual Report is available through NWB Bank's website.



## EU LIQ1: QUANTITATIVE INFORMATION OF LCR - 31 DECEMBER 2021

SCOPE OF CONSOLIDATION: (SOLO) (x EUR 1,000)		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYYY)	31 Dec 2021	30 Sep 2021 <sup>1)</sup>	30 Jun 2021	31 Mar 2021 <sup>1)</sup>	31 Dec 2021	30 Sep 2021 <sup>1)</sup>	30 Jun 2021	31 Mar 2021 <sup>1)</sup>
EU 1b	Number of data points used in the calculation of averages	12		12		12		12	
	<b>HIGH-QUALITY LIQUID ASSETS</b>								
1	Total high-quality liquid assets (HQLA)					23,097,760		22,579,177	
	<b>CASH - OUTFLOWS</b>								
2	Retail deposits and deposits from small business customers, of which:								
3	<i>Stable deposits</i>								
4	<i>Less stable deposits</i>								
5	Unsecured wholesale funding	6,185,662		7,368,395		5,955,759		7,104,451	
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>								
7	<i>Non-operational deposits (all counterparties)</i>	383,172		439,906		153,269		175,963	
8	<i>Unsecured debt</i>	5,802,490		6,928,488		5,802,490		6,928,488	
9	<i>Secured wholesale funding</i>					26,525		-	
10	Additional requirements	9,852,035		9,686,574		7,164,928		7,216,558	
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	6,866,361		6,942,112		6,866,361		6,942,112	
12	<i>Outflows related to loss of funding on debt products</i>								
13	<i>Credit and liquidity facilities</i>	2,985,674		2,744,462		298,567		274,446	
14	Other contractual funding obligations	-		27		-		27	
15	Other contingent funding obligations								
16	<b>TOTAL CASH OUTFLOWS</b>					<b>13,147,212</b>		<b>14,321,037</b>	

<b>SCOPE OF CONSOLIDATION: (SOLO)</b> (x EUR 1,000)		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
	<b>CASH - INFLOWS</b>								
17	Secured lending (e.g. reverse repos)	2,752		24,033		2,752		734	
18	Inflows from fully performing exposures	2,203,777		1,815,496		1,900,187		1,454,919	
19	Other cash inflows	134,080		118,692		134,080		118,692	
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	<b>TOTAL CASH INFLOWS</b>	<b>2,340,609</b>		<b>1,958,221</b>		<b>2,037,019</b>		<b>1,574,344</b>	
EU-20a	<i>Fully exempt inflows</i>								
EU-20b	<i>Inflows subject to 90% cap</i>								
EU-20c	<i>Inflows subject to 75% cap</i>	2,340,609		1,958,221		2,037,019		1,574,344	
	<b>TOTAL ADJUSTED VALUE</b>								
EU-21	<b>Liquidity buffer</b>					<b>23,097,760</b>		<b>22,579,177</b>	
22	<b>Total net cash outflows</b>					<b>11,110,192</b>		<b>12,746,692</b>	
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>					<b>214.94%</b>		<b>184.08%</b>	

1) NWB reports semi-annually

## **EU LIQB : NET STABLE FUNDING RATIO**

The Net Stable Funding Ratio (NSFR) is part of CRR II. The NSFR is also a liquidity ratio and aims to determine to what degree long-term assets are financed by more stable forms of funding. NWB Bank's NSFR at the end of December 2021 amounted to 133% (year-end 2020: 122%, minimum 100%). The values in the template are based on the EBA mapping between technical standards on Pillar 3 disclosures and technical standards on supervisory reporting.

Disclosures of liquidity risk management are described in the paragraph Risk Management of the chapter Governance and section 35 of the Other Notes to the Financial Statements in the Annual Report. This Annual Report is available through NWB Bank's website.

## 31 DECEMBER 2021

(x EUR 1,000)		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
<b>Available stable funding (ASF) Items</b>						
1	Capital items and instruments				<b>2,098,796</b>	<b>2,098,796</b>
2	<i>Own funds</i>				1,772,818	1,772,818
3	<i>Other capital instruments</i>				325,977	325,977
4	Retail deposits					
5	<i>Stable deposits</i>					
6	<i>Less stable deposits</i>					
7	Wholesale funding:		<b>8,770,933</b>	<b>4,647,063</b>	<b>69,665,974</b>	<b>72,169,889</b>
8	<i>Operational deposits</i>		250,160			125,080
9	<i>Other wholesale funding</i>		8,520,774	4,647,063	69,665,974	72,044,810
10	Interdependent liabilities					
11	Other liabilities:				<b>20,822</b>	<b>20,822</b>
12	<i>NSFR derivative liabilities</i>				8,385	8,385
13	<i>All other liabilities and capital instruments not included in the above categories</i>				12,437	12,437
<b>14</b>	<b>Total available stable funding (ASF)</b>					<b>74,289,507</b>
<b>Required stable funding (RSF) Items</b>						
15	Total high-quality liquid assets (HQLA)	<b>14,166,341</b>				<b>381,687</b>
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		<b>252,509</b>	-	-	<b>126,254</b>
17	Performing loans and securities:		<b>995,602</b>	<b>872,039</b>	<b>68,414,558</b>	<b>52,732,956</b>
18	<i>Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut</i>					

(x EUR 1,000)		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
19	<i>Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions</i>		-	-	298,596	298,596
20	<i>Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:</i>		995,602	872,039	66,809,149	51,323,569
21	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>		876,023	745,837	63,132	49,697,760
22	<i>Performing residential mortgages, of which:</i>					
23	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>					
24	<i>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</i>				1,306,813	1,110,791
25	Interdependent assets					
26	Other assets:	<b>981,669</b>	<b>15,765,597</b>	-	-	<b>2,506,784</b>
27	<i>Physical traded commodities</i>					
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	981,669			-	834,419
29	<i>NSFR derivative assets</i>		930,616			930,616
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>		14,834,981			741,749
31	<i>All other assets not included in the above categories</i>					
32	Off-balance sheet items		<b>3,712,069</b>	<b>252,646</b>	<b>1,349,036</b>	<b>265,688</b>
<b>33</b>	<b>Total RSF</b>					<b>56,013,369</b>
<b>34</b>	<b>Net Stable Funding Ratio (%)</b>					<b>132.63%</b>

## ARTICLE 8: EXPOSURES TO CREDIT RISK, DILUTION RISK AND CREDIT QUALITY

### EU CR1-A: MATURITY OF EXPOSURES

31 DECEMBER 2021

(x EUR 1,000)		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances		1,880,528	4,880,952	62,227,745	7,681,330	76,670,556
2	Debt securities		652,666	1,312,167	2,794,904		4,759,736
<b>3</b>	<b>Total</b>	<b>-</b>	<b>2,533,194</b>	<b>6,193,119</b>	<b>65,022,649</b>	<b>7,681,330</b>	<b>81,430,292</b>

