Annual Report 2024
Knab N.V.

knab

member of the BAWAG Group

Contents

Report of the Management Board

Knab's strategy and our people

Customer engagement at the heart of our strategy
At Knab, our mission is clear: we are here to make our customers feel at ease about their finances – not just in their business lives, but in their private lives too. We believe banking should work for self-employed professionals, not the other way around. That's why we continue to invest in products, insights, and services that help them focus on what they do best – running their businesses and living their lives with financial peace of mind.

Our deep relationship with our customers is what sets Knab apart. We have very high engagement levels, with entrepreneurs actively participating in our surveys and feedback initiatives. Through our 'CEO for a Day' initiative, we invite customers every month to share their vision for Knab. If they were in charge, what product, feature, or improvement would they introduce? These interactions give us direct insights into their needs. Additionally, our board members meet with customers every month to better understand the challenges they face and ensure we continue to provide relevant products and services.

Our customer engagement is also reflected in our Net Promoter Score (NPS) of 36, demonstrating the trust and loyalty of our customers. In 2024, we achieved a net customer growth of 22 thousand, bringing our total number of customers to 411,378 – a 5.6% increase compared to the previous year.

Our strategy is focused on continuous innovation. In 2024, we launched Knab Compleet, a seamless solution that combines business and private banking in one package. Entrepreneurs don't separate their work and personal lives, so we designed Knab Compleet to match that reality – helping them manage their entire financial overview in one place.

At the same time, we continue to grow our brand and presence in the market. In 2024, awareness of our core proposition – "Knab is there especially for self-employed people" – increased from 33% to 67% among those who recalled our advertising.

Our people
As an online bank for the self-employed, we do things differently, and our people take great pride in shaping a brand that puts customers first. It's their talent, ideas, and decisiveness that drive our innovation, keep the bank safe, and ensure we deliver products and services that make life easier for our customers.

A diverse workplace with strong diverse leadership
At Knab, we believe that diversity leads to better ideas, more creativity, and stronger results. We are proud to be a workplace where talented professionals – regardless of background, gender, or nationality – have the opportunity to grow and lead.
- 42 different nationalities are represented at Knab.
- 55% of our employees are male, and 45% are female.
- 42% of managers are women, ensuring role models at every level of the organisation.

Engaging and supporting our people
At Knab, we want our people to feel supported, empowered, and engaged. We know that multiple studies have shown that engaged people are happier and perform better. We maintain a strong internal dialogue through our annual Knab Employee Survey (KES), which measures key areas such as leadership, engagement, behaviour, and well-being. In addition, our bi-weekly KnabMood survey helps us keep track of employee sentiment and energy levels, allowing us to respond quickly to feedback.

A flexible and well-being-focused workplace
We recognise that flexibility is key to maintaining a healthy work-life balance. That's why we offer:
- The freedom to work remotely, including up to 20 days per year from abroad.
- A strong focus on well-being, including weekly personal training sessions free for employees.

At Knab, we know that when our people thrive, our customers benefit. By fostering a diverse, inclusive, and supportive work environment, we empower our teams to do their best work – ensuring that Knab continues to innovate, grow, and make a real difference in the lives of our customers.

At 31 December 2024, Knab N.V. employed 499 FTEs (2023: a.s.r. Netherlands employed 441 FTEs who carried out work for Knab or its subsidiaries).

Regulation and supervision

The Dutch financial services sector is subject to supervision under the Dutch Financial Supervision Act (‘*Wet op het financieel toezicht or Wft*’). The aim of the Wft is to embed a cross-sector functional approach within the Dutch supervisory system. Supervision of financial institutions pursuant to the Wft rests with the Dutch Central Bank (‘*DNB*’) and the Dutch Financial Markets Authority (‘*AFM*’).

Up to the closing of the acquisition of Knab by BAWAG, DNB was responsible for prudential supervision, while the AFM supervises the conduct of business by financial institutions and the conduct of business on the financial markets. Following the acquisition, Knab qualifies as a subsidiary of BAWAG, and consequently as part of the significant supervised group headed by BAWAG according to EU legislation. The ECB, as the competent authority, assumes the direct supervision of Knab. DNB will contribute to the Joint Supervisory Team (JST) of BAWAG and Knab.

The Dutch Data Protection Authority (Dutch DPA) supervises the processing of personal data to ensure compliance with privacy and data protection laws. Its tasks and powers are set out in the EU’s General Data Protection Regulation (GDPR), supplemented by the Dutch GDPR Implementation Act.

Developments in Financial markets and Wholesale funding and credit agency ratings

2024 marked a year in which the ECB lowered its key interest rates gradually after a period of strong increases in 2022 and 2023. Inflation in the Eurozone stabilised and came down, while Dutch inflation exceeded the average in the Eurozone. Interest rates on long-term instruments were stable throughout the year and decreased slightly. There was no significant impact of financial markets and the wider economy on the revaluation reserve nor on defaults and impairments in the loan portfolio. The revaluation reserve improved over the year due to a sale of debt securities that were purchased when interest rates were lower. Knab closely monitors financial and wider economic developments to understand its exposure to potential threats and works proactively to mitigate the associated risks.

Since November 2022, the Soft Bullet Covered Bond (SBCB) Program has been registered as a ‘European Covered Bond (Premium) program’ with the Dutch Central Bank (‘*DNB*’), allowing Knab to issue new bonds in the future. Due to this update, no new CPTCB issuances are allowed anymore under the Conditional Pass-Through Covered Bond Program. The outstanding CPT covered bonds are compliant with Article 129 CRR and are eligible for LCR purposes.

S&P has revised its credit rating for Knab N.V. from BBB+ to BBB and its CreditWatch outlook from Negative to Stable due to the completion of the acquisition of Knab N.V. by BAWAG Group. S&P continues to include group support in the ratings on Knab as S&P believes that Knab is strategically important to BAWAG and fits BAWAG’s consolidation aim in Western Europe. Nevertheless, S&P’s assessment of BAWAG’s creditworthiness limits support to Knab to two notches of uplift compared with three notches under ownership by a.s.r, with a stable outlook. S&P expect Knab to continue pursuing its strategy under BAWAG’s ownership and view Knab’s intrinsic creditworthiness as unchanged after the BAWAG acquisition despite assumed reduced group support.

Credit ratings	S&P
Knab N.V.	BBB, stable outlook
SBCB Programme	AAA
CPTCB Programme	AAA
SAECURE 19 (Class A Notes)	AAA

Financial information

Developments during the year

In 2024, the net result amounted to € 117.9 million compared to a net result of € 134.4 million in 2023. The decrease of net profit is mostly driven by the changes in the interest rate environment, resulting in lower spread. It is partly offset by higher fee income.

Amounts in EUR thousands	2024	2023
Operating income	360,011	384,905
Operating expenses	(163,218)	(161,210)
Operating result [1]	196,793	223,695
Fair value items	8,017	(18,690)
Realised gains / (losses) on investments	(18,614)	(5,016)
Net impairment	(3,114)	8,047
Other income / (charges)	(23,501)	(25,826)
Non-operating Result / (losses) [1]	(37,212)	(41,486)
Result before tax	159,581	182,210
Income tax	(41,724)	(47,776)
Net result	**117,857**	**134,434**
Return on capital [2]	15.8%	20.1%
Cost-to-income ratio [3]	45.3%	41.9%

1 Operating result reflects the profit from underlying business operations and excludes items relating to accounting mismatches that are dependent on market volatility or relating to events that are considered outside the normal course of business. Non-operating Result comprises earnings dependent on market volatility or relating to events that are considered outside the normal course of business. Knab is of the opinion that this non-IFRS-EU measure provides meaningful supplemental information about the operating results of Knab's business.

2 Return on capital is calculated as the operating result after tax (applying a nominal tax rate), divided by average IFRS capital excluding the revaluation reserve. There is no IFRS financial measure that is directly comparable to return on capital. Knab is of the opinion that return on capital provides meaningful information about the performance of its business.

3 The cost-to-income ratio is calculated as operating expenses divided by operating income as defined in the operating result before tax. There is no IFRS financial measure that is directly comparable to the cost-to-income ratio. Knab is of the opinion that this ratio provides meaningful information about the performance of its business.

General

The bank reported an increase in savings by € 0.5 billion, driven by the continuous growth of Knab's customer base. Mortgages increased by € 0.4 billion due to the growth of the portfolio by € 0.3 billion and an increase of € 0.1 billion driven by the increase in market interest rates and thus the fair value adjustments following macro fair value hedge accounting.

Operating income

Net interest income decreased by € 33.1 million compared to 2023. The decrease in interest income was mainly driven by changes in interest rates resulting in a reduction of spread on our savings deposits and wholesale funding. This is partly offset by higher income on mortgages, cash and interest rate swaps. Due to the organic growth in fee-paying Knab customers by 22 thousand customers, increase in product offerings, price increases and a change in methodology on the back of improved data quality the fee income increased by € 10.8 million.

Operating expenses

Total operating expenses increased by € 2.0 million (1.2%) to € 163.2 million. Primary drivers for the operating expense increase compared to prior year relates to the growth of activities and product offering within the Lending domain, in addition to an increase in expenses related to payment solutions within the Customer Engagement & Commerce domain.

Operating expenses include regulatory charges in relation to the Deposit Guarantee Scheme and the Single Resolution Fund. In 2024, these fees amounted to € 2.8 million (2023: € 9.3 million). The decrease was due the fact that the funds reached their targeted size.

Fair value items
The result on fair value items improved by € 26.7 million, mainly driven by the hedge ineffectiveness of our hedge accounting program. Although hedge accounting is applied, an ineffective portion remains recognised in profit and loss due to the basis risk to which Knab is exposed. For 2024, the fair value change of interest rate swaps in the hedging program amounted € 87.0 million (2023: € 297.1 million); after hedge accounting this resulted in an ineffectiveness amounting to € 17.5 million (2023: € -/- 11.7 million).

Net impairments
Knab recorded a net impairment of € 3.1 million (2023: impairment gain of € 8.0 million). The impairment result in 2024 is driven by an impairment loss on intangibles of € 6.1 million, impairments on SME loans by € 1.0 million (2023: € 2.4 million net reversal) and impairment reversals on mortgages by € 1.5 million (2023: € 1.0 million net reversal).

The Operating result before tax reflects management's best estimate of the investment return on consumer loans and SME loan investments (net of expected impairments). Of the total IFRS 9 net impairment of € 5.0 million (2023: impairment gain of €4.0 million), an impairment charge of € 3.9 million was reported under operating result (2023: € 4.0 million).

Other income / charges
Total other charges improved by € 2.3 million to € 23.5 million, driven by lower expenses on regulatory roadmaps.

Regulatory requirements

	2024	2023
Common Equity Tier 1 ratio	26.7%	23.1%
Total Capital Ratio	26.7%	23.1%
LCR	259%	223%
NSFR	159%	153%
Leverage ratio	5.1%	4.5%
Asset Encumbrance ratio	15.4%	16.4%

Capital
The Total Capital Ratio increased by 3.6 percentage points which can be explained by the following developments in Knab's available capital and Total Risk Exposure Amount (TREA). In 2024, the company's total available capital increased by € 60.7 million driven by an increase of € 108.9 million of the retained earnings, a decrease of € 16.6 million in the net profit to € 117.9 million (of which 117.9 million is treated as ineligible), a € 21.2 million improvement in the revaluation reserve, and an increase of € 2.6 million in other intangible assets.

The TREA decreased by € 218 million to € 3.2 billion. The TREA for mortgages grew by € 72.2 million due to a growing share of non-NHG in the portfolio. The operational risk TREA increased by € 71.5 million due to a higher three-year average. The run-off and sale of unsecured loans and debt securities resulted in a TREA reduction of € 13.8 million for unsecured loans and € 301.2 million for debt securities. The run-off of other assets resulted in a TREA reduction of € 46.3 million.

The Common Equity Tier 1 ratio rose from 23.1% to 26.7%, while the Total SREP Capital Requirement decreased from 16.5% to 15.5% on a consolidated Knab level and from 16.1% to 15.2% on an individual level.

Leverage Ratio
The Leverage Ratio is a regulatory capital adequacy measure under CRD IV / CRR. Leverage is defined as the relative size of an institution's assets and off-balance sheet liabilities as compared to the institution's own funds. It is calculated as an institution's capital divided by its total non-risk weighted exposures, expressed as a percentage. Knab met the internal minimum requirement of 4% for 2024 and the external minimum requirements. On 31 December 2024, the leverage ratio was 5.1% (2023: 4.5%).

Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR) is the requirement that banks must have high-quality liquid assets in their liquidity buffer to cover the difference between the expected cash outflows and expected capped cash inflows over a 30- day stress period. The numerator of the LCR represents the liquidity buffer, i.e. the amount of adjusted liquid assets that a credit institution holds. The denominator of the LCR represents the total net liquidity outflows over a 30-day stress period which is the sum of the expected liquidity cash outflows minus expected cash inflows during this period. As at 31 December 2024 the LCR was 259% (2023: 223%).

Net Stable Funding Ratio

The Net Stable Funding Ratio (NSFR) is the requirement that banks must have enough stable funding to support their assets and activities. The NSFR, based on a 1-year horizon, is calculated by dividing the available amount of stable funding by the required amount of stable funding. On 31 December 2024 the NSFR was 159% (2023: 153%), as the result of a lower stable funding requirement mostly due to the decreased securities portfolio and a higher available stable funding mostly due to increased savings.

Asset Encumbrance Ratio

An asset is encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which it cannot be freely withdrawn. The Asset Encumbrance Ratio (AER) is related to liquidity risk because elevated encumbrance means that there are fewer assets available for liquidation or capable of being pledged when needed. In 2024, the AER decreased by 1.0 percentage point to 15.4%, driven mainly by the covered bond redemption in November 2024 and a corresponding decrease in the cover pool of mortgage loans.

Corporate Governance and Remuneration policy

The Dutch Banking Code came into effect on 1 January 2010, and was updated in 2015. The Code was drawn up by the Netherlands Bankers' Association (NVB). Knab endorses the Banking Code and has devoted a great deal of attention to its implementation since 2010. The principles of the Banking Code are based on the Dutch Corporate Governance Code. Although it is not subject to the Dutch Corporate Governance Code, Knab has expressed its intention to adopt its best practice provisions and, where possible, to implement them across the organisation.

Supervisory Board

Composition and expertise

The Supervisory Board is evenly balanced in terms of its competencies and expertise and fulfils the condition of at least 50% of its members being independent. A profile has been drawn up, detailing the expertise requirements for Supervisory Board members.

Eric Drok chairs the Supervisory Board and the Nomination and Remuneration Committee. Constant Korthout stepped down as of 1 November 2024 and Rozan Dekker succeeded Constant Korthout on the 1 November 2024 as an independent member and chair of the Risk Audit & Compliance Committee. Sat Shah and Enver Sirucic were appointed as dependent members of the Supervisory Board on 1 November 2024. The Supervisory Board currently consists of 4 members.

Duties and working methods

The Supervisory Board's responsibilities and governance are set out in Knab's Governance Charter. The Charter includes the regulatory governance requirements applicable to Knab as a bank, as well as the best practice provisions from the Dutch Banking Code and Dutch Corporate Governance Code. In 2024, the members of the Supervisory Board and Management Board took part in the Continuing Education program. This program covers national and international developments in the financial sector, corporate governance in general and in the financial sector in particular, ICAAP and ILAAP, the duty of care to customers, putting customers' interests first, integrity, risk management, and financial reporting and audits. The continuing education program for Supervisory Board members focuses on the following subjects:

- Interest Rate Risks in the banking book (IRRBB);
- Credit Life Cycle;
- KYC;
- Basel 4 and CRR4; and
- Culture.

The annual self-assessment by the Supervisory Board has not been conducted in 2024 due to the change in composition. The annual self-assessment will be performed in 2025.

Statutory Board appointed under the Articles of Association

Composition and expertise

Knab's Statutory Board appointed under the Articles of Association consists of the CEO (Chairman), CRO (Risk Director) and CFO (Financial Director). With their wide-ranging experience and skills, they together constitute a well-balanced and expert board. The Executive Board appointed under the Articles of Association ('Statutory Board') consists of:

- Tom van Zalen (CRO); and
- Friedrich Spandl (CFO as from 10 April 2025)

They are accompanied on the Management Board by:

- Maartje Cremers (Chief Customer Engagement & Commerce Officer);
- Antoinette Leopold (Chief Lending Officer as from 1 March 2025); and
- Nikita Tschursin (Chief Operating Officer as from 1 March 2025)*

* subject to regulatory approval

On the 27th of March KNAB announced that Nadine Klokke stepped down as Chief Executive Officer after five years of leadership. A new CEO is in the process of being appointed. Statutory Board member and CFO Mike de Boer decided to leave Knab as of 29 February 2024. He was succeeded on a temporary basis by Willem Horstmann up to 13 December 2024.

Duties and working methods

The Statutory Board's duties and working methods are set out in detail in the Governance Charter. In addition to the duties described in the Articles of Association, the Charter includes additional provisions based on 20 of the 29 best practice provisions in the Dutch Banking Code and Dutch Corporate Governance Code. Knab seeks to put the interests of their customers first.

Key topics discussed during the 2024 Management Board meetings were Knab's quarterly results and annual report, its strategy, key business risks, transition to BAWAG, IT (including cyber risk), origination and credit management capabilities, regulatory developments, sustainability, human resources and interest rate environment.

Promoting gender diversity

Promoting gender diversity on the Statutory Board and Supervisory Board is an important objective for Knab. Recruitment and selection are based on expertise, skills, and relevant experience. The Supervisory Board takes gender diversity into consideration in the light of its goal to ensure a balanced composition of the Statutory Board. The Statutory Board's current composition meets the 'balanced composition' requirement under Dutch law (at least 30% of the seats to be filled by women and at least 30% by men).

Oath or pledge in the financial sector

The members of the Statutory Board and Supervisory Board have taken an oath or made a pledge that they will act in the interests of the bank's customers to the best of their ability.

Remuneration policy

Remuneration and scope

Knab's remuneration policy has been designed in line with applicable national and international regulations, including the Act on Remuneration Policies for Financial Institutions ('*Wet beloningsbeleid financiële ondernemingen*' or '*Wbfo*') as included in the Dutch Financial Supervision Act. Knab's remuneration policy is also in line with the Dutch Central Bank's Regulation on Sound Remuneration Policies ('*Regeling beheerst beloningsbeleid*'), and remuneration requirements under the Capital Requirements Directive IV (CRD IV). In addition, the policy is in line with various remuneration guidelines, technical requirements and standards issued by the European Banking Authority and applicable to banks within the European Economic Area (EEA), as endorsed by the European Commission (EC). Following the successful closing and legal effectiveness of the acquisition of Knab by BAWAG, Knab qualifies as a subsidiary of BAWAG Group, and consequently as a significant supervised entity as part of the significant supervised group headed by BAWAG according to EU legislation. The ECB, as the competent authority, has assumed the direct supervision of Knab. DNB contributes to the Joint Supervisory Team (JST) of BAWAG and Knab.

Remuneration may include both financial and non-financial compensation provided by Knab either directly or indirectly. Financial compensation consists of, among other things, cash, shares, employer-paid contributions, and pension schemes. Non-financial compensation covers, among other things, the use of a company car and the private use of a mobile phone and laptops. Other non-financial employee benefits may involve the work environment, HR performance management cycle, training opportunities, and career development.

Variable compensation

On 1 January 2020, Knab abolished performance-related variable pay entirely. No performance-related variable compensation has been granted to members of the Management Board or other Knab employees since 2020. Former members of Knab's Management Board who had been granted variable compensation in the past received deferred shares that vested in 2022. Because of the rule that variable compensation in the form of shares should be deferred evenly over three years following the year of upfront payment, the annual vesting of shares ended in 2023. An ex-post risk assessment may identify reasons for lowering these amounts or not paying any variable remuneration. The vested shares of Identified Staff (granted before variable compensation was abolished) are subject to a 1-year holding period, except for shares withheld to cover payment of any taxes due in connection with the vesting of the shares.

In February 2024, the Remuneration Committee of Knab established an incentive program to retain key personnel (including members of the executive board), essential to the disentanglement of Knab from a.s.r. Per employee objectives were defined at the start of the program and in December an evaluation determined whether these have been met. For employees who do not qualify as identified staff, the incentive was paid out in full in January 2025. For identified staff, the incentive will be paid out as 50% in cash and 50% in the form of BAWAG Group AG phantom shares over a period of 5 years.

Implementation of remuneration policy

Knab's Supervisory Board discussed and approved the remuneration policy as part of its regular meetings. It also approved the selection of Identified Staff (IS), a number of Knab employees who qualify as Identified Staff according to criteria laid down in the European Banking Authority Regulatory Technical Standards (EBA RTS). Identified Staff are subject to specific rules on the payment of variable remuneration. The Supervisory Board's remit is to monitor the existence of a sound remuneration policy and to ensure that the remuneration policy is generally consistent with the sound and prudent management of Knab in the long-term interests of its stakeholders.

The Supervisory Board acts in accordance with the principles laid down in the Regulation on Sound Remuneration Policies under the Financial Supervision Act 2011 and the Banking Code. In 2024, none of the employees received a remuneration in excess of € 1 million. This amount is the threshold for reporting under the Dutch Act on Remuneration Policies for Financial Institutions. For further information on the remuneration of the Statutory Board, please refer to the note 'Remuneration of the Statutory Board and Supervisory Board' in the consolidated financial statements.

Governance

In accordance with Knab's remuneration policy, the Supervisory Board has the following duties and responsibilities: (i) adopt and maintain the remuneration policy; (ii) oversee its implementation to ensure it is fully operating as intended; (iii) approve material exceptions; (iv) determine and oversee the remuneration of the members of the Management Board taking into account the statutory rights of the Shareholder; (v) oversee the remuneration of the heads of internal control; and (vi) ensure that execution of the remuneration policy and procedures is duly and regularly assessed by an independent function.

Main risks and uncertainties

At Knab it is our biggest priority to make sure that we are a safe and compliant bank. This is engrained in our day-to-day operations and into our processes. It involves identifying, assessing, and mitigating risks that could impact Knab's financial health, reputation and our ability to serve our customers. Knab is exposed to a variety of risks, such as financial risks, non-financial risks (operational and compliance risks) and strategic risks, such as climate- related and environmental risks. In this chapter, we will explain Knab's approach of assessing, managing and controlling our risks.

A solid risk management approach consists of a well-educated work force that operates within the right culture, as well as the right processes and frameworks.

Our risk culture

Firstly, our people play an integral role in our risk management approach. They are the ones that keep our bank safe and compliant. At Knab, we make sure we equip our people well to manage risk, which is why the Knab culture is so important to us and plays such a vital role in our day-to-day operations. As we explain in the chapter 'Knab's strategy and our people', at Knab, we have established a collective way of working to create a collaborative and informal environment that helps us thrive and deliver for our customers. We are human, open, positive and entrepreneurial and this collaborative way of working means we combine our collective strengths and take conscious risks.

Risk framework

Next to our solid risk culture, we also have the Knab's Enterprise Risk Management Framework (hereafter ERM Framework) in place, which provides the core structure for assessing, controlling and managing the risks to which Knab is exposed.

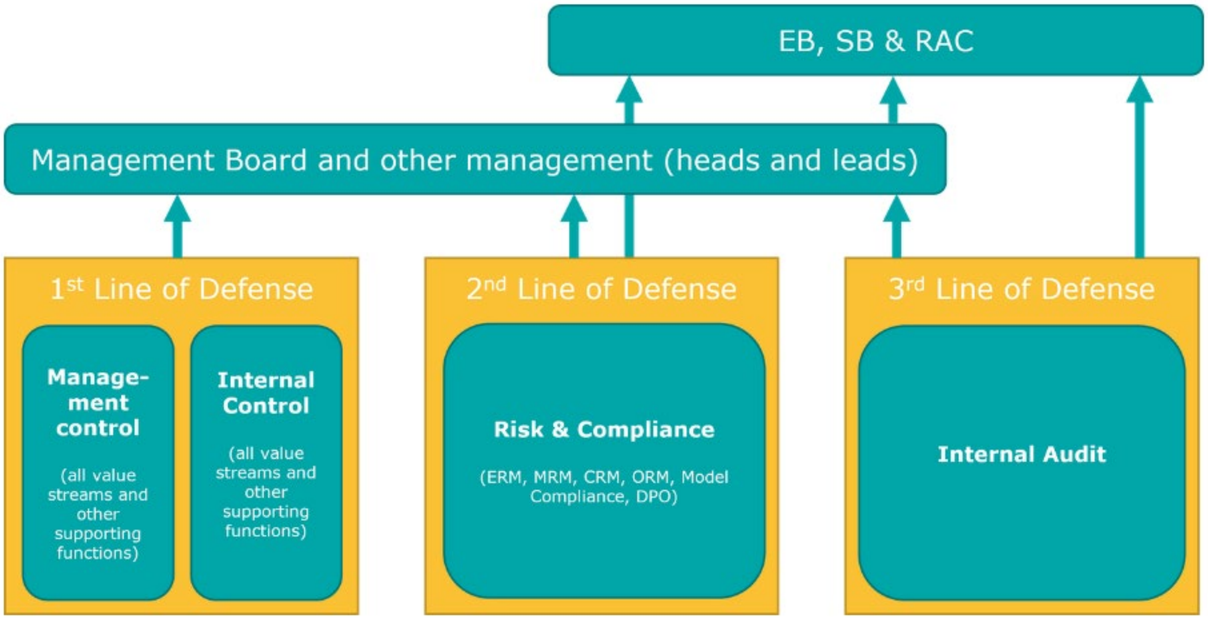
The ERM Framework is essential to ensure Knab's (financial) strength. Not only does it define the principles on how risk management should be integrated into the bank's daily business activities, but it also sets the guiding principles on how risk management forms a part of its strategic planning process. The framework ensures the identification, measurement and control of risks across all organisational levels. The framework provides for the measurement and reporting of risks, and stresses the importance of general risk awareness, attitude and behaviour on the part of employees, management, and leadership.

Three Lines Model

The overall policy on risk appetite and risk tolerance has been confirmed by the Management Board and approved by the Supervisory Board, and is reviewed and updated annually or earlier if deemed necessary.

The Supervisory Board supervises the risk policy adopted by the Management Board. At a strategic level, it assesses whether capital allocation and liquidity requirements are in line with the approved risk appetite. In this matter, the Supervisory Board is advised by the Risk & Audit Committee. The Supervisory Board's assessment determines whether Knab's commercial activities are generally appropriate within the context of its risk appetite.

Knab's Risk Management function is embedded within the organisation based on the Three Lines model. This includes the business as 'the first line', the independent Risk Management function as the 'second line', and the internal audit function as the 'third line'. Each line has a specific role and defined responsibilities in such a way that the execution of tasks is separated from the control of the same tasks. At the same time, they must work closely together to identify, assess and mitigate risks.



First line

The first line at the bank has primary accountability for the performance, operations, compliance and effective control of risks affecting the business. The business of Knab includes the origination of deposits, loans and mortgages. In addition, buying portfolios of mortgages or consumer loans from other financial parties, within applicable frameworks and limits set up by the Executive Board. Management within the first line is responsible for management control, which consist of activities to ensure that the behaviours and decisions of people within the teams are consistent with the organisation's objectives and strategy.

Second line

The second line consists of oversight functions with a major role for the risk management organisation under responsibility of the Chief Risk Officer (CRO). The second line function executes an integrated, holistic approach to organisation-wide governance, risk & compliance ensuring that Knab acts ethically correct and in accordance with its risk appetite, internal policies and external regulations through the alignment of strategy, processes, technology and people, thereby improving efficiency and effectiveness.

The purpose of Knab's risk management function is to support the ambition of Knab to help our customers to achieve a lifetime of financial security.

Risk Management at Knab is responsible for:
- the implementation of the ERM framework;
- identifying, monitoring, analysing, measuring, managing and reporting on risks;
- forming a holistic view on risks on an individual and consolidated basis;
- challenging and assisting in the implementation measures by the business in order to ensure that the process and controls in place are properly designed and operating effectively; and
- establishing risk policies and processes to manage risks and to ensure compliance.

Compliance at Knab is responsible for:
- establishing conduct / integrity related policies to ensure compliance with relevant integrity related laws and regulations;
- providing advice on integrity related topics to the Executive Board and Supervisory board, as well as other relevant staff; and
- monitoring compliance with legal requirements and internal policies.

The roles and responsibilities as well as the scope of the Compliance function are described in the Compliance Charter.

The risk management & compliance function also has an escalation possibility to the Supervisory Board in relation to business activities that are judged to present unacceptable risks to Knab.

The key risks resulting from the bank's business model are managed by dedicated and specific risk management teams under the responsibility of Lead Risk Managers directly reporting to the CRO that each cover its own area of expertise. The following risk and compliance teams are in place:
- Enterprise Risk Management;
- Financial Risk Management;
- Non-Financial Risk Management;
- Model Risk Management; and
- Compliance.

The Risk & Compliance team is independent from the business lines and is responsible for oversight and monitoring of the strategic, financial and non-financial risks and controls. The Risk & Compliance team is supported by a business manager function supporting integration and continuous improvement of the risk management activities and is reporting directly to the CRO.

Third line

The objective of the Internal Audit Function (IAF) is to assist management in protecting Knab's assets, reputation and sustainability by independently and objectively evaluating the design, implementation and effectiveness of internal controls, risk management and governance processes of Knab. On a yearly basis IAF establishes a risk-based audit plan. IAF identifies and makes recommendations to ensure that gaps are effectively addressed.

IAF executes its duties freely and objectively in accordance with the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics and the Internal Auditors' International Standards (International Professional Practices Framework (IPPF), the Definition of Internal Auditing of the Institute of Internal Auditors (IIA).

Knab's Internal Audit charter and annual audit program establish that a systematic audit function is conducted by IAF. In order to safeguard independence, IAF reports directly to the Executive Board of Knab and to the Risk Audit & Compliance Committee of the Supervisory Board of Knab.

Strategic risks

Knab's strategic risks relate to the possibility of events occurring that affect the achievement of its strategy and business objectives. Strategic risk assessment activities are integrated with strategy-setting and vice versa. Emerging risks are identified and discussed at Management Board level and in the risk committees. Actions are defined if deemed necessary and followed up to resolution, based on both qualitative and quantitative information. Strategic risks are monitored according to four categories: customer, business model, organisation and reputation.

Financial risks

For Knab, financial risk includes credit risk, interest rate risk in the banking book (IRRBB), liquidity risk and other market risk, such as foreign exchange risk and credit spread in the banking book. Credit risks are monitored by the Credit Risk Committee (CRC) and the other financial risks by the Asset & Liability Committee (ALCO), both on a monthly basis.

Knab's credit risk exposure arises from its debt securities and lending assets such as residential mortgages, consumer loans, and retail SME / ZZP loans. Knab monitors its credit risk exposures for targets, warnings and limits in accordance with its risk appetite. Stress testing is performed regularly including for climate risk (both physical risk and transition risk). Due to the composition of the asset side of the balance sheet that consists of mainly Dutch mortgage receivables with historically long fixed interest periods, the credit risk can in general be classified as relatively low, while the interest rate risk is higher.

Regarding IRRBB management, Knab IRRBB strategy jointly manages within the SOT EVE and SOT NII. In the hedging process a trade-off is made between EVE risk, NII risk and NII. Knab uses derivatives for hedging purposes only, mainly for its interest rate risk and foreign currency exposures. Hedge accounting is applied to minimise the IFRS P&L impact of using derivatives.

