Annual Report

31 December 2024

Chamber of Commerce number 71213376

MUFG Securities (Europe) N.V.
A member of MUFG, a global financial group

Contents

Letter from the Chair of the Supervisory Board

First and foremost, the Supervisory Board would like to thank our shareholders and other stakeholders for their continued support across the year. It is this support that has allowed us to deliver on our commitments and service our clients to an exemplary standard. 2024 saw a challenging macroeconomic landscape, with the beginning of interest rate cycle cuts, US elections, political uncertainty in Europe and persistent geopolitical tensions to name a few. Despite this, we have had a solid year across all business functions culminating in a strong financial performance, thanks to the dedication of our colleagues servicing clients across Europe and worldwide.

As we reflect on 2024, one item we would like to acknowledge is our continued means to pursue our strategy in terms of capital generation and strength of our balance sheet. We are constantly monitoring our business plan, audit plans and progress on governance and regulatory projects in what is a dynamic economic landscape.

We continuously supervised, monitored and advised the Management Board on a number of changes relating to our business strategy and practices and other matters which required our solicited or unsolicited attention. In addition to regular quarterly meetings, the Supervisory Board conducted many extensive reviews together with the Management Board to address areas for growth in addition to examining our core values as a global firm and ensure these are embedded in day-to-day culture. Examples of these include supporting the Management Board in the improvement of the controls framework surrounding risk and governance, in addition to human capital matters such as diversity, succession planning and composition of the Management Board. In order to ensure transparency and alignment, the Supervisory Board interacted extensively with our group members in London and Tokyo.

We would like to take this opportunity to once again thank all of our stakeholders for their continued support.

Amsterdam, 30th of April 2024
Wietze Reehoorn, Chair of the Supervisory Board

MUFG Securities (Europe) N.V.
World Trade Center, Tower Two, 5th floor
Strawinkslylaan 1887
1077 XX Amsterdam
The Netherlands
+31 20 7990 200
Chamber of Commerce number: 71213376

Directors' Report

The Directors' Report is prepared by the Management Board in accordance with Title 9, Book 2 of the Dutch Civil Law. References to the Board of Directors ("the Board") throughout this document shall refer to the Management Board.

Background

On 22nd March 2018, MUFG Securities (Europe) N.V. ("MUS(EU)" / the "Company") was incorporated and registered in Amsterdam, the Netherlands.

MUS(EU) is the European capital markets subsidiary of MUFG Securities EMEA plc which is the international capital markets subsidiary of Mitsubishi UFJ Securities Holdings Co. Ltd. ("MUSHD"). MUSHD's and MUS(EMEA)'s ultimate holding company is Mitsubishi UFJ Financial Group, Inc. ("MUFG").

After the outcome of the UK Referendum on EU Membership ("Brexit"), MUS(EMEA) actively assessed and considered the impact of Brexit on its ability to continue servicing European Economic Area ("E.E.A.") domiciled clients. In order to continue servicing these E.E.A. clients, MUS(EMEA) established the wholly owned subsidiary MUS(EU) on 22 March 2018. MUS(EU), including its Paris branch, are key for the continuation of MUFG's services to clients across the E.E.A.

MUS(EU) was granted a Credit Institution licence in the Netherlands on 31 October 2022 from the European Central Bank ("ECB") and was added to the credit institution register by De Nederlandsche Bank ("DNB") on 1 November 2022.

Principal activities

MUS(EU) provides investment services and performs investment activities within the meaning of the Act on Financial Supervision (Wet op het financieel toezicht). In particular, the Company provides client solutions across primary and secondary markets and actively trades in fixed income products. The client group includes European financial institutions, large corporations and central banks. The Company primarily supports this client group from its base in Amsterdam and additionally operates a branch in Paris.

The principal activities of the Company remain largely consistent with those disclosed in the previous year financial statements.

Results

The profit for the accounting period 1 January 2024 to 31 December 2024, after tax, amounted to €10.0 million (2023: €17.3 million). The general meeting of the shareholder determines the allocation of this profit. The results are set out on page 24.

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and Dutch Civil and Corporate Law ("IFRS-EU").

Business review, future development and strategy

The Company reported a total operating income of €57.5 million (2023: €64.5 million) during the year 2024. Revenue drivers evidence the breadth of the business and client offering across the Company with notable income within both primary and secondary business lines (including service fee income related to inter-group service arrangements in place).

Despite being lower than in 2023, the full year results 2024 are strong under continued uncertainties in the global markets. Client demand for our products remained strong with net fees at €34.7m (2023: €39.4m). The volatility in market interest rates and its uncertainties in the market also presented opportunities for trading which was similar to last year at €24.7m (2023: 24.5m).

Noting the above market circumstances, the entity is clearly a meaningful revenue source for the MUFG Group, key to supporting a diversified product range across multiple currencies catering to a global institutional client base. Additionally, the financial soundness of the Company remains robust, including capital and liquidity metrics which remain in excess of regulatory requirements. Management retains a positive outlook.

Collaboration and integration with other entities across the MUFG network represent primary enablers in our focus to deliver comprehensive client solutions. These solutions include a focus on origination, structuring and distribution across our core corporate banking as well as securities products thereby presenting MUFG as a key financial partner to our clients.

Revenue results have been achieved whilst maintaining Value at Risk ("VaR") metrics within internal limits set by the Board (refer to page 17). These metrics reflect management's focus on client-led revenues and targeted risk taking, with capital deployment and associated risk management applied where appropriate (refer to page 15).

The Company manages and monitors its capital base to ensure that sufficient capital is available to support future business plans, its risk appetite, and to meet regulatory requirements. The regulatory agenda continues to evolve, and the Company remains well positioned to respond to change whilst maintaining a strong culture of client service.

Outlook

Management retains a positive outlook, as the Company continues to make progress against its strategic objectives, as outlined in internal medium-term business plans. Management continues to identify opportunities to leverage MUFG's global franchise strength whilst efficiently utilising the Company's capital, infrastructure and staff resources within defined parameters. Deepening relationships with our core clients and a focus on expanding the client coverage across the MUFG network sets firm foundations for the ongoing growth and sustainability of the business model.

The Company remains committed to the MUFG-wide Environmental and Social Policy Framework with ongoing integration and definition of this policy likely to influence our business in the future.

MUS(EU) has decided to discontinue the trading of collateralized short term repo and reverse repo with clients ("the Repo business"). The firm may continue to utilise these products for treasury management purposes. The impact on the gross result will be minimal but the balance sheet size will decrease by approximately €2.5bn by the end of H1 2025.

The Board monitors the results of the Company by reference to various performance and risk based key metrics including:

- **Revenue metrics:** total operating income of €57.5 million (2023: €64.5 million) with a focus on quality of earnings and tracking against revenue plans.
- **Efficiency metrics:** total operating expenses as a percentage of total operating income of 77% (2023: 64%) with a focus on efficient cost deployment.
- **Profitability metrics:** return on equity ("ROE") calculated as profit attributable to owners of the Company, divided by the average of opening and closing total equity, of 4.0% (2023: 7.2%) with a focus on maximising ROE in the interests of shareholder returns.
- **Capital metrics:** total capital requirements based on Pillar 1 requirements of €36 million (2023: €37 million) with a focus on optimising capital allocation and drivers of requirements.
- **Risk metrics:** the 1-day total Value at Risk ("VaR"), as defined in the Business and Risk Management section, of €13.5 thousand based on a 95% confidence level (2023: €54.6 thousand) with a focus on tracking VaR.

The Company was incorporated with the objective to continue servicing E.E.A. domiciled clients and therefore did not engage in any research and development activities in 2023 or 2024. It is not expected to do so in the future.

Challenges and uncertainties

The Company faces a number of challenges and uncertainties in the normal course of its business. Operational risks are inherent in the Company's business activities. Other uncertainties faced by the Company in the course of its business include: liquidity, funding, credit and market risks; the valuation of financial assets and liabilities in volatile markets, exposure to macro-economic and geopolitical uncertainty, changes to regulatory rules and regulatory capital requirements.