### EU CR2: CHANGES IN THE STOCK OF NON-PERFORMING LOANS AND ADVANCES

31 DECEMBER 2021

(x EUR 1,000)		a
		Gross carrying amount
<b>010</b>	<b>Initial stock of non-performing loans and advances</b>	116,473
020	Inflows to non-performing portfolios	956
030	Outflows from non-performing portfolios	(116,473)
040	Outflows due to write-offs	
050	Outflow due to other situations	(116,473)
<b>060</b>	<b>Final stock of non-performing loans and advances</b>	<b>956</b>

**EU CR2-A: CHANGES IN THE STOCK OF NON-PERFORMING LOANS AND ADVANCES AND RELATED NET ACCUMULATED RECOVERIES**

		a	b
		Gross carrying amount	Related net accumulated recoveries
010	Initial stock of non-performing loans and advances	116,473	
020	Inflows to non-performing portfolios	956	
030	Outflows from non-performing portfolios	(116,473)	
040	Outflow to performing portfolio		
050	Outflow due to loan repayment, partial or total		
060	Outflow due to collateral liquidations		
070	Outflow due to taking possession of collateral		
080	Outflow due to sale of instruments		
090	Outflow due to risk transfers		
100	Outflows due to write-offs		
110	Outflow due to other situations	(116,473)	
120	Outflow due to reclassification as held for sale		
<b>130</b>	<b>Final stock of non-performing loans and advances</b>	<b>956</b>	

## EU CR1 : PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS

### Definitions for accounting purposes of “past due” and “impaired”

Past due is a loan payment that has not been made as of its due date. A borrower which is past due may be subject to penalty interest.

Starting 1 January 2020, NWB Bank uses the option to apply the ‘expected credit loss impairment methodology’ of IFRS 9. Given the risk profile of NWB Bank’s counterparties, until 2020, there was no provision for uncollectible receivables in the incurred loss model. Under IFRS 9, NWB Bank recognises a provision for expected credit loss (ECL) for each customer with a credit facility. A provision is also taken 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 (local) government guaranteed. 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.

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.



## 31 DECEMBER 2021

(x EUR 1,000)	Gross carrying amount/nominal amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received				
	Performing exposures		Non-performing exposures		Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Accumulated partial write-off	On performing exposures	On non-performing exposures				
	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3							
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
005	Cash balances at central banks and other demand deposits	10,628,492	10,628,492												
010	Loans and advances	76,670,636	75,028,871	1,641,765	956	956	(1,036)	(526)		(510)			50,466,489	956	
020	Central banks														
030	General governments	66,268,083	64,673,838	1,594,245	956	956	(105)	(105)					49,383,130	956	
040	Credit institutions	6,408,020	6,408,020										166,940		
050	Other financial corporations	1,332,281	1,332,281				(0)	(0)					131,656		
060	Non-financial corporations	2,662,252	2,614,732	47,520			(930)	(421)		(510)			784,764		
070	Of which SMEs														
080	Households														
090	Debt securities	4,759,743	4,759,743				(7)	(7)					395,395		
100	Central banks														
110	General governments	2,784,537	2,784,537										395,395		

(x EUR 1,000)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					Collateral and financial guarantees received		
		Performing exposures			Non-performing exposures				Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3					
120	Credit institutions	668,386	668,386					-	-							
130	Other financial corporations	1,306,820	1,306,820					(7)	(7)							
140	Non-financial corporations															
150	Off-balance-sheet exposures	5,313,751	5,249,200	64,552	-	-										
160	Central banks															
170	General governments	3,744,119	3,721,119	23,000	-	-										
180	Credit institutions	15,691	15,691													
190	Other financial corporations	557,869	557,869													
200	Non-financial corporations	996,072	954,520													
210	Households															
<b>220</b>	<b>Total</b>	<b>97,372,622</b>	<b>95,666,306</b>	<b>1,706,317</b>	<b>956</b>	<b>-</b>	<b>956</b>	<b>(1,043)</b>	<b>(534)</b>	<b>-</b>	<b>-</b>	<b>(510)</b>	<b>-</b>	<b>-</b>	<b>50,861,885</b>	<b>956</b>

## 31 DECEMBER 2020

(x EUR 1,000)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received		
	Performing exposures		Non-performing exposures				Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Accumulated partial write-off	On performing exposures	On non-performing exposures
	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3	Of which stage 2	Of which stage 3	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3	Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	9,857,287													
010	Loans and advances	86,007,896	73,727,536	338,398	132,127	-	132,127	(741)	(741)	-	-	-	-	55,448,201	132,127
020	Central banks														
030	General governments	71,793,398	71,448,017	338,398	132,127		132,127	(83)	(83)					54,826,165	132,127
040	Credit institutions	9,557,657	178,274											178,274	
050	Other financial corporations	2,656,711	101,113											101,113	
060	Non-financial corporations	2,000,131	2,000,131					(658)	(658)					342,648	
070	Of which SMEs														
080	Households														
090	Debt securities	5,779,479	4,755,514	-	-	-	-	(8)	(8)	-	-	-	-	172,867	-
100	Central banks														
110	General governments	3,424,818	3,356,165											172,867	

(x EUR 1,000)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received	
		Performing exposures		Non-performing exposures				Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Accumulated partial write-off	On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3	Of which stage 1	Of which stage 2	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3					
120	Credit institutions	1,063,664	108,352					(0)	(0)							
130	Other financial corporations	1,290,996	1,290,996					(7)	(7)							
140	Non-financial corporations															
150	Off-balance-sheet exposures	4,294,958	4,158,662	10,700	6,000	-	6,000	-	-	-	-	-	-	-	-	-
160	Central banks															
170	General governments	2,836,652	2,821,766	10,700	6,000		6,000									
180	Credit institutions	77,385	72,355													
190	Other financial corporations	265,386	149,006													
200	Non-financial corporations	1,115,535	1,115,535													
210	Households															
<b>220</b>	<b>Total</b>	<b>105,939,620</b>	<b>82,641,711</b>	<b>349,098</b>	<b>138,127</b>	<b>-</b>	<b>138,127</b>	<b>(748)</b>	<b>(748)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,621,068</b>	<b>132,127</b>

## **EU CQ1: CREDIT QUALITY OF FORBORNE EXPOSURES**

## 31 DECEMBER 2021

		a	b	c	d	e		f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Collateral received and financial guarantees received on forborne exposures	
		Non-performing forborne							Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
		Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures			
(x EUR 1,000)										
005	Cash balances at central banks and other demand deposits									
010	Loans and advances	-	956						956	
020	Central banks									
030	General governments	-	956						956	
040	Credit institutions									
050	Other financial corporations									
060	Non-financial corporations									
070	Households									
080	Debt Securities									
090	Loan commitments given									
<b>100</b>	<b>Total</b>	-	<b>956</b>	-	-	-	-	-	<b>956</b>	-

## 31 DECEMBER 2020

		a	b	c	d	e		f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Collateral received and financial guarantees received on forborne exposures	
		Non-performing forborne							Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
		Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures			
(x EUR 1,000)										
005	Cash balances at central banks and other demand deposits									
010	Loans and advances	1,021	-						1,021	
020	Central banks									
030	General governments	1,021	-						1,021	
040	Credit institutions									
050	Other financial corporations									
060	Non-financial corporations									
070	Households									
080	Debt Securities									
090	Loan commitments given									
<b>100</b>	<b>Total</b>	<b>1,021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,021</b>	<b>-</b>