Because Knab is a retail bank, its liquidity risk originates mostly from retail savings on the liability side of its balance sheet. Knab's liquidity risk exposure is measured through internal stress testing, which is carried out to determine whether Knab would be able to survive a period of major liquidity stress. These stress tests consider the available and required liquidity and how Knab is impacted in times of market and bank-specific stress events.

Climate-related & environmental risks

We have identified key climate-related risks to the investments on our balance sheet. Following the materiality assessment of climate & environmental (C&E) risk identification we identified the following two risk categories with C&E risk driver impact:

Knab's primary C&E risk relates to credit risks created by Dutch retail mortgages. Due to this build-up of the mortgage portfolio, stress testing shows low impact, even with severe climate scenarios. The maturity of debt securities and unsecured loans averages 5 and 2 years, respectively, resulting in low expected credit risk, due to the longer time horizon over which climate risks are expected to materialise in terms of credit risk impact (5 to 10 years, and sometimes even longer).

The C&E risks in relation to reputation or liability are mainly expressed in relation to expectations from society and our customers. These risks mainly relate to the services we deliver to our clients (i.e. bank and savings accounts and business lending). Knab could potentially lose clients if we do not sufficiently meet their sustainability expectations. We are currently performing in line with market practices and so we have assessed the current risk to be low.

Non-financial risks

Knab's non-financial risk exposure covers risks related to compliance and operational processes. Non-financial risks are monitored by the Non-Financial Risk Committee (NFRC).

Compliance risks

Knab's compliance risks relate to current or potential risks to its earnings and capital arising from violations of or non-compliance with laws, rules, regulations, agreements, prescribed practices, or ethical standards.

The Compliance function's remit is to encourage a risk-aware culture in which decisions are made with integrity and in the best interests of our customers. Compliance monitors Knab's compliance with laws and regulations, internal policies, and core values. Cooperation with the first line is key, for example by giving advice on and raising awareness of compliance risks and ensuring that the customers' needs and interests are considered in how the organisation is designed. With this approach, Compliance contributes to Knab's overall purpose – "Feel at ease when it comes to your finances. Every day". Its objective is to manage all compliance risks, more specifically by:

- Preventing violations of and non-compliance with laws and regulations, business principles, and rules of conduct, and establishing good business practices for every aspect of the organisation (governance, strategy, people, processes, policies, culture and communication);
- Establishing and maintaining effective compliance and integrity risk management (including effective conflict of interest management) and control systems, including identifying, monitoring and reporting compliance and integrity risks;
- Promoting integrity across Knab's business and among employees, including creating awareness that internal policies and standards must be complied with and that internal and external disciplinary action, legal action or sanctions may be imposed or legal action taken in the event of misconduct or unacceptable behaviour.

Customer Integrity continues to be a top priority for Knab. In 2024, Knab has implemented structural improvements in the mitigation of customer integrity risks as identified in it's Systematic Integrity Risk Analysis 2023. Work on the further maturation of the KYC framework has continued in 2024, delivering key improvements in the areas of governance, management information, and expertise.

Operational risks and Fraud risk

Knab defines operational risk as the risk of losses arising from inadequate or failing internal processes and controls (including segregation of duties), people and systems, or external events. Within operational risk management, the focus lies on process risk, HR risk, IT risk and Third Party Risk Management. Knab's strategy of growing its business and strengthening its IT foundation by outsourcing non-differentiating IT activities necessarily means that the number of third parties will increase. For a relatively small organisation such as Knab, with activities being outsourced, the corresponding outsourcing risk remains a focus of attention. In parallel, a range of mitigating measures have been put in place to address this risk.

One of Knab's key priorities is to combat fraud. We annually perform a Systematic Integrity Risk Analysis (SIRA) to assess our vulnerabilities to fraud, amongst other things. The risk that Knab will become exposed to internal fraud is reduced through employee screening and training. Pre- and in-employment procedures ensure the integrity of our employees. Controls such as internal training and awareness, whistle blower procedures and incident registration are in place. The code of conduct is signed by each employee and periodically brought to their attention.

With regard to external fraud, the biggest risks we see for our customers are phishing and spoofing attempts. In 2024, we continued to implement solutions to minimise fraud loss, for example by further implementing real-time fraud monitoring.

Sustainability

At Knab, sustainability is embedded in our business strategy, guiding our decisions and actions as we strive to create long-term value for our stakeholders. We recognize that the financial sector plays a vital role in supporting the achievement of sustainability-related goals and we aim to contribute to those. Our position on social responsibility is anchored in our purpose: We want to make our customers feel at ease when it comes to their finances. It is our aim to make our customers financially smarter.

Our sustainability strategy is aimed at making it a better place. We do that from three angles:
- Knab – internally
- Entrepreneurs in the Netherlands
- The environment

Knab
Knab aims to be the best place to work and values a diverse and inclusive working environment. The Knab team consists of more than 40 nationalities. We believe that everyone within the company should all have equal opportunities, and we aim for equal pay for equal work. We are proud that within the pay scales there are no significant (less than 2%) pay differences between men and women.

Entrepreneurs in the Netherlands
We see it as our role in society to make entrepreneurs financially smarter and create a positive impact on society. We are proud that in 2024 54% of our customers indicated that Knab makes them financially smarter. In 2024, 78 articles for entrepreneurs were added to our online library the 'Knab Bieb', which were read almost a million times. 21,000 entrepreneurs watched one of our webinars.

42% of our business customers state they have incorporated sustainability in their business, and 51% have the ambition to become (more) sustainable. On a regular basis, we publish articles to help them with their sustainability ambitions. Complementary to our purpose, we see it as our responsibility to create awareness regarding the pension gap. 36% of our businesses have the feeling their pension is arranged well. By creating awareness, webinars and media attention we aim to improve these numbers.

Our environmental footprint
Knab acknowledges that as a financial institution, it has an impact on the environment and climate change. Knab aims to reduce carbon emissions from its own operations and its investments.

Our largest share of emissions derives from our portfolio, which are calculated based on the PCAF methodology, where BAWAG is a signatory of it. Mortgages is by far Knab's largest asset class, also representing the highest carbon footprint. While Knab has not set a decarbonization target on mortgages to date, it will be integrated in BAWAG's transition plan as soon as Knab becomes Lender of Record.

More information on BAWAG Group's scope 1, 2 and 3 emissions is disclosed in the non-financial report of BAWAG Group.

Asset Class / CO_2 Financials	Gross carrying amount in € million	Financed Scope 1 + 2 GHG emissions (kt CO_2e)	Financed Scope 1 + 2 GHG emissions (tCO_2e / € million)	Financed Scope 3 GHG emissions (kt CO_2e)	Financed Scope 3 GHG emissions (tCO_2e / € million)	Blended data quality score
Mortgages	11,213	178	16	-	-	3.1
Listed Equity & Corporate Bonds	115	-	2	2	16	5.0
Business Loans & Unlisted Equity	18	4	253	4	209	5.0
Sovereigns	110	9	85	7	66	3.1
Total	**11,455**	**192**	**17**	**13**	**53**	**3.1**

Looking ahead

As per 1 November 2024, Knab became part of BAWAG Group as result of a takeover that was announced to the market as per 1 February 2024. BAWAG Group has over 2 million customers. It offers simple affordable financial products and services across multiple channels and through various brands. BAWAG, which is rated A1 by credit agency Moody's, is a well-established and well-capitalised bank.

As of 2026, Knab will become Lender of record of the Aegon receivables, currently on Knab's balance sheet. From 2026 onward, Knab will be able to generate its own assets through origination of residential mortgages.

Looking ahead, the three focus areas are to continue to be the number one bank for entrepreneurs, work on best-in-class capabilities and realise efficiency through operational excellence. As being the number one bank, we aim to maintain our existing position in the Dutch market and continue growth while extending our product and service offering. Best in class capabilities are realised by completion of the ongoing technology transformation program and by jointly building on capabilities within BAWAG Group. Both increase efficiency and enhance our services to customers.

For disclosure on financial targets of the Group, please refer to the BAWAG Group 2024 annual report.

Post-reporting date events and expectations

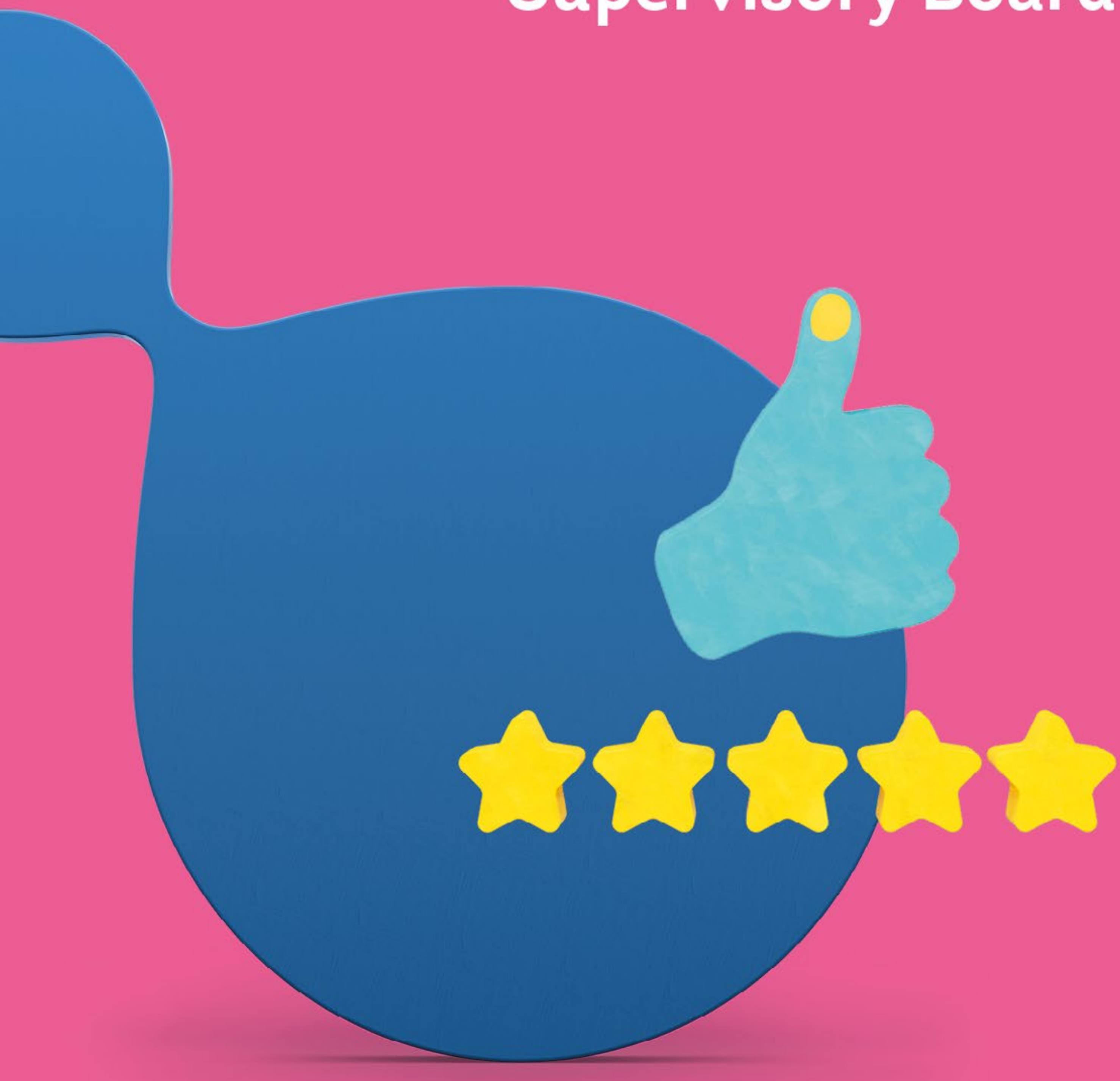
In February 2025 Knab issued for EUR 1.5 billion of retained soft bullet covered bonds for collateral liquidity purposes. A part of the increased collateral was used to replace SAECURE 19 ("S19") by an early call. The call was performed in April 2025, which is one-and-a-half year before the first optional redemption date dated October 2026.

Amsterdam, May 13 2025

Statutory Board:

Tom van Zalen
Friedrich Spandl

Report of the Supervisory Board



Report of the Supervisory Board

The Supervisory Board is responsible for supervising Knab's general affairs. It also oversees the conduct of and policies pursued by the Management Board and acts as a sparring partner for the Executive Board. In addition, the Supervisory Board supervises how the Executive Board implements the bank's long-term value-creation strategy. The Supervisory Board regularly discusses the strategy and its implementation, operating performance, customer metrics, risk management and compliance, asset and liability management, culture, and regulatory regulation.

Knab's ownership transition from Aegon to a.s.r. was completed in 2024. In early 2024, it was announced that a.s.r. would sell Knab to the BAWAG Group, subject to regulatory approval. The transaction was closed on 1 November 2024. The Supervisory Board was responsible for ensuring that the interests of all stakeholders were well managed during this transition to support the company's long-term value creation.

The current members of the Supervisory Board are Eric Drok, Rozan Dekker, Sat Shah and Enver Sirucic. Sat Shah and Enver Sirucic joined the Supervisory Board on 1 November 2024. Rozan Dekker succeeded Constant Korthout as an independent member of the Supervisory Board on 1 November 2024. The Supervisory Board now consists of four members of which two are independent. We are grateful to Constant for his insights and essential contributions to Knab and the Supervisory Board.

The Supervisory Board members collectively have expertise in retail banking, risk management, strategy formulation and execution, capital and liquidity management, accounting and finance, corporate social responsibility, regulatory, legal and compliance matters.

Activities of the Supervisory Board

During its regular quarterly meetings, the Supervisory Board discussed recurring topics such as managing the impact of Knab's strategy, capital, and funding (including ICAAP and ILAAP), risk and compliance, audit, finance, modelling, remuneration, KYC, governance, credit and interest rate risk, security and fraud, technology, data, and innovation. In addition, an update on significant projects was provided during each meeting.

Beyond the regular meetings, sixteen additional Supervisory Board meetings were held regarding regulatory topics, the annual report, strategic projects, and the company's change of ownership of Knab. In addition, bilateral meetings took place between supervisory and executive board members, the regulator, the shareholders, and the works council.

Due to the change in composition the Supervisory Board's annual self-assessment did not take place in 2024, it will be scheduled for 2025.

Risk Audit & Compliance Committee

The Risk Audit & Compliance Committee (RAC) comprises Rozan Dekker (chair), Sat Shah, Enver Sirucic and Eric Drok.

The RAC performs the preparatory work for supervising the Executive Board regarding implementing, maintaining, and operating Knab's risk management systems and risk appetite, finance and external audits, internal audits and funding. The Risk Audit & Compliance Committee also monitors compliance with laws and regulations and the procedures for preparing and adopting financial statements. During the RAC meetings, the external auditor and the internal auditor are present. The audit plan and as well as the results of the audits were discussed In 2024, there was, next to matters related to the transition of ownership of Knab, an extra focus on interest rate risk management and KYC / CDD. The RAC met six times in 2024.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee (NRC) comprises Eric Drok (Chair), Rozan Dekker, Sat Shah and Enver Sirucic. It assists the Supervisory Board in performing its duties related to remuneration, nomination, education, culture, succession planning and composition of the Executive Board. The NRC also noted the results of the Employee Engagement Survey.

The NRC has ensured that the remuneration policy is consistent with the Regulation on Sound Remuneration Policies principles under the Dutch Financial Supervision Act 2011 and remuneration requirements under the Capital Requirements Directive IV (CRD IV). In addition, the policy is in line with various remuneration guidelines, technical requirements and standards issued by the European Banking Authority and applicable to banks within the European Economic Area (EEA), as the European Commission (EC) endorsed. The NRC met eight times in 2024.

In 2024, the Supervisory Board took part in a continuous education program. This program covered a variety of subjects as set out in the Management Board report. The continuous education program was assessed and found to be helpful.

Appreciation for our staff and Management Board

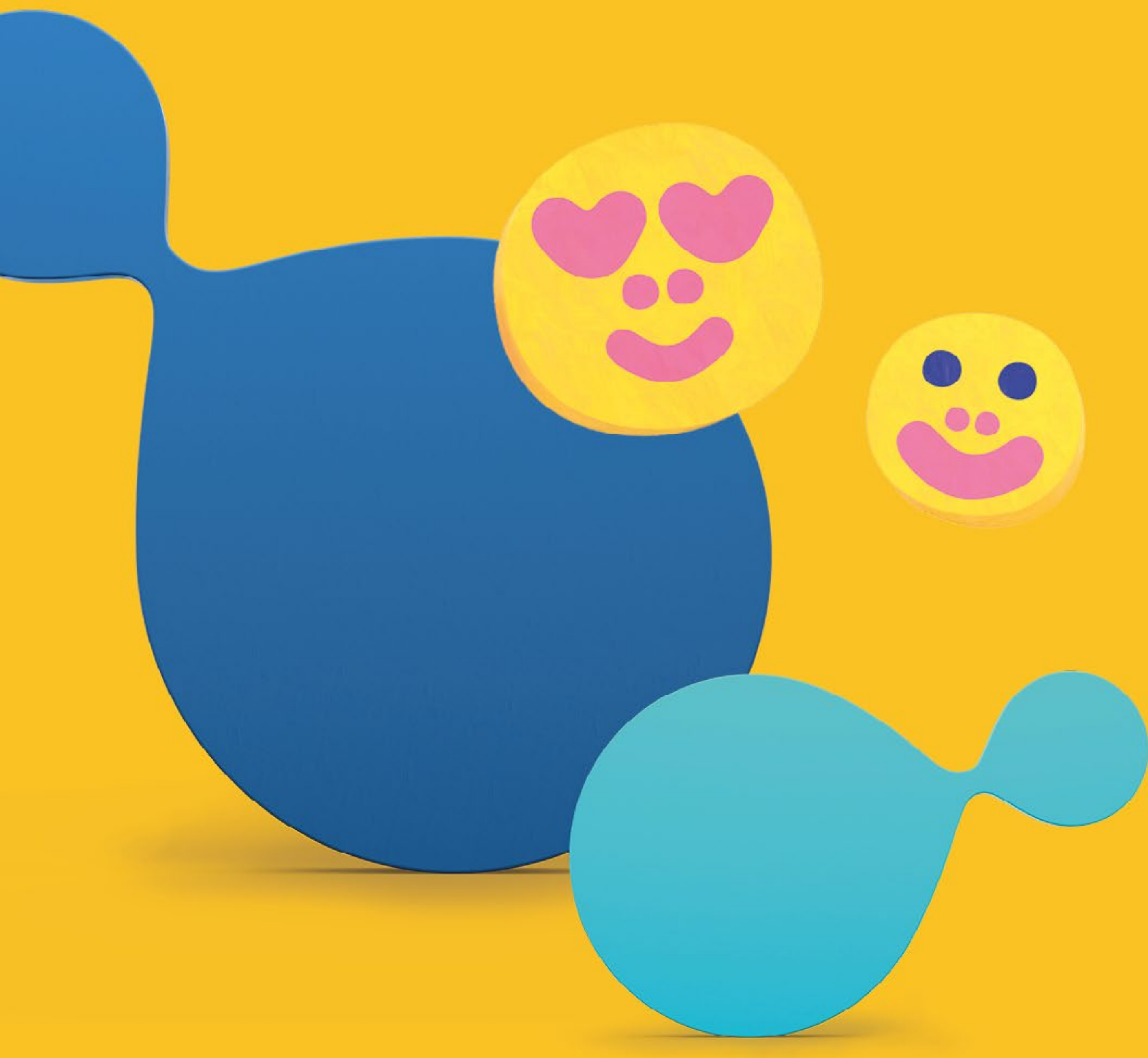
Under the Management Board's stewardship, the Knab employees have worked relentlessly to serve Knab's customers. In 2024 the number of customers continued to grow, resulting in a solid net result of € 117.9 million. The team's commitment to delivering results and its focus on offering long-term customer value propositions will drive the bank's long-term success.

As Supervisory Board, we thank the Management Board and all employees for their dedication and care to its customers and other stakeholders. A special word of gratitude for Nadine Klokke who decided to leave Knab by April 10 2025. We would like to thank Nadine for her leadership, dedication, and vision over the past five years. Under her stewardship, Knab has gone from strength to strength, expanded its reach, and firmly became the number one bank for the self-employed. Her drive for success were inspirational and infectious and will leave a lasting impact on Knab.

Amsterdam, 13 May 2025

Eric Drok (chair)
Rozan Dekker
Sat Shah
Enver Sirucic

Knab N.V.'s Consolidated Financial Statements 2024



Financial information

Consolidated Financial Statements 2024

Consolidated statement of financial position

for the year ended 31 December 2024

Amounts in EUR thousands

	Note	31-12-2024	31-12-2023
Assets			
Cash	5	2,418,460	2,446,056
Amounts due from banks	6	339,474	92,112
Derivatives	7	477,749	1,188,726
Financial assets measured at fair value through other comprehensive income	8	260,535	873,774
Mortgage loans and other loans	9	13,172,433	12,886,352
Property and equipment	10	5,779	-
Intangible assets	11	15,356	11,902
Other assets and receivables	12	134,703	259,081
Total assets		**16,824,489**	**17,758,003**
Equity and liabilities			
Savings deposits	13	12,684,867	12,211,194
Derivatives	7	54,074	660,736
Borrowings	14	2,956,600	3,810,172
Net deferred tax liabilities	15	610	46,102
Provisions	16	3,412	4,085
Current tax liabilities*	17	44,513	68,568
Other liabilities and accruals*	18	103,453	119,250
Total liabilities		**15,847,531**	**16,920,107**
Equity	19	976,959	837,896
Total equity and liabilities		**16,824,489**	**17,758,003**

References relate to the accompanying notes. These are an integral part of the Consolidated financial statements.
* Changes were made in the presentation of the annual report reference is made to Note 2 'Material Accounting policies'

Consolidated income statement

for the year ended 31 December 2024

Amounts in EUR thousands	Note	2024	2023
Income			
Interest income calculated using the effective interest method	20	467,265	424,070
Other interest income	20	114,214	98,704
Interest expense calculated using the effective interest method	20	(266,015)	(167,067)
Other interest expenses	20	-	-
Net interest income		**315,464**	**355,707**
Fee and commission income	21	49,777	38,682
Fee and commission expense	21	(1,440)	(1,500)
Net fee and commission income		**48,337**	**37,182**
Result on financial transactions	22	(12,459)	(27,670)
Impairment (charges) / reversals	23	(5,042)	4,028
Total income		**346,300**	**369,246**
Expenses			
Employee expenses	24	77,347	66,901
Other operating expenses	24	109,372	120,135
Total expenses		**186,719**	**187,036**
Income / (loss) before tax		**159,581**	**182,210**
Income tax	25	(41,724)	(47,776)
Net income / (loss)		**117,857**	**134,434**
Net income / (loss) attributable to the parent company		**117,857**	**134,434**

References relate to the accompanying notes. These are an integral part of the Consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2024

Amounts in EUR thousands	2024	2023
Net income	**117,857**	**134,434**
Other comprehensive income		
Items that may be reclassified subsequently to income statement:		
Gains / (losses) on financial assets measured at FVOCI	9,965	31,452
(Gains) / losses transferred to the income statement on disposal of financial assets measured at FVOCI	18,614	4,110
Aggregate tax effect of items recognised in other comprehensive income	(7,373)	(9,175)
Other comprehensive income for the year	**21,206**	**26,387**
Total comprehensive income	**139,062**	**160,821**
Total comprehensive income attributable to the parent company	**139,062**	**160,821**

Knab had no financial assets measured at FVOCI without recycling of fair value changes to profit and loss as at 31 December 2024.

Consolidated statement of changes in equity

Amounts in EUR thousands, 2024	Share capital	Share premium	Retained earnings	Revaluation reserves	Knab participations	Total
At 1 January	37,437	476,751	350,147	(26,439)	-	837,896
Net income / (loss) recognised in the income statement	-	-	117,857	-	-	117,857
Other comprehensive income / (loss)	-	-	-	21,206	-	21,206
Total comprehensive income / (loss)	**-**	**-**	**117,857**	**21,206**	**-**	**139,062**
Dividends paid on participations	-	-	-	-	-	-
Dividends paid on common shares	-	-	-	-	-	-
Buy back of participations	-	-	-	-	-	-
At 31 December	**37,437**	**476,751**	**468,004**	**(5,234)**	**-**	**976,959**

Amounts in EUR thousands, 2023	Share capital	Share premium	Retained earnings	Revaluation reserves	Knab participations	Total
At 1 January	37,437	476,751	241,260	(52,827)	9,500	712,122
Net income / (loss) recognised in the income statement	-	-	134,434	-	-	134,434
Other comprehensive income / (loss)	-	-	-	26,387	-	26,387
Total comprehensive income / (loss)	**-**	**-**	**134,434**	**26,387**	**-**	**160,821**
Dividends paid on participations	-	-	(547)	-	-	(547)
Dividends paid on common shares	-	-	(25,000)	-	-	(25,000)
Buy back of participations	-	-	-	-	(9,500)	(9,500)
At 31 December	**37,437**	**476,751**	**350,147**	**(26,439)**	**-**	**837,896**

Consolidated cash flow statement

for the year ended 31 December 2024

Amounts in EUR thousands		2024	2023
Income / (loss) before tax		159,581	182,210
Adjustments for:			
- Result on financial transactions	22	12,459	27,670
- Amortisation and depreciation	20	20,459	32,691
- Impairment losses / (reversals)	23	5,042	(4,028)
- Additions to / (releases from) provisions	16	4,397	3,500
Changes in:			
- Savings deposits	13	475,394	199,829
- Other assets and receivables	12	124,378	(114,692)
- Other liabilities and accruals	18	(15,797)	(49,712)
Purchase or origination of mortgage loans and other loans	9	(1,389,795)	(1,881,400)
Sale and redemption of mortgage loans and other loans	9	1,181,653	1,239,385
Cash paid for derivatives	7	(18,084)	(323)
Sale of derivatives	7	7,218	(1,068)
Tax (paid) / received	25	(118,784)	(13,163)
Increase / (decrease) in Aegon derivatives loans relating to collateral	14	-	(814,547)
Increase / (decrease) in external loans relating to collateral	14	(64,095)	536,385
Net cash flows from / (used in) operating activities*		384,027	(657,263)
Purchase of financial assets measured at FVOCI	8	(146,952)	(69,212)
Sale and redemption of financial assets measured at FVOCI	8	787,638	288,398
Purchase of intangible assets	11	(9,471)	(8,211)
Net cash flows from / (used in) Investing activities*		631,216	210,975
Issuance of Covered Bond	14	179,523	497,725
Repayment of Covered Bond	14	(500,000)	(500,000)
Buy back of participations	19	-	(9,500)
Dividends paid on participations	19	-	(547)
Issuance of MREL eligible loan	14	25,000	285,000
Repayment of SNP notes	14	(500,000)	-
Dividend payment on shares	19	-	(25,000)
Net cash flows from financing activities*		(795,478)	247,678
Net increase / (decrease) in cash and cash equivalents		219,765	(198,610)
Cash and cash equivalents at beginning of year		2,538,168	2,736,778
Cash and cash equivalents at end of year		**2,757,934**	**2,538,168**
Cash	5	2,418,460	2,446,056
Amounts due from banks	6	339,474	92,112
Total		**2,757,934**	**2,538,168**

References relate to the accompanying notes. These are an integral part of the Consolidated financial statements.
* Changes were made in the presentation of the annual report reference is made to Note 2 'Material Accounting policies'

The cash flow statement has been prepared according to the indirect method. Net cash flows from operating activities include the increase / (decrease) in cash and cash equivalents related to:

Amounts in EUR thousands	2024	2023
Interest received*	616,375	498,170
Interest income calculated using the effective interest method	497,298	453,073
Other interest income	119,077	45,097
Interest paid*	253,583	146,432
Interest expenses calculated using the effective interest method	253,583	146,432
Other interest expenses	-	-

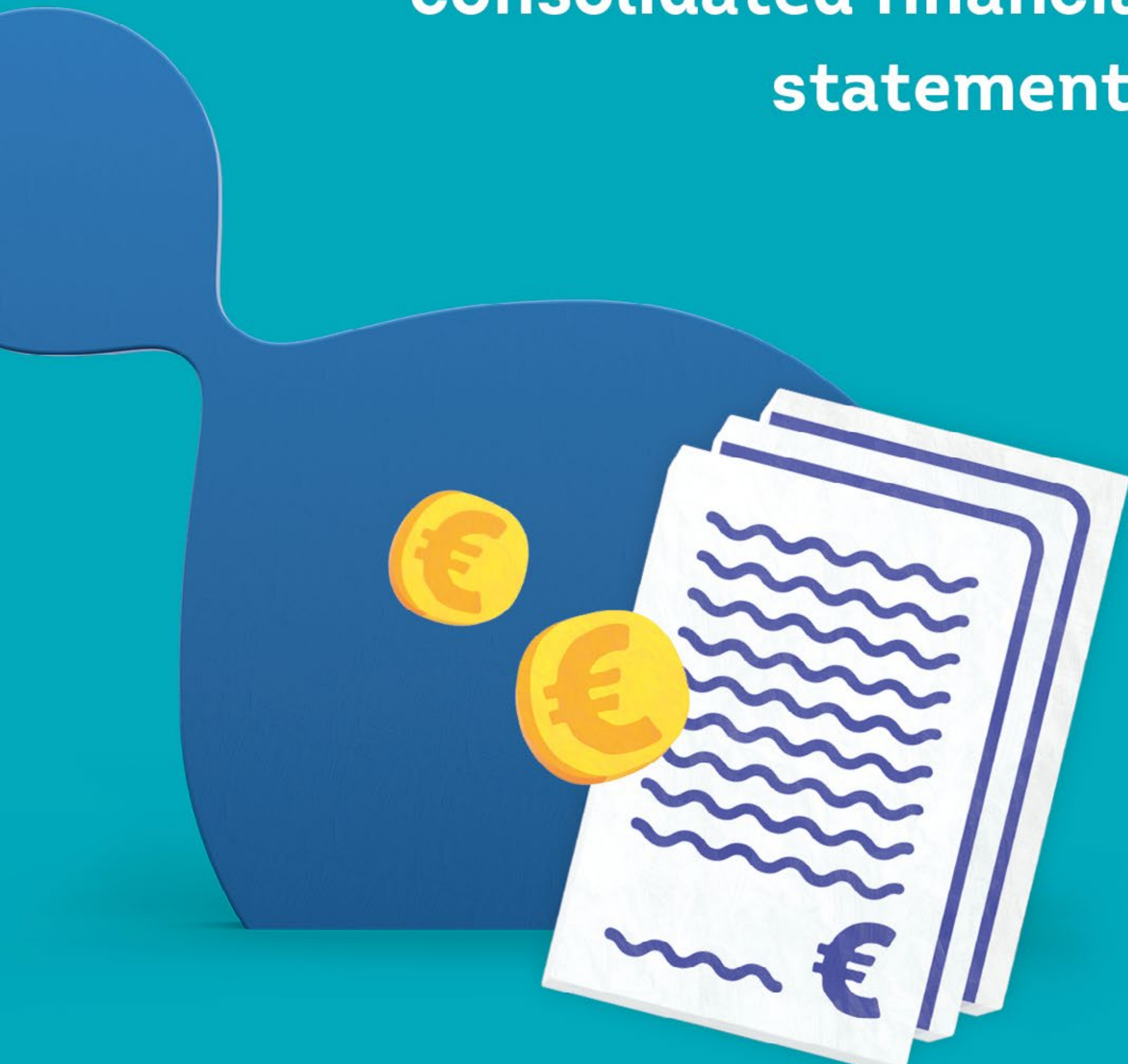
* Comparative figures have been restated reference is made to Note 2 'Material Accounting policies'

Reconciliation of liabilities arising from financing activities

During 2024, net cash flows from financing activities of liabilities included the increase in long-term borrowings due to the issuance of a Soft Bullet Covered Bond in June 2024 and the redemption of a Conditional Pass Through covered bond in November 2024.