New regulations

In April 2025 financial institutions, including MUS(EU), need to comply with the EU regulation of the Digital Operational Resilience Act. This new regulation has five pillars: IT risk management, IT incident reporting, digital operational resilience testing, IT third party risk (outsourcing) and cyber threat information sharing. This new act is an EU enhancement of the existing DNB "best practices in IT security" and "best practices on outsourcing". As at the end of 2024 MUS(EU) was in the final stages of the implementation of the new requirements and plans to complete by the deadline.

Within the MUFG Group the banking activities and securities activities are organized in different legal entities. MUFG is preparing to further integrate more activities and are also evaluating their strategic and operational options within this global project.

In addition, EU regulations pertaining to the Intermediate Parental Undertaking ('IPU') may have an impact on the organization structure of activities of the MUFG Group in Europe. Management and the parent are reviewing the impact and desired response and implementation to ensure the competitiveness of the group's activities for the future.

The EU has released the Corporate Sustainability Reporting Directive (CSRD) which determines reporting requirements for the annual report on non-financial data on mainly Environmental, Social and Governance topics related directly to the business operations of MUS(EU) and indirectly on it's clients, counterparts and suppliers. Even though the regulation for the annual report is delayed ("EU Omnibus package"), parts of it will still be implemented incrementally and the Company's reporting will evolve based on observed best practices.

Global events: Israel and Ukraine conflict

The Israel and Ukraine conflicts have adversely affected global economic activities and financial markets worldwide. This has directly contributed to volatility and uncertainty in global capital markets within which the Company is active. The full extent of these adverse consequences and the related impact on the financial performance of the Company remains uncertain. The results as at December 2024 include estimates of the potential impact on asset valuations as part of our standard approach to valuing traded positions. The impact per year end 2024 is relatively limited. Capital and liquidity metrics have remained above regulatory required minimums throughout this period of heightened volatility.

Exposure analysis as at December 2024 and 2023 confirms the Company has no direct exposure to the Russian Federation, Ukraine and Israel. Additionally, country limits have been reviewed, risk forums engaged and relevant staff mobilised as appropriate in order to react to any emerging risks.

Global events: Import tariffs

There is a high uncertainty from discussions and increases on import tariffs for many tangible products between the US and the rest of the world, including the EU. Although it currently has limited direct impact on MUS(EU) business, it could have material impact on our clients. The creditworthiness of our clients on the long term could be negatively impacted, but the credit risk for corporate clients is guaranteed by other entities within MUFG Group.

Dutch Banking Code

MUS(EU) implements principles and best practice provisions regarding corporate governance, as laid down in the Dutch Corporate Governance Code. MUS(EU) has a two-tier board comprising a Supervisory Board and a Management Board. The Management Board and Supervisory Board highly value the importance of good governance to further strengthen corporate governance at MUS(EU), which includes the establishment of a separate Compliance division, Risk Management division and Internal Audit team. The Compliance division reports to the Chief Risk Officer and has an independent line to the Supervisory Board. MUS(EU) has a code of conduct, corporate governance framework and governance-related policies such as a whistle blowing policy and insider trading regulations which apply to all employees and others working in MUS(EU). All members of the Management Board and Supervisory Board have taken the 'Banker's Oath'. All employees joining MUS(EU) in the Netherlands must also take this oath. Both the code of conduct and the Banker's Oath emphasize the role of banks in society and their commitment to meeting societal expectations and contributing to public trust in banks. Meetings and trainings on our core values and behaviours are regularly organised for all staff, to ensure the highest level of integrity of all staff.

Going concern

Taking the above into consideration, including the expected future profitability as evidenced in business plans, capital adequacy and funding availability, as well as the Company continuing to be of strategic importance to MUS(EMEA) and MUSHD, the Board believes that the Company will have adequate resources in place to continue trading for the foreseeable future. When needed, the Company as a member of the MUFG Group can also expect assistance with receiving capital injections from the MUFG Group. Therefore the financial statements have been prepared on the basis of going concern.

Risk Management and Internal Control measures

The Board is ultimately responsible for maintaining effective risk management which includes the Company's risk governance structure, the Company's system of internal controls and the Company's internal audit approach. Risk management and internal control activities are performed periodically by the designated person within the Company under supervision of the Board. The Board has established risk policies and risk appetite statements on the back of the approved risk policies and risk appetite statements of its parent MUS(EMEA). All policies are approved by the Board.

Under its Terms of Reference, the Risk Management Committee ("RMC") has been established to provide day to day oversight and coordination of the Company's risk management functions in accordance with the limits, strategy and business plan agreed by the Board. The Chief Risk Officer ("CRO") and the Board have full power and authority to make decisions on all risk issues affecting the Company, save for the matters reserved for approval by the Board. The main purpose of the RMC is to safeguard the financial condition and performance of the firm by assessing the significant risks arising from the activities of the firm and ensuring that these risks are actively managed in light of current market conditions. The focus will be on market, credit, operational risks, liquidity and capital management. The RMC also oversees legal & compliance risks.

Overall monitoring of specific risks within the Company is undertaken by the risk department, which reports to the CRO. The MUS(EU) Risk Unit is supported by risk departments within MUS(EMEA). Below is an overview of the principal risks managed by the RMC in the period 1 January 2024 – 31 December 2024. The risks identified by management are categorised in the Company's material risk classes below:

Strategic Risk: Management's objective is to manage earnings volatility and capital consumption to provide a source of stable, sustainable and diversified profits to the Company. The key and emerging risks for this material risk class are:

- Execution risk of not being able to meet planned timelines for new products or timelines or not the budgeted income or costs targets.
- Regulatory influence through enhanced supervision and oversight.

Operational Risk: Management's objective is to manage operational risk so that operational incidents do not materially constrain business activity and that the operational risk profile is conducive to supporting stable and effective market operations. The key and emerging risks for this material risk class are:

- Outsourcing – oversight risk
- Transaction processing
- Operational resilience
- Fraud prevention and detection

Compliance Risk: Management's objective is to manage compliance risk to minimise the possibility of compliance breaches by acting in good faith and undertaking reasonable due diligence. When our behaviour falls short of the standards required it will be addressed through management action with appropriate urgency, integrity and accountability. The key and emerging risks for this material risk class are:

- KYC/AML (outsourced to MUFG Group companies).
- Sanctions monitoring (outsourced to MUFG Group companies).

Conduct Risk: Our objective is to conduct ourselves at all times in a manner consistent with our risk culture and principles, placing the needs of our clients and the integrity of the markets at the heart of all we do. We will maintain appropriate controls and procedures that support the efficient and effective conduct of the markets in which the Company participates and which protect the interests of our clients and other stakeholders. The key and emerging risks for this material risk class are:

- Market manipulation
- Anti-trust & competition

MUFG is committed to building long-lasting relationships with our clients and society to achieve shared sustainable growth by focusing on protecting the global environment and promoting human rights.

The MUFG Sustainability approach is built on five core pillars: Sustainable Finance, Risk Management, Corporate Sustainability, Policy & Advocacy, Disclosures.

Amongst these, the Sustainable Finance pillar is responsible for designing products, solutions, and Thought Leadership to support our clients' ESG journey, the Risk pillar is charged with developing a robust, proportionate and sustainable risk framework to manage climate change and ESG related risks and the Corporate Sustainability Pillar focus on reducing the environmental and social impacts of our own operations.

MUS(EU) recognises risks arising from climate change as a financial risk that permeates a number of strands of existing risks, including credit, market, liquidity, operational risk etc. Risks arising from climate change cover both physical risks (the impact of acute weather events and chronic changes to the climate) and transitional risks (the impact of shifts to a low-carbon economy).

The Company has a code of conduct, corporate governance framework and governance-related policies such as a whistle blowing policy and insider trading regulations which apply to all employees and others working with the Company. The MUFG Group Code of Conduct defines the most essential conduct principles expected from employees in their daily activities, to create additional risk awareness and better meet expectations stated in external rules and guidelines. Employees are required to take an annual e-learning on a diverse range of topics and attest to their adherence to the MUFG Global Code of Conduct.

ESG Risks: Management's objective is to manage ESG risks in the portfolio by discussing, measuring and monitoring the ESG policies and behaviour of our clients and stakeholders.