### EU CQ3: CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DATES (31 DECEMBER 2021)

(x EUR 1,000)	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
	a	b	c	d	e	f	g	h	i	j	k	l
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	10,628,492	10,628,492									
010	Loans and advances	76,670,636	76,670,636	956	956							956
020	Central banks											
030	General governments	66,268,083	66,268,083	956	956							956
040	Credit institutions	6,408,020	6,408,020									
050	Other financial corporations	1,332,281	1,332,281									
060	Non-financial corporations	2,662,252	2,662,252									
070	Of which SMEs											
080	Households											
090	Debt securities	4,759,743	4,759,743									
100	Central banks											
110	General governments	2,784,537	2,784,537									
120	Credit institutions	668,386										
130	Other financial corporations	1,306,820	1,975,206									



(x EUR 1,000)	a	b	c	d	e	f	g	h	i	j	k	l
	Gross carrying amount/nominal amount											
	Performing exposures				Non-performing exposures							
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
140 Non-financial corporations												
150 Off-balance-sheet exposures	5,313,751			-								-
160 Central banks												
170 General governments	3,744,119			-								
180 Credit institutions	15,691											
190 Other financial corporations	557,869											
200 Non-financial corporations	996,072											
210 Households												
<b>220 Total</b>	<b>97,372,622</b>	<b>92,058,871</b>	<b>-</b>	<b>956</b>	<b>956</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>956</b>

## EU CQ4 : QUALITY OF NON-PERFORMING EXPOSURES BY GEOGRAPHY

The overview shows the exposures to the Netherlands. Exposures to all other countries are reported under 'Other countries'.

31 DECEMBER 2021

(x EUR 1,000)	a	b		c	d	e	f	g
		Gross carrying/nominal amount		Of which defaulted	Of which subject to impairment	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						
<b>010 On-balance-sheet exposures</b>	<b>81,431,335</b>	<b>956</b>	<b>956</b>	<b>956</b>	<b>80,554,863</b>	<b>(1,043)</b>		
020 Netherlands	77,243,880	956	956	956	76,588,439	(1,043)		
030 Country 2								
040 Country 3								
050 Country 4								
060 Country N								
070 Other countries	4,187,455				3,966,425			
<b>080 Off-balance-sheet exposures</b>	<b>5,313,751</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
090 Netherlands	5,313,751	-	-	-	-	-		
100 Country 2								
110 Country 3								
120 Country 4								
130 Country N								
140 Other countries	-							
<b>150 Total</b>	<b>86,745,086</b>	<b>956</b>	<b>956</b>	<b>956</b>	<b>80,554,863</b>	<b>(1,043)</b>	<b>-</b>	<b>-</b>

## EU CQ5: CREDIT QUALITY OF LOANS AND ADVANCES TO NON-FINANCIAL CORPORATIONS BY INDUSTRY

### 31 DECEMBER 2021

(x EUR 1,000)	a	b		c	d	e	f
		Gross carrying amount	Of which non-performing				
			Of which defaulted			Accumulated impairment	
010 Agriculture, forestry and fishing	170,154				170,154	(3)	
020 Mining and quarrying							
030 Manufacturing							
040 Electricity, gas, steam and air conditioning supply	733,677				733,677	(707)	
050 Water supply	1,115,579				1,115,579	(76)	
060 Construction							
070 Wholesale and retail trade							
080 Transport and storage							
090 Accommodation and food service activities							
100 Information and communication							
110 Financial and insurance activities							
120 Real estate activities							
130 Professional, scientific and technical activities							
140 Administrative and support service activities	642,842				642,842	(145)	
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							
<b>200 Total</b>	<b>2,662,252</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,662,252</b>	<b>(930)</b>	<b>-</b>

**EU CRA: GENERAL QUALITATIVE INFORMATION ABOUT CREDIT RISK**

Disclosures of risk management objectives and policies about credit risk, are described in the paragraph Risk Management of the chapter Governance and section 35 of the Other Notes to the Financial Statements in the Annual Report. This Annual Report is available through NWB Bank's website.

**EU CRB: ADDITIONAL DISCLOSURE RELATED TO THE CREDIT QUALITY OF ASSETS**

Disclosures about the credit quality of assets are described in the paragraphs Provision for Uncollectible Receivables and the paragraph Impairment of Loans and Receivables and Interest-bearing Securities of the chapter General Notes to the Financial Statements in the Annual Report. This Annual Report is available through NWB Bank's website.

## ARTICLE 9: USE OF CREDIT RISK MITIGATION TECHNIQUES

### EU CRC: DISCLOSURE OF THE USE OF CREDIT RISK MITIGATION TECHNIQUES

NWB Bank's primary business is to provide loans to the public sector in the Netherlands. Given the public-sector nature of the majority of the bank's clients which, moreover, are exempt from solvency requirements (due to guarantees), the credit risk of the loan portfolio is limited. Credit risks associated with the derivatives transactions entered into are largely mitigated by exchanging collateral. Since 2016 newly entered into, the bank's interest rate derivatives have been cleared by a central counterparty, which has further reduced counterparty risk.

Disclosures of risk management objectives and policies about credit risk and the mitigation techniques are described in the paragraph Risk Management of the chapter Governance and section 35 of the Other Notes to the Financial Statements in the Annual Report. This Annual Report is available through NWB Bank's website.

## 31 DECEMBER 2021

(x EUR 1,000)		a	b	c		d	e
		Unsecured carrying amount		Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees		Of which secured by credit derivatives
1	Loans and advances	76,670,556	50,467,445 <sup>1)</sup>		50,467,445		
2	Debt securities	4,759,736					
<b>3</b>	<b>Total</b>	<b>81,430,292</b>	<b>50,467,445</b>	<b>-</b>	<b>50,467,445</b>		<b>-</b>
4	<i>Of which non-performing exposures</i>	956	956		956		
EU-5	<i>Of which defaulted</i>	956	956		956		

1) Based on the notionals

## ARTICLE 10: CREDIT RISK STANDARDISED APPROACH

### EU CR4 : CREDIT RISK EXPOSURE AND CRM EFFECTS

This table shows on- and off balance sheet exposures by exposure class before and after the application of conversion factors and any associated credit risk mitigation. It also shows the risk-weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure.

More qualitative information regarding Expected Credit Loss and the credit risk management of the bank can be found in sections 32 and 35 of the 'Other notes to the Financial Statements' in the Annual Report respectively.