In 2024, Knab N.V. paid no dividend (2023: € 25.0 million). The dividend payment is considered a transaction with shareholders and is therefore recorded in Equity, as explained in 'Equity'.

Notes to the consolidated financial statements



Notes to the Consolidated Financial Statements

1 General information

With effect from 4 April 2024 Knab changed its legal name from Aegon Bank N.V. to Knab N.V. hereinafter referred to as “Knab” or “the bank”. Knab is a public limited liability company organised and existing under Dutch law, registered with the Chamber of Commerce in Amsterdam under number 30100799.

Its registered address is at Thomas R. Malthusstraat 1-3, 1066 JR Amsterdam. Knab N.V. is a wholly owned subsidiary of BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft (hereinafter also referred to as BAWAG), an Austrian stock corporation (Aktiengesellschaft) with its registered office in Wiedner Gürtel 11, 1100 Vienna, registered in the Austrian commercial register under the registration number 205340. BAWAG is a credit institution that is supervised by the European Central Bank and respectively the Austrian Financial Market Authority. The shares in BAWAG are held by its sole shareholder, BAWAG Group AG, a listed stock corporation under Austrian law with its registered office in Vienna. Up to 1 November 2024 Knab N.V. was part of the a.s.r. group.

Knab has one operational segment that operates mainly under the Knab brand. Knab N.V. and its group companies specialise in developing, selling and servicing savings and investment products to help our customers accumulate wealth and to make savings and investing more tangible, relevant and easy – all the things our customers need for a carefree financial future.

2 Material Accounting policies

Presentation

Basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements have been prepared in accordance with the historical cost convention, adjusted for financial assets measured at fair value through other comprehensive income (FVOCI), the impact of hedge accounting applied and derivatives. Information on the standards and interpretations that were adopted in 2024 is provided below. The consolidated financial statements have been prepared in euros and all values are rounded to the nearest thousand except where otherwise indicated. Rounding differences may therefore exist. All ratios and variances are calculated using the underlying amount rather than the rounded amount.

Knab N.V.’s consolidated financial statements were approved by the Executive Board and by the Supervisory Board on 13 May 2025. The financial statements will be put for adoption to the General Meeting of Shareholders. The shareholders meeting may decide not to adopt the financial statements but may not amend these during the meeting.

Changes in presentation

In comparison to last year’s annual report Knab made the following changes in the presentation of the annual report.

In the statement of financial position ‘Current tax liabilities’ are show on the face of the primary statement where they were included under ‘Other liabilities and accruals’. Some line items in the Cash flow statement have been transferred between the ‘operating activities’, ‘Investing activities’ and in the ‘financing activities’ in order to better align with Knab’s business and the IFRS requirements for classifying these cashflows. The change in presentation resulted for the year 2023 in € 489 million higher net cash flows presented in ‘used in operating activities’ € 211 million Net cash flows presented in ‘from Investing activities’ and € 278 million higher presented ‘Net cash flows from financing activities’.

Furthermore the Cash flow statement table Net cash flows from operating activities resulting from interest paid included by error the income statement figures and not the actual interest paid / received. The prior-year figures in the table have been corrected and are presented in the table below:

Amounts in EUR thousands	2023 Reported	2023 Adjusted	2023 Restated
Interest received	555,465	(57,295)	498,170
Interest income calculated using the effective interest method	456,761	(3,688)	453,073
Other interest income	98,704	(53,607)	45,097
Interest paid	167,067	(20,635)	146,432
Interest expenses calculated using the effective interest method	167,067	(20,635)	146,432
Other interest expenses	-		-

Going concern

Knab's financial statements have been prepared on a going concern basis, that is to say on the reasonable assumption that Knab is and will continue to be able to continue its normal course of business in the foreseeable future. Relevant facts and circumstances relating to the consolidated financial position as at 31 December 2024, were assessed in order to justify the going concern assumption. The main areas assessed were financial performance, capital adequacy, financial position, liquidity and solvency. On the basis of that assessment, management concluded that the going concern assumption for Knab is appropriate in preparing the consolidated financial statements.

Adoption of new EU-IFRS accounting standards

New standards and amendments to existing standards become effective at the date specified by EU-IFRS, however companies are allowed to opt for an earlier adoption date. In 2024, the following amendments to existing standards issued by the IASB became mandatory:

Accounting standard / amendment / interpretation	IASB effective date	Endorsed by EU	Impact on the entity
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024	Yes	None
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2024	Yes	None
Amendment – Non-current Liabilities with Covenants (Amendment to IAS 1)	1 January 2024	Yes	None
Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)	1 January 2024	Yes	None

Future adoption of new EU-IFRS accounting standards

The following standards and amendments to existing standards, published prior to 1 January 2025, were not early adopted by Knab, but will be applied in future years:

Accounting standard / amendment / interpretation	IASB effective date	Endorsed by EU	Early adopted by the entity	Impact on the entity
Classification and Measurement of financial instruments - Amendments to IFRS 9 and IFRS 7	1 January 2026	Not yet	No	Low
The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendment to IAS 21)	1 January 2025	Not yet	No	Low

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Those estimates are inherently subject to change and actual results could differ from those estimates. Included among the material (or potentially material) reported amounts and disclosures that require extensive use of estimates are the fair value of assets and liabilities and the determination of impairment allowances. Although the estimates are based on careful assessment by management of current events and actions, actual results may differ from these estimates. See note 3 'Critical accounting estimates and judgment in applying accounting policies' for more information.

Basis of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of Knab and its subsidiaries. Subsidiaries (including structured entities) are entities over which Knab has control. Knab controls an entity when Knab is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to influence those returns through its power over the entity.

The assessment of control is based on the substance of the relationship between Knab and the entity, such as any substantive existing or potential voting rights. For a right to be substantive, the holder must have the practical ability to exercise that right.

The subsidiary's assets, liabilities and contingent liabilities are measured at fair value on the acquisition date and are subsequently accounted for in accordance with Knab's accounting principles, as consistent with IFRS. Transactions between Knab subsidiaries are eliminated. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Non-controlling interests are initially stated at their share in the fair value of the net assets on the acquisition date and subsequently adjusted for the non-controlling share in changes in the subsidiary's equity.

Subsidiaries are deconsolidated when control ceases to exist. Any difference between the net proceeds plus the fair value of any retained interest and the carrying amount of the subsidiary including non-controlling interests is recognised in the income statement.

Foreign exchange translation

Knab's financial statements are presented in amounts in euro thousands unless indicated differently. Transactions in foreign currencies are initially recorded in the functional currency using the exchange rates prevailing at the date of the transaction. Knab has investments in group entities whose functional currency is not the euro.

At the reporting date, monetary assets and monetary liabilities in foreign currencies are translated into the functional currency using the closing exchange rates prevailing on that date. Non-monetary items carried at cost are translated using the exchange rates prevailing on the date of the transaction, while assets carried at fair value are translated using the exchange rates at the time of fair value determination.

Exchange differences on monetary items are recognised in the income statement when they arise. Exchange differences on non- monetary items carried at fair value are recognised in the income statement, consistent with other gains and losses on these items.

Offsetting of assets and liabilities

Financial assets and liabilities are offset in the statement of financial position when Knab has a legally enforceable right to offset and has the intention to settle the asset and liability on a net basis, or simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Cash and cash equivalents

Cash

Cash comprises cash and balances with the Dutch Central Bank ('*DNB*') which are payable on demand. These are short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known cash amounts, are subject to insignificant risks of changes in value, and are held for the purpose of meeting short-term cash requirements. This item is initially recognised at fair value and subsequently measured at amortised cost.

Amounts due from banks

Amounts due from banks comprise credit balances in current accounts and receivables due from banks. These are short-term, highly liquid investments which are readily convertible into known cash amounts, are subject to insignificant risks of changes in value, and are held for the purpose of meeting short-term cash requirements. This item is initially recognised at fair value and subsequently measured at amortised cost.

Financial assets

Initial recognition and measurement

Financial assets and liabilities are recognised on the trade date when Knab becomes a party to the contractual provisions of the instrument. All financial assets are classified for accounting purposes depending on their characteristics and the purpose for which they were purchased.

At initial recognition, Knab measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not measured at fair value through profit or loss (FVPL), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs for a financial asset or financial liability measured at FVPL are directly recognised in the income statement. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income (FVOCI), as described in note 'Measurement of the expected credit loss allowance', which results in an accounting loss being recognised in the income statement when an asset is newly originated or purchased.

When the fair value of a financial asset or financial liability differs from the transaction price on initial recognition, Knab recognises the difference as follows. When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input), or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss. In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Classification and subsequent measurement

Knab classifies its financial assets into the following measurement categories:

- Amortised cost (AC).
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVPL)

Amortised cost and effective interest rate

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the cumulative principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate method is a method of calculating amortised cost and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the debt instrument or, where appropriate, a shorter period, applied to the gross carrying amount of the instrument. When calculating the effective interest rate, all contractual terms are considered. Possible future credit losses are not taken into account. Charges and interest paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts are included in the calculation.

The classification requirements for debt and equity instruments are described below.

Debt instruments

Debt instruments are instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:

- Knab's business model for managing the asset; and
- The asset's cash flow characteristics.

Based on these factors, Knab classifies its debt instruments into one of the following three measurement categories:
- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in 'Interest income calculated using the effective interest method'.
- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses or reversals, interest revenue and foreign exchange gains and losses on the instrument's amortised cost, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI into profit or loss and recognised in 'Result on financial transactions'. Interest income from these financial assets is included in 'Interest income calculated using the effective interest method' using the effective interest rate method.
- Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Result on financial transactions' in the period in which it arises. Interest income from these financial assets is included in 'Other interest income'.

Business model
The business models describe how Knab manages its assets in order to generate cash flows, depending on whether Knab's objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these apply (for example financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business models and measured at FVPL. Factors considered by Knab in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance was evaluated and reported to key management personnel, how risks were assessed and managed and how managers were rewarded.

Knab reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Solely payment of principal and interest (SPPI)
Where the business model is to hold assets to collect contractual cash flows or to collect both the contractual cash flows and cash flows from the sale of the assets, Knab assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In performing this test, Knab considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., the interest only covers consideration for the time value of money, credit risk, other basic lending risks, and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Impairment
Knab assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. Knab recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:
- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

In line with IFRS 9 and regulatory requirements, Knab has used the low credit risk exemption for debt securities, cash, amounts due from banks and other receivables. Securities that have a credit rating equivalent to 'investment grade' (rating 'BBB' or higher) are considered as having low credit risk. As such, external and internal credit ratings, respectively, are used for these assets to assess whether a significant increase in credit risk has occurred. Note 'Credit risk management' provides more detail on how the expected credit loss allowance is measured.

Modification of loans

Knab may occasionally renegotiate or otherwise modify the contractual cash flows of loans. In such cases, Knab will assess whether or not the new terms are substantially different from the original terms. It will do so by considering, amongst others, the following factors:

- If the borrower is in financial difficulty, whether the modification will merely reduce the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced;
- Any significant extension of the loan term when the borrower is not in financial difficulty;
- Any significant change in the interest rate; and
- The introduction of any collateral or other security or credit enhancements that significantly affects the credit risk associated with the loan.

If the terms are substantially different, Knab will derecognise the original financial asset and recognise a 'new' asset at fair value and recalculate a new effective interest rate for the asset. The date of renegotiation will then be considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, Knab will also assess whether the new financial asset recognised is deemed to be credit-impaired on initial recognition, especially if the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount will also be recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification will not result in derecognition, and Knab will recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognise a modification gain or loss in profit or loss. The new gross carrying amount will be recalculated by discounting the modified cash flows at the original effective interest rate.

Derecognition other than on a modification

A financial asset is derecognised when the contractual rights to the asset's cash flows expire or when Knab retains the right to receive cash flows from the asset or has an obligation to pay received cash flows in full to a third party without delay and either has transferred the asset and substantially all the risks and rewards of ownership or has neither transferred nor retained all the risks and rewards but has transferred control of the asset.

Financial assets of which Knab has neither transferred nor retained substantially all the risks and rewards are recognised to the extent of Knab's continuing involvement. If significantly all risks are retained, the assets are not derecognised.

On derecognition, the difference between the disposal proceeds and the carrying amount is recognised in the income statement as a realised gain or loss. Any cumulative unrealised gain or loss previously recognised in the revaluation reserve in shareholders' equity is also recognised in the income statement.

Collateral

With the exception of cash collateral, assets received as collateral are not recognised separately as an asset until the financial asset they secure defaults. When cash collateral is recognised, a liability is recorded for the same amount.

Financial liabilities

Classification and subsequent measurement

Financial liabilities are classified for accounting purposes depending on their characteristics and subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. The latter classification is applied to derivatives.Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, are recognised as a financial liability and carried at the amount received for the transfer. In subsequent periods, Knab recognises any expenditure incurred on the financial liability, financial guarantee contracts and loan commitments.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e., when the obligation specified in the contract has beendischarged or, cancelled or has expired).

The exchange between Knab and its original lenders of debt instruments with substantially different terms, and substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and changes in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Savings deposits

Savings deposits are initially recognised at fair value and subsequently measured at amortised cost. Accrued interest is recognised in the consolidated statement of financial position under 'Other liabilities and accruals'. Savings deposits are derecognised when extinguished.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. They are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are derecognised when the obligation specified in the contract has been discharged or cancelled or has expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Derivatives and hedging strategy

Definition

Derivatives are financial instruments the value of which changes in response to an underlying variable, which require little or no net initial investment and are settled at a future date.

Assets and liabilities may include derivative-like terms and conditions. Effective 1 January 2018, under IFRS 9 these embedded derivatives are bifurcated only when the host contract is not an asset within the scope of IFRS 9. Bifurcated derivatives are accounted for separately from the host contract at FVPL. When the host contract is an asset within the scope of IFRS 9, the embedded derivative is not bifurcated and the contractual cash flows are assessed in their entirety.

Derivatives with positive values are reported as assets and derivatives with negative values are reported as liabilities. Likewise, accrued interest is reported under 'Other assets and receivables' and 'Other liabilities and accruals'. Interest results on financial assets and financial liabilities that are measured at fair value through profit or loss are presented as either other interest income or other interest expenses. Fair value changes of the derivatives and corresponding hedge accounting movements are recorded in the income statement under Result on financial transactions. Interest results on financial assets and financial liabilities that are measured at fair value through profit or loss are netted and presented as either other interest income or other interest expenses depending on the total position.

Measurement

All derivatives recognised in the statement of financial position are carried at fair value. The fair value is calculated net of the interest accrued to date and is based on observable market data, when available. When market prices are not available, other valuation techniques, such as option pricing or stochastic modelling, are applied. The valuation techniques incorporate all factors that market participants would consider and are based on observable market data, to the extent possible. Fair value changes are recognised in the income statement.

Hedge accounting

As part of its asset liability management, Knab enters into economic hedges to limit its interest rate risk exposure. These transactions are assessed to determine whether hedge accounting can be applied.

To qualify for hedge accounting, the hedge relationship is designated and formally documented at inception, detailing the particular risk management objective and strategy for the hedge (which includes the item and risk that is being hedged), the derivative that is being used, and how hedge effectiveness will be assessed. A derivative has to be effective and achieve the objective of offsetting either changes in fair value or cash flows for the risk that is being hedged. The effectiveness of the hedging relationship is evaluated on a prospective and retrospective basis using qualitative and quantitative measures of correlation. Qualitative methods may include comparing critical terms of the derivative to those of the hedged item. Quantitative methods include comparing the changes in the fair value or discounted cash flow of the hedging instrument to those of the hedged item. A hedging relationship is considered effective if the results of the hedging instrument are within a ratio of 80% to 125% of the results of the hedged item. Knab has elected to continue to apply the hedge accounting requirements of IAS 39 for macro fair value hedges (EU 'carve out') on adoption of IFRS 9. Knab currently applies hedge accounting for fair value hedges.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss, as are the fair value adjustments to the hedged item attributable to the hedged risk. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative adjustment to the hedged item is amortised through profit or loss over the remaining term of the original hedge or recognised directly when the hedged item is derecognised.

Knab applies fair value hedge accounting to portfolio hedges of interest rate risk (fair value macro hedging) under the EU's IFRS 'carve out'. The EU's macro hedging 'carve out' enables a group of derivatives (or parts thereof) to be viewed in combination and jointly designated as a hedging instrument and removes some of the limitations on fair value hedge accounting. Under the EU 'carve out', ineffectiveness in fair value hedge accounting arises when the revised projection of the amount of cash flows in scheduled time buckets falls below the designated amount of that bucket. Knab applies fair value hedge accounting to portfolio hedges of interest rate risk (macro hedging) under the EU 'carve out' to mortgage loans. Changes in the fair value of the derivatives are recognised in the income statement, as are the fair value adjustments to the mortgages (hedged items) insofar as attributable to interest rate risk (the hedged risk).

At the inception of the hedging relationship, Knab documents the relationship between hedging instruments and hedged items, its risk management objective, and the methods selected to assess hedge effectiveness. Knab also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives used in hedging transactions are highly effective in offsetting changes in the fair values or cash flows of the hedged items.

Knab holds a portfolio of long-term fixed-rate mortgages and is therefore exposed to changes in fair value due to movements in market interest rates. Knab manages this risk exposure by entering into interest rate swaps.

Only the interest rate risk element is hedged and so other risks, such as credit risk, are managed but not hedged by Knab. This hedging strategy is applied to the portion of exposure that is not naturally offset against matching positions held by Knab. Changes in fair value of the long-term fixed-rate mortgages arising from changes in interest rate are usually the largest component of the overall change in fair value. This strategy is designated as a fair value hedge and its effectiveness is assessed by comparing changes in the fair value of the loans attributable to changes in the benchmark interest rate with changes in the fair value of the interest rate swaps.

Knab establishes the hedging ratio by matching the notional of the derivatives with the principal of the portfolio being hedged. Possible sources of ineffectiveness are:

- differences between the expected and actual volume of prepayments, as Knab hedges to the expected repayment date taking into account expected prepayments based on past experience;
- differences in discounting between the hedged item and the hedging instrument, as cash collateralised interest rate swaps
- are discounted using Overnight Indexed Swaps (OIS) discount curves, which are not applied to the fixed-rate mortgages; and
- hedging instruments with a non-zero fair value at the date of initial designation as a hedging instrument.

Knab manages the interest rate risk arising from fixed-rate mortgages by entering into interest rate swaps on a monthly basis. The exposure from this portfolio frequently changes due to new loans being originated, contractual repayments and early prepayments made by customers in each period. As a result, Knab pursues a dynamic hedging strategy (sometimes referred to as a 'macro' or 'portfolio' hedge) to hedge its exposure profile by terminating and entering into new swap agreements at each month-end. Knab uses the portfolio fair value hedge of interest rate risk to recognise fair value changes related to changes in interest rate risk in the mortgage portfolio, and so to reduce the profit or loss volatility that would otherwise arise from changes in fair value of the interest rate swaps alone. For more detailed information on Knab's hedge accounting and strategies see note 'Derivatives'.

Tax assets and liabilities

Up to 1 November 2024 tax assets and liabilities were amounts payable to and to be received from a.s.r. Nederland N.V., because a.s.r. Nederland N.V. was the head of the tax group. As from 1 November 2024 these positions have been amounts payable to and receivable from tax authorities, as Knab N.V. had its own fiscal unity as per that date. The fiscal unity comprises of Knab N.V. and Orange loans B.V. Knab as the head of the fiscal unity settles the tax with Orange loans on the basis of its share in of the total result of the tax group.

Current tax assets and liabilities

Tax assets and liabilities for current and prior periods are measured at the amount expected to be received from or paid to the taxation authorities, applying the tax rates that have been enacted or substantively enacted by the reporting date.

Up to 1 November 2024 Knab was a member of the a.s.r. tax group and settled its current tax liabilities with the head of the tax group as if it were an autonomous taxpayer. Knab was jointly and severally liable for all tax liabilities of the entire tax group. Current taxes were settled in the current account with the parent company.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised for the estimated future tax effects of temporary differences between the carrying value of an item and its tax value, with the exception of differences arising from the initial recognition of goodwill and of assets and liabilities that do not impact taxable or accounting profits. A deferred tax asset is recognised for tax loss carry forwards to the extent that it is probable at the reporting date that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are reviewed for each reporting period and measured at tax rates that are expected to apply when the asset is realised or the liability is settled. Since there is no absolute assurance that these assets will ultimately be realised, management reviews Knab's deferred tax positions periodically to determine if it is probable that the assets will be realised. Periodic reviews include, amongst other things, the nature and amount of the taxable income and deductible expenses, the expected timing of when certain assets will be used or liabilities will be required to be reported and the reliability of historical profitability of businesses expected to provide future earnings. Furthermore, management considers tax-planning strategies which it can utilise to increase the likelihood that the tax assets will be realised. These opportunities are also considered in the periodic reviews. The carrying amount is not discounted and reflects Knab's expectations as to the manner of recovery or settlement.

Deferred tax assets and liabilities are recognised in relation to the underlying transaction either in the income statement, other comprehensive income or directly in equity.

Other assets and receivables

Other assets and receivables include trade and other receivables and prepaid expenses. Other assets and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Intangible assets

Software and other intangible assets

Software and other intangible assets are recognised to the extent that the assets can be identified, are controlled by Knab, are expected to provide future economic benefits and can be measured reliably. Software and other intangible assets with finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the asset is over its useful life as the future economic benefits emerge and is recognised in the income statement as an expense. The amortisation period and pattern are reviewed at each reporting date, with any changes recognised in the income statement. An intangible asset is derecognised when it is disposed of or when no future economic benefits are expected from its use or disposal. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment of non-financial assets

Assets are tested individually for impairment when there are indications that the asset may be impaired or when required for internally generated intangibles not available for use. The impairment loss is calculated as the difference between the carrying and the recoverable amount of the asset, which is the higher of an asset's value in use and its fair value less cost of disposal. The value in use represents the discounted future net cash flows from the continuing use and ultimate disposal of the asset and reflects its known inherent risks and uncertainties. The valuation utilises the best available information, including assumptions and projections considered reasonable and supportable by management. The assumptions used in the valuation involve significant judgments and estimates. Impairment losses are charged to other comprehensive income to the extent that they offset a previously recorded revaluation reserve relating to the same item.
Any further losses are recognised directly in the income statement. Impairment losses are reversed when there is evidence that there has been a change in the estimates used to determine the asset's recoverable amount since the recognition of the last impairment loss. The reversal is recognised in the income statement to the extent that it reverses impairment losses previously recognised in the income statement. The carrying amount after reversal cannot exceed the amount that would have been recognised had no impairment taken place.

IFRS 16 Leases

At the inception of a contract, Knab assesses whether the contract is a lease according to IFRS 16. This is the case if the leased asset is an identified asset, the lessee substantially obtains all of the economic benefits from the use and the lessee has the right to control the asset. The lease term starts at the commencement date of the lease contract, which is the date the lessor makes the underlying asset available for use by the lessee. It includes the non-cancellable period as well as periods where it is reasonably certain that the lessee exercises any extension option or does not exercise any termination option. Knab also considers all relevant circumstances that provide an economical incentive for the execution of such options. Examples are:

- importance of the leased asset for the Bank's business;
- scope and costs of leasehold improvements; and
- costs of termination.

A lessee considers all fixed, essentially fixed (i.e. variable but unavoidable) and variable lease payments depending on an index or rate. Other variable payments, such as those based on a percentage of sale or usage and maintenance costs, are not included, but recognised in profit or loss.

At the commencement of a lease, a right-of-use asset as well as a lease liability are recognised. The lease liability is measured at the present value of the lease payments. For discounting lease payments for the majority of leasing contracts, Knab uses the incremental borrowing rate because the implicit interest rate cannot be determined. The incremental borrowing rate corresponds to the interest rate at which Knab as member of the BAWAG Group can refinance itself on the market. It is assumed that the refinancing has a term and collateral comparable to that of the leasing contract. The right-of-use asset is recognised in the same amount as the corresponding lease liability, adjusted by initial direct costs. For the subsequent measurement, the lease liability is increased by interest expense on the outstanding amount and reduced by lease payments made. The right-of-use asset is reduced by the accumulated depreciation on a straight-line basis.

Provisions
A provision is recognised for present legal or constructive obligations arising from past events, when it is more likely then not that they will result in an outflow of economic benefits and the amount can be reliably estimated. Management exercises judgment in evaluating the probability that a loss will be incurred.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date, considering all its inherent risks and uncertainties, and the time value of money. Estimating the amount of a loss requires management judgment in terms of selecting a proper calculation model and the specific assumptions related to the particular exposure. The unwinding of the effect of discounting is recorded in the income statement as an interest expense.

Other liabilities and accruals
Other liabilities and accruals are initially recognised at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest rate method. A liability is derecognised when the financial obligation has been discharged or cancelled. Unless stated otherwise, deferred interest and other accruals are recognised at (amortised) cost.

Equity
Share capital is stated at its par value. The share premium reserve, relates to capital contributions which have occurred since incorporation without new shares being issued.

The revaluation reserves comprise unrealised gains and losses on financial assets measured at FVOCI, net of tax. The revaluation reserves also include the loss allowance recognised for financial assets measured at FVOCI. Upon the sale of financial assets measured at FVOCI, the realised result is recognised through the income statement.

Dividends and other distributions to holders of equity instruments are recognised directly in equity. A liability for non-cumulative dividends payable is not recognised until the dividends have been declared and approved.

Up to November 2023 Knab had client participations under the brand name Knab. Because of their specific characteristics, Knab client participations qualified as tier 1 capital under applicable banking regulations. Due to the nature of the participation, the instrument also qualified as equity under IFRS. In line with its treatment as equity, the corresponding interest charges and discounts on the fee were treated as dividends in the consolidated statement of changes in equity. The dividends were shown on a net basis. This included the deducted dividend tax on the discount and interest.

Contingent assets and liabilities
Contingent assets are disclosed in the notes if the inflow of economic benefits is probable, but not virtually certain. When the inflow of economic benefits becomes virtually certain, the asset is no longer contingent and its recognition is appropriate.

A provision is recognised for present legal or constructive obligations arising from past events, when it is probable that it will result in an outflow of economic benefits and the amount can be reliably estimated. If the outflow of economic benefits is not probable, a contingent liability is disclosed, unless the possibility of an outflow of economic benefits is remote.

Loan commitments
Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. Knab has issued no loan commitments that are measured at FVTPL.

Interest income and expense (and related fees)
Interest income generated by interest-bearing financial assets, including mortgages, loans and bonds, is recognised when the right to receive interest arises. Interest income is calculated according to the effective interest rate method. Interest charges include interest expenses on loans and other borrowings. Interest expenses on loans and other borrowings carried at amortised cost are recognised in the income statement using the effective interest method. Fee and commission income that forms an integral part of the effective return on a financial asset or liability is recognised as an adjustment to the effective interest rate of the financial instrument.

Fee and commission income and expense

Fee and commission income mainly comprises fees paid by third parties for services performed. Management fees and commission income from asset management, investment funds and sales activities are recognised as revenue in the period when the services were delivered or the sales were made.

Result on financial transactions

Results on financial transactions include:

Realised gains and losses on financial investments

Gains and losses on financial investments include realised gains and losses on financial assets, other than those classified as at fair value through profit or loss.

Net fair value change of derivatives

All changes in fair value of derivatives are recognised in the income statement,. Movements in the fair value of hedge instruments are offset by movements in the fair value of the hedged item, and the resulting hedge ineffectiveness, if any, is included in this line item. Movements in the fair value of bifurcated embedded derivatives are also included in this line item.

Employee expenses and other operating expenses

Aegon Nederland N.V. merged with a.s.r. Nederland N.V. as of 1 October 2023 and following the merger all employees were employed by a.s.r. Following the BAWAG transaction all employees are employed by Knab N.V. as from 1 November 2024.

Employee expenses and other administrative expenses incurred are allocated to the period to which they relate. Salaries, social security and pension contributions for staff employed by a.s.r. were recharged to Knab as services rendered to Knab.

Share-based payments

In February 2024, the Remuneration Committee of Knab established an incentive program to retain key personnel, essential to the disentanglement of Knab from a.s.r. Per employee objectives were defined at the start of the program and in December an evaluation determined whether these have been met. For employees who do not qualify as identified staff, the incentive can be paid out in full in January 2025. For identified staff, the incentive will be paid out as 50% in cash and 50% in the form of BAWAG Group AG phantom shares over a period of 5 years. All expected incentive allocations for employees that are granted for services rendered in 2024 were taken into account in the consolidated financial statements as of 31 December 2024 by recognition of a liability.

For cash-settled awards, IFRS 2 defines that the fair value of services received is based on the fair value of the liability. Knab remeasures the fair value of the award at each reporting date and on settlement. The ultimate cost of a cash-settled award is the cash paid to the beneficiary, which is the fair value at settlement date. Until settlement, the cash settled award is presented as a liability. Changes in the measurement of the liability are reflected in the statement of profit or loss.

Income tax

Income tax is calculated at the current rate on the Result before tax for the financial year, taking into account any temporary and permanent differences between the profit determination in the financial statements and the profit calculation for tax purposes. Taxes comprise deferred and current taxes on profit. Taxes on profits are recognised in the income statement, unless the taxes relate to items that are recognised directly in other comprehensive income. In that case, the taxes are also recognised in other comprehensive income.

Events after the reporting period

The financial statements will be adjusted to reflect events that occurred between the balance sheet date and the date when the financial statements were authorised for publication, if those events provide evidence of conditions that existed at the balance sheet date. Events that are indicative of conditions that arose after the reporting date are disclosed, but do not result in an adjustment to the financial statements.

Critical accounting estimates and judgment in applying accounting policies

3 Critical accounting estimates and judgment in applying accounting policies

Applying the accounting policies in preparing the financial statements requires management to apply judgment in terms of assumptions and estimates about future results or other developments, including the likelihood, timing or amount of future transactions or events. Those estimates are inherently subject to change and actual results could differ from them. Accounting policies that are critical to the financial statement presentation and require complex estimates or significant judgment are described in the following sections.

Other accounting policies that require performing estimates or exercising judgment with regard to the financial statement presentation are described in the following sections.

Measurement of the expected credit loss allowance

The expected credit loss allowance for financial assets measured at amortised cost or FVOCI is an area that requires using complex models and significant assumptions about future economic conditions and credit behaviour (for example the likelihood of customers defaulting and the resulting losses). Significant judgment also has to be exercised in applying the accounting standards for measuring ECL, including:

- Determining criteria for significant increases in credit risk;
- Choosing appropriate models and assumptions to measure ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product / market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

The inputs, assumptions and estimation techniques applied to measure ECL are explained in more detail in note 'Credit risk management' which further sets outs specific and general management adjustments, and note 'Measuring ECL – Inputs, assumptions and estimation techniques', which also describes key sensitivities of the ECL to changes in these factors.

Determination of fair value and fair value hierarchy

The following is a description of the methods used by Knab to determine fair value and a quantification of its exposure to assets and liabilities measured at fair value.