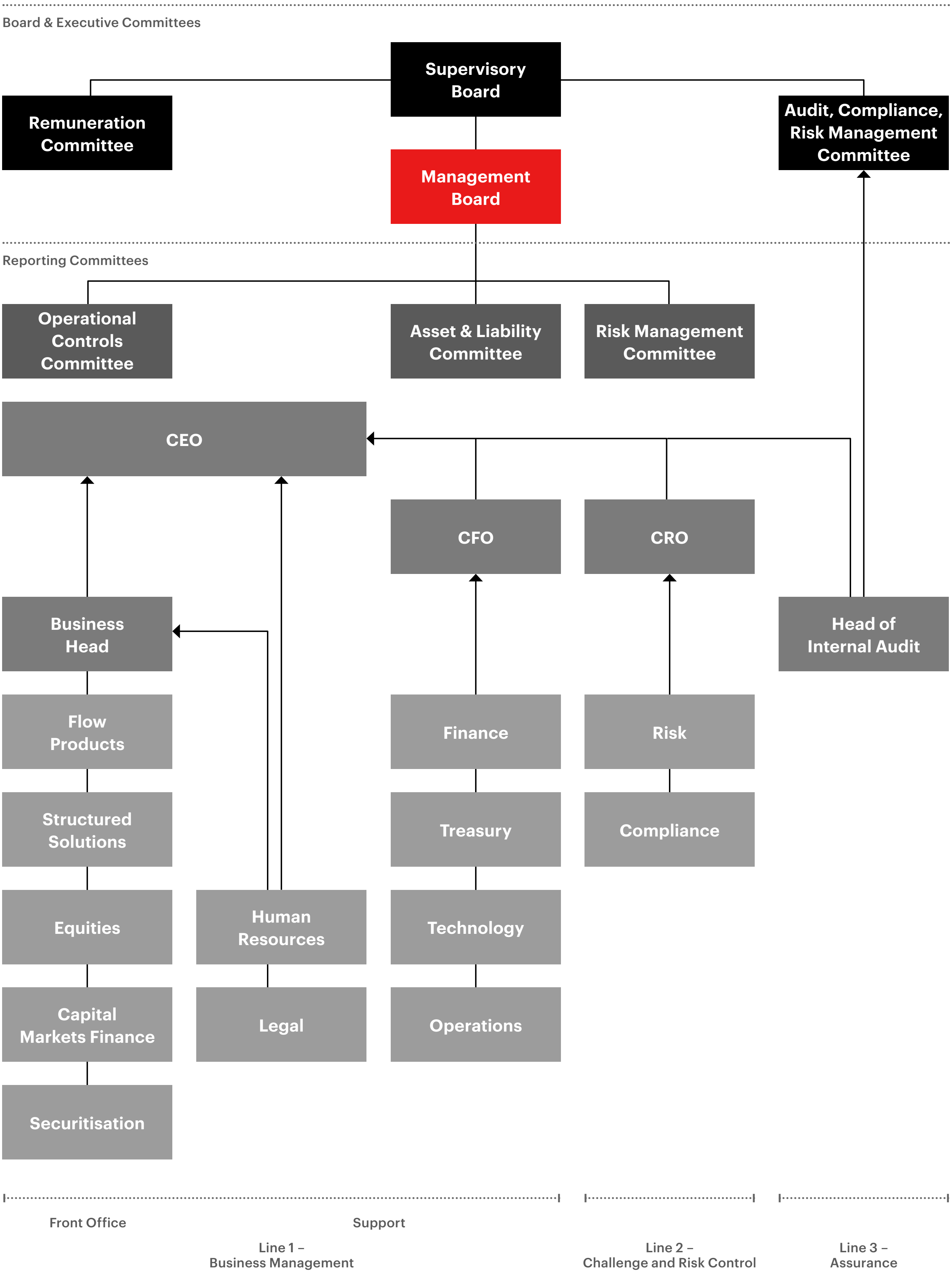
Financial Risk: Financial risks are divided into four material risk classes Credit Risk, Market Risk, Capital Risk, and Liquidity Risk. The financial material risk classes are monitored by the RMC in combination with the other risk classes.

Use of financial instruments and risk management

The Company trades predominantly bonds, repurchase agreements and derivatives. Information regarding the use of financial instruments is included within the Business and Risk Management Policies on pages 15 to 23.

Directors' Report (continued)

Internal structure of the Company



Two-Tier Board structure of the Company

The two-tier board structure consists of a Management Board, which comprises of two or more members; and a Supervisory Board, which comprises of three or more individuals of which at least half will be Independent Supervisory Board members with the members and chair determined by the general meeting of shareholders.

The Management Board is a three member board (Chief Executive Officer (CEO), Chief Risk Officer (CRO) and Chief Financial Officer (CFO)).

Each two-tier Board member is responsible for proper performance of the duties assigned to that member and to act in the Company's best interest including its business and its stakeholders such as clients, employees and the shareholder.

The ownership structure of the Company is presented in the chart opposite:

Two-tier Board membership

Supervisory Board members

The members during the year were as follows:

Wietze Reehoorn	Chair	(appointed 1st October 2021)
Gisella Eikelenboom	Independent member	(appointed 1st October 2021)
Colleen Stack	Member from the Group	(appointed 1st October 2021)

Executive Management Board members

The Directors during the year were as follows:

Yuji Tokuhiro	CEO	(appointed 23rd November 2022)
Jeffrey Wayne Simmons	CRFO – until 13th Nov 2023 CRO – from 13th Nov 2023	(appointed 17th July 2018, resigned 29th February 2024)
Adam Jesney	CFO	(appointed 13th November 2023)
Cecilia Gejke	CRO	(appointed 7th May 2024)

Two-tier Board membership (continued)

Biographies of each of the Directors can be found below.

Yuji Tokuhiro CEO Appointed: 23rd Nov 2022	**Skills and experience:** Mr Tokuhiro has extensive experience within the Securities business, joining from New York, where he was Deputy Chief Executive Officer of MUFG Securities Americas Inc. Previous experience also includes senior appointments within Planning and Finance departments in New York and Tokyo. Yuji has an Economics degree from Hitotsubashi University and was a previous visiting scholar at the Haas School of Business at the University of California at Berkeley. **Other appointments:** • None
Jeffrey Wayne Simmons CRO Appointed: 17th Jul 2018 Resigned: 29th Feb 2024	**Skills and experience:** Mr Simmons has 30 years' experience in Banking coupled with 10 years in Finance. He has had various senior roles specialising in best practice Risk Management including Market Risk, Credit Risk, Risk Model Validation and Regulatory Risk consulting. As well as line management responsibilities in various institutions he has also gained extensive experience in implementing Risk Management frameworks from both a technical and operating model-based perspective. Most recently he has been involved intensively with the implementation of the Operations and Risk Management functions in MUS(EU). **Other appointments:** • None
Adam Jesney CFO Appointed: 13th Nov 2023	**Skills and experience:** Mr Jesney has 25+ years' experience in the Banking industry. He joined MUFG from Sberbank CIB (UK) Ltd where he served as the Chief Executive Officer and Executive Board Director. Prior to this Mr Jesney was Chief Operating Officer at the same firm. He has also held a variety of front office positions at Royal Bank of Scotland, including Global Head of Business Management for Loans and Syndication, Global CAO and Head of Strategy for FX and Global COO for currencies, emerging markets and short term markets. Mr Jesney is also a qualified chartered governance professional. **Other appointments:** • None
Cecilia Gejke CRO Appointed: 7th May 2024	**Skills and experience:** Dr Gejke has 20 years' experience across investment, retail and private banking where she has been covering risk management and compliance. She has a diversified knowledge in multiple banking segments and geographies across many regulatory jurisdictions in both developed and emerging markets. Dr Gejke joined MUFG from European Depository Bank in Luxembourg where she served as a member of the Executive Management Board responsible for Risk, Compliance and Finance. Before that, she was the Chief Risk Officer for a private banking institution in Luxembourg. She also holds a PhD in Material Physics. **Other appointments:** • None