## CREDIT RISK EXPOSURE AND CRM EFFECTS - 31 DECEMBER 2021

(x EUR 1,000)		a	b	c	d	e	f
		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
Exposure classes		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
1	Central governments or central banks	10,712,668	50,000	60,326,713	1,155,859	-	0.0%
2	Regional government or local authorities	18,488,099	1,117,008	19,526,774	559,888	-	0.0%
3	Public sector entities	50,126,447	2,577,111	366,993	119,600	97,319	20.0%
4	Multilateral development banks	12,945	-	12,945	-	-	0.0%
5	International organisations	368,819	-	368,819	-	-	0.0%
6	Institutions	367,014	250,080	235,015	80,700	94,513	29.9%
7	Corporates	2,661,322	1,000,652	1,900,055	366,989	1,995,869	88.0%
8	Retail						
9	Secured by mortgages on immovable property						
10	Exposures in default						
11	Exposures associated with particularly high risk						
12	Covered bonds	600,196	-	600,196	-	60,020	10.0%
13	Institutions and corporates with a short-term credit assessment						
14	Collective investment undertakings						
15	Equity						
16	Other items	7,513	600	7,513	300	7,813	100.0%
<b>17</b>	<b>Total</b>	<b>83,345,022</b>	<b>4,995,451</b>	<b>83,345,022</b>	<b>2,283,337</b>	<b>2,255,534</b>	<b>2.6%</b>



## CREDIT RISK EXPOSURE AND CRM EFFECTS - 31 DECEMBER 2020

(x EUR 1,000)		a	b	c	d	e	f
		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
Exposure classes		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
1	Central governments or central banks	10,235,614	50,000	64,829,287	892,594	-	0.0%
2	Regional government or local authorities	18,934,242	1,275,130	19,924,277	614,845	-	0.0%
3	Public sector entities	55,292,556	1,517,522	179,664	100	35,953	20.0%
4	Multilateral development banks	96,435	-	96,435	-	-	0.0%
5	International organisations	759,278	-	759,278	-	-	0.0%
6	Institutions	11,491,589	342,391	2,060,060	68,723	144,447	6.8%
7	Corporates	4,535,603	1,115,915	1,738,325	374,273	1,889,872	89.5%
8	Retail						
9	Secured by mortgages on immovable property						
10	Exposures in default						
11	Exposures associated with particularly high risk						
12	Covered bonds	846,531	-	846,531	-	84,653	10.0%
13	Institutions and corporates with a short-term credit assessment						
14	Collective investment undertakings						
15	Equity						
16	Other items	16,871	-	16,871	-	16,871	100.0%
<b>17</b>	<b>Total</b>	<b>102,208,719</b>	<b>4,300,958</b>	<b>90,450,729</b>	<b>1,950,536</b>	<b>2,171,796</b>	<b>2.4%</b>

## EU CR5: STANDARDISED APPROACH

This table shows exposure values after the application of conversion factors and any associated credit risk mitigation by exposure classes and risk weight. Most of NWB Bank's lending comes under the category of a 0% risk weighting, which means the credit risk is considered very limited.

## EU CR5: STANDARDISED APPROACH - 31 DECEMBER 2021

(x EUR 1,000)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Risk weight															Total	Of which unrated
Exposure classes		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
1	Central governments or central banks	62,373,377				-											62,373,377	
2	Regional government or local authorities	20,153,979															20,153,979	
3	Public sector entities				486,593												486,593	
4	Multilateral development banks	12,945															12,945	
5	International organisations	368,819															368,819	
6	Institutions		163,756			347,106	1,021,936					9,035					1,541,833	
7	Corporates									2,486,898							2,486,898	
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				600,196												600,196	
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									7,813							7,813	
17	<b>Total</b>	<b>82,909,120</b>	<b>163,756</b>	<b>-</b>	<b>600,196</b>	<b>833,698</b>	<b>-1,021,936</b>	<b>-</b>	<b>-2,494,712</b>	<b>9,035</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-88,032,453</b>	<b>-</b>	

## EU CR5: STANDARDISED APPROACH - 31 DECEMBER 2020

(x EUR 1,000)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Risk weight															Total	Of which unrated
Exposure classes		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
1	Central governments or central banks	66,667,971															66,667,971	
2	Regional government or local authorities	20,602,389															20,602,389	
3	Public sector entities				179,764												179,764	
4	Multilateral development banks	96,435															96,435	
5	International organisations	759,278															759,278	
6	Institutions		2,118,027			561,778		665,543					53				3,345,401	
7	Corporates									2,158,925							2,158,925	
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				846,531												846,531	
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										16,871						16,871	
17	<b>Total</b>	<b>88,126,073</b>	<b>2,118,027</b>	<b>-</b>	<b>846,531</b>	<b>741,541</b>	<b>-</b>	<b>665,543</b>	<b>-</b>	<b>-2,175,796</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-94,673,565</b>	<b>-</b>

**EU CRD: GENERAL QUALITATIVE INFORMATION ABOUT CREDIT RISK**

The qualitative information is addressed in the annual report 2021.

## ARTICLE 13: EXPOSURES TO COUNTERPARTY CREDIT RISK

### EU CCRA: EXPLANATION OF CCR EXPOSURE

Counterparty Credit Risk (CCR) entails the potential impact on profit/capital because counterparties are not meeting their obligations in derivatives transactions. To limit the counterparty credit risks associated with these derivatives to the greatest extent possible, in principle, NWB Bank only enters into new transactions with counterparties with a single-A rating at a minimum. This applies when these derivatives can not be cleared centrally. Furthermore, limits are set to minimise the total exposure from derivatives.

This table contains the exposure values before and after the effect of the credit risk mitigation and the associated risk exposure amounts broken down by applicable method. Due to the CRR2 implementation, the Standardised Approach to Counterparty Credit Risk (SA-CCR) is now applied.

Disclosures of counterparty credit risk management are described in the paragraph Risk Management of the chapter Governance and section 35 of the Other Notes to the Financial Statements in the Annual Report. This Annual Report and is available through NWB Bank's website.

## EU CCR1: ANALYSIS OF CCR EXPOSURE BY APPROACH - 31 DECEMBER 2021

(x EUR 1,000)		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)								
EU-2	EU - Simplified SA-CCR (for derivatives)								
1	SA-CCR (for derivatives)	904,789	812,421		1.4	2,304,290	1,717,210	2,404,094	698,493
2	IMM (for derivatives and SFTs)								
2a	<i>Of which securities financing transactions netting sets</i>								
2b	<i>Of which derivatives and long settlement transactions netting sets</i>								
2c	<i>Of which from contractual cross-product netting sets</i>								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)								
5	VaR for SFTs								
<b>6</b>	<b>Total</b>	<b>904,789</b>	<b>812,421</b>	<b>-</b>	<b>1</b>	<b>2,304,290</b>	<b>1,717,210</b>	<b>2,404,094</b>	<b>698,493</b>

## EU CCR2: TRANSACTIONS SUBJECT TO OWN FUNDS REQUIREMENTS FOR CVA RISK

This table contains the exposure values after credit risk mitigation effects and the associated risk exposures for Credit Valuation Adjustment (CVA) capital charge. As said, the introduction of the Standardised Approach to Counterparty Credit Risk (SA-CCR) has led to a significant increase in risk-weighted assets and the CVA.