Fair value is defined as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e., the exit price at the measurement date from the perspective of the market participant that holds the asset or owes the liability). A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

Knab uses the following hierarchy for measuring and disclosing the fair value of assets and liabilities:

- Level I: quoted prices (unadjusted) in active markets for identical assets or liabilities that Knab can access at the measurement date;
- Level II: inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices of identical or similar assets and liabilities) using valuation techniques for which all significant inputs are based on observable market data; and
- Level III: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) using valuation techniques for which any significant input is not based on observable market data.

The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active or quoted market prices are not available, a valuation technique is used.

The degree of judgment used in measuring the fair value of assets and liabilities generally inversely correlates with the level of observable valuation inputs. Knab maximises the use of observable inputs and minimises the use of unobservable valuation inputs when measuring fair value. For example, financial instruments with quoted prices in active markets will generally have a higher degree of price observability and a lesser degree of judgment used in measuring fair value. Conversely, financial instruments for which no quoted prices are available have less observability and are measured at fair value using valuation models or other pricing techniques that require a higher degree of judgment. The assets and liabilities categorisation within the fair value hierarchy is based on the lowest input that is significant to the fair value measurement.

The judgment that a market is inactive may include, although not necessarily determinatively, lower transaction volumes, reduced transaction sizes and, in some cases, no observable trading activity for short periods. In inactive markets, assurance will be obtained that the transaction price provides evidence of fair value or that the adjustments to transaction prices are necessary to measure the fair value of the instrument.

The majority of valuation techniques employ only observable market data, and so the reliability of the fair value measurement will be high. However, certain assets and liabilities are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable and so a higher degree of judgment will need to be exercised to determine the fair value of such assets and liabilities. An instrument is classified in its entirety as valued using significant unobservable inputs (Level III) if, in the opinion of management, a significant proportion of the instrument's carrying amount is driven by unobservable inputs. "Unobservable" in this context means that there is little or no current market data available from which to determine the price at which an at arm's-length transaction would be likely to occur. It generally does not mean that there is no market data available at all on which to base a determination of fair value. Using different methodologies or assumptions to determine the fair value of certain instruments (both financial and non-financial) could result in a different estimate of fair value at the reporting date.

To operationalise the fair value hierarchy applied by Knab, individual instruments (both financial and non-financial) are assigned a fair value level based primarily on the type of instrument and the source of the prices (i.e. index, third-party pricing service, broker, internally modelled). This logic for assigning fair value levels is reviewed periodically to determine whether any modifications are necessary in the light of current market conditions.

Fair value of assets and liabilities

The estimated fair values of Knab's assets and liabilities correspond with the amounts that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, Knab uses quoted market prices in active markets to determine the fair value of investments and derivatives. In the absence of an active market, the fair value of investments in financial assets is estimated by using other market observable data, such as corroborated external quotes and present value or other valuation techniques. An active market is one in which transactions are taking place regularly on an arm's length basis. Fair value is not determined on the basis of a forced liquidation or distressed sale.

Knab applies valuation techniques if, in its opinion, the market is inactive or no quoted market prices are available for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, which is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e. the exit price at the measurement date from the perspective of the market participant that holds the asset or owes the liability). Therefore, unobservable inputs reflect Knab's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available.

Knab employs oversight over the valuation of financial instruments that includes an appropriate segregation of duties. Senior management, independent of the investing functions, is responsible for the oversight of control and valuation policies and for reporting on the results of the policies. For fair values determined by reference to external quotation or evidenced pricing parameters, independent price determination or validation is utilised to corroborate those inputs. Further details of the validation processes are set out below.

Financial assets and liabilities are measured on the basis of a pricing hierarchy in order to ensure a controlled process that systematically promotes the use of prices from sources in which Knab has the most confidence, with the least amount of manual intervention, and to embed consistency in the selection of price sources. Depending on the asset type, the pricing hierarchy consists of a waterfall that starts with making use of market prices from indices, followed by use of third-party pricing services or brokers.

Knab has elected to continue to apply the macro fair value hedge accounting requirements of IAS 39 on adoption of IFRS 9. As such, it applies fair value hedge accounting for portfolio hedges of interest rate risk (macro hedging) under the European Union (EU) IFRS 'carve out'. Hedge accounting requires the use of estimates. The calculation of the basis adjustment depends on the expected and actual volume of prepayments, as Knab hedges to the expected repayment date taking into account expected prepayments based on past experience and discounting of the hedged item based on a zero curve. The amortisation of the basis adjustment is performed over the delta of the basis adjustment and the market value of the fixed leg of the interest rate swaps in the hedging relationship. The duration of the hedge cashflows is used for the amortisation period.

Details are provided in note 'Derivatives and hedging strategy' and note 'Derivatives'.

Debt securities

The fair values of debt securities are determined by management taking into consideration several data sources. When available, Knab uses quoted market prices in active markets to determine the fair value of its debt securities. As stated previously, Knab's valuation policy utilises a pricing hierarchy which dictates that publicly available prices are initially sought from indices and third-party pricing services. If no prices are available from these sources, the securities are submitted to brokers to obtain quotes. The majority of brokers' quotes are non-binding. As part of the pricing process, Knab assesses the appropriateness of each quote (i.e. to determine whether or not it is based on observable market transactions) so as to determine the most appropriate fair value estimate. Lastly, securities are priced using internal cash-flow modelling techniques. These valuation methodologies commonly use the following inputs: reported trades, bids, offers, issuer spreads, benchmark yields, estimated prepayment speeds, and / or estimated cash flows.

To understand the valuation methodologies used by third-party pricing services, Knab reviews and monitors the applicable methodology documents of the third-party pricing services. Any changes to their methodologies are noted and examined to check that they are reasonable. In addition, Knab performs in-depth reviews of prices received from third-party pricing services on a sample basis. The objective of these reviews is to demonstrate that Knab corroborates detailed information, such as assumptions, inputs and methodologies used in pricing individual securities, against documented pricing methodologies. Knab only uses third-party pricing services and brokers with a substantial presence in the market and who have appropriate experience and expertise.

Third-party pricing services will often determine prices using recently reported trades for identical or similar securities. The third-party pricing service will make adjustments for the time elapsed between the trade date and the statement of financial position date to take into account available market information. In the absence of recently reported trades, third-party pricing services and brokers will use modelling techniques to determine a security price by looking at expected future cash flows based on the performance of the underlying collateral and then discounting them at an estimated market rate.

Periodically, Knab performs an analysis of the inputs obtained from third-party pricing services to ensure that the inputs are reasonable and produce a reasonable fair value estimate. The asset specialists and investment valuation specialists consider both qualitative and quantitative factors as part of this analysis. Examples of analytical procedures performed include, but are not limited to, recent transactional activity for similar debt securities, a review of pricing statistics and trends, and consideration of recent relevant market events. Other controls and procedures with regard to prices received from indices, third-party pricing services or brokers include validation checks such as exception reports highlighting significant price changes, stale prices or unpriced securities. Additionally, Knab performs back-testing on a sample basis. Back-testing involves selecting a sample of securities trades and comparing the prices in those transactions to prices used for financial reporting. Significant variances between the prices used for financial reporting and transaction prices are investigated to explain the cause of the difference.

Credit ratings are also an important factor in the valuation of securities and are included in the internal process for determining Knab's view of the risk associated with each security. However, Knab does not only rely on external credit ratings but also has an internal process in place, based on market observable inputs, to determine its view of the risks associated with each security.

Mortgage loans, private loans and other loans

For SME loans, mortgage loans and other loans, the fair value used for disclosure purposes is estimated by discounting expected future cash flows using a current market rate applicable to financial instruments with similar yield and maturity characteristics. For fixed-rate mortgage loans, the market rate is adjusted for expenses, prepayment rates, lapse assumptions (unobservable inputs), and liquidity and credit risk (market observable inputs). An increase in expense spread, prepayment rates and / or prepayment assumptions, would reduce the fair value of the mortgage loan portfolio.

The fair value of mortgage loans, private loans and other loans with a floating interest rate used for disclosure purposes is assumed to approximate their carrying amount, adjusted for changes in credit risk. Credit risk adjustments are based on market observable credit spreads if available, or management's estimate if not market observable.

Money-market and other short-term investments and deposits with financial institutions

The fair value of assets maturing within a year is assumed to approximate their carrying amount adjusted for credit risk where appropriate. Credit risk adjustments are based on market observable credit spreads if available, or management's estimate if not market observable.

Derivatives

Where quoted market prices are not available, other valuation techniques, such as option pricing or stochastic modelling, are applied. The valuation techniques incorporate all factors that a typical market participant would consider and are based on observable market data when available. Models are validated before they are used and calibrated to ensure that outputs reflect actual experience and comparable market prices.

Fair values for exchange-traded derivatives, mainly futures and certain options, are based on quoted market prices in active markets. Fair values for over-the-counter (OTC) derivative financial instruments represent amounts estimated to be received from or paid to a third party in settlement of these instruments. These derivatives are valued using pricing models based on the net present value of estimated future cash flows, directly observed prices of exchange-traded derivatives, other OTC trades, or external pricing services. Most valuations are derived from swap and volatility matrices, which are constructed for applicable indices and currencies using current market data from many industry standard sources. Option pricing is based on industry standard valuation models and current market levels, where applicable. The pricing of complex or illiquid instruments is based on internal models or an independent third party. For long-dated illiquid contracts, extrapolation methods are applied to observed market data in order to estimate inputs and assumptions that are not directly observable. To value OTC derivatives, management uses observed market information, other trades in the market and dealer prices.

Knab normally mitigates counterparty credit risk in derivative contracts by entering into collateral agreements, where practical, and ISDA master netting agreements to offset credit risk exposure. If no collateral is held by Knab or the counterparty, the fair value of derivatives is adjusted for credit risk based on market observable spreads. Knab applies a credit (CVA) or debt value adjustment (DVA) for the credit risk of OTC derivatives. These changes in the fair value of derivatives attributable to changes in counterparty credit risk were not significant.

Borrowings

Borrowings are carried at amortised cost (with their fair values being disclosed in the notes to the consolidated financial statements). To determine the fair value of borrowings, Knab uses the level hierarchy as described by IFRS. The preferred method of obtaining the fair value of bonds is the quoted price (Level I). If markets are less liquid or no quoted prices are available, Knab uses internal model, based on market observable parameters (Level II). Knab uses a discounted cash flow method including yield curves such as deposit rates, floating rates, and 3-month swap rates. Knab also includes its own credit spread based on its credit default swap curve.

Fair value hierarchy

The table below provides an analysis of assets and liabilities recorded at a fair value basis by fair value hierarchy level.

2024	Level I	Level II	Level III	Total 2024
Assets carried at fair value				
FVOCI investments				
- Debt securities	127,120	133,415	-	260,535
FVPL assets				
- Derivatives	-	477,749	-	477,749
Total assets	**127,120**	**611,165**	**-**	**738,285**
Liabilities carried at fair value				
- Derivatives	-	54,074	-	54,074
- Derivatives (bifurcated)	-	-	-	-
Total liabilities	**-**	**54,074**	**-**	**54,074**

2023	Level I	Level II	Level III	Total 2023
Assets carried at fair value				
FVOCI investments				
- Debt securities	183,190	690,584	-	873,774
FVPL assets				
- Derivatives	-	1,188,726	-	1,188,726
Total assets	**183,190**	**1,879,310**	**-**	**2,062,500**
Liabilities carried at fair value				
- Derivatives	16	659,672	-	659,687
- Derivatives (bifurcated)	-	-	1,048	1,048
Total liabilities	**16**	**659,672**	**1,048**	**660,736**

Movements in Level III financial instruments measured at fair value

The table below shows the movements in Level III financial instruments measured at fair value.

	As at 1-1-2024	Result income statement	Purchases	Sales	As at 31-12-2024	**Result year-end**
Liabilities carried at fair value						
- Derivatives (bifurcated)	1,048	(553)	50	(546)	-	(553)
Total liabilities	**1,048**	**(553)**	**50**	**(546)**	**-**	**(553)**

	As at 1-1-2023	Result income statement	Purchases	Sales	As at 31-12-2023	Result year-end
Liabilities carried at fair value						
- Derivatives (bifurcated)	834	87	127	-	1,048	87
Total liabilities	**834**	**87**	**127**	**-**	**1,048**	**87**

The total gains or losses in the last column represent the net gains or losses for the financial year during which the financial instrument was held as a Level III instrument.

Significant transfers between Levels I / II and Level III

There were no significant transfers between Level I and Level II of the fair value hierarchy in 2024 or 2023. There were no level III transfers in 2024 and 2023.

Fair value information about assets and liabilities not measured at fair value

The following table presents the carrying values and estimated fair values of assets and liabilities, excluding assets and liabilities carried at fair value on a recurring basis.

Certain financial instruments that are not carried at fair value are carried at amounts that approximate their fair value, due to their short-term nature and generally negligible credit risk. These instruments include cash and cash equivalents, short-term receivables and accrued interest receivables, short-term liabilities, accrued liabilities and long-term borrowings and group loans. These instruments are not included in the table below. Furthermore, for certain financial instruments disclosed in the table below, the carrying amounts reasonably approximate the disclosed fair values at year-end. Unobservable inputs regarding their fair value are therefore listed as not applicable (-).

All of the instruments disclosed in the table are held at amortised cost.

2024	Carrying amount 31 December	Total estimated fair value, 31 December	Level I	Level II	Level III	Valuation technique	Unobservable inputs
Assets							
Mortgage loans	13,075,263	12,643,274	-	-	12,643,274	Discounted cash flow	Liquidity premium; spreads for credit risk, expenses and prepayments, lapse assumptions
SME loans	97,157	95,086	-	-	95,086	Discounted cash flow	Prepayments and discount spreads (including cost of capital, RMBS financing spread, expect default)
Other loans	13	13	-	-	13	Discounted cash flow	N/A
Liabilities							
Savings deposits	12,684,867	12,464,542	2,785,240	-	9,679,302	Discounted cash flow	Outflow rates, tracking and reversion parameters
Borrowings	2,956,600	2,830,436	2,830,436	-	-	Market Prices	N/A

For certain financial assets and liabilities disclosed in the table, the carrying amounts reasonably approximate the disclosed fair value at year-end. Therefore the unobservable inputs regarding the fair value are listed as not applicable (N/A)

2023	Carrying amount 31 December	Total estimated fair value, 31 December	Level I	Level II	Level III	Valuation technique	Unobservable inputs
Assets							
Mortgage loans	12,700,598	11,861,927	-	-	11,861,927	Discounted cash flow	Liquidity premium; spreads for credit risk, expenses and prepayments, lapse assumptions
SME loans	173,712	166,708	-	-	166,708	Discounted cash flow	Prepayments and discount spreads (including cost of capital, RMBS financing spread, expect default)
Other loans	12,042	12,042	12,042	-	-	Discounted cash flow	N/A
Liabilities							
Savings deposits	12,211,194	12,046,934	2,980,916	-	9,066,018	Discounted cash flow	Outflow rates, tracking and reversion parameters
Borrowings	3,810,172	3,620,635	3,620,635	-	-	Market Prices	N/A

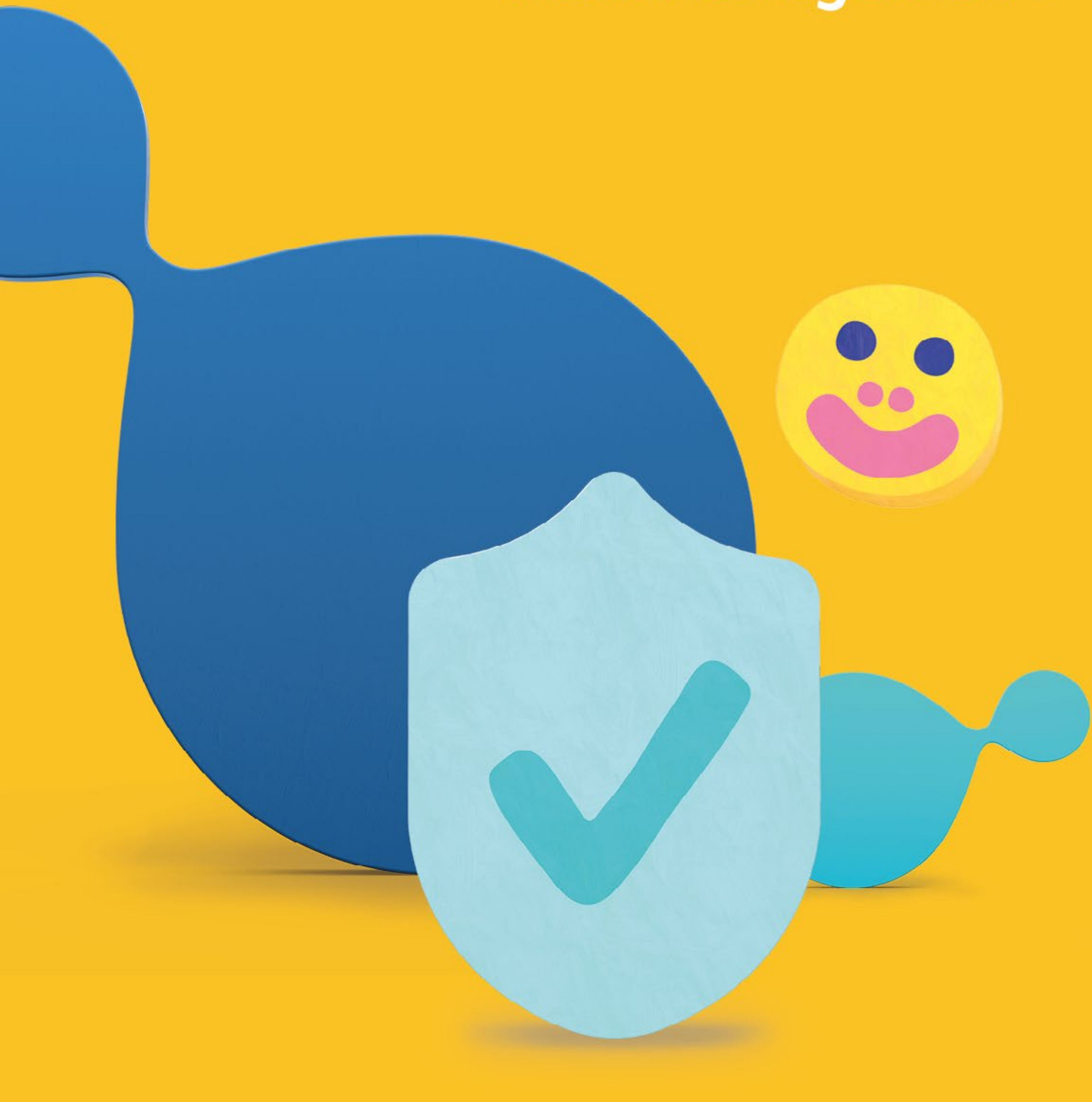
For certain financial assets and liabilities disclosed in the table, the carrying amounts reasonably approximate the disclosed fair value at year-end. Therefore the unobservable inputs regarding the fair value are listed as not applicable (N/A)

Financial assets and liabilities valued at amortised cost

The table below shows the balance sheet items valued at amortised cost.

	31-12-2024	31-12-2023
Cash	2,418,460	2,446,056
Amounts due from banks	339,474	92,112
Mortgage loans and other loans	13,172,433	12,886,352
Other assets and receivables	134,703	259,081
Total assets at amortised cost	**16,065,070**	**15,683,601**
Savings deposits	12,684,867	12,211,194
Borrowings	2,956,600	3,810,172
Other liabilities and accruals	103,453	119,250
Total liabilities at amortised cost	**15,744,920**	**16,140,617**

Risk management



4 Risk management

Governance and risk management structure

Knab's Management Board is responsible for Knab's risk management and risk control system. The Management Board reports to the Supervisory Board and the regulator. Two Members of the management board of the ultimate parent company BAWAG Group are members of Knab's Supervisory Board. The other members of the Supervisory Board are independent of Knab and the BAWAG Group. The Supervisory Board oversees and challenges the Executive Board and provides advice as appropriate. The oversight role includes reviewing management performance and the achievement of objectives, challenging the strategy, and monitoring and scrutinising the systems that ensure financial information integrity and the soundness and effectiveness of risk management and internal controls.

Taking measured risks is at the core of a bank's business. As a financial institution offering banking services, Knab is exposed to a variety of risks. Its main financial risks can be divided into credit and market (including liquidity) risks. Knab is also exposed to non-financial risks, which it divides into operational and compliance risks. These include privacy and modelling risks. To be able to meet its strategic objectives in line with its organisational purpose, Knab has also setup a domain for enterprise risks.

Knab's Enterprise Risk Management Framework (hereafter ERM Framework) provides the core structure that allows Knab to assess, control and manage its entire risk exposure, including strategic risks that could have an impact on the achievement of its strategy and objectives. The ERM Framework is therefore essential to safeguarding Knab's (financial) strength.

The ERM Framework is a comprehensive framework. Not only does it define the principles on how risk management should be integrated into the bank's daily business activities, but it also lays down the guiding principles for how risk management should be part of the bank's strategic planning process. The framework ensures the identification, measurement and control of risks at all levels across the organisation. It also provides the framework for identifying emerging risks and has therefore been designed as a dynamic system. The framework covers risk measurement and reporting, and underlines the importance of general risk awareness, attitude and behaviour on the part of employees, management, and leadership.

The ERM Framework is only effective when a robust and consistent risk culture is present throughout the organisation. Knab has therefore defined guiding principles for an outstanding risk culture as part of its organisational culture, which is purpose-led and value-driven. This forms the basis for the ERM Framework.

The purpose of risk management is to create and protect value for Knab's customers, employees, and shareholders. It improves performance, encourages innovation, and supports the achievement of objectives.

Knab's financial risk exposure arises from its normal conduct of business, a key component of which is to invest savings at its own risk and expense. Fluctuations in international money and capital markets have an impact on the value of investments and liabilities and accordingly constitute major risk components for Knab. Asset and liability management, applied by Knab to protect its statement of financial position, solvency and liquidity, plays a key role in ensuring an acceptable level of exposure to managed risks, such as liquidity risk, interest rate risk and credit risk.

The risk management strategy ensures that the bank will at all times have a solvency and liquidity position that allows Knab to perform its obligations to its customers, even when highly adverse scenarios unfold or material risk events occur. It is our strategy to be competitive in target markets, have reliable access to affordable funding, and provide stability to shareholders. Diversification and risk spreading are the cornerstones of this policy. Limits are set for a variety of operational and financial risks and for the bank's total financial risk exposure.

Knab uses derivatives to hedge certain risks, either partly (interest rate risk) or almost fully (currency risk). Knab's policy on the use of derivatives specifies control, authorisation, execution and monitoring requirements for the use of these instruments. The policy also specifies measures to limit counterparty credit risk when using derivatives.

Non-financial risk management (operational and compliance) focuses on identifying, assessing and monitoring risks such as business risks, legal and compliance risks, financial crime risks, processing risks, cybercrime risks, ESG risks, outsourcing risks and systemic risks. Risks are assessed by using several methods, including risk and control self-assessments. Information on incidents, issues, operational losses and key risk indicators are used to determine the current risk profile and decisions on how to address the risk exposure. Risks, issues and action plans are monitored and reported on periodically.

In addition to the above-mentioned instruments, controls and policy compliance are important instruments helping Knab to be an in-control organisation, now and in the future.

Knab's operating results and financial position may be adversely affected by natural and man-made disasters such as flooding, hurricanes, riots, fires, explosions and the risk of a pandemic. Furthermore, natural disasters, terrorism and fires could disrupt Knab's operations and result in significant loss of property, substantial personnel losses, and the destruction of company and customer information.

Knab's statement of financial position is subjected to monthly stress tests involving hypothetical scenarios in accordance with a stress-testing framework. Management uses the outcomes of these "what if?" scenarios to manage Knab's risk exposure and capital position. The models, scenarios and assumptions are regularly reviewed and, where necessary, updated. The effects of hypothetical financial shocks on net income and equity, the statement of financial position, solvency and liquidity are reviewed against the limits set. Adjustments are made when potential effects exceed or threaten to exceed these limits.

Finally, a capital buffer is maintained to cover unexpected potential losses in line with Knab's risk appetite and desired credit rating. The capital buffer must also meet the capital adequacy requirements set by the Dutch Central Bank in line with the Capital Requirements Directive (CRD) IV as included in the Revised Capital Requirements Directive.

Capital management and solvency

Pursuant to guidance issued by the regulator, the level of capital is subject to certain requirements. Knab's capital is reviewed against its on-balance sheet and off-balance sheet assets. These assets are weighted according to their risk level. The minimum total capital ratio is 8%. The table below shows the amounts at 31 December 2024 and 31 December 2023, calculated in accordance with the CRD IV requirements.

Capital management and solvency	2024	2023
Paid up capital instruments	37,437	37,437
Share premium	476,751	476,751
Retained earnings	350,148	241,261
Profit / (loss) attributable to parent company's owners	117,857	134,434
(-) Part of interim or year-end profit not eligible	(117,857)	(42,364)
Dividend	-	(25,547)
Accumulated other comprehensive income	(5,234)	(26,440)
Adjustments to CET1 due to prudential filters	(497)	(923)
(-) Other intangible assets before deduction of deferred tax liabilities	(11,394)	(8,831)
(-) Insufficient coverage for non-performing exposures	(1,695)	(915)
CET1 Capital	**845,516**	**784,864**
Additional Tier 1 Capital	-	-
Tier 1 Capital	**845,516**	**784,864**
Part of interim or year-end profit not eligible	117,857	42,364
Adjustments to CET1 due to prudential filters	497	923
(+) Other intangible assets before deduction of deferred tax liabilities	11,394	8,831
(+) Insufficient coverage for non-performing exposures	1,695	915
IFRS Capital	**976,959**	**837,896**
Risk-weighted assets	3,165,743	3,399,599
CET1 Ratio	**26.71%**	**23.09%**
Total Capital Ratio	**26.71%**	**23.09%**

For 2023 the net result, for the period ended 30 September 2023, were already included in CET1 capital as it applied article 26(2) of Regulation (EU) No 575/2013.

Regulation and supervision

General

The Dutch financial sector is subject to regulation under the Financial Supervision Act (‘*Wet op het financieel toezicht or Wft*’). The Wft sets out the cross-sectoral and functional approach of the Dutch supervisory system. Supervision of financial institutions under the Wft rests with the Dutch Central Bank (‘*DNB*’) and the Dutch Financial Markets Authority (‘*AFM*’). In supervising business conduct, the AFM focuses on ensuring orderly and transparent financial market processes, integrity in the relationships between market parties, and due care in the provision of services to customers.

The supervisory authorities have a number of formal tools to exercise their supervisory tasks. These tools include the authority to request information, if this is necessary for the purpose of prudential supervision, and the power to issue formal instructions to financial institutions, impose fines, or publish sanctions. The prudential regulatory authority may, under certain circumstances, require the submission of a recovery plan or short-term financing plan, appoint a trustee, draw up a transfer plan, or ultimately withdraw the license of a financial institution.

Financial supervision of credit institutions

Since 4 November 2014, Knab has been subject to indirect supervision by the ECB under the new European system of banking supervision, the Single Supervisory Mechanism (SSM), which comprises the European Central Bank and the relevant national authorities of participating EU member states. The SSM is one of the elements of the Banking Union. Following the acquisition by BAWAG on 1 November2024, Knab qualifies as a subsidiary of BAWAG, and consequently as a significant supervised entity as part of the significant supervised group headed by BAWAG according to EU legislation. The ECB and SRB, as the competent authority and resolution authority, assumes the direct supervision of Knab. DNB in their roles as competent authority and national resolution authority will contribute to the Joint Supervisory Team (JST) and Inter Resolution Team (IRT) of BAWAG including Knab. Knab is required amongst other things to file monthly, quarterly and yearly regulatory reports and an audited Annual Report to the DNB in its capacity as the banking regulator.

Directives and Regulations

Credit institutions are subject to regulatory requirements. These include (without limitation) capital and liquidity requirements, the requirement to maintain a certain leverage ratio, governance and reporting requirements in line with the requirements of EU Directive 2013/36/EU (CRD) and EU Regulation 575/2013 (CRR).

On 19 June 2024 the final texts of the Capital Requirements Regulation 3 (CRR3) and Capital Requirements Directive 6 (CRD6) were published. CRR 3 entered into force per 9 July 2024 and will largely apply directly in all EU Member States from 1 January 2025, with the exception of specific amendments, which will already apply from 9 July 2024. These exceptions mainly concern the update of definitions or the establishment of mandates for the European Banking Authority to develop Level 2 and 3 legislation. Institutions must comply with the new legal requirements as of the application date.
The CRD6 entered also into force per 9 July 2024, but as a Directive the changes will need to be transposed into national law in each Member State before they become applicable. The Dutch Ministry of Finance has 18 months to implement the new CRD6 into Dutch legislation. The provisions of CRD6 must largely be applied from 11 January 2026.
Knab will be mainly impacted by revisions to the standardised approach for regulatory capital calculations of exposures secured by mortgages on residential property and the introduction of a revised standardised approach for operational risk which will be applicable to all banks.

IFRS sensitivities

The sections below describe the estimated sensitivity of Knab’s net income and equity in various scenarios. The analyses show how net income and equity would be affected by movements in each type of market risk at the reporting date. These possible changes are designated as shocks since, for purposes of determining sensitivities, they are deemed to occur suddenly.

Each sensitivity analysis sets out the extent to which a given shock could affect management’s critical estimates and assessments when applying Knab’s reporting policies. Market-consistent assumptions are applied to the measurement of unlisted investments and obligations. Although management’s short-term assumptions may change if there is a reasonable change in a risk factor, long-term assumptions are not altered unless there is evidence of a permanent change. This is reflected in the sensitivity analyses below.

The analysis of each type of market risk assumes that the exposures on the reporting date are representative of the entire year and that the shocks occur at the beginning of the year. The analysis results ignore risk management measures taken to cushion losses to the extent that they are not reflected in the reporting. Depending on movements in the financial markets, these measures may include disposals of investments, changing the composition of the investment portfolio, and adjusting interest rates on customer deposits. Mitigating action by management is only taken into account to the extent that it forms part of existing policy and procedures, such as existing hedging programs and adjustments to interest rates. One-off action requiring a change in policy is ignored.

The results also ignore interactions between risk factors and assume that no changes in circumstances have occurred with respect to all other assets and liabilities. Consequently, the results of the analyses cannot be extrapolated or interpolated for smaller or larger variations, as the effects need not be linear.

The sensitivity results do not represent the outcomes that would have been achieved if risk components had been different, because the analyses are based on exposures at year-end rather than the actual exposures during the year. Nor are the sensitivity results intended as a reliable prediction of future income or equity. Furthermore, the analyses do not take into account the variety of options available to management to respond to changes in the financial markets, such as reallocating portfolio assets. In addition, the sensitivities are not a reliable forecast of the impact of a possible shock on another date, as the portfolio may then have a different composition.

In addition to the IFRS sensitivities, risk management also takes into account the risks which only indirectly impact the IFRS sensitivities. This holds especially for interest rate risk, where the market value of equity is one of the metrics used for hedging.

Foreign exchange risk

Knab faces limited currency risk on exposures denominated in a currency other than the euro. Currency risk in the investment portfolios is managed using asset liability matching principles and hedged using FX derivatives within Knab's risk appetite for foreign currency exposures. Please refer to currency risk disclosure on page 68.

Interest rate risk

Interest rate risk is an important risk type inherent to banking activities. It arises from the transformation function performed by banks: funding long-term loans with short-term deposits. Maturity and interest rate type mismatches in the bank's assets and liabilities expose the bank to the risk of changing interest rates on the money and capital markets. This has a potentially adverse impact on economic value and earnings. Interest rate risk is increased by options embedded in many of the common banking products (i.e. prepayment options for mortgages). Interest rates are an important driver for the valuation and risks inherent to such options.