Supervisory Board members – from 1st October 2021

Wietze Reehoorn Chair Independent member Appointed: 1st Oct 2021	**Skills and experience:** Mr Reehoorn has 30 years of executive level experience the majority of which has been spent at ABN Amro Bank N.V. He has held a number of commercial and corporate banking roles as well as risk and strategy/ corporate development roles. These roles include: Chief Risk Officer and Chief Strategy Officer; Chief Executive Officer of Merchant Banking, Head of Commercial and Corporate Banking and Head of Financial Restructuring and Recovery for Europe. Mr Reehoorn also served as member of the Management Board of ABN Amro Bank N.V. for eight years. Since leaving ABN Amro in 2018, Mr Reehoorn has been increasingly involved in a number of non-executive roles in various international companies / banks. **Other appointments:** • Chair Supervisory Board MUFG Bank (Europe) N.V. (2020 to present) • Members of Supervisory Board, Anthos Private Wealth Management BV (2020 to present) • Chair Supervisory Council, Stichting Topsport Community (2014 to present) • Board Member, Abe Bonnema Stichting (2015 to present) • Director, Member Investment Committee, Koninklijke Hollandsche Maatschappij der Wetenschappen (2018 to present) • Member of Board of Directors / Chair of Board Strategy & Transformation Committee / Chair of Board Corporate Governance and Nomination Committee / Member of Board Risk Committee / Member of Audit Committee, National Bank of Greece (2019 to present)
Gisella Eikelenboom Independent member Appointed: 1st Oct 2021	**Skills and experience:** Ms Eikelenboom has extensive experience in the financial sector. This experience includes Retail Banking, Insurance, Pensions, Risk Management, Supervisor, Actuary. Ms Eikelenboom has served as a member of the Supervisory Board for several companies since 2018 as outlined below. Prior to that Ms Eikelenboom held a number of executive positions at de Nederlandsche Bank, including: the Division Director for Supervision Pension Funds; Division Director Onsite Supervision Banking Expertise; and Head of Department Supervisory Policy Insurance & Pensions. Ms Eikelenboom also held the following positions at ING, Head of Model Validation Corporate Risk Management for ING Group and Bank; and Director Credit Risk Management for ING Retail Netherlands. **Other appointments:** • Chair of Board Chapter Zero Netherlands (Jan 2023 to present) • Chair of Supervisory Board of 100weeks (March 2023 to present) • Member Supervisory Board / Chair Audit Risk and Compliance Committee, MUFG Bank (Europe) N.V. (2020 to present) • Member Supervisory Board / Chair Risk and Audit Committee, Bunq (2020 to present) • Member Supervisory Board / Chair Remuneration Committee / Member Appointment Committee, a.s.r. verzekeringen (2019 to present) • Member Supervisory Board / Vice Chair / Chair Remuneration Committee, Waarborgfonds Social Woningbouw (2018 to present) **Ancillary positions:** ◦ Member Strategic Audit Committee, Ministry of Foreign Affairs ◦ Council to the Ondernemingskamer, Gerechtshof Amsterdam ◦ Associated Partner Riskquest

Supervisory Board members – from 1st October 2021 (continued)

Colleen Stack Group member Appointed: 1st Oct 2021	**Skills and experience:** Ms Stack has served as the Regional Head of the Global Financial Crime Division in EMEA for MUFG Bank and MUFG Securities since 2018. In her capacity as such, Ms Stack is the SMF-17 and Money Laundering Reporting Officer for MUFG Bank and MUS(EMEA). She is responsible for designing, executing and overseeing the financial crime frameworks across all markets in the EMEA region where Bank and Securities operate. She manages a staff of over 160 FTE and is also a member of the EMEA Management Committee. Prior to joining MUFG, Ms Stack was the Global Head of Reputational Risk and Client Selection at HSBC Bank plc for four years. She managed reputational and client relationship risk and facilitated the Global Reputational Risk Committee. Prior to her role at HSBC, Ms Stack served in the US Department of the Treasury's Office of Terrorist Financing and Financial Crime as Director of Global Affairs and member of the Senior Executive Service. Ms Stack was responsible for developing innovative strategies for deploying targeted financial measures in countering all forms of illicit finance threats. Ms Stack was also commissioned by the US Department of State as a Foreign Service Officer and worked in a variety of diplomatic roles in Russia, Washington, DC, and Japan. **Other appointments:** • None

Chair and Chief Executive Officer: separation of responsibilities

The principal responsibility of Mr Wietze Reehoorn is the effective running of the Supervisory Board. The Supervisory Board Chair is not responsible for executive management matters regarding the Company's business.

The Chief Executive Officer ("CEO") is the only Director who reports directly to the Supervisory Board Chair. In his role as CEO, Mr Yuji Tokuhiro is responsible for all executive management matters affecting the Company. Mr Tokuhiro is responsible for proposing and developing the Company's strategy and overall commercial objectives, which he does in close consultation with Mr Reehoorn and the Supervisory Board.

Directors' and officers' indemnities

The Company maintained insurance against liabilities for all Directors and officers of the Company during the financial period and at the date of this report.

Roles of the Supervisory Board and Management Board

The objective of the Supervisory Board is to supervise the policy of the Management Board, to supervise compliance with the general course of affairs of the Company and the business connected with it. The Supervisory Board assists the Management Board with advice. The responsibility for the proper performance of its duties is vested collectively in the Supervisory Board. Some of the Board's key responsibilities include (amongst other responsibilities):

- Advise, constructively challenge the Management Board regarding long-term objectives, purpose, valued behaviours, commercial strategy.
- Review performance of Management Board in light of strategy, objectives, business plans, and budgets.
- Review and Approve the Company's Medium-Term Business Plan and Annual Business Plan.
- Oversee and advise the Management Board on the development of culture, values and standards.
- Ensure culture is embedded with the use of appropriate incentives, including remuneration.
- Review whistleblowing arrangements and reports.
- Supervise and advise the Management Board with regard to material risks the Company is or may be exposed to.
- Supervise and advise the Management Board on the design and effectiveness of internal risk management and control systems.
- Supervise and advise the Management Board on implementation of internal governance and internal control framework.
- Oversee performance of the Company against key financial objectives as set by the Management Board.
- Approve the Company's Annual Report and Accounts.
- Oversee the dividend policy as approved by the Shareholder.
- Approve the amount of final dividend as proposed by the Management Board and recommend it to the Shareholder.
- Approve any significant changes in accounting policies and practices.
- Monitor the implementation of the internal audit plan, post involvement of the Audit, Compliance and Risk Management Committee.
- Advise and supervise the Management Board on compliance with applicable regulatory rules and requirements.
- Monitor adequate management in relation to the Company's climate-related and Environmental Social Governance ("ESG") risks.
- Approve arrangements for annual and other general meetings.
- Consider and authorise any actual or potential conflicts of interest.
- Determine, in conjunction with the Remuneration Committee, the Company's Remuneration Policy.

The Company's Management Board is chaired by the Chief Executive Officer. The objective of the Management Board is to manage the business of the Company, including the achievement of the Company's objectives, strategy and associated risk profile. The Management Board is accountable for these matters to the Supervisory Board and the general meeting of shareholders of the Company. The responsibility for the management of the Company is vested collectively in the Management Board. When discharging its duties, the Management Board shall act in accordance with the interests of the Company and the business connected with it, taking into consideration the interests of the Company's stakeholders. Primary responsibilities of the Management Board include (amongst other responsibilities):

- Set and approve business strategy and key policies.
- Set annual operating and capital expenditure budget.
- Monitor performance of all business areas.
- Create the Medium-Term Business Plan and Annual Business Plan.
- Determine the Company's key financial objectives.
- Monitor the Company's overall capital position, financial resources, liquidity and risk profile.
- Decide whether to enter into proposed complex transactions with a stress loss of greater than €5 million.
- Monitor and determine stress scenarios.
- Develop, implement, maintain overall risk appetite and limits.
- Monitor, oversee and decide on matters materially affecting reputation.
- Oversee the process of disclosure and external communications with stakeholders and authorities.

The Management Board has established certain committees to provide support with specific areas within its remit of responsibilities. Details of each committee's members and responsibilities can be found in the below committee reports.