### EU CCR2: TRANSACTIONS SUBJECT TO OWN FUNDS REQUIREMENTS FOR CVA RISK - 31 DECEMBER 2021

(x EUR 1,000)		a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method		
2	(i) VaR component (including the 3× multiplier)		
3	(ii) stressed VaR component (including the 3× multiplier)		
4	Transactions subject to the Standardised method	1,074,855	1,149,812
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
<b>5</b>	<b>Total transactions subject to own funds requirements for CVA risk</b>	<b>1,074,855</b>	<b>1,149,812</b>

### EU CCR2: TRANSACTIONS SUBJECT TO OWN FUNDS REQUIREMENTS FOR CVA RISK - 31 DECEMBER 2020

(x EUR 1,000)		a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method		
2	(i) VaR component (including the 3× multiplier)		
3	(ii) stressed VaR component (including the 3× multiplier)		
4	Transactions subject to the Standardised method	1,269,897	1,027,151
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
<b>5</b>	<b>Total transactions subject to own funds requirements for CVA risk</b>	<b>1,269,897</b>	<b>1,027,151</b>



## EU CCR3: STANDARDISED APPROACH - CCR EXPOSURES BY REGULATORY EXPOSURE CLASS AND RISK WEIGHT

This table shows classification of counterparty credit risk exposure value in exposure classes and risk weights after credit risk mitigation. As said, the recent introduction of the Standardised Approach to Counterparty Credit Risk (SA-CCR) has led to a significant increase in risk-weighted assets for counterparty credit risk and CVA.

### EU CCR3: CCR EXPOSURES BY REGULATORY EXPOSURE CLASS AND RISK WEIGHT - 31 DECEMBER 2021

(x EUR 1,000)		a	b	c	d	e	f	g	h	i	j	k	l
		Risk weight											Total exposure value
Exposure classes		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
1	Central governments or central banks	890,805											890,805
2	Regional government or local authorities	67,318											67,318
3	Public sector entities												-
4	Multilateral development banks												-
5	International organisations												-
6	Institutions		150,870			236,790	829,422				9,035		1,226,118
7	Corporates									219,854			219,854
8	Retail												-
9	Institutions and corporates with a short-term credit assessment												-
10	Other items												-
11	<b>Total exposure value</b>	<b>958,122</b>	<b>150,870</b>	<b>-</b>	<b>-</b>	<b>236,790</b>	<b>829,422</b>	<b>-</b>	<b>-</b>	<b>219,854</b>	<b>9,035</b>	<b>-</b>	<b>2,404,094</b>

**EU CCR5: COMPOSITION OF COLLATERAL FOR CCR EXPOSURES (31 DECEMBER 2021)**

Collateral type	a		b		c		d		e		f		g		h		
	Collateral used in derivative transactions								Collateral used in SFTs								
	Fair value of collateral received				Fair value of posted collateral				Fair value of collateral received				Fair value of posted collateral				
		Segregated		Insegregated		Segregated		Insegregated		Segregated		Insegregated		Segregated		Insegregated	
1	Cash – domestic currency			<b>893,518</b>													
2	Cash – other currencies																
3	Domestic sovereign debt																
4	Other sovereign debt																
5	Government agency debt																
6	Corporate bonds																
7	Equity securities																
8	Other collateral																
<b>9</b>	<b>Total</b>			<b>-</b>	<b>893,518</b>	<b>922,483</b>	<b>16,535,900</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## EU CCR8: EXPOSURES TO CCPS

This table shows the exposure value to central counterparties and the associated risk exposures. NWB Bank only has exposures to Qualified CCPs.

### EU CCR8: EXPOSURES TO CCPS - 31 DECEMBER 2021

(x EUR 1,000)	a	b
	Exposure value	RWEA
<b>1 Exposures to QCCPs (total)</b>		<b>3,017</b>
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	150,870	3,017
3 (i) OTC derivatives	150,870	3,017
4 (ii) Exchange-traded derivatives		
5 (iii) SFTs		
6 (iv) Netting sets where cross-product netting has been approved		
7 Segregated initial margin	922,483	
8 Non-segregated initial margin		
9 Prefunded default fund contributions		
10 Unfunded default fund contributions		
<b>11 Exposures to non-QCCPs (total)</b>		
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		

## ARTICLE 14: EXPOSURES TO SECURITISATION POSITIONS

### EU SEC1 : EXPOSURES TO SECURITISATION POSITIONS

NWB Bank has a portfolio of senior (AAA rated) NHG RMBS notes (Residential Mortgage-Backed Securities, backed by residential mortgages under the National Mortgage Guarantee [NHG] scheme), through which it contributes to the financing and affordability of government-guaranteed (green) private residential mortgages.

NWB Bank only actively uses securitisation in its role as an investor, and it monitors the risks (credit, market and liquidity risks) during the period to maturity and firmly intends to hold the RMBS (NHG) notes until the expected maturity. Risk weighting is based on the Standardised Approach to Securitisations as set out in Article 251 of the CRR, in which the ratings issued by S&P, Moody's and Fitch are used to indicate credit risk.

More qualitative information regarding the securitisation positions of the bank can be found in section 35 of the 'Other notes to the Financial Statements' in the Annual Report.

## 31 DECEMBER 2021

(x EUR 1,000)	Institution acts as originator						Institution acts as sponsor			Institution acts as investor		
	Traditional		Synthetic		Subtotal	Traditional	Synthetic	Subtotal	Traditional		Subtotal	
	STS	Non-STS	STS	Non-STS					STS	Non-STS		
	of which SRT		of which SRT		of which SRT							
<b>1 Total exposures</b>											<b>1,306,813</b>	
2 Retail (total)											1,306,813	
3 residential mortgage											1,306,813	
4 credit card												
5 other retail exposures												
6 re-securitisation												
7 Wholesale (total)												
8 loans to corporates												
9 commercial mortgage												
10 lease and receivables												
11 other wholesale												
12 re-securitisation												

## EU SEC4: SECURITISATION EXPOSURES IN THE NON-TRADING BOOK AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS

### 31 DECEMBER 2021

(x EUR 1,000)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU-p	EU-q
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to 1250% RW	1250% RW	SEC-ERBA SEC-(including IRBA	SEC-IAA	SEC-SA	1250% RW	SEC-ERBA SEC-(including IRBA	SEC-IAA	SEC-SA	1250% RW	SEC-ERBA SEC-(including IRBA	SEC-IAA	SEC-SA	1250% RW
<b>1 Total exposures</b>	<b>1,306,813</b>							<b>1,306,813</b>					<b>196,022</b>				<b>15,682</b>
2 Traditional securitisation	1,306,813							1,306,813					196,022				15,682
3 Securitisation	1,306,813							1,306,813					196,022				15,682
4 Retail underlying	1,306,813							1,306,813					196,022				15,682
5 Of which STS																	
6 Wholesale																	
7 Of which STS																	
8 Re-securitisation																	
9 Synthetic securitisation																	
10 Securitisation																	
11 Retail underlying																	
12 Wholesale																	
13 Re-securitisation																	

## ARTICLE 15: USE OF THE STANDARDISED APPROACH AND OF THE INTERNAL MODELS FOR MARKET RISK

### EU MRA : Explanation market risk

NWB Bank defines market risk as the risk of losses in on- or off-balance positions caused by negative changes in market rates. Within market risk, one subtype is recognised: FX risk. The bank's policy is to eliminate all currency risks on loans granted and borrowings. Currency risks arise primarily in respect of funds borrowed by the bank. NWB Bank borrows significant amounts in foreign currency. The resulting currency risks are fully hedged immediately by entering into currency swaps. The bank does not hold trading book exposures.