From a capitalisation for IRRBB perspective, the European Banking Authority requires banks 'to not only rely on the Supervisory Outlier Test (SOT)'. Knab interprets this as: "Institutions should take both the SOT and internal scenarios into account". Knab is therefore of the opinion that the appropriate way to capitalise for IRRBB, is to use a set of scenarios, that includes both the SOT scenarios and internal scenarios. The Knab specific scenarios are internally developed interest rate and CPR (conditional prepayment rate) shock scenarios that reflect the nature, scale and complexity of Knab's portfolio. The scenarios make the capitalisation formula transparent and allow for the explicit inclusion of SOT and internal scenarios. The capitalisation framework and IRRBB stress testing take into account Economic Value of Equity (EVE) at Risk and Earnings at Risk.

Knab's IRRBB strategy centres around balancing EVE at Risk and Earnings at risk. The valuation methodology Knab applies is based on risk-free discounting, meaning that product-specific spreads are not taken into account. The Duration of T1 Equity (DoT1E) limit allows for exposure between 0 - 3.5 years in DoT1E. As of 31 December 2024, Knab's DoT1E position was 1.36 years (€ 93 thousand DV01, (€ 92 thousand in 2023).

Interest rates at the end of each of the last five years

	2024	2023	2022	2021	2020
3-month Euribor	2.74%	3.91%	2.13%	(0.57%)	(0.55%)
10-year Dutch government	2.60%	2.32%	2.91%	(0.04%)	(0.48%)

The tables below show the earlier of the contractual interest rate adjustment date and maturity date for investments.

2024	Note	< 1 year	1 < 5 year	5 < 10 year	> 10 year	Total
Financial assets FVOCI	8	254,043	6,493	-	-	260,535
- Mortgage loans		577,408	1,850,219	4,099,210	6,548,426	13,075,263
- Small and Medium Enterprise loans		34,122	62,351	684	-	97,157
- Other loans		-	-	13	-	13
Total loans	7	611,530	1,912,570	4,099,907	6,548,426	13,172,433
Total financial assets and loans		**865,572**	**1,919,063**	**4,099,907**	**6,548,426**	**13,432,968**

2023	Note	< 1 year	1 < 5 year	5 < 10 year	> 10 year	Total
Financial assets FVOCI	8	521,521	352,253	-	-	873,774
- Mortgage loans		581,618	1,549,981	3,486,756	7,082,243	12,700,598
- Small and Medium Enterprise loans		12,028	160,917	767	-	173,712
- Other loans		12,000	-	42	-	12,042
Total loans	7	605,646	1,710,897	3,487,565	7,082,243	12,886,352
Total financial assets and loans		**1,127,167**	**2,063,151**	**3,487,565**	**7,082,243**	**13,760,126**

Sensitivity to interest rates

Knab's net income and equity are sensitive to changes in interest rates. Knab measures this sensitivity for its various holdings of financial assets and liabilities. Interest rate changes may cause different assets to have different effects on net income and equity. The table below shows the estimated total effect of a parallel shift in the yield curve on net income and equity.

	2024		2023	
Parallel movement in yield curve	Estimated approximate effect		Estimated approximate effect	
	Net income	Equity	Net income	Equity
Shift up 100 basis points	(4,422)	(7,635)	(28,495)	(6,572)
Shift down 100 basis points	4,489	5,381	27,661	7,974

Following the transfer to the BAWAG Group, for financial statement reporting purposes Knab decided to fully replace sensitivity reporting as used within the Aegon / ASR group by models of Knab. The 2023 value have been restated to provide like for like information in line with the models used for 2024. The decrease in interest rate sensitivity on net income in 2024 is mainly due to the implementation of a strategy to steer more on our duration of Equity in order to reduce volatility in monitoring the NII SOT metric. Although this steering also impact sensitivity toward equity this effect was almost fully offset by the lower OCI and interest sensitivity thereof driven by the sale of a significant part of this debt securities portfolio.

Credit risk management

Estimating credit exposure for risk management purposes is a complex process that requires the use of models, as the exposure varies with changes in market conditions, expected cash flows, and the passage of time. Determining the credit risk of a portfolio of assets also involves estimating the likelihood of defaults occurring, the associated loss ratios, and default correlations between counterparties. Knab measures credit risk using Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). This is in line with the approach adopted for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. See note 'Measuring ECL – Inputs, assumptions and estimation techniques' for more details.

Knab manages credit risk through diversification and by setting permanent and temporary exposure limits for asset classes, rating categories, sectors, countries, and individual counterparties or groups. Exposures are reported and reviewed against these set limits at least once every month. Knab also applies deterministic stress scenarios (credit spread shocks) to measure the effects on its net income, equity, and solvency. These effects are tested against the set limits. Where necessary, adjustments are made to mitigate the exposures. As with any management adjustment, expert judgment is involved and subject to a high degree of inherent uncertainty and so the actual outcomes may differ significantly from those projected.

To manage concentrations of exposure to individual counterparties and groups of counterparties, and to encourage credit risk spreading in debt securities, Knab uses a policy of internal and external limits. Internal limits are set on the basis of the issuer's credit rating. At 31 December 2024, the credit limits applied by Knab in millions of euros were as follows:

2024	
Credit ratings	
	Limit Amount (EURm)
Sovereign Maximum Single name Exposure	
AAA - AA	270
A	72
BBB	50
IG Credits Maximum Single name Exposure	
AAA - A	72
BBB	50

If a credit rate downgrade causes the credit risk to exceed a set limit, the risk is lowered to within the set limit once this becomes practically possible, with the limit being dependent on the quality of the asset in question. Any deviation from these limits will, in all cases, require the explicit approval of Knab's Management Board.

Similar to other banks, Knab also prevents concentrations of exposure to individual counterparties and groups of counterparties by applying the 'large exposures rules' set out in Chapter 7 of the Dutch Regulation on Solvency Requirements for Credit Risk ('*Regeling solvabiliteitseisen voor het kredietrisico*'), which in turn is based on the Prudential Rules Decree ('*Besluit prudentiële regels*') (Sections 102-104).

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

1) A financial instrument that is not credit-impaired on initial recognition is classified into 'Stage 1' and has its credit risk continuously monitored by Knab.

   a) If a significant increase in credit risk (SICR) since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired. See note 'Significant increase in credit risk (SICR)' for a description of how Knab determines when a significant increase in credit risk has occurred.

   b) If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. See note 'Definitions of default and credit-impaired assets' for a description of how Knab defines credit-impaired and default.

2) Financial instruments in Stage 1 have their ECL measured at a 12-month expected credit loss that result from default events possible within the next 12 months.

3) Financial instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. See note 'Measuring ECL – Inputs, assumptions and estimation techniques' for a description of inputs, assumptions and estimation techniques used to measure ECL.

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 'Forward-looking information incorporated into the ECL models' includes an explanation of how Knab has incorporated this into its ECL models.

The following diagram summarises the impairment requirements under IFRS 9:

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Knab employs separate models to calculate ECL on the following asset classes:
- Mortgage loans;
- SME loans:
  - SME loans platform lending;
  - Knab business lending; and
- Debt securities

For SME loans, a simplified IFRS 9 calculation approach is used since 2024. Fixed Probability of Loss parameters were determined per stage and portfolio, based on historic portfolio loss rates. Similarly, fixed Loss Given Loss (LGL) parameters were set, taking into account government guarantees. Forward-looking information is included on an expert judgment basis. Financial Risk Management obtains the Moody's UK GDP forecast on a monthly basis, to be aware of the macroeconomic outlook. CRM also provides this forecast to the Provisions Committee on a monthly basis, such that the Committee Members can also raise concerns if they deem it necessary. This assessment is forward-looking and not a response to worse portfolio performance. In case the Provisions Committee members see the need for a change in provisions due to forward-looking expectations not considered in the model estimate, i.e. a deteriorating macroeconomic environment in the UK, an overlay will be applied to the model outcomes. As the Knab business lending is relatively small in size of notional and provision we show only combined information on SME loans in this chapter.

Debt securities are covered by a single model because these portfolios are all managed in a similar fashion. Asset classes not covered by the ECL calculations are considered either to have immaterial credit risk or to be short-term in nature. Given the need to adapt the models to the different portfolio characteristics, all ECL models use different key judgments and assumptions.
As such, the paragraphs below outline the key judgments and assumptions made by Knab in addressing the requirements of IFRS 9 on a model-by-model basis. Knab does apply a simplified approach to its ECL models.

Significant increase in credit risk (SICR)

Knab considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

	Quantitative criteria	Qualitative criteria	Backstop criteria
Mortgage loans	Variation in Forward-in-Time Probability of Default	Forborne Exposure	30 days past due backstop
SME loans	Variation in Forward-in-Time Probability of Default	Forborne Exposure	30 days past due backstop
Debt securities	Relative changes in rating	Watch-list approach	5 days past due backstop

Quantitative criteria
For mortgage loans, and SME loans significant increase in credit risk is assumed when forbearance measures have been applied.

For debt securities, the following additional qualitative criteria is used:
- Watchlist flag
- Forborne flag
- Backstop: >30 days past due.

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level for all financial instruments held by Knab. In relation to debt securities, where a watchlist is used to monitor credit risk, this assessment is performed at counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the 2nd line Credit Risk team.

Backstop
A backstop is applied to the mortgage loan portfolios to exposures which are considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments. No backstop is applied to debt securities, given that the 30 days past due presumption is rebutted based on the default backstop being 5 days past due on these instruments.

Knab uses the low credit risk exemption for debt securities. As such, external and internal credit ratings, respectively, are used to assess whether a significant increase in credit risk has occurred for these assets.

Definitions of default and credit-impaired assets
Knab assesses whether a financial instrument is in default or credit-impaired using the following criteria:

	Quantitative criteria	Qualitative criteria
Mortgage loans	90 days past due backstop	- Foreclosure - Sale at material economic loss (>5%) - Distressed restructuring
SME loans platform lending	90 days past due backstop	- Sale at material economic loss (>5%) - Distressed restructuring
Knab Business Lending	90 days past due backstop	- Bankruptcy - Pulling effect
Debt securities	5 days past due backstop	- Non-accrued status - Distressed restructuring - Forborne non-performing exposures - Specific Credit Risk Adjustment - Sale of exposure at a significant loss (>5%) - Hard triggers for UTP that assign default internally

Knab will consent to a distressed restructuring of the credit obligation if it is likely to result in a lower financial obligation caused by material forgiveness or postponement of the principal amount, interest or, where relevant, fees. With regard to distressed restructuring of credit obligations, the threshold for sale at material economic loss is set at 5%.

The definition of default has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given No Cure (LGN) throughout Knab's expected loss calculations.

An instrument is considered to no longer be in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of three months, and an assessment has shown that the obligor is no longer unlikely to pay. When cured, the instrument will be moved from Stage 3 to Stage 2 or Stage 1. The three-month period has been determined on the basis of regulatory requirements which consider the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

Measuring ECL – Inputs, assumptions and estimation techniques

ECL is measured on either a 12-month basis (Stage 1) or lifetime basis (Stages 2/3) depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired.

Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12-month PD), or over the remaining lifetime (lifetime PD) of the obligation;
- EAD is based on the amounts Knab expects to be owed at the time of default, over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD); and
- Loss Given Default (LGD) represents Knab's expectation of the extent of the loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of the claim, and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where the 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months, and the lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The discount rate used to calculate ECL is the original effective interest.

The lifetime PD of a financial instrument is calculated as the total of the probabilities of all future developments covered by the ECL. All possible future developments are enumerated and for each future development a probability is calculated. The possibility of full prepayment is included as a possible future development. The probability of each possible future development is estimated using statistical modelling techniques.

Expected credit losses measured on a Stage 3 lifetime basis are the discounted product of the expected amount of exposure that will default without cure, and the Loss Given No-cure (LGN) is, defined as follows:

- The expected amount that will default without cure is calculated as the current exposure amount times the sum of probabilities over possible future developments that result in default without cure. All possible future developments are enumerated and for each future development a probability is calculated. The possibility that an exposure amount is repaid by means of scheduled payments or unscheduled prepayments is included as a possible future development. The probability of each possible future development is estimated using statistical modelling techniques; and
- The LGN represents the expected extent of the loss on an exposure that defaults without cure. The LGN varies by type and amount of exposure, type and amount of collateral available, the presence of other credit support, the duration of default, and the macro-economic forecast. The LGN is expressed as a percentage loss per unit of exposure at the time of default. The LGN is calculated for each future quarter.

The LGN is based on factors that impact the recoveries made post-default. These vary by product type:

- For mortgages, this is primarily based on the collateral type and projected value, the estimated recovery rate on the collateral, NHG guarantee eligibility, the housing price index and savings proceeds when applicable; and
- For debt securities, LGN are estimated by applying a statistical modelling technique to historical recovery rate data provided by rating agencies.

Forward-looking economic information is considered in determining the 12-month and lifetime ECLs, and the lifetime PD by using a set of variables describing the state of the macro economy as input for calculating of the LGN and the probability of default and prepayment.

Forward-looking information incorporated into the ECL models

The assessment of significant increases in credit risk (SICR) and the calculation of ECL both incorporate forward-looking information. Knab has performed historical analyses to identify the key economic variables impacting credit risk and expected credit losses for each portfolio. Expert judgment was also applied in this process.

These economic variables and their associated impact on the ECL and Lifetime PD vary by financial instrument. Forecasts of these economic variables (the "base economic scenario") are derived from Moody's. They provide an economic outlook for the next three years. After three years, a mean reversion approach is adopted to project the economic variables for the full remaining lifetime of each instrument, meaning that economic variables have either a long-run average rate (i.e. for unemployment) or a long-run average growth rate (i.e. GDP) over a period of three years.

A statistical regression analysis has been performed to understand the impact that changes in these macro-economic variables have historically had on default rates, prepayment rates, and the LGN.

Three macro-economic scenarios (upside, downside, and base) have been generated, taking into account their historically observed correlations. The upside and downside scenarios are generated by applying shocks to the historical average deviation from the long-term mean observed in the best / worst 25% of historically observed quarters. The shocks applied correspond to the historical average deviation from the long-term mean observed in the best / worst 25% of historically observed quarters. The ECL is a weighted average of the expected credit losses in all three macro-economic scenarios, where the weighting depends on the likelihood of the scenario. Using multiple economic scenarios ensures that the ECL represents the best estimate of expected credit losses and does not just represent the credit losses in the most likely scenario.

The SICR is assessed using the lifetime PD under each of the scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators. This determines whether the entire financial instrument is in Stage 1, Stage 2, or Stage 3, and hence whether a 12-month or lifetime ECL should be recorded. Following this assessment, Knab measures ECL as either a probability-weighted 12-month ECL (Stage 1), or a probability-weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecast, the projections and likelihoods of occurrence are inherently subject to a high degree of uncertainty and so the actual outcomes may differ significantly from those projected. Knab considers these forecasts to represent its best estimate of the possible outcomes.

Variable economic assumptions

The most significant forward-looking considerations used for the ECL estimate as at 31 December 2024 are set out below. The “base”, “upside” and “downside” scenarios were used for all portfolios.

Mortgage loans	House price index
Consumer loans and SME loans	Domestic demand Gross domestic product
Debt securities	
Sovereign:	· Inflation · Long Term Yield · Government Effectiveness
Corporate:	
	· Gross Domestic Product (Eurozone) · Yield structure (Euro), i.e. · 10Y Yield – 3M Euribor · AR(1), i.e. autocorrelation with last observed default rate

The weightings assigned to each economic scenario were as follows:

	Base	Upside	Downside
Mortgages	Base	Upside	Downside
At 31 December 2024	45%	29%	26%
Debt securities	Base	Upside	Downside
At 31 December 2024	45%	29%	26%
Mortgages	Base	Upside	Downside
At 31 December 2023	45%	29%	26%
Unsecured loans and debt securities	Base	Upside	Downside
At 31 December 2023	40%	30%	30%

Other forward-looking information not otherwise incorporated into the above scenarios, such as the impact of regulatory, legislative or political changes, was also considered, but was not deemed to have a material impact and so no adjustment was made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

The most significant assumptions affecting the ECL allowance are as follows:

Mortgage loans portfolio:
- House price index, because it provides an indication of mortgage collateral valuations.

Set out below are the changes to the ECL that would result from reasonably possible changes in these parameters from the actual assumptions used in Knab's economic variable assumptions:

2024	Stress scenario	
	(10%)	+10%
House price index	18	(17)
2023	Stress scenario	
	(10%)	+10%
House price index	5	(5)

Write-off policy
Knab will write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) the cessation of enforcement activity and (ii) where Knab's recovery method is to foreclose collateral and the value of the collateral is such that there is no reasonable expectation of recovering the debt in full.

Knab may write off financial assets that are still subject to enforcement activity. Loans are written off if a loan has been in an arrear's status for three years. Knab will still seek to fully recover amounts it is legally owed, but which have been partially written off due to no reasonable expectation of full recovery.

Modification of financial assets
Knab will sometimes modify the terms of loans granted to customers following commercial renegotiations or in the event of distressed loans, for the purpose of maximising recovery. These restructuring activities may include extended payment terms and, can happen in , penalty interest arrangements. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payments will most likely continue. These policies are kept under continuous review.

The risk of default on those assets after modification is assessed at the reporting date and compared with the risk under the original terms on initial recognition, if the modification is not substantial and so does not result in derecognition of the original asset. Knab monitors the subsequent performance of modified assets. Knab may determine that credit risk has significantly improved after restructuring and so move the assets from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This will be done only for assets which have performed in accordance with the new terms for three consecutive months or more.

Knab will continue to monitor whether there is a subsequent significant increase in credit risk in relation to those assets by using specific models for modified assets.

Loss allowance
The loss allowance recognised during the year was impacted by a variety of factors, as described below:
- Transfers between stages due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired during the year, and the consequent "step up" (or "step down") between the 12-month and lifetime ECLs;
- Additional allowances for new financial instruments recognised during the year, as well as releases for financial instruments derecognised during the year;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs during the year, arising from regular refreshing of inputs to models;

- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Foreign exchange revaluations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the year and write-offs of allowances related to assets that were written off during the year.

The following tables show the changes in the loss allowance between the beginning and end of the year due to these factors:

Mortgage loans measured at amortised cost	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Loss allowance at 1 January 2024	1,086	846	337	2,269
Stage transfers	138	(238)	(68)	(168)
New financial assets originated or purchased during the year	21	16	4	41
Changes in PD / LGD / EAD	(990)	(212)	27	(1,176)
Changes to model assumptions and methodologies	-	-	-	-
Financial assets derecognised or redeemed during the year	(63)	(93)	(68)	(225)
Write-offs	-	-	-	-
Other movements	-	-	-	-
Loss allowance at 31 December 2024	**191**	**319**	**232**	**742**

Mortgage loans measured at amortised cost	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Loss allowance at 1 January 2023	661	2,120	396	3,177
Stage transfers	191	(775)	(47)	(631)
New financial assets originated or purchased during the year	122	51	9	181
Changes in PD / LGD / EAD	(144)	151	130	138
Changes to model assumptions and methodologies	308	(504)	(106)	(302)
Financial assets derecognised or redeemed during the year	(51)	(196)	(46)	(293)
Write-offs	-	-	-	-
Other movements	-	-	-	-
Loss allowance at 31 December 2023	**1,086**	**846**	**337**	**2,269**

SME loans measured at amortised cost	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Loss allowance at 1 January 2024	1,786	1,487	10,526	13,799
Stage transfers	(2,489)	(252)	2,928	188
New financial assets originated or purchased during the year	282	37	190	508
Changes in PD / LGD / EAD	2,256	884	1,128	4,268
Changes to model assumptions and methodologies	515	(465)	293	343
Financial assets derecognised or redeemed during the year	(866)	(1,109)	(1,666)	(3,640)
Write-offs	-	-	(551)	(551)
FX and other movements	51	24	608	683
Loss allowance at 31 December 2024	**1,535**	**608**	**13,456**	**15,598**

SME loans measured at amortised cost	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Loss allowance at 1 January 2023	1,858	7,495	24,482	33,836
Stage transfers	(1,030)	(111)	1,583	441
New financial assets originated or purchased during the year	140	9	-	149
Changes in PD / LGD / EAD	1,161	(116)	2,712	3,757
Changes to model assumptions and methodologies	301	(2,834)	1,375	(1,158)
Financial assets derecognised or redeemed during the year	(683)	(2,989)	(19,778)	(23,450)
Write-offs	-	-	(96)	(96)
FX and other movements	38	34	248	321
Loss allowance at 31 December 2023	**1,786**	**1,487**	**10,526**	**13,799**

Debt securities measured at FVOCI	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Loss allowance at 1 January 2024	986	-	-	986
Stage transfers	-	-	-	-
New financial assets originated or purchased during the year	4	-	-	4
Changes in PD / LGD / EAD	(20)	-	-	(20)
Changes to model assumptions and methodologies	-	-	-	-
Financial assets derecognised or redeemed during the year	(916)	-	-	(916)
Write-offs	-	-	-	-
Other movements	-	-	-	-
Loss allowance at 31 December 2024	**54**	**-**	**-**	**54**

Debt securities measured at FVOCI	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Loss allowance at 1 January 2023	1,453	-	-	1,453
Stage transfers	-	-	-	-
New financial assets originated or purchased during the year	1	-	-	1
Changes in PD / LGD / EAD	(354)	-	-	(354)
Changes to model assumptions and methodologies	-	-	-	-
Financial assets derecognised or redeemed during the year	(114)	-	-	(114)
Write-offs	-	-	-	-
Other movements	-	-	-	-
Loss allowance at 31 December 2023	**986**	**-**	**-**	**986**

The loss allowance for debt securities measured at FVOCI of € 0.1 million (2023: € 1.0 million) did not reduce the carrying amount of these investments (which are measured at fair value) but gave rise to an equal and opposite gain in OCI.

Based on the tables above the following table presents a reconciliation of movements in the loss allowance that had an impact on the income statement with the net impairment charge presented in the income statement.

The following tables further specify the changes in gross carrying amounts to help explain their significance for the changes in the loss allowance for the same portfolios as discussed above.

	2024	2023
Mortgage loans measured at amortised cost	(1,528)	(908)
Consumer loans measured at amortised cost	-	(223)
SME loans measured at amortised cost	1,444	(2,372)
Debt securities measured at FVOCI	(932)	(467)
Net impairment charge / (reversal) in income statement	**(1,016)**	**(3,970)**

Mortgage loans measured at amortised cost	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Gross carrying amount at 1 January 2024	12,369,815	320,203	12,850	12,702,868
Stage transfers	41,394	(40,431)	(963)	-
New financial assets originated or purchased during the year	1,292,100	9,526	299	1,301,925
Financial assets derecognised or redeemed during the year (other than write-offs)	(1,024,389)	(39,065)	(2,463)	(1,065,917)
Modification of contractual cash flows from financial assets	-	-	-	-
Write-offs	-	-	-	-
Other movements	137,129	-	-	137,129
Gross carrying amount at 31 December 2024	**12,816,049**	**250,233**	**9,723**	**13,076,005**

Mortgage loans measured at amortised cost	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Gross carrying amount at 1 January 2023	10,817,924	812,330	10,863	11,641,117
Stage transfers	444,502	(447,547)	3,045	-
New financial assets originated or purchased during the year	1,550,977	19,133	126	1,570,236
Financial assets derecognised or redeemed during the year (other than write-offs)	(768,955)	(63,713)	(1,184)	(833,852)
Modification of contractual cash flows from financial assets	-	-	-	-
Write-offs	-	-	-	-
Other movements	325,367	-	-	325,367
Gross carrying amount at 31 December 2023	**12,369,815**	**320,203**	**12,850**	**12,702,868**

Other movements mainly includes the movement of the basis adjustment and the amortisation thereof.
Please refer to Note 7 'Derivatives'.

SME loans measured at amortised cost	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Gross carrying amount at 1 January 2024	154,536	15,235	17,740	187,511
Stage transfers	(4,588)	(685)	5,273	-
New financial assets originated or purchased during the year	15,487	1,020	284	16,790
Financial assets derecognised or redeemed during the year (other than write-offs)	(78,325)	(10,410)	(6,282)	(95,017)
Modification of contractual cash flows from financial assets	-	-	-	-
Write-offs	-	-	(632)	(632)
FX and other movements	3,157	187	759	4,103
Gross carrying amount at 31 December 2024	**90,266**	**5,347**	**17,142**	**112,755**

SME loans measured at amortised cost	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Gross carrying amount at 1 January 2023	140,915	141,263	37,608	319,786
Stage transfers	55,274	(62,277)	7,003	-
New financial assets originated or purchased during the year	6,684	212	50	6,945
Financial assets derecognised or redeemed during the year (other than write-offs)	(51,786)	(64,314)	(40,330)	(156,430)
Modification of contractual cash flows from financial assets	-	-	-	-
Write-offs	-	-	12,768	12,768
FX and other movements	3,450	351	641	4,442
Gross carrying amount at 31 December 2023	**154,536**	**15,235**	**17,740**	**187,511**

Debt securities measured at FVOCI	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Gross carrying amount at 1 January 2024	873,774	-	-	873,774
Stage transfers	-	-	-	-
New financial assets originated or purchased during the year	146,952	-	-	146,952
Financial assets derecognised or redeemed during the year (other than write-offs)	(769,024)	-	-	(769,024)
Modification of contractual cash flows from financial assets	-	-	-	-
Write-offs	-	-	-	-
Other movements	8,834	-	-	8,834
Gross carrying amount at 31 December 2024	**260,535**	**-**	**-**	**260,535**

Debt securities measured at FVOCI	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Gross carrying amount at 1 January 2023	1,069,068	-	-	1,069,068
Stage transfers	-	-	-	-
New financial assets originated or purchased during the year	69,212	-	-	69,212
Financial assets derecognised or redeemed during the year (other than write-offs)	(288,398)	-	-	(288,398)
Modification of contractual cash flows from financial assets	-	-	-	-
Write-offs	-	-	-	-
Other movements	23,892	-	-	23,892
Gross carrying amount at 31 December 2023	**873,774**	**-**	**-**	**873,774**

Other movements for Debt securities measured at FVOCI mainly relate to fair value movements and amortisation.

Credit risk exposure

Maximum exposure to credit risk – Financial instruments subject to impairment

The following tables provide an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. See 'Expected credit loss measurement' for a more detailed description of ECL measurement. All asset classes not presented here are deemed to have no material credit risk or to be of a short-term nature. The gross carrying amounts of financial assets as shown below also represent Knab's maximum exposure to credit risk on the assets.

Mortgage loans measured at amortised cost	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit-impaired)	Stage 3 (Lifetime ECL credit-impaired)	Total
Investment grade (NHG-guaranteed)	6,802,595	208,707	4,174	7,015,476
Investment grade (Non-NHG-guaranteed)	6,012,982	39,200	2,343	6,054,525
Standard / Special monitoring	473	2,326	3,205	6,004
Gross carrying amount	**12,816,050**	**250,233**	**9,722**	**13,076,005**
Loss allowance	191	319	232	742
Net carrying amount at 31 December 2024	**12,815,859**	**249,914**	**9,490**	**13,075,263**

Mortgage loans measured at amortised cost	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit-impaired)	Stage 3 (Lifetime ECL credit-impaired)	Total
Investment grade (NHG-guaranteed)	6,638,200	263,768	5,689	6,907,656
Investment grade (Non-NHG-guaranteed)	5,731,057	54,283	3,016	5,788,357
Standard / Special monitoring	558	2,152	4,145	6,855
Gross carrying amount	**12,369,815**	**320,203**	**12,850**	**12,702,868**
Loss allowance	1,086	846	337	2,269
Net carrying amount at 31 December 2023	**12,368,729**	**319,357**	**12,513**	**12,700,599**

For credit risk purposes, mortgages are classified as NHG-guaranteed, non-NHG-guaranteed, and mortgages with standard / special monitoring. Mortgages which are more than 60 days in arrear are classified as subject to standard / special monitoring.

SME loans measured at amortised cost	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit-impaired)	Stage 3 (Lifetime ECL credit-impaired)	Total
Days in arrears				
0-30	90,266	4,257	289	94,813
31-60	-	796	200	997
61-90	-	293	650	943
> 90	-	-	16,002	16,002
Gross carrying amount	**90,266**	**5,347**	**17,142**	**112,755**
Loss allowance	1,535	608	13,456	15,598
Net carrying amount at 31 December 2024	**88,732**	**4,739**	**3,686**	**97,157**

SME loans measured at amortised cost	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit-impaired)	Stage 3 (Lifetime ECL credit-impaired)	Total
Days in arrears				
0-30	154,536	13,420	367	168,323
31-60	-	772	893	1,665
61-90	-	1,042	732	1,775
> 90	-	-	15,748	15,748
Gross carrying amount	**154,536**	**15,235**	**17,740**	**187,511**
Loss allowance	1,786	1,487	10,526	13,799
Net carrying amount at 31 December 2023	**152,750**	**13,748**	**7,214**	**173,712**

The credit risk of Knab's retail SME loans is determined using a combination of loan application and behavioural characteristics. At the time of loan origination, the key factor in assessing credit risk is the credit rating provided by the lending platform at origination. During the loan's lifetime, the customer's payment behaviour (i.e., arrears status and prepayments) is the key factor in determining the loan's credit risk.

Debt securities measured at FVOCI	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit-impaired)	Stage 3 (Lifetime ECL credit-impaired)	Total
AAA	-	-	-	-
AA	215,375	-	-	215,375
A	45,161	-	-	45,161
BBB	-	-	-	-
Carrying amount	**260,535**	**-**	**-**	**260,535**
Loss allowance (recorded in OCI)	54	-	-	54
Net carrying amount at 31 December 2024	**260,535**	**-**	**-**	**260,535**

Debt securities measured at FVOCI	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL not credit-impaired)	Stage 3 (Lifetime ECL credit-impaired)	Total
AAA	7,723	-	-	7,723
AA	351,627	-	-	351,627
A	315,507	-	-	315,507
BBB	198,917	-	-	198,917
Carrying amount	**873,774**	**-**	**-**	**873,774**
Loss allowance (recorded in OCI)	986	-	-	986
Net carrying amount at 31 December 2023	**873,774**	**-**	**-**	**873,774**

Maximum exposure to credit risk – Financial instruments not subject to impairment

The following table provides an analysis of the maximum credit risk exposure arising from financial assets not subject to impairment (i.e. FVPL or application of the low credit risk exemption). For asset classes not included in the table below, their gross carrying amount best represents Knab's credit risk exposure to these items.

	Maximum exposure to credit risk	Master netting agreements	Total collateral	Net exposure
Cash and amounts due from banks	2,757,934	-	-	2,757,934
Derivatives	477,749	477,749	477,749	-
Other financial assets	131,084	-	-	131,084
At 31 December 2024	**3,366,768**	**477,749**	**477,749**	**2,889,018**

	Maximum exposure to credit risk	Master netting agreements	Total collateral	Net exposure
Cash and amounts due from banks	2,538,168	-	-	2,538,168
Derivatives	1,188,726	1,184,073	1,184,073	4,653
Other financial assets	214,381	-	-	214,381
At 31 December 2023	**3,941,275**	**1,184,073**	**1,184,073**	**2,757,203**

Collateral and other credit enhancements

Knab employs a range of policies and practices to mitigate credit risk. The most common of these is to accept collateral for funds advanced. Knab has internal policies in place regarding the acceptability of specific classes of collateral or credit risk mitigation.