Committee Report

MUS(EU) Risk Management Committee

Objective:	To assist the Chief Risk Officer in the oversight and coordination of the Company's risk profile in accordance with the appetites and tolerances, limits, strategy and business plans.
Chair:	Chief Risk Officer
Membership:	Chief Risk Officer, Chief Executive Officer, Chief Financial Officer, Head of Paris Branch, Head of Risk, Compliance Amsterdam, Compliance Paris
Frequency:	Meets monthly
Scope:	Monitor and manage all matters relating to Risk Management and Compliance
Committee:	Best Practice / Decision Making

MUS(EU) Asset & Liability Committee

Objective:	To monitor and manage or refer to the Board and other appropriate senior management all matters relating to the Company's funding liquidity and capital profile.
Chair:	Chief Financial Officer
Membership:	Chief Financial Officer, Chief Executive Officer, Chief Risk Officer, Head of Finance & Treasury
Frequency:	Meets monthly
Scope:	Monitor and manage all matters relating to Company's funding liquidity and capital
Committee:	Best Practice / Advisory

MUS(EU) Operational Controls Committee

Objective:	To oversee and challenge the effectiveness of the Company's internal systems and controls, excluding risk functions.
Chair:	Chief Executive Officer
Membership:	Chief Executive Officer, Chief Risk Officer, Chief Financial Officer, Head of Legal, Head of Compliance, Head of Finance & Treasury, Head of Operations, Head of Risk, Vendor Management representative, Head of Front Office control
Frequency:	Meets monthly
Scope:	To provide governance and oversight over the Company's key controls
Committee:	Mandatory / Advisory

Committee Report (continued)

The Supervisory Board has established certain committees to provide support with specific areas within its remit of responsibilities. Details of each committee's members, responsibilities and work per 31 December 2023 can be found in the below committee reports.

Committee Report

Audit, Compliance and Risk Management Committee

Objective:	To assist the Supervisory Board in their oversight of (i) the integrity and quality of the Company's financial statements and other financial information provided to its shareholders, creditors, regulators or other third parties; (ii) the effectiveness of the Company's internal controls and risk management systems; (iii) the performance of the Company's internal and external auditors; (iv) the Company's auditing, accounting and financial reporting processes generally. The Committee is responsible for, among other things, determining whether the Company's internal controls over financial reporting are appropriate to the risks they are designed to monitor.
Chair:	Gisella Eikelenboom
Membership:	Gisella Eikelenboom, Wietze Reehoorn and Colleen Stack
Frequency:	Meets quarterly and as required
Committee:	Advisory and Decision making

Remuneration Committee

Objective:	To act as an independent oversight body for the purposes of considering and approving remuneration matters and remuneration policies for the Company, in order to meet applicable legal and regulatory requirements in relation to remuneration. The Committee shall make decisions in consultation with the CEO and the Management Board, and provide support and advice to the Supervisory Board which is consistent with the Company's current and future financial status.
Chair:	Gisella Eikelenboom
Membership:	Gisella Eikelenboom, Wietze Reehoorn and Colleen Stack
Frequency:	Meets quarterly and as required
Committee:	Advisory and Decision making

Compensation

The General Meeting shall determine the remuneration and other terms of employment for each Board Director / Supervisory Board member, in accordance with the relevant statutory provisions and remuneration policy.

Capital and shares

Per 31st December 2024 the Company's issued and paid-up capital amounted to €200,045,000 (2023: €200,045,000).

Dividend and distributions

No dividend distribution has been decided upon for 2024 (2023: nil). The dividend and capital strategy of the Company will evolve with the needs of the business as well as the regulatory environment.

Loans and advances to Supervisory Board and Management Board members

Supervisory Board and Management Board members do not receive privileged financial services. On 31 December 2024 and on 31 December 2023, there were no loans and advances outstanding to the Supervisory Board and Management Board members.

Options or shares held by the Supervisory Board and Management Board members

On 31 December 2024 and 31 December 2023 the Supervisory Board and Management Board members did not hold any options or shares in the Company.

Solvency and Liquidity

The solvency ratio defined as total of equity versus total assets as per end of the period was 6% (2023: 6%). The Liquidity Coverage Ratio defined as weighted liquid assets versus the net liquidity flows was 919% (2023: 702%), well above the regulatory minimum requirement of 100%.

Subsequent events disclosure

The Board has proposed and the Supervisory Board and shareholder have approved a dividend distribution over 2024 of the full 2024 results of nil. As at the date of signing, the Board is not aware of any material event which would warrant further disclosure.

Employees

As at 31st December 2024, the Company had 55 employees (2023: 58) and will, if the firms' expectations of ongoing growth and profitability necessitate this, strengthen its workforce base to expand business and strengthen the risk & control governance.

The Company places considerable value on the involvement of its employees, has continued to keep them informed on personnel policies or issues, matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, intranet and regular internal communications.

Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. These communications help to achieve a common awareness amongst employees of the financial and economic factors affecting the performance of the Company and the broader MUFG companies.

MUFG group has established a Diversity and Inclusion Working Group with the objective of maintaining and preserving our culture of high performance in a workplace that respects, appreciates and values individual differences.

The Company's goal is to ensure that the employees have the right skills, knowledge and attitude to drive productivity, create efficiencies and grow the business, and that high quality and a diverse workforce are retained. The key principles of the Learning & Development ("L&D") Policy are to support the strategic development of the Company through its people; to support the Company in achieving its strategic objectives; and to create positive, inclusive and effective employment relationships among all employees.

Supervisory and Management Board Gender balance

The Supervisory and Management Board are committed to diversity at all levels of the organisation, including on the Supervisory and Management Board itself. The Supervisory and Management Board recognise and embrace the benefits of having diverse boards, and see increasing diversity at Supervisory and Management Board level as an essential element of good corporate governance. Truly diverse boards will include and make good use of differences in, amongst other things, the skills, social and cultural background, race, gender and other distinctions between Directors. These differences will be considered in determining the optimum composition of the Supervisory and Management Board and when possible should be balanced appropriately. All Supervisory and Management Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Supervisory and Management Board as a whole requires to be effective.

Supervisory and Management Board Gender balance (continued)

In reviewing Supervisory and Management Board composition, the Company will consider the benefits of all aspects of diversity including, but not limited to, those described above in identifying suitable candidates for appointment to the Supervisory and Management Board. The table below sets out the gender diversity of the Supervisory and Management Board.

Name	Gender
Supervisory Board	
Wietze Reehoorn	Male
Gisella Eikelenboom	Female
Colleen Stack	Female
Management Board	
Yuji Tokuhiro (Chief Executive Officer)	Male
Adam Jesney (Chief Financial Officer)	Male
Cecilia Gejke (Chief Risk Officer)	Female

Corporate social responsibility

Our Corporate Social Responsibility (“CSR”) strategy is founded on a determination to become the world's most trusted financial group. Building trusted relationships with our local communities across EMEA is pivotal to our long-term success. Our CSR programme underpins that trust and enables us to actively respond to the needs of the communities in which we operate and deliver positive and sustainable impact. To achieve this, we support people, charities and the natural environment in communities where MUFG operates with our focus pillars.

Amsterdam, 30th of April 2025
The Management Board,
Yuji Tokuhiro, CEO
Adam Jesney, CFO
Cecilia Gejke, CRO

Business and Risk Management Policies

Risk Management Framework

The Company maintains positions in financial instruments as an integral part of daily market activities. These positions are held as part of portfolios that are maintained and monitored by instrument or risk type. The risk appetite is set by the Supervisory Board and individual trading areas are allocated risk limits based on a wide range of market factors and are required to maintain portfolios within those limits. As such they are responsible for maintaining hedges, if applicable, in the portfolios. A more detailed explanation of risk strategy and factors is given below.

Committees and Corporate Structure

Supervisory Board

The objective of the Company's Supervisory Board is to supervise the policy of the Management Board, to supervise compliance with the general course of affairs of the Company and the business connected with it. The Supervisory Board sets the Risk Appetite and direct the business strategy. The responsibility for the proper performance of its duties is vested collectively in the Supervisory Board. The Supervisory Board shall be responsible for oversight of the activities of the Management Board. The Supervisory Board shall carefully consider the interest of all parties in the performance of its tasks, including clients, creditors, the shareholder and employees. The Supervisory Board shall advise the Management Board with regard to the material risks the Company is or might be exposed to, including those posed by the macroeconomic environment in which it operates in relation to the status of the business cycle – with a view to assessing at the strategic level whether the allocation and liquidity impact in general are in line with the approved risk appetite, risk strategy and regulatory capital allocation and liquidity requirements and whether the commercial activities in general are appropriate in the context of the Company's risk appetite. In addition, supervising and advising the Management Board on the design, operation and effectiveness of the internal risk management and control systems.