Disclosures of market risk management are described in the paragraph Risk Management of the chapter Governance and section 35 of the Other Notes to the Financial Statements in the Annual Report. This Annual Report and the most up-to-date information is available through NWB Bank's website.

## ARTICLE 16: OPERATIONAL RISK

### EU ORA: QUALITATIVE INFORMATION ON OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from inadequate or failed processes, people and systems, or from external events. All relevant qualitative information about operational risk can be found in Table EU OVA within Article 2: Risk management objectives and policies.

### EU OR1: OPERATIONAL RISK OWN FUNDS REQUIREMENTS AND RISK-WEIGHTED EXPOSURE AMOUNTS

When calculating qualifying capital for operational risk, NWB Bank uses the standardised approach. Under this approach, 15% of the relevant indicator is taken as a benchmark for the operational risk. The relevant indicator is the three-year average of the total of the annual net interest income and the annual net non-interest income at the end of the financial year.

31 DECEMBER 2021

(x EUR 1,000)	a	b		c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
		2019	2020	2021		
<b>Banking activities</b>						
1 Banking activities subject to basic indicator approach (BIA)					27,370	342,128
2 Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	185,798	174,192	187,415			
3 <i>Subject to TSA:</i>						
4 <i>Subject to ASA:</i>						
5 Banking activities subject to advanced measurement approaches AMA						



## ARTICLE 16A INTEREST RATE RISK BANKING BOOK

### EU IRRBA: QUALITATIVE INFORMATION ON INTEREST RATE RISK BANKING BOOK

NWB Bank predominantly lends to public sector clients through a limited offering of products. Its clients mainly request financing with long maturities, which may go up to 50 years. The long maturities are generally aligned to the long-term public sector investments. NWB Bank borrows its funds exclusively through the debt capital markets and does not attract any (retail) deposits. NWB Bank generally provides fixed rate loans and borrows funds against a fixed coupon. As a result, NWB Bank is exposed to fluctuations in interest rates arising from the differences in the interest rates and tenors between loans provided (or securities bought) and funds borrowed (or securities issued). NWB Bank uses interest rate derivatives for both the loans provided and funds borrowed to manage IRRBB. NWB Bank primarily uses interest rate swaps to hedge its gap risk, and hedges the gap risk for almost all individual instruments on an individual basis as the timing, notional and tenors of individual loans provided and funds borrowed usually differ materially.

NWB Bank maintains a strategic interest rate risk position in order to achieve a result aimed at realising the level of return on equity agreed with the shareholders, i.e. the ten-year moving average yield on ten-year Dutch government bonds plus 200 basis points ('bps'), of which the 200 bps should primarily be achieved through the margin made on its loan portfolio.

NWB Bank uses several indicators to measure its exposure to IRRBB:

#### Gap analysis

NWB Bank uses 'gap analysis' to derive the duration profile of its IRRBB by allocating all relevant interest rate sensitive assets and liabilities to predefined time buckets according to the next contractual interest reset date or maturity date (whichever comes first). It measures the arithmetic difference (the gap) in absolute amounts between the amounts of assets and liabilities in each time bucket. The gap analysis method provides a visual impression of the interest rate risk dispersion relative to the repricing profile, reflecting NWB Bank's to parallel as well as non-parallel gap risk. It does not quantify this exposure in a single measure. NWB Bank uses gap analysis to report its exposure to parallel – and non-parallel gap risk with regards to both short-term and long-term exposures.

#### Earnings-based indicator

When using earnings-based measures, the focus for analysis is the impact of changes in interest rates on future accrued or reported earnings. NWB Bank uses 'Earnings at Risk ('EaR')' when measuring its vulnerabilities to IRRBB in the short-term and to assess its ability to generate stable earnings. NWB Bank's earnings are almost entirely related to

(i) net interest income and (ii) fair value changes of interest rate sensitive instruments, recognized in results from financial transactions. In measuring its sensitivity, NWB Bank focuses only on net interest income. NWB Bank calculates EaR in order to measure the amount by which earnings will change in various future interest rate scenarios. The scenario outcomes are compared to a base scenario over a one and a two year horizon and are therefore a measure for the shorter-term interest rate risk. The measure does not take into account the effect of market value changes of instruments.

### **Economic value-based indicator**

Under an economic value approach, the measure of IRRBB is the theoretical change in the net embedded market value of the whole banking book. NWB Bank uses 'Dollar Value of one basispoint ('DV01')' when measuring its vulnerabilities to both short- and long-term interest rate risk. DV01 is derived from cash flows of all interest rate sensitive instruments and measures the absolute change of the equity value resulting from a 1 basispoint (0.01%) parallel shift of the yield curve. In order to measure the sensitivity of non-parallel gap risk as well as parallel gap risk to its economic value, NWB Bank additionally uses 'Partial DV01', which is similar in its nature as calculating DV01. Partial DV01 differs from DV01 as it does not shift the entire yield curve in parallel but only the yield curve segment corresponding to the time bucket. To capture the sensitivity of its aggregated interest rate risk exposure to its economic value, NWB Bank determines the 'Change in Economic Value of Equity (' $\Delta$  EVE')', which measures the change in the present value of asset cash flows, less the present value of liability cash flows, without including assumptions on the interest rate sensitivity of equity. In accordance with paragraph 82 of EBA's guidelines on the management of IRRBB, NWB Bank excludes margins and other spread components from this measure. To avoid the complexity of measuring total EV, NWB Bank focuses on measuring the level of change to the present value of its interest rate sensitive instruments under a number of interest rate shock scenarios. The relative change is a measure of the level of IRRBB.

The outcome of the EaR is within our risk appetite while the EVE outcome is within the boundaries of the outlier criterium.

## EU IRRB1: INTEREST RATE RISKS OF NON-TRADING BOOK ACTIVITIES

(x EUR 1,000) Supervisory shock scenarios	a		b		c		d	
	Changes of the economic value of equity				Change of the net interest income			
	Current period		Last period		Current period		Last period	
1 Parallel up	(273,090.0)	(276,462.6)	(8,868.8)	(8,344.3)				
2 Parallel down	52,678.7	37,980.4	8,869.4	8,589.7				
3 Steepener	(41,407.9)	(43,655.5)						
4 Flattener	(13,035.5)	(15,183.8)						
5 Short rates up	(96,076.0)	(97,852.5)						
6 Short rates down	32,850.8	26,531.6						

## ARTICLE 17: REMUNERATION

### EU REMA – REMUNERATION POLICY (31 DECEMBER 2021)

NWB Bank's remuneration policy reflects its social role as a bank of and for the public sector. The bank implements a moderate and sustainable remuneration policy that fits its strategy, low risk profile and risk appetite. As a result, NWB Bank's remuneration policy contributes to the realisation of the bank's long-term objectives aimed at long-term value creation. NWB Bank's policy is unambiguous and transparent and aims to attract and retain qualified and expert staff.