Knab performs a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal types of collateral for loans and advances are:
- Mortgages on residential properties;
- Guarantees given (i.e. NHG);
- Margin agreements for derivatives, for which Knab has also entered into master netting agreements;
- Charges over business assets such as premises, inventories, and accounts receivable; and
- Charges over financial instruments such as debt securities and equities.

Longer-term financing of and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than loans and advances varies according to the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. Derivatives are also collateralised.

Knab's policies regarding obtaining collateral did not significantly change during the reporting period and there has been no significant change in the overall quality of the collateral held by Knab since the prior period.

Knab closely monitors the collateral held for financial assets that are considered to be credit-impaired, as it is more likely that Knab will need to take possession of the collateral to mitigate potential credit losses.

Credit-impaired financial assets and the collateral held to mitigate potential losses on them are shown below:

2024	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Mortgage loans	9,722	232	9,490	9,494
SME loans	17,142	13,456	3,686	-
At 31 December	**26,864**	**13,688**	**13,176**	**9,494**

2023	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Mortgage loans	12,850	337	12,513	12,850
SME loans	17,740	10,526	7,214	-
At 31 December	**30,590**	**10,863**	**19,727**	**12,850**

The 'fair value of collateral held' column represents the value of individual mortgage loans (where the value of the property exceeds the value of the mortgage loan) because Knab is not entitled to this portion of the collateral.

The following table shows the distribution of Loan-to-Value ratios (LTV) for Knab's credit-impaired mortgage portfolio:

Mortgage portfolio - LTV distribution	**2024**	2023
Lower than 50%	1,261	1,615
50 to 60%	868	737
60 to 70%	1,556	1,825
70 to 80%	1,696	3,212
80 to 90%	1,206	4,151
90 to 100%	2,786	1,126
Higher than 100%	351	185
At 31 December	**9,723**	**12,850**

Credit risk concentration – debt securities

	2024	2023
ABSs- Collateralised Debt Obligations (CDOs)	-	-
Residential mortgage backed securities (RMBSs)	-	-
Total investments in unconsolidated structured entities	**-**	**-**
Financial - Banking	-	216,865
Financial - Other	-	46,498
Lender financing	5,536	-
Industrial	-	395,869
Public sector	83,379	-
Services	4,725	-
Utility	300	31,353
Sovereign exposure	166,595	183,190
Total	**260,535**	**873,774**
Of which past due and / or impaired assets	-	-

Credit risk concentration – mortgage loans

Fair value of the mortgage loan portfolio:	**2024**	2023
Fair value of mortgage loans	12,643,274	11,861,927
The average LTV	50.7%	54.4%
The portion of the portfolio that is government guaranteed	52.1%	54.4%
Delinquencies in the portfolio (defined as 60 days in arrears)	0.1%	0.1%
Impairments (reversals) during the year	(1,528)	(908)

Credit risk concentration - mortgage loans (excluding basis adjustment)	**2024**	2023
Residential apartment	1,884,942	1,827,376
Residential house	11,425,003	11,254,385
Other	52,566	1,297
Total	**13,362,511**	**13,083,059**

Currency risk

With respect to foreign currencies, the Bank´s policy is to hedge its exposure to foreign currency risk. Due to the nature of the unsecured loan book Knab is mainly exposed to the British pound. The Bank´s exposure at year-end is:

	2024			2023		
in €, unrounded	Exposure	Hedging instruments	Net exposure	Exposure	Hedging instruments	Net exposure
Assets / liabilities						
GBP exposure in Euro	86,089	-	-	175,303	-	-
Total Exposure	86,089	86,847	(758)	175,303	177,260	(1,957)

Equity market risk and other investment risks

Fluctuations in equity markets, real estate markets and capital markets may have a negative impact on Knab's profitability and capital position. However, Knab has no equity investments and is therefore not exposed to significant risks arising from shocks in equity prices.

Derivatives risk

Knab is exposed to foreign exchange rate fluctuations and movements in the fair value of its investments as a result of changes in the term structure of interest rates and credit spreads. To hedge some or all of this risk, Knab only uses conventional financial derivatives, such as interest rate swaps, futures, and currency contracts.

Liquidity risk

Knab operates a liquidity risk policy that focuses on holding enough liquid assets to meet liquidity requirements, both in normal market conditions and in extreme situations resulting from unforeseen circumstances. Key risk factors for Knab include the liquidity of its investments and the fact that a large portion of savings deposits are repayable on demand.

Knab performs stringent hypothetical liquidity stress tests on a monthly basis, simulating a scenario in which systemic and idiosyncratic stress occurs simultaneously. This scenario applies a number of shocks, the most severe being:

- an unexpected and sudden loss of customer confidence in Knab leading to an unexpected and very rapid drawdown of savings deposits; and
- an unexpected and extreme decline in the liquidity of assets, meaning that the investment portfolio can be liquidated less quickly and at considerably lower market values.

Knab can generate sufficient liquidity, taking into account appropriate management actions, to meet its liquidity needs in this hypothetical stressed liquidity scenario.

In addition, Knab monitors the inflow and outflow of savings deposits on a daily basis, in the light of market conditions and its overall cash position.

In May 2024 KNAB issued one retained SBCB with a size of € 500 million and maturity of 8-year. In November 2023 Knab issued two retained SBCBs with a size of € 500 million each and maturities of 5-year and 6-year. Knab issued SAECURE 19 (S19) in 2021. Knab subsequently purchased all the notes issued under S19. The securities are ECB-eligible and thus generate increased liquidity for Knab.

As at 31 December 2024, Knab held € 141 million (2023: € 183 million) worth of sovereign bonds that are readily saleable or redeemable on demand in the event of a liquidity shortfall. In addition, Knab holds funds at the Dutch Central Bank which it can immediately draw upon. As at 31 December 2024, these funds amounted to € 2,266 million (2023: € 2,019 million). Knab expects to be able to continue to meet its commitments on the basis of its operating cash flows and revenues from financial assets.

Maturity analysis of financial assets – (Other than derivatives)

The tables below show the residual maturities for each financial asset class at 31 December for 2024 and 2023. The tables do not take into account repayments, interest coupons or dividends to be received and reinvested. The mortgages in the table are based on expected outflows based in turn on historical experiences.

2024	On demand	< 1 year	1 < 5 years	5 < 10 years	> 10	Total
Cash	2,418,460	-	-	-	-	2,418,460
Amounts due from banks	339,474	-	-	-	-	339,474
Investments	-	974,696	3,032,145	3,659,280	5,766,847	13,432,968
Other assets	2,525	132,169	(128)	128	8	134,703
Total	**2,760,459**	**1,106,866**	**3,032,017**	**3,659,408**	**5,766,855**	**16,325,605**

2023	On demand	< 1 year	1 < 5 years	5 < 10 years	> 10	Total
Cash	2,446,056	-	-	-	-	2,446,056
Amounts due from banks	92,112	-	-	-	-	92,112
Investments	-	1,046,582	3,113,785	3,357,549	6,242,210	13,760,126
Other assets	4,252	254,821	-	-	8	259,081
Total	**2,542,421**	**1,301,403**	**3,113,785**	**3,357,549**	**6,242,218**	**16,557,375**

Category "Investments" includes the categories "Mortgage loans and other loans" and "Financial assets measured at fair value through other comprehensive income" as shown in the statement of financial position.

Maturity analysis of liabilities (Other than-derivatives)

The tables below show the remaining contractual maturities undiscounted gross contractual cash flows for each class of financial liability. When the counterparty has a choice as to when to pay an amount, the liability is shown on the basis of the earliest date on which it can be required to be paid. Financial liabilities which are payable on demand with a given delay are reported in the category 'On demand'. If there is a notice period, Knab has to assume that notice is given immediately, and the repayment is presented at the earliest date after the end of the notice period. When the amount payable is not fixed, the amount reported is determined by reference to the conditions existing at the reporting date. For example, if the amount payable varies with changes in an index, the amount disclosed may be based on the level of the index at the reporting date.

2024	On demand	< 1 year	1 < 5 years	5 < 10 years	> 10	Total
Borrowings	-	1,008,456	910,313	776,250	503,750	3,198,769
Savings deposits	9,630,396	1,051,085	1,043,356	592,241	454,446	12,771,524
Current tax liabilities	-	44,513	-	-	-	44,513
Other liabilities and accruals	-	96,564	6,889	-	-	103,453
Total	**9,630,396**	**2,200,619**	**1,960,557**	**1,368,491**	**958,196**	**16,118,259**

2023	On demand	< 1 year	1 < 5 years	5 < 10 years	> 10	Total
Borrowings	-	1,581,634	1,388,999	543,125	505,625	4,019,382
Savings deposits	9,104,810	929,989	1,135,205	616,114	507,908	12,294,026
Current tax liabilities	-	68,568	-	-	-	68,568
Other liabilities and accruals	11,544	107,705	-	-	-	119,250
Total	**9,116,355**	**2,687,896**	**2,524,203**	**1,159,239**	**1,013,533**	**16,501,226**

The "Other financial liabilities" category includes the categories "Other liabilities and accruals" as shown in the statement of financial position.

Maturity analysis – derivatives (contractual cash flows)

The table below shows the liquidity analysis for derivative financial instruments, based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

For gross-settled derivatives, cash flows are presented in the table below for both the 'paying leg' and 'receiving leg'. The credit risk on the 'receiving leg' is mitigated by collateral and ISDA 'master netting' agreements as explained for 'credit risk'.

When a cash flow is not fixed, the amount reported is determined by reference to the conditions existing at the reporting date. For example, if the cash flow varies with changes in a reference rate, the amount disclosed may be based on the level of the reference rate at the reporting date.

The table includes all financial derivatives regardless of whether they have a positive or negative value.

2024	On demand	< 1 year	1 < 5 years	5 < 10 years	> 10	Total
Cash inflows	-	389,368	915,425	713,539	583,239	2,601,571
Cash outflows	-	(285,286)	(592,721)	(476,981)	(365,490)	(1,720,479)

2023	On demand	< 1 year	1 < 5 years	5 < 10 years	> 10	Total
Cash inflows	-	550,798	1,144,342	1,055,684	790,637	3,541,461
Cash outflows	-	(412,967)	(959,086)	(873,560)	(634,250)	(2,879,863)

Other risks

Legislation and regulations

Knab faces significant risks of litigation and regulatory investigations and actions in connection with its activities. In recent years, the financial services sector has increasingly become involved in litigation, regulatory investigations and actions by a range of government and regulatory bodies relating to generally accepted practices in the industry. A judgment on a claim or the imposition of strict measures by regulatory bodies may have serious consequences for Knab's operations, operating results, and financial position.

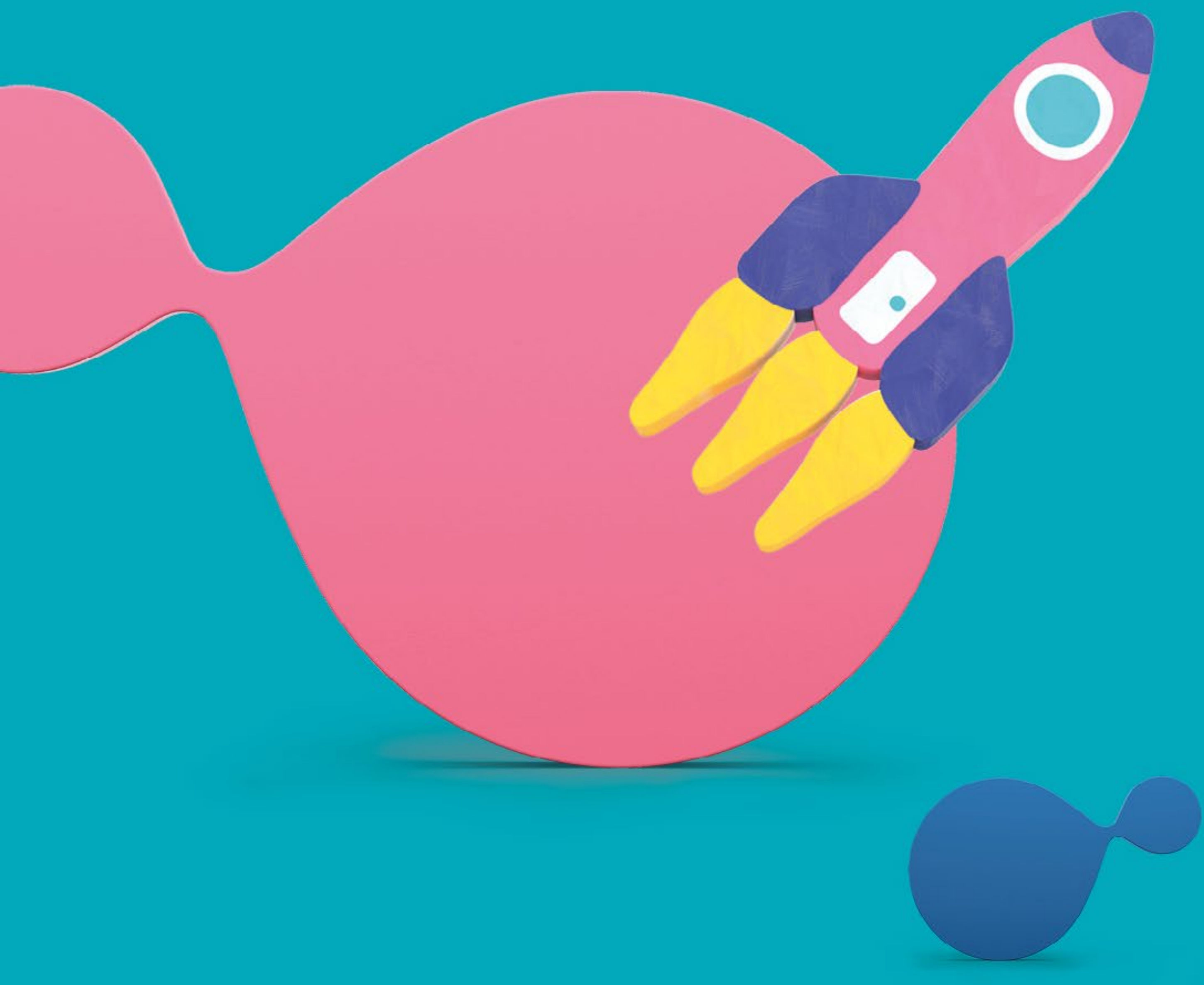
Climate risks

Knab is exposed to financial and non-financial risks as a result of the direct and indirect consequences of climate change. These risks can be divided into physical risks and transitional risks:

- Physical risks: risks that arise from more frequent and severe climate events, which can pose acute or chronic risks;
- Transitional risks: risks that result from the process of adjusting toward a carbon-neutral economy.

At Knab, we recognise our responsibility to ensure that our investments do not negatively impact society or the planet. We apply this ethos to our own proprietary investments and use our influence to encourage similar standards in the customer investment accounts we distribute. By taking an active approach to responsible investment, we seek to minimise risks to our business and explore ways to serve the interests of our customers and society at large. Knab endorses a Responsible Investment Policy, recognising a broad range of recurring sustainability and ESG topics, from climate change to human rights and corporate governance. This Responsible Investment Policy is updated on a regular basis to reflect new insights and our continuing strive to increase impact. Aligned with the Paris Climate Agreement, Knab commits to the reduction pathway and transition targets of BAWAG Group. Progress is continuously monitored and steered upon.

Other notes to the consolidated financial statements



5 Cash

Cash relates to cash and demand balances held with the Dutch Central Bank. The Dutch Central Bank requires Knab to place an equivalent of 1% of its customer deposits with agreed maturities or savings accounts (without restrictions to withdraw their money) in an account with the Dutch Central Bank. This so-called minimum reserve is renewed each maintenance period, which consists of approximately 6 weeks. No interest is paid on the minimum reserve as per year-end 2024 (2023: 0%). The average minimum required cash reserve with the Dutch Central Bank was € 90.1 million (2023: € 84.4 million). The other cash and cash equivalents have no restrictions. Due to the nature of this asset, the total amount classifies as a current asset. The carrying amounts disclosed reasonably approximate the fair values at year-end.

	2024	2023
Cash	2,418,460	2,446,056
Average posted cash reserve with DNB at year-end	98,194	69,785
Average minimum required cash reserve by DNB for year-end period	90,107	84,406

6 Amounts due from banks

	2024	2023
Bank accounts	339,474	92,112
Total	**339,474**	**92,112**

Amounts due from banks comprise receivables from banks in the Netherlands and abroad, as well as cash collateral provided. Of the amounts due from banks € 180.9 million (2023: € 48.3 million) related to cash positions placed in a DNB account held by the participating instant payment facilitating banks, which facilitate overnight instant payments. Furthermore, amounts due from banks comprised an amount of € 144.3million (2023: € 29.0 million) held by consolidated securitisation vehicles.

Amounts due from banks also included restricted bank accounts amounting to € 42.6 million (2023: € 9.4 million). Restricted bank are held by the two Covered bond entities under the covered bond program conditions.

Bank accounts are payable on demand, and deposits have a maturity of less than three months.

7 Derivatives

	Derivative asset		Derivative liability	
	2024	2023	2024	2023
Derivatives not designated in hedge accounting	-	23,128	577	14,243
Derivatives designated as fair value hedges	477,749	1,165,598	53,498	646,493
Total	**477,749**	**1,188,726**	**54,074**	**660,736**

	2024	2023
Current	13,620	(15,633)
Non-current	410,055	543,624
Total net derivatives	**423,675**	**527,991**

Please refer to note 'Summary of financial assets and financial liabilities at fair value through profit or loss', and note 'Offsetting, enforceable master netting agreements, and similar arrangements' for more information.

Derivatives not designated in a hedge

	Derivative asset		Derivative liability	
	2024	2023	**2024**	2023
Derivatives held as an economic hedge	-	23,128	577	13,194
Bifurcated embedded derivatives	-	-	-	1,048
Total	**-**	**23,128**	**577**	**14,243**

Knab uses derivatives for risk management purposes. Its exposure to interest rate risk arising from its investments, on the one hand, and its commitments, on the other, is adjusted to what it considers to be an appropriate exposure level by using derivatives. The instruments used are interest rate swaps (IRSs) and FX forwards.

Up to second quarter 2024 a small part of Knab's products involved guarantees to customers. The extent of Knab's guarantee obligation varied according to changes in the underlying assets and will only become effective at the end date of the underlying contract. The guarantee obligation was to be regarded as a written put position. Customers paid a mark-up for the guarantees. The market and interest rate risks inherent in these guarantees were hedged economically through futures contracts.

Hedge accounting

Knab's fair value hedges consist of interest rate swaps that are used to protect against changes in the fair value of fixed-rate instruments due to movements in market interest rates. Gains and losses on derivatives designated under fair value hedge accounting are recognised in the income statement. The effective portion of the fair value change on the hedged item is also recognised in the income statement under line item 'result on financial transactions'. As a result, only the net accounting ineffectiveness has an impact on the net result.

For the year ended 31 December 2024, Knab recognised € 104.2 million in fair value changes on mortgage loans under fair value hedge accounting under the EU carve-out in the income statement (2023: € 285.4 million).

These amounts were offset by € -/-87.0 million fair value changes recognised on derivatives used as hedging instruments (2023: € -/- 297.1 million). This offset is possible only when using the EU carve-out on hedge accounting because otherwise the hedge would not be "highly" effective as required by IFRS. In 2024, the amortisation charge on the basis adjustment was € -/- 8.9 million (2023: € -/- 7.3million). Occasionally Knab hedges the issue of debt issuances with a micro hedge. These hedges are terminated at the end of the month and the basis adjustment is amortised over the duration of the hedge item.

The total net accounting ineffectiveness recognised in the income statement was € 17.2 million in 2024 (2023: € -/- 11.7 million). As at 31 December 2024, the fair value of outstanding derivatives designated under fair value hedge accounting was € 424 million, presented in the statement of financial position as € 478 million within assets and € 53 million within liabilities (2023: € 519 million, € 1,166 million within assets and € 646 million within liabilities).

The following table provides details of the hedging instruments used as part of Knab's hedging strategies:

2024 Fair value hedges	Notional amount	Carrying amount Assets	Carrying amount Liabilities	Balance Sheet line item(s)	Change in fair value used to assess hedge ineffectiveness
Interest rate					
Macro fair value hedge	404,060	477,749	53,498	Derivatives	(86,960)
Micro fair value hedge	-	-	-	Derivatives	1,497
2023 Fair value hedges					
Interest rate					
Macro fair value hedge	5,196,106	1,165,598	646,493	Derivatives	(297,116)
Micro fair value hedge	-	-	-	Derivatives	(968)

The following table provides details of the hedged exposures as part of Knab's hedging strategies:

2024 Fair value hedges	Carrying amount of hedged item	Carrying amount of hedged item	Accumulated amount of fair value adjustments on the hedged item	Accumulated amount of fair value adjustments on the hedged item	Balance Sheet line item(s)	Change in fair value of hedged item to assess ineffectiveness
	Assets	Liabilities	Assets	Liabilities		
Interest rate						
Macro fair value hedge	13,072,297	-	(287,248)	-	Mortgage loans and other loans	104,205
Micro fair value hedge	-	-	-	(1,242)	Borrowings	(1,525)

Amounts reclassified from reserves to P&L as:

Fair value hedges	Gains / (loss) recognised in OCI	Hedge ineffectiveness recognised in P&L	P&L line item that includes hedge ineffectiveness	Hedged cash flows will no longer occur	Hedged item affected P&L	P&L line item that includes reclassified amount
Interest rate						
Macro fair value hedge	N/A	17,245	Result on financial transactions	N/A	N/A	N/A
Micro fair value hedge	N/A	(28)	Result on financial transactions	N/A	N/A	N/A

The following table provides details of the hedged exposures as part of Knab's hedging strategies:

2023 Fair value hedges	Carrying amount of hedged item	Carrying amount of hedged item	Accumulated amount of fair value adjustments on the hedged item	Accumulated amount of fair value adjustments on the hedged item	Balance Sheet line item(s)	Change in fair value of hedged item to assess ineffectiveness
	Assets	Liabilities	Assets	Liabilities		
Interest rate						
Macro fair value hedge	12,700,598	-	(382,460)	-	Mortgage loans and other loans	285,448
Micro fair value hedge	-	-	-	(2,129)	Borrowings	1,131

Amounts reclassified from reserves to P&L as:

Fair value hedges	Gains / (loss) recognised in OCI	Hedge ineffectiveness recognised in P&L	P&L line item that includes hedge ineffectiveness	Hedged cash flows will no longer occur	Hedged item affected P&L	P&L line item that includes reclassified amount
Interest rate						
Macro fair value hedge	N/A	(11,668)	Result on financial transactions	N/A	N/A	N/A
Micro fair value hedge	N/A	163	Result on financial transactions	N/A	N/A	N/A

8 Other financial assets

Other financial assets exclude derivatives. Please refer to note 'Derivatives' and to note 'Summary of all financial assets and financial liabilities at fair value through profit or loss'.

	2024	2023
Financial assets measured at fair value through other comprehensive income	260,535	873,774
Total financial assets, excluding derivatives	**260,535**	**873,774**

	2024	2023
Current	170,664	354,925
Non-current	89,872	518,849
Total financial assets, excluding derivatives	**260,535**	**873,774**

9 Mortgage loans and other loans

Mortgage loans and other loans include advances granted in the conduct of business other than advances to credit institutions.

	2024	2023
- Mortgage loans	13,075,263	12,700,598
- Loans to Small and Medium Enterprise loans	97,157	173,712
- Other loans	13	12,042
Total	**13,172,433**	**12,886,352**
Fair value	12,738,373	12,040,676
Current	804,033	691,657
Non-current	12,368,400	12,194,695
Total	**13,172,433**	**12,886,352**

Certain mortgage loans shown within mortgage loans and other loans are designated in fair value interest rate hedging relationships and are fair valued with respect to the hedged interest rate. This resulted in a lower carrying value of € 287 million (2023: lower carrying value of € 382 million). For more information on hedge accounting and the related basis adjustment refer to note 7 'Derivatives'.

The mortgages encumbered as collateral through covered bonds amounted to € 4,267 million (2023: € 4,095 million).

Loans allowance account

During the year, movements in the loans allowance account were as follows:

	Mortgage loans	Loans to SMEs	Other	Total
At 1 January 2024	2,269	13,799	686	16,754
Addition charged / (reversal) to income statement	(1,528)	1,444	42	(42)
Amounts written off	-	(524)	(597)	(1,121)
Other	-	879	-	879
At 31 December 2024	**742**	**15,598**	**130**	**16,470**
At 1 January 2023	3,177	44,409	834	48,420
Addition charged / (reversal) to income statement	(908)	(2,595)	(58)	(3,561)
Amounts written off	-	(6,091)	(90)	(6,181)
Other	-	(21,924)	-	(21,924)
At 31 December 2023	**2,269**	**13,799**	**686**	**16,754**

Other mainly consist of FX movements and movements due to sales during the year.

Loans that are written off but are still subject to enforcement, amount to € 0.6 million (2023: € 0.1 million).

10 Property, plant and equipment

	Carrying amount	Acquisition cost	Additions	Write-downs cumulative	Carrying amount
	31.12.2023	01.01.2024		Liabilities	31.12.2024
Right-of-use asset			5,972	(193)	5,779

As at 31 December 2024, property plant and equipment includes right-of-use assets of € 5.8 million (2023: € 0.0 million) related to leased office premises. Also see note 28 'Leases'.

11 Intangible assets

Cost	**2024**	2023
At 1 January	11,902	3,690
Additions	9,471	8,212
Impairment loss	(6,016)	-
At 31 December	**15,356**	**11,902**

Since the 4th quarter of 2022 Knab capitalised expenses in relation to software development for replacing its core banking system and CRM system. As per year-end 2024 the software is not in use. The recoverable amounts of the software development were estimated based on their value in use. For 2024 an impairment loss of € 6.0 million was recognised (2023: 0) because the recoverable amounts (based on value in use which equals its fair value less costs of disposal) were determined to be lower than their carrying amount. Due to improved performance of its core banking system, management decided to continue the existing set-up, rendering the work done on preparing its replacement obsolete.

12 Other assets and receivables

	2024	2023
Receivables	51,326	123,091
Accrued interest	83,377	135,990
Total	**134,703**	**259,081**

Receivables

	2024	2023
Investment debtors	48,731	77,205
Current account with group companies	-	44,700
Other	2,595	1,186
Total	**51,326**	**123,091**
Current	51,318	123,083
Non-current	8	8
Total	**51,326**	**123,091**

As per year-end Knab has no current accounts with group companies. For year-end 2023 current accounts with group companies comprised a receivable from a.s.r. Nederland N.V. of € 44.7 million. Please refer to note 33 'Related party transactions' for more information on group companies and related parties.

The carrying amounts disclosed reasonably approximate the fair values at year-end.

Accrued interest

	2024	2023
Accrued interest	83,377	135,990
At 31 December	**83,377**	**135,990**

Accrued interest is classified entirely as a current asset. The carrying amounts disclosed reasonably approximate the fair values at year-end.

13 Savings deposits

	2024	2023
At 1 January	12,211,194	12,009,165
Deposits	28,730,995	25,329,598
Withdrawals	(28,443,077)	(25,231,643)
Interest credited	185,754	104,075
At 31 December	**12,684,867**	**12,211,194**
Current	10,648,565	10,009,484
Non-current	2,036,302	2,201,710
Total	**12,684,867**	**12,211,194**

Savings deposits comprised € 1,189 million of savings related to '*Bankspaarhypotheken*' (2023: € 1,134 million). Deposits received for '*Bankspaarhypotheken*' are directly invested in a sub participation of the customer's mortgage. The sub participations in the mortgages and the related deposits are shown as gross amounts in the financial statements, as there is no intention to (directly) offset the mortgage against the deposit.

14 Borrowings

	2024	2023
Borrowings	2,956,600	3,810,172
At 31 December	**2,956,600**	**3,810,172**
Current	973,761	1,535,766
Non-current	1,982,839	2,274,406
Total	**2,956,600**	**3,810,172**
Fair value	2,830,436	3,620,635

Covered bond (Cobo)

In May 2021, Knab launched a € 5 billion Soft Bullet Covered Bond ("SBCB") Programme, in addition to the Conditional Pass-Through Covered Bond ("CPTCB") Program previously set up in 2015. Under these Programs, the payment of interest and principal is guaranteed by a Knab-administered structured entity, i.e., Knab Conditional Pass-Through Covered Bond Company B.V. and Knab Soft Bullet Covered Bond Company B.V., respectively (the "Companies"). In order for the Companies to honour their guarantees, Knab transfers ownership of mortgage loans originated by Aegon Hypotheken and Aegon Leven to the Companies. The Companies are consolidated by Knab. After five successful CPTCB issuances, Knab successfully issued its inaugural € 500 million public transaction, with a 15-year maturity, under the SBCB Program in June 2021.

In June 2024 Knab issued a Soft Bullet Covered Bond (series 6). The loan with a zero coupon had a market value of € 180 million. Series 6 is fully placed at BAWAG P.S.K. Furthermore the CPTCB series 4 matured in November 2024. In May 2024 Knab issued a retained SBCB (series 5) with a size of € 500 million. Retained issuances are held for collateral purposes and are not recognised on Knab's balance sheet.

At year-end, Knab had issued the following covered bonds:

Issue	Issue date	Par value	Maturity date	Interest rate
Conditional Pass-Through Covered Bond Program				
CPTCB series 3	Jun-17	EUR 500 million	Jun-27	0.75%
CPTCB series 5	Nov-20	EUR 500 million	Nov-25	0.01%
Soft Bullet Covered Bond Program				
SBCB series 1	Jun-21	EUR 500 million	Jun-36	0.38%
SBCB series 2	Jun-23	EUR 500 million	Jun-30	3.38%
SBCB series 3 (retained)*	Nov-23	EUR 500 million	Nov-28	3.49%
SBCB series 4 (retained)*	Nov-23	EUR 500 million	Nov-29	3.51%
SBCB series 5 (retained)*	May-24	EUR 500 million	May-32	3.19%
SBCB series 6	Jun-24	EUR 250 million	Jun-34	0.00%

* retained issuances are off balance sheet items

MREL eligible loan

In December 2023 a.s.r. Netherlands granted Knab a loan amounting to € 285 million. The loan is considered to be eligible under the MREL Regulation. Under the MREL Regulation, the National Resolution Authority must impose a minimum requirement for own funds and eligible liabilities. If a bank fails and goes into resolution, the MREL acts as a buffer to absorb losses and to provide new capital to the bank. Under certain conditions precedent as specified in the loan contract Knab may decide in its sole discretion that the loan maybe increased up to an additional amount of € 75 million. As of 1 November 2024 BAWAG Group took over the loan from a.s.r. The legal maturity of the loan is 14 May 2027.

The notes will only be redeemed at the option of the Issuer for tax reasons and upon the occurrence of an MREL Event. An “MREL Disqualification Event” occurs if, as a result, any amendment to or change in any Applicable MREL Regulations, or any change in the application or official interpretation of any Applicable MREL Regulations, in any such case becoming effective on or after the Issue Date of the notes, the notes are or (in the opinion of the Issuer or the Competent Authority) are likely to become fully or partially excluded from the Issuer’s MREL Eligible Liabilities.

Senior Non Preferred Notes (SNP)

In Q2 2019 Knab issued € 500 million in Senior Non-Preferred notes (SNP). These SNP notes were MREL eligible notes. The loan matured in Q2 2024.