1. Management Board

Responsibility for the oversight of risk management resides with the Management Board, with support from the RMC. As part of the business strategy, Management Board considers the risks to which the Company is exposed, and specifies an appetite and management strategy for each of these risks. The primary financial, operational and reputational risks are defined and discussed in further detail in the following sections.

The Management Board has approved an enterprise-wide risk management framework for the Company which describes the Company's approach to risk appetite, strategy, governance, reporting and controls to ensure that risks taken are appropriately measured, monitored, reported, controlled and limited to the confines of the Company's risk appetite. The Management Board is ultimately responsible for reviewing the adequacy of the enterprise-wide risk management framework. The Directors consider that the framework currently in place is adequate.

2. Risk structure and other committees

Day-to-day risk management is the responsibility of all employees of the Company. Accountability for second line risk management resides with the Chief Risk Officer. Market, credit, operational, legal, conduct, compliance and model risk are overseen by the RMC.

On a day to day basis, Liquidity and capital risk is overseen by the Asset and Liability Committee ("ALCO"). Decisions related to liquidity and capital risks are recommended to the Management Board for approval.

The Company's risk committee and corporate structure as at 31 December 2024 is illustrated on page 6.

3. Three Lines of Defence – MUS(EU)'s governance of risk is centred on a three lines of defence approach:

First Line of Defence (Risk taking and Management) – Front Office and functional support departments/functions

The 1LoD is responsible and accountable for:

- Managing all risks and controls – identifying, assessing, and managing (including remediation) risks in line with risk appetite.
- Adhering to policies and standards set by the 2LoD and meeting requirements of all in scope processes and procedures including reporting and governance.
- Communicating changes that may impact the Company's risk profile to the 2LoD.
- Escalate risk issues to the appropriate Committee, i.e. Management Committee, Risk Management Committee and the Asset and Liability Committee, where relevant.

Second Line of Defence (Challenge and Risk Control) – Risk Management Departments, Compliance and other Control support departments

Independent of Front Office, led by the Chief Risk Officer, responsible for:

- Developing and maintaining the framework and its associated policies, procedures and guidance.
- Ensuring that the business operates within the risk appetite established.
- Developing and maintaining other risk-related policies, procedures and guidance (e.g. Financial Crime, IT, Legal etc.) that guide and affect the management of risks.
- Challenge the business strategy to ensure it aligns with the framework.
- Providing advice, oversight and challenge.
- Self-identifying risks and issues and driving remediation of control weaknesses.
- Escalate risk issues to the appropriate Committee, i.e. Management Committee, Risk Management Committee and the Asset and Liability Committee, where relevant.

Third Line of Defence (Assurance) – Internal Audit

Assurance role carried out by Internal Audit responsible for:

- Providing independent and objective assurance of the effectiveness of governance, risk management and internal control practices in the 1LoD and 2LoD.
- Influencing Management to improve the governance, risk management and system of internal controls.
- Acting as a trusted advisor to the Supervisory Board, Senior Management and other key stakeholders over the control environment.
- Informing and reporting to the Supervisory Board and Senior Management on the adequacy, design, and effectiveness of the bank's risk governance framework and critical issues as they arise.

Risk Appetite and Risk Limits framework
Central to the Company's risk management is a clear risk appetite, consistent with its business profile and plans, as well as a strong and independent review and challenge structure. This facilitates optimisation of risk/return and it assists Senior Management to effectively control and coordinate risk taking across the business. The Company's risk appetite is specified by the Supervisory Board through a number of metrics including capital, liquidity, earnings volatility, market, operational and credit risk. It is reviewed at regular meetings of the Board and recalibrated annually as part of the Company's budget and planning process. The risk appetite is cascaded through the Company via the allocation of limits to front office departments and individual traders.

Risk limits impose an upper constraint on the level of exposure to a particular factor or a combination of factors. Limits are imposed to express the Supervisory Board and Senior Management's appetite for certain risk types and to facilitate prudent allocation of such risk appetite to individual risk takers or group of risk takers, taking client needs and revenue targets into consideration. These are set at the Company, business unit, department, and trader level and risk limits are monitored daily. The establishment of the risk appetite is largely a top down process and is supplemented and reinforced by a bottom up approach to risk identification, the results of which are maintained in the Company's risk register.

Policy Structure
The Company established and is subject to risk management policies. These policies formalise the behaviours and standards expected in support of the risk culture. Policies are established across each primary risk type to formalise the processes by which business activities should fall within the appetite for each risk. Additionally, risk policies are established to ensure quality of risk measurement, risk monitoring, and appropriate avenues for escalation to occur.

The Company has established formal processes governing new activities (i.e. new business, complex transactions and new product mandates), which support the identification of any additional risk to the Company and ensure that the risks related to the proposal are within the risk appetite of the Company and has the support of the Company's risk management functions.

Risk Management by Risk Type
Market Risk
Market risk is the risk of losses from movements in market prices in the trading portfolio. The Company uses a variety of risk measures to quantify and control this risk, with the overall objective of ensuring that potential losses arising from market risk remain within the appetite set by the Board:

- Value at Risk ("VaR"), Stressed Value at Risk ("SVaR"), and Incremental Risk Charge ("IRC") measures provide aggregate indicators of potential losses, subject to stated confidence levels and holding periods.
- Risk factor sensitivities measure the impact of moves in each risk factor, allowing concentrations of risk to be identified and controlled.
- Stress testing is used to monitor and control the exposure of the portfolio to extreme moves in market rates and prices. A range of stress tests is run, covering exposures to relevant market factors and scenarios in various market conditions.
- Drawdown limits monitor actual losses at Company and department level.

Day–to-day responsibility for the management of market risk resides with the front office departments and responsibility for second line review, challenge and oversight is with the Market Risk Management department. The Risk Analytics Group is responsible for the design of new market risk management models. Daily market risk reports are prepared for senior management and trading departments using the Company's in house and vendor systems.

The Company makes use of a range of quantitative measures for the monitoring of market risk.

VaR Modelling
The VaR of a trading book is an estimate of the potential loss on risk positions as a result of movements in market rates and prices over a specific time horizon and to a given confidence level.

The Company uses VaR methodologies to monitor the price risks arising from different trading books across portfolios.

The VaR outputs are based on a full revaluation historical simulation model with a 1 day 95% and 99% confidence level respectively for internal and regulatory VaR.

The Company additionally calculates Stressed Value at Risk (SVaR) using an appropriately stressed 1-year lookback period as required by regulations.

VaR Backtesting
The Company carries out a daily comparison of end of day VaR measures to the 1-day change of the portfolio's value on the day the profit and loss figures are produced. In 2024 the number of occasions on which actual trading book outcomes exceeded the previous day's VaR was within the acceptable tolerances of the model. In addition to the VaR backtesting at the aggregate Company level, the Company conducts back testing on a number of sub-portfolios across the different business units.

Stressed VaR
The Company calculates SVaR based on inputs calibrated to historical data from a continuous 12-month period of significant financial stress relevant to the Company's portfolio.

Risks Not in VaR
The Company calculates additional capital under its Risks Not in VaR framework for certain risk factors that are not fully captured in VaR.

Incremental Risk Charge

The Company calculates IRC which captures risk from the default and rating migration of non-securitised credit exposures in the trading book. IRC is calculated using a Monte Carlo model of portfolio rating migration and default. Risk is measured over a 1 year horizon to a confidence level of 99.9% and is calculated on current positions assuming that risk will be at similar levels throughout the year.

VaR considered in isolation has limitations which are listed below in further detail. The Company also uses a wide range of other risk limits, for example stop-loss limits, risk factor sensitivity limits or stress limits, to manage its exposures.

The Company's VaR has the following limitations:

- Calculations are based on historical data which may not be the best estimate of risk factor changes that will occur in the future.
- In transforming historical data into future scenarios, the Company makes assumptions that may not be the best estimate of how changes will occur in the future.
- Focusing on the maximum loss that is expected to be incurred 99% (or 95%) of the time says little about the smaller losses that are expected to be incurred more frequently, or the larger losses in excess of VaR that are expected to be incurred 1% (or 5%) of the time.
- VaR is generally based on calculations performed at the end of each business day. The end-of-day figure may not be representative of the figure at other times of the day.