### Managing Board remuneration policy

The remuneration policy applies to the statutory members of NWB Bank's Managing Board.

#### Fixed remuneration

The Managing Board's remuneration policy was revised at the Annual General Meeting in 2020. The decision was made during this meeting to abolish the variable remuneration of members of the Managing Board with retroactive effect from 1 January 2019. The maximum variable remuneration of 15% applicable at the time was converted to a fixed supplement of 11.1% on top of the fixed remuneration. This fixed supplement is not pensionable.

Under the remuneration policy, statutory members of the Managing Board appointed on or after 16 April 2020 may receive a maximum salary of €283,022. Indexation of this maximum salary will take place annually in accordance with the structural salary adjustment, as stated in the Collective Labour Agreement for the Banking Sector. In formulating the 2020 remuneration policy, the Supervisory Board also weighed the opinions of the members of the Managing Board regarding the amount and structure of their remuneration. At the time, the members of the Managing Board indicated that they agreed with the proposed 2020 remuneration policy.

#### Variable remuneration

As mentioned above, the variable remuneration of members of the Managing Board has been abolished with retroactive effect from 1 January 2019. The variable remuneration of the members of the Managing Board under the policy until 1 January 2019 amounted to a maximum of 15% of the fixed remuneration. This variable remuneration had a deferred portion of 33%. The deferred portion is paid out in the fourth year after the year to which it relates, provided the previously agreed long-term targets have also been achieved. Therefore, the Supervisory Board has for the last time assessed the long-term targets of the Managing Board from 2018 in connection with whether or not the deferred component of the variable remuneration of statutory members of the Managing Board will be made payable (in full or in part).

## Employee remuneration policy

The employee remuneration policy applies in full to all of NWB Bank's employees, irrespective of their positions or job scales. As an employer, NWB Bank applies the Collective Labour Agreement (CLA) for the Dutch banking industry. The fixed remuneration for NWB Bank's employees comprises 12 monthly salaries, 8% holiday allowance and a 13<sup>th</sup> month's salary payment. Indexation occurs in line with the structural salary adjustments laid down in the CLA for the banking industry. To compensate for the abolished variable remuneration, employees have been receiving an allowance of 10.745% in addition to their salaries since 1 January 2018. This allowance is not pensionable.

In 2020, the employee remuneration policy was evaluated. The new remuneration policy for employees incorporates the changes to the pension scheme as of 2020 and also postpones the evaluation period for the policy from two to five years. This is in line with the five-yearly evaluation of the remuneration policy for the Management Board and Supervisory Board.

## Supervisory Board remuneration

The remuneration of our Supervisory Board has no variable components or options plans. The remuneration policy is reviewed every five years. The next evaluation is scheduled to take place in 2022.

More disclosure on the remuneration policies, responsible committees, governance processes, applied criteria and amounts involved are provided in the annual report as well as on NWB Bank's website (e.g. remuneration report).

## EU REM1: Remuneration awarded for the financial year

NWB Bank no longer has variable remuneration.

EUR			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1		Number of identified staff	7	3	14	
2		<b>Total fixed remuneration</b>	<b>174,000</b>	<b>782,000</b>	<b>1,657,266</b>	
3		Of which: cash-based				
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests				
5	Fixed remuneration	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		Number of identified staff	7	3	14	
10		<b>Total variable remuneration</b>	-	-	-	
11		Of which: cash-based				
12		Of which: deferred				
EU-13a		Of which: shares or equivalent ownership interests				
EU-14a		Of which: deferred				
EU-13b	Variable remuneration	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	<b>Total remuneration</b>		<b>174,000</b>	<b>782,000</b>	<b>1,657,266</b>	-

## EU REM2: SPECIAL PAYMENTS TO STAFF WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT RISK PROFILE

NWB Bank no longer has variable remuneration.

EUR		a		b		c		d	
		Supervisory function	MB	Management function	MB	Other senior management	Other identified staff		
	<b>Guaranteed variable remuneration awards</b>		-		-		-		-
1	Guaranteed variable remuneration awards - Number of identified staff								
2	Guaranteed variable remuneration awards -Total amount								
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap								
	<b>Severance payments awarded in previous periods, that have been paid out during the financial year</b>								
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff								
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount								
	<b>Severance payments awarded during the financial year</b>								
6	Severance payments awarded during the financial year - Number of identified staff								
7	Severance payments awarded during the financial year - Total amount								
8	Of which paid during the financial year								
9	Of which deferred								
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap								
11	Of which highest payment that has been awarded to a single person								

## EU REM3: DEFERRED REMUNERATION

NWB Bank no longer has variable remuneration.

	a	b	c	d	e	f	EU - g	EU - h
Deferred and retained remuneration (EUR)	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1 MB Supervisory function								
2 Cash-based								
3 Shares or equivalent ownership interests								
4 Share-linked instruments or equivalent non-cash instruments								
5 Other instruments								
6 Other forms								
7 MB Management function	23,000							
8 Cash-based	23,000							
9 Shares or equivalent ownership interests								
10 Share-linked instruments or equivalent non-cash instruments								



	a	b	c	d	e	f	EU - g	EU - h
Deferred and retained remuneration (EUR)	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
11 Other instruments								
12 Other forms								
13 Other senior management								
14 Cash-based								
15 Shares or equivalent ownership interests								
16 Share-linked instruments or equivalent non-cash instruments								
17 Other instruments								
18 Other forms								
19 Other identified staff								
20 Cash-based								
21 Shares or equivalent ownership interests								
22 Share-linked instruments or equivalent non-cash instruments								
23 Other instruments								

## EU REM4: REMUNERATION OF € 1 MILLION OR MORE PER YEAR

NWB Bank has no high earners.

EUR	a Identified staff that are high earners as set out in Article 450(i) CRR
1 1 000 000 to below 1 500 000	
2 1 500 000 to below 2 000 000	
3 2 000 000 to below 2 500 000	
4 2 500 000 to below 3 000 000	
5 3 000 000 to below 3 500 000	
6 3 500 000 to below 4 000 000	
7 4 000 000 to below 4 500 000	
8 4 500 000 to below 5 000 000	
9 5 000 000 to below 6 000 000	
10 6 000 000 to below 7 000 000	
11 7 000 000 to below 8 000 000	

## EU REM5: INFORMATION ON REMUNERATION OF IDENTIFIED STAFF

Identified staff: staff whose professional activities have a material impact on institutions' risk profile.