Other loans

Other loans mainly consist of a loan amounting to € 472 million (2023: € 536 million) to cash collateral posted for derivatives transactions. As per year-end of 2024 the collateral posted fully relates to a position with the BAWAG Group. Up to end of June 2023 Aegon Derivatives settled this collateral with external parties on behalf of Knab. The derivative transactions are for ordinary operations. After June 2023 up to November 2024 Knab directly settled this collateral with external parties.
The collateral is the consequence of movements in market values of derivatives and is settled daily.

15 Net deferred tax liabilities

	2024	2023
Net deferred tax liabilities	610	46,102
Total net deferred tax liability / (asset)	**610**	**46,102**

Movements in deferred tax

Financial liabilities	2024	2023
At 1 January	46,102	57,719
Charged to income statement	(18,924)	(20,792)
Charged to equity	7,373	9,175
Other	(33,941)	-
At 31 December	**610**	**46,102**

Deferred tax assets and liabilities are netted if there is a legally enforceable right to net current tax assets and liabilities and the deferred tax items relate to the same taxation authority. Deferred positions are recognised for temporary differences, unused tax loss carry forwards and unused tax credit carry forwards when, in the opinion of management, it is probable that they can be utilised. All deferred taxes are non-current.

As a result of the acquisition by BAWAG, Knab was removed from the fiscal unity headed by a.s.r. and became an independent taxable entity. On 1 November 2024 Knab N.V. and Orange Loans B.V. have formed a fiscal unity for Corporate Income Tax. Upon review of the deferred tax position is was decided to align tax accounting for financial instruments governed by IFRS 9. As a result a significant part of the temporary differences were removed. The alignment led to a release of the deferred asset / liability and a corresponding increase in Current tax liabilities.

16 Provisions

	2024	2023
Other provisions	3,412	4,085
Total	**3,412**	**4,085**
Current	2,237	4,085
Non-current	1,175	-
Total	**3,412**	**4,085**

For year-end 2024 the provisions mainly relate to a provision in relation to an onerous contract and pending claims and litigations. The 2023 provisions mainly related to a DNB fine and pending claims and litigations:

Movements in provisions

	2024	2023
At 1 January	4,085	1,181
Additions charged / (reversal) to income statement	2,352	3,581
Used during the year	(3,024)	(676)
At 31 December	**3,412**	**4,085**

17 Current tax Liabilities

	2024	2023
Current tax liabilities	44,513	68,568
Total	**44,513**	**68,568**
Current	44,513	68,568
Non-current	-	-
Total	**44,513**	**68,568**

18 Other liabilities and accruals

	2024	2023
Lease liabilities IFRS 16	5,793	-
Share-based employee payable	1,791	-
Other liabilities	49,408	40,939
Accruals	46,460	78,310
Total	**103,453**	**119,250**

According to IFRS 16, a lease liability is recognised at the commencement of a lease. The lease liability is measured at the present value of the lease payments. Also refer to note 10 'Property, plant and equipment'.

The carrying amounts of the financial items disclosed reasonably approximate their fair values at year-end.

Other liabilities

	2024	2023
Investment creditors	2,590	3,068
Social security and taxes payable	6,547	5,309
Other creditors	40,271	32,562
Total	**49,408**	**40,939**
Current	49,013	40,939
Non-current	395	-
Total	**49,408**	**40,939**

Accruals

	2024	2023
Accrued interest	46,460	78,310
Total	**46,460**	**78,310**
Current	46,460	78,310
Non-current	-	-
Total	**46,460**	**78,310**

Accrued interest relates to the outstanding interest to be paid on Saving products and Borrowings.

19 Equity

	2024	2023
Share capital	37,437	37,437
Share premium	476,751	476,751
Revaluation reserves	(5,234)	(26,439)
Retained earnings	350,147	215,713
Participations	-	-
Net income / (loss)	117,857	134,434
Total	**976,959**	**837,896**

In 2024, Knab paid no dividend (2023: € 25.0 million). Distributed dividend in 2023 per share outstanding amounts to € 277.78.

The revaluation reserve and other legal reserves cannot be freely distributed. In case of negative balances for individual reserves legally to be retained, no amounts may be distributed from retained earnings to the level of these negative amounts. An 'Other legal reserves' is recognised in the standalone financial statements. This reserve relates to software that has been capitalised (accounted for under 'Intangibles').

Share capital

	2024	2023
Authorised share capital	90,000	90,000
Not issued	52,563	52,563
Total	**37,437**	**37,437**

The authorised share capital is € 90 million, divided into 90,000 common shares with a par value of € 1,000.00 each, 37,437 shares of which have been issued and fully paid. There have been no changes since the previous financial year.

Under Dutch law, the amount that is legally available for distribution as a dividend to the shareholder is the amount available after deducting the outstanding share capital (whether paid-in or otherwise) and the reserves required to be kept by law and the Articles of Incorporation.

Knab may also cancel a dividend payment if it fails to meet the solvency capital requirement or the dividend payment leads to failure to meet the solvency capital requirement. In such circumstances, dividends may be distributed only if (i) the Dutch Central Bank by way of an exception waives the cancellation of dividends, (ii) the distribution does not lead to a further deterioration of Knab's solvency position, and (iii) the minimum capital requirement continues to be satisfied after the distribution is made.

Revaluation reserves

	2024	2023
At 1 January	(26,439)	(52,827)
Gross revaluation	10,897	31,919
Net (gains) / losses transferred to income statement	17,682	3,643
Tax effect	(7,373)	(9,175)
At 31 December	**(5,234)**	**(26,439)**

There are restrictions on the distribution to shareholders of revaluations relating to financial instruments that are not actively traded / quoted.

Participations
Up to November 2023 Knab had client participations under the brand name Knab. At 31 December 2022, Knab had issued 1,900 participations with a corresponding value of € 9.5 million. The participations were fully bought back as per this date.

Based on its specific characteristics, the participation qualified as Tier 1 capital under the applicable banking regulations. Due to their nature, the instruments also qualify as equity under IFRS. The discount on the fee is netted against the corresponding fee income. The interest charges are treated as dividends in the consolidated statement of changes in equity. Dividends are shown on a net basis. This includes the deducted dividend tax on the discount and interest.

20 Interest income and expense

Interest income

Interest income calculated using the effective interest method	2024	2023
Amounts due from banks	91,843	72,768
Mortgage loans and other loans	364,110	340,833
Debt securities	9,601	9,262
Other	1,712	1,206
At 31 December	**467,265**	**424,070**

Other interest income	2024	2023
Derivatives	114,214	98,704
At 31 December	**114,214**	**98,704**

	2024	2023
Financial assets measured at FVOCI	9,601	9,262
Amortised cost	457,665	414,807
Financial assets measured at FVPL	114,214	98,704
Total	**581,479**	**522,774**

Mortgage loans and other loans comprised € 352 million (2023: € 320.5 million) in mortgages, and € 11.8 million (2023: € 19.8 million) in SME loans.

Interest expense

Interest expenses calculated using the effective interest method	2024	2023
Savings deposits	196,676	117,306
Borrowings	69,341	49,758
Other	(2)	3
Total	**266,015**	**167,067**

	2024	2023
Amortised cost	266,015	167,067
Financial liabilities measured at FVPL	-	-
Total	**266,015**	**167,067**

Derivatives (Other interest income and expense)

Interest results on financial assets and financial liabilities that are measured at fair value through profit or loss are presented as either other interest or other interest expenses. As shown in the tables above other interest income fully relates to the interest income on Knab's derivatives. As these derivatives were all with the same counter party for the respective period. Up to November 2024 all position where with the same central clearing member. In November 2024 Knab transferred is derivatives position to BAWAG P.S.K. in return BAWAG P.S.K. and Knab entered into back to back swaps with the same characteristics as the original derivative contracts.

21 Fee and commission income and expense

Fee and commission income

	2024	2023
Revenue from customer transactions	49,777	38,682
Total	**49,777**	**38,682**

Revenues from customer transactions includes for € 7.0 million (2023: € 6.8 million) fees charged to Aegon Hypotheken B.V. in relation to the '*Banksparen*' mortgage product. The Revenue from customer transactions is comprised of fee charged to Knab customers for monthly package fees.

Fee and commission expense

	2024	2023
Commissions	1,440	1,500
Total	**1,440**	**1,500**

22 Result on financial transactions

	2024	2023
Net fair value change of guarantees	553	(87)
Net fair value change of derivatives	5,602	(22,567)
Realised gains / (losses) on SME loans and consumer loans	-	(906)
Realised gains / (losses) on financial assets measured at FVOCI	(18,614)	(4,110)
Total	**(12,459)**	**(27,670)**

23 Impairment losses

	2024	2023
Impairment charges comprise:		
Expected credit losses:		
- Financial assets measured at fair value through other comprehensive income	(932)	(467)
- Mortgage loans and other loans	(42)	(3,561)
Impairments in scope of IAS36		
- Intangible assets	6,016	-
Total	**5,042**	**(4,028)**

The impairment result in 2024 is driven by an impairment loss on intangibles € 6.0 million (2023: 0), impairments on SME loans by € 1.4 million (2023: € 2.4 million net reversal) offset by impairment reversals on mortgages by € 1.5 million (2023: € 1.0 million net reversal).

The net fair value change of derivatives consists of the net gains or losses on derivatives and hedge accounting. This line item also includes FX gains or losses. For details of the amount recognised as the net fair value change of derivatives, see note 'Derivatives'.

24 Employee expenses and other operating expenses

Employee expenses

With the acquisition by BAWAG on 1 November 2024, the employees working at Knab moved from a.s.r. Nederland N.V. to Knab N.V. as their legal employer. As at 31 December 2024, Knab N.V. employed 499 FTEs (2023: a.s.r. Netherlands employed 441 FTEs who carried out work for Knab or its subsidiaries). All Knab employees are based in the Netherlands. Up to 1 November the salaries, social security contributions and pension contributions for staff employed by a.s.r. Netherlands were recharged to Knab. The total staff costs including intra-group charges are shown in the table below.

	2024	2023
Salaries	43,374	33,653
Post-employment benefit costs	7,582	7,198
Social security charges	5,515	4,115
Other personnel costs	20,876	21,935
Total	**77,347**	**66,901**

“Other personnel costs” mainly comprise the costs of hiring temporary workers and interim staff.

With the transfer of employees from a.s.r. Nederland N.V. to Knab N.V. responsibility for the payroll process moved to Knab as well. At year-end 2023 the assets and liabilities arising from employee benefits for staff working for Knab were recognised in the financial statements of a.s.r. Nederland N.V. As of 1 November, all employee related assets and liabilities are part of Knab’s financial statements. Eligible Knab employees participate in defined contribution pensions plans operated by a.s.r. In their capacity as pension provider. For 2023 please refer to the financial statements of a.s.r. Nederland N.V. for more information on the pension plan and defined benefit liabilities. The pension costs charged (post-employment benefit costs) to Knab were a fixed percentage of the salaries charged.

Other operating expenses

	2024	2023
IT and consultancy fees	31,966	28,084
Investment expenses	29,518	34,360
Recharged costs of support organisations	8,882	14,884
Other expenses	39,005	42,806
Total	**109,372**	**120,135**

Operating expenses decreased by € 10.8 million mainly due to the decrease in recharged cost of support organisation by € 6.0 million. For a large part this decrease is driven by a transfer of activities from a.s.r. to Knab. Regulatory charges for the single resolution fund and the deposit guarantee scheme decreased by € 6.5 million.

Remuneration of (former) Statutory Board members

Current and former members of the Management Board are regarded as key management personnel. The remuneration of current and former directors is set out below (amounts in euros).

	2024	2023
Members of the Management board		
Short-term employee benefits	2,763,766	1,637,219
Post-employment benefits	281,713	153,355
Other long-term benefits	286,243	130,558
Share-based payment	890,683	-
Total	**4,222,405**	**1,921,132**

As of 1 October 2023 Aegon Nederland N.V. merged with a.s.r. Nederland N.V. Following the merger all employees were employed by a.s.r. Due to the employer integration, including harmonisation of employee conditions, as well as, integration of payroll systems and methodology, the components of the renumeration table above are not fully comparable.

Variable Compensation Plans

In February 2024, the Remuneration Committee of Knab established an incentive program to retain key personnel (including members of the management board), essential to the disentanglement of Knab from a.s.r. Per employee objectives were defined at the start of the program and in December an evaluation determined whether these have been met. For employees who do not qualify as identified staff, the incentive can be paid out in full in January 2025. For identified staff, the incentive will be paid out in a period of 5 years as 50% in cash and 50% in the form of BAWAG Group AG phantom shares. As per year-end 2024 Knab personnel was due to this incentive program entitled to 19,464 phantom shares of which 9,269 phantom shares were granted to Knab's management board. The fair value of the phantom shares is based on current dividend level and the price of the share as per year-end 2024. No other features were relevant in the measurement of fair value.

Mortgage loans to Statutory Board

On the reporting date, no members of the Statutory Board had mortgage loans from a company associated with Knab (2023: 0). There were no other loans, guarantees or advance payments.

Remuneration of (former) Supervisory Board members

Members and former members of the Supervisory Board are regarded as key management personnel. No costs were recharged to Knab for internal supervisory board members. This is in accordance with Knab's remuneration policy.

The remuneration of current and former supervisory directors charged to the company in the financial year pursuant to Section 383:1 of Book 2 of the Dutch Civil Code was € 107,395 (2023: € 91,988), consisting entirely of gross pay and the employer's share of social security contributions.

25 Income tax

	2024	2023
Current tax		
- current year	44,513	68,568
- settled with former fiscal unity	50,216	-
Deferred tax		
- origination / (reversal) of temporary differences	(18,923)	(20,792)
- changes in tax rates / bases	(34,082)	-
- adjustments to prior years		-
Income tax for the period (income) / charge	**41,724**	**47,776**

The weighted average applicable statutory tax rate for Knab in 2024 was 25.8% (2023: 25.8%) The effective tax rate for 2024 was 26.2%. For 2024 the effective tax rate is higher than the nominal rate due to thin capitalisation regulation that Knab needs to apply since it is part of a banking group resulting in a part of the interest expenses not being tax deductible. The effective tax rate for 2023 was also 26.2% due to the imposed DNB fine of € 2.9 million that was not tax deductible.

Reconciliation between standard and effective income tax

	2024	2023
Income / (loss) before tax	159,581	182,210
Income tax calculated using weighted average applicable statutory rates (income) / charge	41,172	47,010
Difference due to the effects of:		
- changes in tax rates / bases (thin cap regulation)	566	-
- non-tax deductible expenses and lower tax rate on result below 200 thousand	(14)	766
Income tax for the period (income) / charge	**41,724**	**47,776**

Up to 1 November 2024 Knab was member of the tax group headed by a.s.r. Nederland N.V., and any taxes it owes directly were set off at the level of the tax group. Knab was jointly and severally liable for all tax liabilities of the entire tax group. After 1 November 2024 Knab formed a fiscal unity including its wholly owned subsidiary, Orange Loans B.V.

26 Independent auditor's fee

KPMG Accountants N.V. were Knab's independent external auditors during 2024 and they have audited these financial statements. Under Section 382a.3 of Book 2 of the Dutch Civil Code, the fees for services rendered to Knab do not need to be disclosed in this Annual Report. The aggregate fees for professional services and other services rendered by KPMG Accountants N.V. to the a.s.r. Group as a whole are disclosed in a.s.r. Nederland N.V.'s Annual Report and BAWAG Annual report for the up to and after the close of transaction.

For the period to which the statutory audit 2024 relates, and in addition to the audit of the statutory financial statements, KPMG Accountants N.V. , rendered the following services to the company and its subsidiaries.

Other audit services required by law or regulatory requirements:
- Audit of the regulatory returns to be submitted to the Dutch Central Bank;
- Assurance engagement on segregation of assets to be submitted to the AFM; and
- Assurance engagement on cost price models to be submitted to the Dutch Financial Markets Authority (AFM)

Other audit services:
- Review report on Q2 finrep reports;
- ISAE 3402 reporting on Deposit Guaranteed deposits;
- Assurance report on "Netto Havenpensioen"; and
- Agreed upon procedures on asset coverage test and liquidity reserve test for the covered bond programs.

27 Summary of financial assets and financial liabilities at fair value through profit or loss

The table below summarises the carrying amounts of financial assets and financial liabilities that are classified as at fair value through profit or loss, with appropriate distinction between those financial assets and financial liabilities held for trading and those that, upon initial recognition, were designated as at fair value through profit or loss.

	2024		2023	
	Trading	Designated	Trading	Designated
Derivatives with positive values	-	477,749	23,128	1,165,598
Total financial assets at FVTPL	**-**	**477,749**	**23,128**	**1,165,598**
Derivatives with negative values	577	53,498	14,243	646,493
Total financial liabilities at FVTPL	**577**	**53,498**	**14,243**	**646,493**

Gains and losses recognised in the income statement on financial assets and financial liabilities classified as at fair value through profit or loss including the impact of hedge accounting can be summarised as follows:

	2024		2023	
	Trading	Designated	Trading	Designated
Net gains and losses	**(8,576)**	**8,404**	**(11,500)**	**(18,956)**

Changes in the fair value of financial liabilities designated at fair value through profit or loss were not attributable to changes in credit spread. There were also no differences between the carrying amounts of these financial liabilities and the contractual amounts payable at maturity (net of surrender penalties).

28 Leases

Knab leases its office. The lease runs for a period of 5 years. Knab also leases equipment with contract terms of one to three years. These leases are short-term and leases of low-value items. Knab has elected not to recognise right-of-use assets and lease liabilities for these leases.

i Right-of-use-assets	2024
At 1 January	-
Depreciation charge for the year	(193)
Disposals	
Additions	5,972
At 31 December	**5,779**

See note 18 'Other liabilities and accruals' for the lease liability as at 31 December 2024.

ii Amounts recognised profit or loss	2024
Interest on lease liabilities	(15)

iii Amounts recognised in statement of cashflows	2024
Total cash outflow for leases	(208)

29 Commitments and contingencies

Investments contracts

Knab has entered into commitments under investment purchase and sales transactions in the normal course of its business. The amounts shown represent the future cash outflows and inflows from these investment transactions that are not reflected in the statement of financial position. Mortgage loan commitments represent undrawn mortgage loan facilities provided and outstanding mortgage proposals. Sales of mortgage loans relate to pre- announced redemptions on mortgage loans.

Loan commitments	2024	2023
Loans to private individuals and SME loans	264	323
Mortgage loans	176,271	906,464

Purchases for mortgages include the outstanding amount of construction deposits in the Netherlands, mortgage customers can take a construction deposit for home construction and improvements as part of their mortgage. Undrawn amounts of construction deposits are netted against the outstanding total mortgage loans. At 31 December 2024, an amount of € 109 million (2023: € 132 million) of construction deposits is undrawn.

Announced redemptions	2024	2023
Mortgage loans	7,405	6,678

Other commitments and contingencies
Knab acts as a guarantor vis-à-vis its customers for the performance of the obligations of Stichting Aegon Beleggingsgiro.

Off-balance sheet assets
As part of its core activities, Knab enters into contracts and maintains relationships with customers for a variety of financial services. In consideration of these services, Knab receives a fee linked to the value of assets, the investment returns or the risks involved in the contract.

Knab's financial services include distributing investment funds that operate on the retail market. These assets are held by customers and, accordingly, are not reported in Knab's statement of financial position. The total amount of assets related to these services was € 423 million (2023: € 365 million).

Deposit Guarantee Scheme
The Deposit Guarantee Scheme (DGS) guarantees certain bank deposits of account holders in the event that a Dutch-based bank fails. The scheme provides security for deposits of up to € 100,000 per account holder per bank, irrespective of the number of accounts. In the case of a joint account held by two persons, this amount applies per person. The scheme covers almost all savings accounts, current accounts and short-term deposits, but no shares or bonds. If a credit institution fails and there are not enough funds to pay its account holders the guaranteed amounts in full or at all, the Dutch Central Bank (DNB) will pay out no more than the above-mentioned maximum amounts. The total amount so paid will then be refunded to the DNB by the banks under a cost allocation scheme.

The Dutch Ministry of Finance and the DNB created a fund to finance the Deposit Guarantee Scheme. Under the funding method, banks pay risk-weighted ex-ante contributions into the DGS. This new policy took effect on 1 January 2016.

Litigations and proceedings
Knab may become involved in litigation in the ordinary course of business, including litigation where compensatory or punitive damages and mass or class relief are sought. Current and former customers, both institutional and groups representing customers, may initiate litigation.

In the normal course of business, reviews of processes and procedures are undertaken to ensure that customers have been treated fairly, and to respond to matters raised by customers and their representatives. There is a risk that Knab will not be able to resolve some or all of these matters in the manner that it expects. Supervisors may impose fines or other monetary penalties or require Knab to change the way in which it conducts its business.

Knab has litigation policies in place to deal with claims, defending a claim when it is without merit and seeking to settle in certain circumstances. There can be no assurances that Knab will be able to resolve existing litigation in the manner it expects or that existing or future litigation will not result in unexpected liability.

Also see note 'Provisions' for further details on litigation and proceedings relevant for the reporting year.

30 Transfers of financial assets

Transfers of financial assets occur when Knab transfers contractual rights to receive cash flows from financial assets or when it retains the contractual rights to receive the cash flows from the financial asset transferred, but assumes a contractual obligation to pay those cash flows to one or more recipients under the arrangement.

In the normal course of business, Knab may be involved, among other things, in the following transactions:

- Transferred financial assets that are not derecognised in their entirety;
- Transferred financial assets that are derecognised in their entirety and in which Knab does not have a continuing involvement (normal sale);
- Collateral accepted in the case of securities lending, reverse repurchase agreements and derivative transactions; and
- Collateral pledged in the case of (contingent) liabilities, repurchase agreements, securities borrowing and derivative transactions.

The following disclosures provide details of transferred financial assets that are not derecognised in their entirety, transferred financial assets that are derecognised in their entirety, but where Knab has a continuing involvement, and assets accepted and pledged as collateral.

Assets pledged

Knab is required to pay cash for margin calls to be able to trade in derivatives. Knab is required to hold a certain percentage of its assets relating to its banking activities in an account with the Dutch Central Bank. See note 'Cash' for more information.

On 28 May 2020, Knab sold € 1.7 billion of mortgage loans to an SPE (special purpose entity) and purchased all of the debt securities issued by the SPE (SAECURE 19 B.V.). Knab controls the SPE, which is therefore consolidated by Knab. The notes are ECB eligible retained notes.

The value of the collateral posted was € 2,266 million (2023: € 2,019 million). The difference between the collateral value and ECB loans is available as an additional credit facility (2024: € 2,266 million; 2023: € 2,019 million).

As part of Knab's mortgage loan funding program, € 4.3 billion (2023: € 4.1 billion) has been pledged as security for notes issued (See note 'Borrowings').

31 Offsetting, enforceable master netting agreements, and similar arrangements

The table below provides details relating to the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities.

Financial assets and liabilities are offset in the statement of financial position when Knab has a legally enforceable right to offset and has the intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

Knab mitigates credit risk in derivative contracts by entering into collateral agreements, where practical, and ISDA master netting agreements for each of its legal entities so as to allow Knab to exercise its right to offset credit risk exposure. The credit support agreement will normally specify the threshold over which Knab or its counterparty must post collateral. Transactions requiring Knab or its counterparty to post collateral are typically the result of over-the-counter derivative trades, comprised mostly of interest rate swaps, currency swaps and credit swaps. These transactions are conducted under terms that are usual and customary for standard long-term borrowing, derivatives, securities lending and securities borrowing activities, and subject to requirements determined by exchanges where the bank acts as an intermediary.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

2024	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statements of financial position Financial instruments	Related amounts not set off in the statements of finan-cial position Cash collateral received (excluding surplus collateral)	Net amount
Derivatives	477,749	-	477,749	54,074	423,675	-
At 31 December	**477,749**	**-**	**477,749**	**54,074**	**423,675**	**-**

2023	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statements of financial position Financial instruments	Related amounts not set off in the statements of finan-cial position Cash collateral received (excluding surplus collateral)	Net amount
Derivatives	1,188,726	-	1,188,726	659,687	524,385	4,653
At 31 December	**1,188,726**	**-**	**1,188,726**	**659,687**	**524,385**	**4,653**

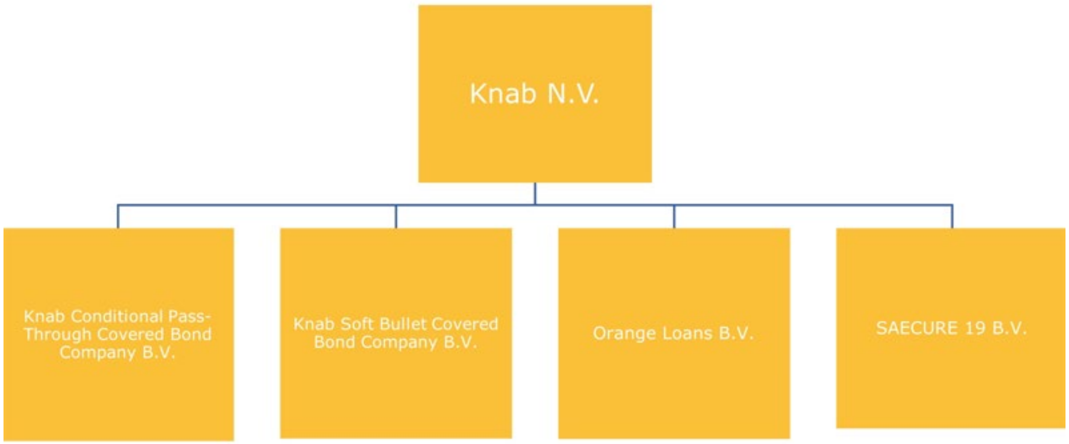
Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

2024	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set off in the statements of financial position Financial instruments	Related amounts not set off in the statements of finan-cial position Cash collateral received (excluding surplus collateral)	Net amount
Derivatives	54,074	-	54,074	54,074	-	-
At 31 December	**54,074**	**-**	**54,074**	**54,074**	**-**	**-**

2023	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set off in the statements of financial position Financial instruments	Related amounts not set off in the statements of finan-cial position Cash collateral received (excluding surplus collateral)	Net amount
Derivatives	659,687	-	659,687	659,687	-	-
At 31 December	**659,687**	**-**	**659,687**	**659,687**	**-**	**-**

32 Group companies

Orange loans B.V., Knab's principal subsidiary, and the following structured entities have been consolidated at year-end 2024:



Wholly owned subsidiaries

Incorporated in 2015, Orange Loans B.V. holds a part of the SME loan portfolio of Knab. The company is located in the Netherlands. Knab has issued a statement of liability pursuant to Section 403 of Book 2 of the Dutch Civil Code for Orange Loans B.V.

Investments in structured entities

Knab Conditional Pass-Through Covered Bond Company B.V., Knab Soft Bullet Covered Bond Company B.V. and SAECURE 19 B.V. are not subsidiaries of Knab, as Knab has control over the structured entities, the special purpose entities have been consolidated as group companies (see also note 'Basis of consolidation').

The structured entities were set up for the purpose of securitising mortgage loans and private loans. The contracts with these entities do not include provisions pursuant to which Knab N.V. could be required to provide financial support in certain circumstances. Knab N.V. has not provided, nor does it intend to provide, financial or other support without having a contractual obligation to do so.

33 Related party transactions

In the normal course of business, Knab enters into various transactions with related parties. The principal ones are described in this section. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Transactions between related parties have taken place on an arm's length basis. On 1 November 2024 the acquisition of Knab by BAWAG was completed. Knab undertakes a range of transactions with the BAWAG Group entities, the principal ones of which are described below.

- BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft
- BAWAG Group AG,

Up to 1 November 2024 Knab N.V. was part of the a.s.r. group and based in that relationship identified the following entities as related parties:

- a.s.r. Nederland N.V.;
- a.s.r. Vermogens Beheer;
- Aegon Levensverzekering N.V.; and
- Aegon Hypotheken B.V.;

BAWAG P.S.K. / BAWAG Group AG

As from 1 November 2024 BAWAG provides ALM Treasury activities to Knab. These activities include investment activities for Knab's debt securities portfolio and derivatives portfolio. Costs are recharged on normal commercial terms. As from 1 November 2024 the recharge was € 0.1 million (2023: € 0.0 million).

Migration of these activities included the transfer of Knab's derivatives position to BAWAG. In return BAWAG and Knab entered into back-to-back swaps with the same characteristics as the original derivative contracts. As per 31 December 2024 the value of the derivatives amounts to € 469.2 million. As credit mitigation € 472.3 million in collateral was received for these positions.

In June 2024 Knab issued a zero-coupon covered bond, the bond was fully placed with BAWAG P.S.K. The bond with a nominal value of € 250 million matures in June 2034. The market value of the bond at origination was € 180 million. During 2024 the amortisation on the bond recorded in interest expenses amounted to € 3.2 million.

In 2023 a.s.r. Netherlands granted Knab a loan amounting to € 310 million. The loan is considered to be eligible under the MREL Regulation. Under certain conditions precedent as specified in the loan contract Knab may decide in its sole discretion to increase the loan to by an additional amount of € 75 million. At closing of the BAWAG transaction BAWAG took over the MREL Loan Agreement from a.s.r. The maturity date of the loan was extended from 14 December 2025 to 14 May 2027. As from 1 November interest charges on the loan amount to € 2.5 million.

A.s.r. Nederland N.V. / Aegon Nederland N.V.

Up to 1 November 2024 Knab was a member of the a.s.r. tax group and settled its current tax liabilities with the head of the tax group as if it were an autonomous taxpayer. Knab was jointly and severally liable for all tax liabilities of the entire tax group.

Employees of Knab, including key management personnel, were able to make use of financing and insurance facilities at prices available to agents. The benefit to the employees is equivalent to the margin made by agents. The terms and conditions of these products are the same for key management personnel and other staff.

Knab offered products to employees of a.s.r. Nederland N.V., including key management personnel of Knab N.V. itself, on the same terms and conditions as for other members of staff.

Up to 1 November 2024 a.s.r. Nederland N.V. provided Knab with administrative support and facilities at cost. All transactions with group companies passed through Knab and were accounted for in the current account with Knab N.V. Total recharged expenses until 1 November were € 8.4 million (2023: € 14.9 million).

In 2023 a.s.r. Netherlands granted Knab a loan amounting to € 310 million. Up to 1 November interest charges on the loan amount to € 15.7 million (2023: € 0.9 million).

Knab N.V. paid no dividend to a.s.r. Nederland N.V. in 2024 (2023: € 25 million).

Aegon Hypotheken B.V.

Mortgages held by Knab N.V. are managed and administered by Aegon Hypotheken B.V. Although these services continued after the change of ownership Aegon Hypotheken B.V. is no longer considered to be a related party after 1 November 2024. During the period in 2024 that Aegon Hypotheken B.V. was a related party the recharge for these services was € 17.1 million (2023: € 20.8 million).

Knab N.V. offers a 'Banksparen' mortgage product in cooperation with Aegon Hypotheken B.V. Aegon Hypotheken B.V. paid Knab N.V. € 5.3 million for this service up to 1 November 2024 (2023: € 6.8 million). The recharges are on normal commercial terms.

A.s.r. Vermogensbeheer

Investment activities were undertaken through a.s.r. vermogensbeheer. Costs were recharged on normal commercial terms.
Up to 1 November 2024 the recharge was € 1.8 million (2023: € 1.3 million).

34 Events after the statement of financial position date

In February 2025 Knab issued for EUR 1.5 billion of retained soft bullet covered bonds for collateral liquidity purposes. A part of the increased collateral was used to replace SAECURE 19 ("S19") by an early call. The call was performed in Apil 2025, which is one-and-a-half year before the first optional redemption date dated October 2026.