The following table shows internal VaR figures for 2024 and 2023. The breakdown in terms of different risk factors is as described below. The "Close" column shows the VaR at the year-end date. The "Average" column shows the average VaR measurement from each trading day in the year and the "Maximum" and "Minimum" columns show the highest and lowest VaR value in the year respectively. "Diversification benefit" is the difference between the simple sum of the VaRs for each risk factor, and the Company's overall VaR, which is based on the simultaneous modelling of all risk factors.

95% VaR as at 31 December 2024	**Close €'000**	**Average €'000**	**Maximum €'000**	**Minimum €'000**
Interest Rate Curve Risk	141.5	131.3	265.0	40.4
Interest Rate Vega Risk	-	0.0	0.0	-
Asset Spread Risk	0.7	0.8	4.5	-
Currency Risk	5.3	8.7	51.1	2.3
Equity Price Risk	-	-	-	-
Equity Vega Risk	-	-	-	-
Inflation Risk	-	-	-	-
Basis Risk	157.3	138.0	278.3	53.2
Diversification benefit	(291.3)	n/a	n/a	n/a
Total VaR	**13.5**	**36.8**	**84.7**	**11.0**

95% VaR as at 31 December 2023	**Close €'000**	**Average €'000**	**Maximum €'000**	**Minimum €'000**
Interest Rate Curve Risk	95.9	101.8	206.7	9.8
Interest Rate Vega Risk	-	0.0	0.0	-
Asset Spread Risk	-	0.2	4.4	-
Currency Risk	4.1	12.4	711.2	2.9
Equity Price Risk	-	-	-	-
Equity Vega Risk	-	-	-	-
Inflation Risk	-	-	-	-
Basis Risk	113.7	114.5	188.0	29.7
Diversification benefit	(159.1)	n/a	n/a	n/a
Total VaR	**54.6**	**50.3**	**706.0**	**26.2**

Business and Risk Management Policies (continued)

Interest Rate Curve Risk
The risk of losses arising from changes in market interest rates.

Interest Rate Vega Risk
The risk of losses arising from change in implied interest rate volatility.

Asset Spread Risk
The risk of losses due to the market price of bonds and credit derivatives attributable to changes in such factors as perceived credit quality or liquidity, as distinct from price changes attributable solely to market interest rates.

Currency Risk
The risk of losses arising from changes in market FX rates and changes in implied FX volatility.

Basis Risk
The risk of losses arising from changes in market prices for cross currency basis, tenor basis, and other basis swaps in the interest rate market.

Credit Risk
Credit risk is the risk of loss resulting from client, issuer or counterparty default and arises on credit exposure in all forms, including settlement risk. The Company manages its credit risk in accordance with policies originated and approved within the Company and endorsed by its parent company. Counterparty exposure is managed through a process of credit risk assessment, limit setting, exposure monitoring and exception reporting. The Company assesses the default probabilities of individual counterparties by using a rating methodology incorporating external ratings, the market price of credit risk and internal fundamental analysis.

Day–to-day responsibility for the management of credit risk resides with the front office departments and responsibility for second line review, challenge and oversight is with the Credit Risk Management department. The Credit Risk Management ("CRM") department is organisationally independent from the front office departments, and the Risk Analytics Group which is responsible for the design of new credit risk management models. Daily credit risk exposure reports are prepared for Senior Management and trading departments using the Company's in house and vendor systems. Their objective is to:

- Identify, quantify, monitor and control credit risk exposure.
- Provide sufficient, timely and relevant data of credit risk exposure by counterparty across all product classes and against each respective approved credit limit.
- Maintain static data for all counterparties.
- Produce timely credit risk reports as appropriate.
- Mitigate credit risk by receiving collateral in accordance with the Company's Collateral Policy.
- Provide credit portfolio monitoring and analysis.

On a monthly basis, CRM reports the Company's total credit risk exposure to the RMC. Monthly reporting includes amongst other items a review of exposures, limits, concentration by counterparty type, concentration by rating and concentration by geographic profile. The RMC escalates material matters to the Board as required. The Board is the forum where credit policies are reviewed and finally approved.

Credit exposure is normally measured on a net basis, i.e. by taking account of received collateral and aggregating trades with both positive and negative values provided that a legally enforceable master netting agreement has been executed that permits close-out netting.

To mitigate derivative counterparty credit risk, the Company has Credit Support Annexes in place with many of its counterparties (this includes the exchange of initial margin with certain non-centrally cleared, over-the-counter derivatives counterparties for in-scope products). In addition, guarantee arrangements are in place with other members of the MUFG Group. Risk is managed net of these guarantees. An analysis of the Company's credit exposures is included in Note 18.

Credit Concentration Risk
Credit concentration risk is the risk arising from an uneven distribution of exposures, through single name, sector or geographical concentration. The Company analyses the credit concentrations through its daily credit exposure reports. The Company's exposures are concentrated on intergroup exposure, the financial sector and exposures to Japanese markets and counterparties.

Liquidity Risk
Liquidity risk is the risk that the Company has insufficient resources to meet its financial obligations as they fall due. This risk could arise from both institution specific and market-wide events.

The ultimate responsibility for liquidity risk management sits with the Board who sets the Company's liquidity risk appetite, which expresses the level of risk the Company chooses to take in pursuit of its strategic objectives.

The Board has determined the powers and discretions delegated to the ALCO which meets monthly or on an ad-hoc basis (as appropriate) to:

- Review and define the funding and liquidity risk policy.
- Monitor the Company's liquidity risk profile and review compliance with the Board approved liquidity risk appetite.
- Oversee and review stress testing.
- Measure, monitor and mitigate liquidity risk exposures for the Company.
- Ensure that appropriate business incentives are maintained that reflect the cost and availability of liquidity through the Company's Fund Transfer Pricing ("FTP") process and unsecured funding limit allocation process.
- Review critical liquidity risk factors and prioritise issues arising.
- Review and recommend the Company's funding plans and funding diversification strategy in light of business projections and objectives, to the Board for approval.

The Company uses a variety of quantitative and qualitative measures to monitor the adequacy of the Company's liquidity resources and to ensure an integrated approach to liquidity risk management. This framework incorporates a range of tools described on the following page.

Internal Stress Testing

The Company's primary liquidity stress testing tool is the Maximum Cumulative Outflow Model, which is designed to capture all material drivers of liquidity risk (both on and off-balance sheet) under different scenarios and to determine the size of liquidity resources needed to navigate the stress event. The model has been developed as a synthesis of market practice, regulatory requirements and past experience in stressed market conditions. The scenarios modelled are categorised as baseline (reflective of normal business conditions), systemic (refers to a market-wide liquidity event) and combined (analogous of a combined market and Company specific stress event). Stress testing is conducted on both an aggregated currency basis and by material individual currency.

Funds Transfer Pricing

The Company seeks to align its liquidity risk appetite with the strategic objectives of the business through regulating the demand for liquidity and allocating the cost of liquidity on the basis of unsecured funding usage and underlying liquidity requirements. The ALCO is responsible for the FTP policy framework with ability to escalate matters requiring approval to the Board and Treasury is responsible for the day to day application of the FTP framework. The cost of funding is allocated to businesses on the basis of the funding requirements to finance current inventory positions and ongoing business activities. The cost of liquidity reserved to cover contingent liquidity outflows is also allocated to the business – this includes liquidity reserved to cover regulatory liquidity requirements.

Funding Plan

The balance sheet projection process balances aggregate business line requests for unsecured funding against Treasury's assessment of the projected balance sheet, funding requirements and capacity for the Company to raise unsecured financing. The ALCO will review and make recommendations to the Board with respect to the approval of funding plans including allocation of funding limits to business lines. This ensures that business activities do not impose an unknown strain on the Company's ability to source adequate liquidity in normal business conditions, and allows Treasury to plan and sustain appropriate levels of liquidity in anticipation of business line funding usage. As part of funding liquidity risk monitoring, Treasury looks at the short- and long-term currency mismatch horizons in accordance with the Board's guideline.