EUR	a	b	c	d	e	f	g	h	i	j
	Management body remuneration			EUR						
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff									24
2	Of which: members of the MB				3					3
3	Of which: other senior management						5	7	2	
4	Of which: other identified staff			7						7
5	Total remuneration of identified staff			174,000	782,000	956,000	591,881	828,633	236,752	
6	Of which: variable remuneration									
7	Of which: fixed remuneration			174,000	782,000	956,000	591,881	828,633	236,752	

## ARTICLE 18: ASSET ENCUMBRANCE

### EU AE1: EMCUMBERED AND UNENCUMBERED ASSETS

31 december 2021

(x EUR 1,000)	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
	010	of which notionally eligible EHQLA and HQLA	040	of which notionally eligible EHQLA and HQLA	060	of which EHQLA and HQLA	090	of which EHQLA and HQLA
		030		050		080		100
<b>010 Assets of the disclosing institution</b>	<b>28,759,723</b>	<b>1,300,784</b>			<b>78,319,138</b>	<b>23,734,226</b>		
030 Equity instruments	-	-			-	-		
040 Debt securities	1,245,686	1,300,784	1,245,726	1,300,843	3,369,946	2,223,191	3,416,760	2,288,049
050 of which: covered bonds	571,738	590,810	571,738	590,810	78,198	47,530	78,194	47,530
060 of which: securitisations	-	-	-	-	1,154,909	-	1,167,308	-
070 of which: issued by general governments	664,583	721,093	664,692	721,102	2,130,622	2,098,919	2,179,270	2,166,587
080 of which: issued by financial corporations	594,914	624,218	594,914	624,218	1,295,805	102,776	1,295,802	102,776
090 of which: issued by non-financial corporations	-	-			-	-		
120 Other assets	27,418,975	-			75,356,925	21,511,035		

## EU AE2: COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED

(x EUR 1,000)	Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
	010	of which notionally eligible EHQLA and HQLA	040	of which EHQLA and HQLA
		030		060
<b>130 Collateral received by the disclosing institution</b>	-	-	-	-
140 Loans on demand	-	-	-	-
150 Equity instruments	-	-	-	-
160 Debt securities	-	-	-	-
170 of which: covered bonds	-	-	-	-
180 of which: securitisations	-	-	-	-
190 of which: issued by general governments	-	-	-	-
200 of which: issued by financial corporations	-	-	-	-
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 securitisations issued and not yet pledged	-	-	-	-
<b>250 Total collateral received and own debt securities issued</b>	-	-	-	-

**EU AE3: SOURCES OF ENCUMBRANCE**

	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 Carrying amount of selected financial liabilities	18,837,245	28,759,706

**EU AE4: ACCOMPANYING NARRATIVE INFORMATION**

The amounts are presented as the median of the four quarter end values of the reporting year. The median is calculated as the average of the two values in the middle of the order of four quarter end values. Encumbered assets are assets involving a pledge or claim and include loans deposited at the central bank. Furthermore loans and debt securities are used as collateral for derivatives. These encumbered financial assets are not freely disposable to be able to meet funding- and liquidity needs in the short term.

# ANNEX III - CAPITAL INSTRUMENTS' MAIN FEATURES TEMPLATE

## DISCLOSURE ACCORDING TO ARTICLE 3 IN COMMISSION IMPLEMENTING REGULATION (EU) NO 1423/2013

Capital instruments' main features template <sup>1)</sup>							
1	Issuer	Nederlandse Waterschapsbank N.V.	Nederlandse Waterschapsbank N.V.	Nederlandse Waterschapsbank N.V.	Nederlandse Waterschapsbank N.V.	Nederlandse Waterschapsbank N.V.	Nederlandse Waterschapsbank N.V.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	No unique identifier	No unique identifier	No unique identifier	No unique identifier	No unique identifier	No unique identifier
3	Governing law(s) of the instrument	Dutch	Dutch	Dutch	Dutch	Dutch	Dutch
Regulatory treatment							
4	Transitional CRR rules	CET1	CET1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	CET1	CET1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1
6	Eligible at solo/ (sub-)consolidated/solo & (sub-)consolidated	Solo	Solo	Solo	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Share Capital (A shares)	Share Capital (B shares)	Additional Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 5.805 mln	EUR 1,019 mln	EUR 200 mln	EUR 20.5 mln	EUR 50 mln	EUR 50 mln
9	Nominal amount of instrument	EUR 115	EUR 460	EUR 200 mln	EUR 20.5 mln	EUR 50 mln	EUR 50 mln
9a	Issue price	EUR 115	EUR 460	100 per cent	100 per cent	100 per cent	100 per cent
9b	Redemption price	N/A	N/A	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Shareholders' equity	Shareholders' equity	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost



Capital instruments' main features template<sup>1)</sup>

## Regulatory treatment (continued)

11	Original date of issuance	May 5, 1954	January 1, 1961	September 1, 2015	May 3, 2016	August 12, 2016	August 15, 2016
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity	No maturity	No maturity	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	N/A	N/A	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates, and redemption amount	N/A	N/A	01-09-25 100 per cent of Nominal amount In addition Tax/ Regulatory call	05-05-31 100 per cent of Nominal amount In addition Tax/ Regulatory call	12-08-26 100 per cent of Nominal amount In addition Tax/ Regulatory call	15-01-24 100 per cent of Nominal amount In addition Tax/ Regulatory call
16	Subsequent call dates, if applicable	N/A	N/A	1 Sep of each year after first call date	3 May of each year after first call date	12 Aug of each year after first call date	15 Jan of each year after first call date
Coupons / dividends							
17	Fixed or floating dividend/coupon	Floating	Floating	Fixed to floating	Fixed to floating	Fixed to floating	Fixed to floating
18	Coupon rate and any related index	N/A	N/A	Fixed 3.1 per cent per annum, until first call date, thereafter 1 year swaprate with Euribor 6-months +2.00 per cent per annum	Fixed 4.025 per cent per annum, until first call date, thereafter 1 year swaprate with Euribor 6-months +2.25 per cent per annum	Fixed 2.34 per cent per annum, until first call date, thereafter 1 year swaprate with Euribor 6-months +2.00 per cent per annum	Fixed 2.41 per cent per annum, until first call date, thereafter 1 year swaprate with Euribor 6-months +2.00 per cent per annum
19	Existence of a dividend stopper	No	No	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary

Capital instruments' main features template<sup>1)</sup>

## Coupons / dividends (continued)

	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No
22	Noncumulative or cumulative	N/A	N/A	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	N/A	N/A	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A	N/A	N/A
30	Write-down features	N/A	N/A	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger (s)	N/A	N/A	Common Equity Tier1 (CET1) below 5.125 per cent	Common Equity Tier1 (CET1) below 5.125 per cent	Common Equity Tier1 (CET1) below 5.125 per cent	Common Equity Tier1 (CET1) below 5.125 per cent

Capital instruments' main features template<sup>1)</sup>

## Coupons / dividends (continued)

32	If write-down, full or partial	N/A	N/A	Full or Partially	Full or Partially	Full or Partially	Full or Partially
33	If write-down, permanent or temporary	N/A	N/A	Temporary	Temporary	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	N/A	N/A	Under conditions write-up takes place in steps when CET1 is above 5.125 per cent	Under conditions write-up takes place in steps when CET1 is above 5.125 per cent	Under conditions write-up takes place in steps when CET1 is above 5.125 per cent	Under conditions write-up takes place in steps when CET1 is above 5.125 per cent
35	Position in subordination hierachy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1	Additional Tier 1	Other creditors	Other creditors	Other creditors	Other creditors
36	Non-compliant transitioned features	No	No	No	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A	N/A

1) 'N/A' inserted if the question is not applicable