Approval of the consolidated financial statements

Knab's consolidated financial statements for the year ended 31 December 2024 were approved by the Board of Directors and the Supervisory Board on 13 May 2025.

The consolidated financial statements will be submitted for adoption to the General Meeting of Shareholders. General Meeting of Shareholders may decide not to adopt the consolidated financial statements, but cannot amend them at the meeting.

Supervisory Board:
E.D. Drok
E. Sirucic
S. Shah
R. Dekker

Statutory Board:
F. Spandl
T. van Zalen

Company Financial Statements

Knab N.V.'s Company Financial Statements

Report of the Management Board

See Report of the Management Board of the consolidated Financial Statements.

Company statement of financial position *
for the year ended 31 December 2024

(before appropriation of result)

Amounts in EUR thousands	Note	31-12-2024	31-12-2023
Assets			
Cash	3	2,418,460	2,446,056
Sovereign debt securities FVOCI	7	166,595	183,190
Amounts due from banks	4	186,265	52,396
Mortgage loans	5	13,075,263	12,700,598
Other loans	5	17,776	107,071
Debt securities FVOCI	7	93,940	690,584
Group companies	6	71,873	64,529
Derivatives	8	477,749	1,188,726
Intangible assets	9	15,356	11,902
Property and equipment	10	5,779	-
Other assets and receivables	11	300,800	307,343
Total assets		**16,829,856**	**17,752,396**
Equity and liabilities			
Amounts due to banks	13	790,732	821,385
Savings deposits	12	12,684,867	12,211,194
Issued debt securities	13	2,174,310	2,988,787
Derivatives	8	54,074	660,736
Net deferred tax liabilities	14	610	46,102
Other liabilities and accruals	15	144,891	182,212
Provisions	16	3,412	4,085
Total liabilities		**15,852,898**	**16,914,501**
Equity			
- Share capital		37,437	37,437
- Share premium		465,357	467,920
- Revaluation reserves		(5,234)	(26,439)
- Reserves required by law		11,394	8,831
- Retained earnings		350,147	215,714
- Undistributed profit attributable to shareholders		117,857	134,434
Total equity	17	**976,958**	**837,896**
Total equity and liabilities		**16,829,856**	**17,752,397**

* Changes were made in the presentation of the annual report reference is made to Note 2 "Material Accounting policies" of the Company Financial Statements.

Company Income statement *
for the year ended 31 December 2024

Amounts in EUR thousands	2024	2023
Income		
Interest income calculated using the effective interest method	457,631	413,159
Other interest income	114,214	98,704
Interest expense calculated using the effective interest method	(266,057)	(167,067)
Other interest expenses	-	-
Net interest income	**305,788**	**344,796**
Net income / (loss) group companies	**7,343**	**7,187**
Fee and commission income	49,777	38,682
Fee and commission expense	(1,440)	(1,500)
Net fee and commission income	**48,337**	**37,182**
Result on financial transactions	(16,209)	(28,590)
Total income	**345,259**	**360,575**
Expenses		
Employee expenses	77,347	66,901
Other operating expenses	106,753	115,246
Total expenses	**184,100**	**182,147**
Impairments (charges) on intangible assets	(6,016)	-
Impairment (charges) / reversals on financial instruments	1,885	1,284
Income / (loss) before tax	**157,028**	**179,711**
Income tax	(39,171)	(45,277)
Net income attributable to the parent company	**117,857**	**134,434**

* Changes were made in the presentation of the annual report reference is made to Note 2 "Material Accounting policies" of the Company Financial Statements.

Notes to the Company Financial Statements

1 General information

Knab is a public limited liability company organised and existing under Dutch law, listed in the Trade Register of the Amsterdam Chamber of Commerce under number 30100799, with its registered address at Thomas R. Malthusstraat 1-3, 1066 JR Amsterdam. Knab N.V. is a wholly owned subsidiary of BAWAG P.S.K, established in Vienna. Knab's ultimate holding company is BAWAG Group AG. Knab and its group companies specialise in developing, selling and servicing savings and investment products to help their customers accumulate wealth and to make savings and investing more tangible, relevant and easy – all the things our customers need for a carefree financial future.

2 Material accounting policies

Basis of preparation

These separate financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of results for its separate financial statements, the Company makes use of the option provided in section 2:362(8) of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the separate financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements.

For information on the accounting policies, see note 'Material accounting policies' in the consolidated financial statements. These also apply to the company financial statements, unless stated otherwise.

For disclosures on risk management, see to note 'Risk Management' in the consolidated financial statements. In comparison to last year's annual report Knab made several changes in the presentation of the annual report to better align with Dutch Civil Code presentation requirements.

Group companies

The group companies are stated at their net asset value, measured in accordance with IFRS as applied to the Group's consolidated financial statements. When the net asset value of a group company is negative, the result for the period that cannot be attributed to the group company's net asset value will be attributed to its loan receivables. Any positive results in subsequent periods will first be attributed to the net asset value of the loans before the profit is attributed again to the subsidiary's net asset value. When the measurement of a group company based on its net asset value is negative, it will be carried at nil value.

3 Cash

For more information, see note 'Cash' in the consolidated financial statements.

4 Amounts due from banks

	2024	2023
Bank accounts	186,265	52,396
Total	**186,265**	**52,396**

Amounts due from banks comprise receivables from banks in the Netherlands and abroad, as well as cash collateral provided. Of the amounts due from banks € 180.9 million (2023: € 48.3 million) related to cash positions placed in a DNB account held by the participating instant payment facilitating banks, which facilitate overnight instant payments.

Bank accounts are payable on demand, and deposits have a maturity of less than three months.

5 Mortgage loans and other loans

	2024	2023
Loans to the private sector		
- Mortgage loans	13,075,263	12,700,598
- Other loans: Loans to Small and Medium Enterprise loans	17,763	6,746
- Other loans	13	100,325
Total	**13,093,039**	**12,807,670**
Fair value	12,661,734	11,969,235
Current	770,837	768,270
Non-current	12,322,202	12,039,400
Total	**13,093,039**	**12,807,670**

On 28 May 2020, Knab sold € 1.7 billion of mortgage loans to an SPE and purchased all of the debt securities issued by the SPE (SAECURE 19 B.V.). Knab controls the SPE, which is therefore consolidated by Knab. Substantially all of the risks and rewards were retained by Knab. Because interest rate risk and credit, late payment and prepayment risks were not transferred (or not fully), the mortgage loans transferred were not derecognised in the company financial statements.

6 Group companies

	2024	2023
At 1 January	64,529	57,343
Net income / (loss) for the financial year attributed to group company	7,343	7,187
Total	**71,873**	**64,529**

For a list of group companies, see note 'Group Companies' to the consolidated financial statements.

7 Other financial assets

	2024	2023
Sovereign debt securities FVOCI	166,595	183,190
Debt securities FVOCI	93,940	690,584
Total financial assets, excluding derivatives	**260,535**	**873,774**

	2024	2023
Current	170,664	354,925
Non-current	89,872	518,849
Total financial assets, excluding derivatives	**260,535**	**873,774**

Summary of movements in financial assets, mortgage loans, and other loans.

	(Sovereign) debt securities FVOCI	Mortgage loans	SME loans and other loans	Total
At 1 January 2024	873,773	12,700,599	107,071	13,681,443
Acquisitions	146,953	1,372,000	354,335	1,873,288
Redemptions and sales	(769,024)	(1,071,372)	(444,868)	(2,285,264)
Unrealised gains and losses	28,579	104,205	-	132,784
Amortisations through income statement	(2,063)	(31,887)	-	(33,950)
Realised gains and losses	(18,614)	-	-	(18,614)
Impairment (losses) / reversals	932	1,528	(574)	1,885
FX and other movements	-	191	1,812	2,003
At 31 December 2024	**260,535**	**13,075,263**	**17,776**	**13,353,575**

	(Sovereign) debt securities FVOCI	Mortgage loans	Consumer loans SME loans and other loans	Total
At 1 January 2023	1,069,068	11,637,940	281,205	12,988,213
Acquisitions	69,212	1,843,122	1,799,972	3,712,306
Redemptions and sales	(288,398)	(1,036,389)	(1,979,569)	(3,304,357)
Unrealised gains and losses	35,563	285,448	-	321,011
Amortisations through income statement	(8,027)	(30,431)	-	(38,458)
Realised gains and losses	(4,110)	-	-	(4,110)
Impairment (losses) / reversals	467	908	(91)	1,284
FX and other movements	-	-	5,555	5,555
At 31 December 2023	**873,773**	**12,700,599**	**107,071**	**13,681,443**

8 Derivatives

See note 'Derivatives' to the consolidated financial statements.

9 Intangible assets

See note 'Intangible assets' of to the consolidated financial statements.

10 Property, plant and equipment

See note 'Property, plant and equipment' of to the consolidated financial statements.

11 Other assets and receivables

Receivables

	2024	2023
Investment debtors	48,731	77,205
Current accounts with group companies	166,430	93,701
Other	2,595	1,186
Accrued interest	83,043	135,251
Total	**300,800**	**307,343**
Current	300,791	307,335
Non-current	8	8
Total	**300,800**	**307,343**

The carrying amounts disclosed reasonably approximate the fair values at year-end.

12 Savings deposits

See note 'Savings deposits' to the consolidated financial statements.

13 Borrowings

	2024	2023
Amounts due to banks	790,732	821,385
Issued debt securities	2,174,310	2,988,787
At 31 December	**2,965,042**	**3,810,172**
Current	982,203	1,535,766
Non-current	1,982,839	2,274,406
Total	**2,965,042**	**3,810,172**
Fair value	2,838,885	3,620,635

	2024	2023
At 1 January	3,810,172	3,805,062
Acquisitions	204,523	2,131,594
Disposals	(1,064,095)	(2,128,162)
Amortisation	4,638	1,678
Other	1,363	
At 31 December	**2,956,600**	**3,810,172**

For more information, see note 'Borrowings' to the consolidated financial statements.

14 Net deferred tax liabilities

See note 'Net deferred tax liabilities' to the consolidated financial statements.

15 Other liabilities and accruals

	2024	2023
Other liabilities	98,388	103,901
Accruals	46,503	78,310
Total	**144,891**	**182,212**

Other liabilities

	2024	2023
Investment creditors	-	(39)
Income tax payable	43,985	66,069
Social security and taxes payable	6,547	5,309
Other creditors	47,856	32,562
Total	**98,388**	**103,901**
Current	91,499	103,901
Non-current	6,889	-
Total	**98,388**	**103,901**

The carrying amounts of the financial items disclosed reasonably approximate the fair values at year-end.

Accruals

	2024	2023
Accrued interest	46,503	78,310
Total	**46,503**	**78,310**
Current	46,503	78,310
Non-current	-	-
Total	**46,503**	**78,310**

This item comprises interest payable and is classified entirely as a current liability. The carrying amounts disclosed reasonably approximate the fair values at year-end.

16 Provisions

See note 'Provisions' to the consolidated financial statements.

17 Equity

	2024	2023
Issued share capital	37,437	37,437
Share premium	465,357	467,920
Revaluation reserves	(5,234)	(26,439)
Reserves required by law	11,394	8,831
Retained earnings	350,147	215,714
Undistributed profit attributable to shareholders	117,857	134,434
Total	**976,958**	**837,896**

Share capital

	2024	2023
Authorised share capital	90,000	90,000
Not issued	52,563	52,563
Total	**37,437**	**37,437**

The authorised share capital is € 90 million, divided into 90,000 common shares with a par value of € 1,000.00 each, 37,437 shares of which have been issued and fully paid. There have been no changes since the previous financial year. No dividend was paid out in 2024. In 2023, Knab N.V. paid a € 25 million dividend to a.s.r. Nederland N.V.).

The revaluation reserve and other reserves required by law cannot be freely distributed. In case of negative balances for individual reserves legally to be retained, no amounts may be distributed from retained earnings to the level of these negative amounts. 'Other reserves required by law' relates to software that has been capitalised (accounted for under 'Intangibles').

Statement of changes in equity after profit appropriation

2024	Issued share capital	Share premium	Retained earnings	Revaluation reserves	Reserves required by law	Knab participations	Undistributed profit attributable to shareholders	Total
At 1 January 2024	37,437	467,920	215,714	(26,439)	8,831	-	134,434	837,896
Undistributed profit attributable to shareholders	-	-	-	-	-	-	117,857	117,857
Other comprehensive income / (loss)	-	-	-	21,206	-	-	-	21,206
Total comprehensive income / (loss)	**-**	**-**	**-**	**21,206**	**-**	**-**	**117,857**	**139,062**
Appropriation of result prior year	-	-	134,434	-	-	-	(134,434)	-
Dividends paid on common shares	-	-	-	-	-	-	-	-
Transfers	-	(2,563)	-	-	2,563	-	-	-
At 31 December 2024	**37,437**	**465,357**	**350,147**	**(5,234)**	**11,394**	**-**	**117,857**	**976,958**

2023	Issued share capital	Share premium	Retained earnings	Revaluation reserves	Reserves required by law	Knab participations	Undistributed profit attributable to shareholders	Total
At 1 January 2023	37,437	474,013	209,068	(52,827)	2,738	9,500	32,192	712,122
Undistributed profit attributable to shareholders	-	-	-	-	-	-	134,434	134,434
Other comprehensive income / (loss)	-	-	-	26,387	-	-	-	26,387
Total comprehensive income / (loss)	**-**	**-**	**-**	**26,387**	**-**	**-**	**134,434**	**160,821**
Appropriation of result prior year	-	-	32,192	-	-	-	(32,192)	-
Dividends paid on participations	-	-	(547)	-	-	-	-	(547)
Dividends paid on common shares	-	-	(25,000)	-	-	-	-	(25,000)
Buy back of participations	-	-	-	-	-	(9,500)	-	(9,500)
Transfers	-	(6,093)	-	-	6,093	-	-	-
At 31 December 2023	**37,437**	**467,920**	**215,714**	**(26,439)**	**8,831**	**-**	**134,434**	**837,896**

Please refer to note 'Equity' of the consolidated financial statements for more information on equity.

18 Employees

Please refer to note 'Employee expenses and other operating expenses' of the consolidated financial statements for information on employee expenses and number of FTEs employed.

19 Income tax

Refer to note 'Income tax' of the consolidated financial statements for information on the weighted average applicable statutory tax rate for Knab.

20 Remuneration of the Statutory Board and Supervisory Board

Refer to note 'Remuneration of (former) Supervisory Board members' of the consolidated financial statements for information on the remuneration of the Statutory Board and Supervisory Board.

21 Independent Auditor's fees

Please refer to note 'Employee expenses and other operating expenses' of the consolidated financial statements for information on the fees paid to the independent Auditor.

22 Related party transactions

Orange Loans B.V. invests in UK-originated SME loans on behalf of Knab N.V. These investment activities are funded through an intercompany loan between Knab N.V. and Orange Loans B.V. At year-end 2024 the net asset value of the loan amounted to € 7 million payable (2023: € 88 million receivable). The loan is rolled forward on a (bi-)monthly basis. The coupon of the loan is based on a one-month compounded SONIA + 100 basis points.

See note 'Related party transactions' of the consolidated financial statements for information on the related party transactions.

23 Commitments and contingencies

See note 'Commitments and contingencies' of the consolidated financial statements for more information.

24 Events after the statement of financial position date

In February 2025 Knab issued for EUR 1.5 billion of retained soft bullet covered bonds for collateral liquidity purposes. A part of the increased collateral was used to replace SAECURE 19 ("S19") by an early call. The call was performed in Apil 2025, which is one-and-a-half year before the first optional redemption date dated October 2026.

25 Proposal for profit appropriation

A proposal will be put to the General Meeting of Shareholders to approve a dividend payout for the financial year as follows:

Proposed dividend	€ 117,857
Net result	€ 117,857

This proposal has not yet been incorporated in the financial statements.

Amsterdam, 13 May 2025

Supervisory Board
E.D. Drok
R. Dekker
E. Sirucic
S. Shah

Statutory Board
F. Spandl
T. van Zalen

Other information

Statutory provisions regarding profit appropriation

Any profit will be appropriated in accordance with article 23 of Knab N.V.'s Articles of Association. The relevant provisions read as follows:

- The profit made in any financial year will be at the disposal of the Annual General Meeting.
- The profit will be distributed after adoption of the financial statements showing this to be permissible.
- The Annual General Meeting may decide to pay an interim dividend if the requirements are met, as evidenced by an interim statement of net assets pursuant to Section 2:105 (4) of the Dutch Civil Code.
- The Annual General Meeting may decide to make interim and / or other distributions and charge them to a reserve of the company.
- Distributions on shares may only take place up to the amount of the distributable equity.

Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of Knab N.V.

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

Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Knab N.V. as at 31 December 2024 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of Knab N.V. as at 31 December 2024 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2024 of Knab N.V. ('the Company' or 'the Bank') based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as at 31 December 2024;

2 the following consolidated statements for 2024: the income statement, the statements of comprehensive income, changes in equity and cash flows; and

3 the notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:

1 the company statement of financial position as at 31 December 2024;

2 the company income statement for 31 December 2024; and

3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

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

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

Summary

Materiality

- Materiality of EUR 6.6 million
- 0.8% of three-year average of total equity

Group audit

- We performed our audit procedures on the consolidated financial statements of Knab N.V. centrally.
- We engaged a centralized services auditor to perform audit procedures on the derivatives and financial assets that are centrally managed at BAWAG.

Risk of material misstatements related to Fraud, NOCLAR and Going concern

- Fraud risks: presumed risk of management override of controls identified and further described in the section ‘Audit response to the risk of fraud and non-compliance with laws and regulations’.
- Non-compliance with laws and regulations (NOCLAR) risks: no reportable risk of material misstatements related to NOCLAR risks identified.
- Going concern risks: no going concern risks identified.

Key audit matters

- Estimation of expected credit loss allowance for mortgage loans
- Knab acquired by BAWAG
- Reliability and continuity of electronic data processing

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 6.6 million. The materiality is determined with reference to the three-year average total equity of the Bank (0.8%). We consider the total equity as the most appropriate benchmark because it provides a consistent year-on-year basis for determining materiality and is one of the key indicators that users of the financial statements consider to assess the financial position of the Bank. We also concluded it is a more stable indicator of the size of the Bank’s operations. We have averaged the total equity because the equity has increased in recent years due to limited dividend distributions. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements identified during our audit in excess of EUR 330 thousand would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Knab N.V. is at the head of a group of components (hereafter “Group”). The financial information of this group is included in the (consolidated) financial statements of Knab N.V.

We performed risk assessment procedures throughout our audit to determine the risks of material misstatements to the Group financial statements. Based on the management structure of the Group, the nature of the operations, the accounting and financial reporting process, and internal controls we considered the Group as one single entity. To appropriately respond to the assessed risks, we planned and performed audit procedures on the consolidated financial information of Knab N.V.

Since derivatives and financial assets measured at fair value through other comprehensive income are centrally managed at BAWAG, we engaged KPMG Austria as a centralised service auditor to conduct specific audit procedures over these accounts. In supervising and directing the centralized services auditor, we:

- Held risk assessment discussions with the centralized services auditor to obtain their input to identify matters relevant to the group audit.
- Issued instructions to the centralized services auditor on the scope, nature and timing of their work, and received written communication about the results of the work they performed.

Through performing the procedures mentioned above we obtained sufficient and appropriate audit evidence about the Group’s financial information to provide an opinion on the financial statements as a whole.

Audit response to the risk of fraud and non-compliance with laws and regulations

In chapter ‘Non-financial risks’ of the Report of the Management Board, the Management Board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations and the Supervisory Board reflects on this in the section ‘Report of the Supervisory Board’.

As part of our audit, we have gained insights into the Bank and its business environment and the Company’s risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company’s code of conduct, whistleblowing procedures, incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management, those charged with governance and other relevant functions, such as Internal Audit, Legal Counsel, Compliance and included correspondence with relevant supervisory authorities and regulators in our evaluation. We have also incorporated elements of unpredictability in our audit, such as: requesting lawyer's letters for active legal cases from the active lawyer's, and involved forensic specialists in our audit procedures.

As a result from our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case of non-compliance:

- 'Wet op het financieel toezicht' (Wft, Act on Financial Supervision), including banking-specific regulatory requirements as imposed by the Competent Authority;
- Laws and regulations on Anti-Money Laundering ('AML') and Financial Economic Crime ('FEC') (e.g., 'Wet ter voorkoming van witwassen en financieren van terrorisme (Anti-Money Laundering and Anti-Terrorist Financing Act or Wwft) and Sanction Laws;
- Banking-specific prudential regulations, including the Capital Requirements Regulation ('CRR') and Capital Requirements Directive ('CRD');
- Regulations related to data privacy ('GDPR').

Our procedures did not result in the identification of a reportable risk of material misstatement in respect of non-compliance with laws and regulations.

Further, we assessed the presumed fraud risk on revenue recognition as not significant, since the Bank's significant source of income is largely predetermined, calculated and collected automatically, without elements of estimate and administrated and booked by service organisations into the general ledger of the bank. Consequently, we did not identify an incentive nor pressure for the Management Board members to achieve certain results or specific income targets and there appears to be limited perceived opportunity to commit fraud in this area.

Based on the above and on the auditing standards, we identified the following presumed fraud risk laid down in the auditing standards that is relevant to our audit, and responded as follows:

Management override of controls (a presumed risk)

Risk:

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively such as: estimates related to loss allowance for mortgage loans.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud risks, such as processes related to journal entries and estimates.
- As part of the fraud risk assessment, we performed a data analysis of the journal entries population to determine if high-risk criteria for testing applies. Where we identified instances of unexpected journal entries or other risks through our data analysis, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.
- We evaluated relevant estimates and judgements for bias by the Company's management, including retrospective reviews of prior years' estimates with respect to management's judgements and assumptions regarding estimation of loss allowance for mortgage loans that were included in the financial statements of the previous fiscal year.
- We identified and selected journal entries and other adjustments made at the end of the reporting period for testing.

Our evaluation of procedures performed related to fraud did not result in an additional key audit matter. We communicated our risk assessment, audit responses and results to the Management Board and the Risk and Audit Committee of the Supervisory Board.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The Management Board has performed its going concern assessment and has not identified any going concern risks. To assess the Management Board's assessment, we have performed, inter alia, the following procedures:

- We considered whether the Management Board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- We analysed the company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks;
- We inspected regulatory correspondence to obtain an understanding of the Bank's capital position, that underpins management's assessment of the going concern assumption for financial reporting.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Estimation of expected credit loss allowance for mortgage loans

Description

As discussed in the Risk management section on page 65 and in Note 9 in the consolidated financial statements, the mortgage loans represented a gross carrying amount of EUR 13,075 million as at 31 December 2024. These mortgage loans are measured at amortised cost, less expected credit loss allowance ('ECL') of EUR 742 thousand.

Management uses models that estimate expected credit losses using three components: probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD'). Management applies a forward-looking macroeconomic factor, which is the house price index ('HPI'), for three macroeconomic scenarios (base, upside and downside). The probability of these scenarios are weighted to determine the expected credit losses. The critical data elements that are inputs for these models were retrieved from the service organisation, as mortgages held by Knab are managed and administered by Aegon Hypotheken B.V, and from external sources.

For the definition of the model components, refer to the paragraph 'Measuring ECL – Inputs, assumptions and estimation techniques' (page 59) of the consolidated financial statements. In addition, refer to paragraph 'Variable economic assumptions' (page 60) for the forward-looking considerations used for the ECL estimate.

The complexity of the models, the significance of the assumptions applied, and judgements made by management, increase the risks of material misstatement. Therefore, we consider this a key audit matter in our audit.

Our response

- We have gained an understanding of management's processes, systems and controls through walkthrough and other risk assessment procedures. We evaluated the governance framework for the ECL models, including development, validation, calibration, and implementation. We assessed the functional acceptance test and model validation procedures performed by the model validation team and assessed their findings.
- We evaluated the determination and the application of staging criteria, the significant increase in credit risk ('SICR') determination and evaluated the timely identification of impairment triggers.
- We assessed the models, underlying key assumptions, data sources and accounting policy assisted by our credit risk modelling specialists, including evaluating the model validation and model monitoring reports.
- We verified the mathematical accuracy of the model with the assistance of our credit risk modelling specialists by reviewing the Functional Acceptance Test ('FAT'), assessing post-FAT changes and recalculating the model component that identifies significant increases in credit risk.
- We assessed the macro-economic scenarios and macroeconomic variables applied by challenging these with relevant independent market data.
- We tested the accuracy and completeness of the relevant data elements used in the ECL calculations.

Our observation

Based on our procedures performed, we found management's overall assessment relating to the valuation of the mortgage loans reasonable and adequately disclosed in Note 9 of the consolidated financial statements.

Knab acquired by BAWAG

Description

The sale of Knab N.V. from ASR Nederland N.V. ('a.s.r.') to BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft ('BAWAG') has been completed on 1 November 2024. This marks the second ownership change in a short period. Knab had significant intra-group dependencies from both former shareholders Aegon Nederland N.V. ('Aegon') and a.s.r. During 2023 and 2024 some dependencies shifted from Aegon (and Aegon related entities) to a.s.r. The transition to BAWAG ownership further disentangled these dependencies, leading to organizational and process changes. These changes potentially have a pervasive impact on the financial reporting process and the preparation of the financial statements of the Bank. Based on these facts, we consider this as a key audit matter in our audit.

Our response

- We inspected the Bank's transition plan for intra-group dependencies to understand the present and future situation relevant to the financial statement audit. These insights were incorporated into our audit approach.
- We engaged soft controls specialists to assess the impact on entity-wide controls and determine if any changes were required in our audit approach.
- We inquired with relevant officers within the Bank on the impact of the transition on the financial reporting processes.
- We evaluated internal audit reports related to the BAWAG acquisition and inquired with the internal audit team.
- We inspected the Temporary Service Agreements for services the Bank continues to source from a.s.r. and (former) Aegon entities.
- We instructed the centralized services auditor to examine the transfer of the management and administration of derivatives and financial assets measured at fair value through other comprehensive income from a.s.r. to BAWAG.
- We performed substantive testing at year-end on accounts impacted by the transition, where appropriate.

Our observation

The results of our procedures on the possible effects from the acquisition by BAWAG on the financial reporting process and the preparation of the Bank's financial statements were satisfactory.

Reliability and continuity of electronic data processing

Knab and its financial reporting process are highly dependent on the reliability and the continuity of information technology due to the significant number of transactions that are processed daily. An adequate IT infrastructure ensures the reliability and continuity of the Bank's business processes and the accuracy of financial reporting. As the reliability and continuity of IT systems may have an impact on automated data processing and given the pervasive nature of the IT general control environment, we consider this a key audit matter.

Our response

- We obtained an understanding of the IT organization and developments in the IT infrastructure to determine how it impacts the Company's processes. We assessed the impact of changes to the IT environment during the year, either from ongoing internal process optimization initiatives or in order to meet external reporting requirements.
- We tested the design, implementation and operating effectiveness of General IT Controls related to user access management and change management across applications, databases, networks and operating systems.
- We assessed the reliability and continuity of automated data processing only to the extent necessary within the scope of the audit of the financial statements.
- We inquired with management on security incidents and processes to address cyber security risks.

Our observation

Based on the testing of General IT Controls, we obtained sufficient and appropriate audit evidence to support our audit approach.

Report on the other information included in the annual report

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

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the Report of the Management Board and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were initially appointed by the General Meeting of Shareholders as auditor of Knab N.V. on 7 November 2023, as of the audit for the year 2024 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Management Board, under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the Knab N.V.'s ability to continue as a going concern. Based on the financial reporting frameworks mentioned the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the Knab N.V. or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Knab N.V.'s financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

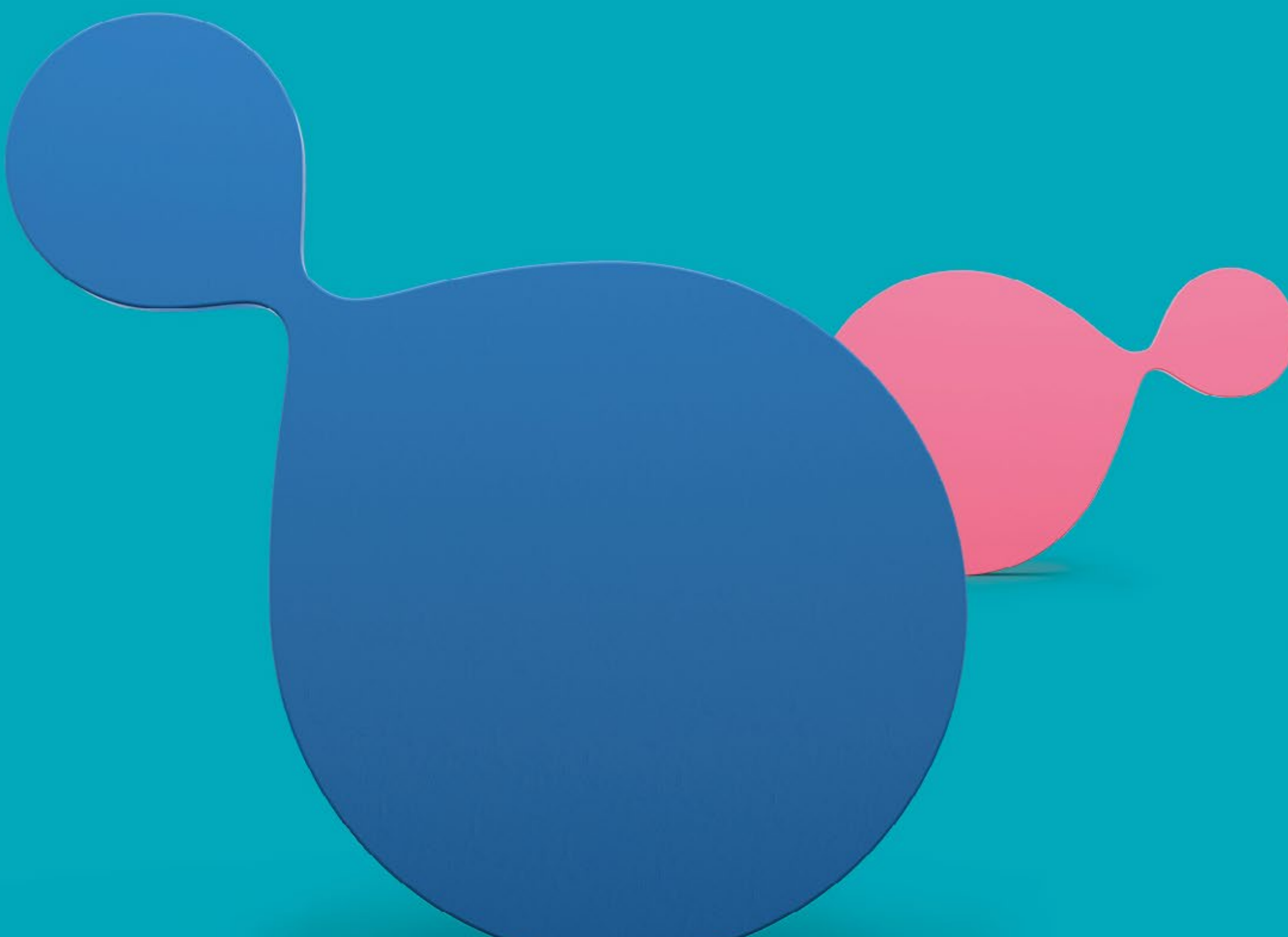
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at www.nba.nl/eng_oob_20241203. This description forms part of our auditor's report.

Amstelveen, 13 May 2025

KPMG Accountants N.V.

J.A. van den Hengel RA



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