Liquid Asset Buffer

The Company holds its liquidity portfolio in a stock of high-quality government bonds and bonds issued by multi-lateral development banks, local government and agency issuers, as well as central bank deposits (where applicable). The size of the liquidity buffer is calibrated using both the Company's internal stress testing framework and applicable regulatory requirements. The liquidity portfolio is held on an unencumbered basis without restrictions on rehypothecation and with full Company legal ownership. The investment criteria for the liquidity portfolio are reviewed by ALCO and recommended to the Board for approval, with risk limits imposed and monitored by Market Risk Management.

Contingency Funding Plan

The Contingency Funding Plan ("CFP") allows senior management to identify internal and external triggers indicative of a stress event, and initiate the most effective response for stabilising and mitigating liquidity risk exposures through clear operational plans, clearly defined decision-making responsibilities and effective communication with both internal and external stakeholders. The CFP also specifies the means through which additional funding should be sourced during a period of heightened liquidity concern.

The Company also maintains detailed recovery plans which consider actions to facilitate recovery or an orderly resolution from a severe stress.

Liquidity Stage Assessment

The principal assessment framework within the Funding Liquidity Risk Management Policy is the liquidity stage assessment. This is a formal assessment of the external environment affecting the Company and other companies within the MUSHD Group.

The liquidity stage is determined by an evaluation of the availability of funding and is monitored through a combination of early warning indicators, the Company's internal stress testing and compliance with regulatory liquidity requirements. Elevation of the liquidity stage is specifically linked to activation of the CFP, which provides a range of mitigating actions to be taken. Such actions are taken following consideration of any relevant market, economic or client impact. In the event the liquidity stage is elevated, formal approval is required from the Board, which will in turn escalate and sanction actions as appropriate. Monitoring of the liquidity stage is conducted at Company and MUSHD level on an on-going basis. Any elevation of liquidity stage risk at the MUSHD level is deemed to represent a worsening of conditions that would impact the Company too. The Funding Liquidity Risk Policy identifies general contingency actions to be taken by departments at each stage.

Asset Encumbrance

Asset encumbrance arises from collateral pledged against secured funding and other collateralised obligations. Due to the nature of its business the Company funds a portion of debt securities via repurchase agreements and other similar secured borrowing. Additionally, debt securities and cash are provided to meet initial and variation margin requirements from central clearing counterparts and margin requirements arising from derivative and repurchase agreements.

The Company monitors the mix of secured and unsecured funding sources and seeks to efficiently utilise collateral to raise secured funding and meet other collateralised obligations.

Regulation

The Company assesses liquidity adequacy as part of its Internal Liquidity Adequacy Assessment Process that it submits to the Regulator. The Company's compliance with prevailing regulatory liquidity requirements including the Liquidity Coverage Ratio are complemented by the internal stress testing framework. The Company manages its liquidity prudently, holding its Liquid Asset Buffer well in excess of the regulatory requirement.

Capital Risk

Capital risk is the risk that the Company has insufficient capital resources to meet the capital requirements that are incurred through execution of the business plan. The Company aims to manage and control its exposure to capital risk through its policies and procedures with objectives of:

- Holding sufficient capital resources to support the risks in which the Company engages.
- Identifying an appropriate capital plan to ensure that this objective is maintained over the 3-year business plan horizon.
- Managing the relative proportions of the constituent parts of capital resources such that the Company meets these objectives in an efficient manner.

The Company is responsible for the day to day oversight of the Company's capital management with the ability to escalate matters to the Board for approval. The Company measures key capital sensitivities and analysis of drivers of change in capital adequacy which is regularly reported in the ALCO. The capital position is also reported to the RMC on a monthly basis.

The Company assesses capital risk against minimum regulatory requirements and internal targets at Company level, supported by assessments of capital requirements at business level against internal targets. Capital risk reports are circulated to senior management daily and are discussed at Board and ALCO level.

The Company determines and maintains a capital planning buffer to reduce the risk of having to raise capital or reduce business at short notice. The Company's objective is to manage capital to withstand severe but plausible stresses without the need to significantly alter the business. This capital planning buffer is determined on the basis of appropriate stresses to the Company's business.

Internal Capital Adequacy Assessment Process

The Company monitors its capital adequacy on an ongoing basis and conducts a formal annual Internal Capital Adequacy Assessment Process ("ICAAP") in which it assesses its risks, controls and capital. The Board is involved in all the key elements of the ICAAP and approves the business and capital plans, Risk Appetite Statement, stress testing framework and preparation of the ICAAP document. The ICAAP process is closely aligned with the strategy setting and business planning process as well as the process for identification, measurement and control of those risks.

Stress Testing

Stress testing is used to assess the impact of severe but plausible financial stresses on either individual or multiple risk factors and to determine appropriate capital buffers. The Company manages its risk and capital resources with the objective of maintaining a regulatory ratio comfortably in excess of the minimum capital resources required by the regulators.

The Company has a stress testing framework that includes scenario stress testing (comprising macroeconomic and event stress testing based upon forward looking, historical and reverse stress testing), as well as single risk factor stress tests (which are designed to identify and quantify risk concentrations to particular risk factors). Results of stress testing are calculated at the Company level and also by department and business line, and reported regularly to Senior Management.

Model Risk

Model risk is the potential for loss arising from decisions based on incorrect or misused model outputs and reports. MUS(EU)'s appetite for Model Risk is conservative and the controls must be restrictive. In order to remain in appetite, several controls have been implemented, including but not limited to, implementation of model stakeholders committee to ensure appropriate oversight of model development and validation with key stakeholders from Risk and the Business. Model Stakeholder Committee is a MUS(EMEA) based committee with representatives from MUS(EU) attending the committee meetings. MUS(EU) has also delegated some authority for model approval to the Head of Risk Analytics at MUS(EMEA). Furthermore, Model Risk related metrics are also presented to MUS(EU)'s Risk Management Committee (RMC) on a monthly basis.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Company manages and controls its exposure to operational risk through its policies and procedures, which are designed to ensure that it:

- Mitigates the risk of exposure to fraud.
- Processes transactions correctly, accurately and on a timely basis.
- Protects the integrity and availability of information processing facilities, infrastructure and data.
- Maintains the confidentiality of its client information.
- Employs appropriate numbers of skilled staff and complies with relevant employment laws and regulations.
- Establishes workplace environments that are safe for both employees and visitors.
- Reduces both the likelihood of an incident occurring and the impact should an incident occur.

In order to remain within the Company's risk appetite a variety of controls have been implemented, including but not limited to the following:

- Operational Risk Identification and Assessment procedures:
  - Risk Control Self-Assessment
  - Scenarios & Stress Testing
  - Top & Emerging Risk
  - Product Governance
  - Change Risk Assessments

- Operational Risk Mitigation & Management procedures:
  - Control framework procedures relating to: Control Ownership, Control Performance, Control Identification, Control Testing, Control Monitoring and Control Oversight.
  - Issues & Actions (the identification of operational risk issues and associated action plans).
  - Risk Acceptance.

- Operational Risk Monitoring procedures:
  - Key Indicators.
  - Internal Operational Risk Event Management.
  - External Operational Risk Event Management.

The Company has a dedicated Operational Risk Management department. Issues of significance are escalated to the Risk Management Committee which meets on a monthly basis.

Technology and Cyber Risk
The Operational Risk Management Department is responsible for second line oversight and challenge for technology and cyber risk. Technology and cyber risk management information ("MI") is presented to the RMC.

The Company is supported by MUS(EMEA) which has a dedicated Technology Risk and Control function with responsibility for managing technology and cyber risk. Areas of focus include the top risks and threats related to: network security, malware and firewall threats, access management, data backups, security patching, user awareness training, monitoring and reporting service and security events. It also delivers testing and mitigation activities to identify any potential security vulnerabilities in the infrastructure platforms and business applications. The Company has an ongoing programme of work that continually invests in improving controls to manage technology and cyber risk.

Operational Risk quantification and capital calculation
The Company employs The Standardised Approach ("TSA") for calculating its Pillar 1 Operational Risk Capital Requirement. The Company is committed to adopting leading industry practices for managing and measuring operational risk, and has also developed a primarily scenario-based capital model to determine whether it should hold any additional capital for operational risk.

Strategic Risk
Strategic risk is the risk of loss that may arise from the pursuit of an unsuccessful business plan including insufficient diversification of revenue sources. Strategic risk is a necessary consequence of doing business and covers a number of financial risk types. Strategic risks are generally longer-term risks whereas shorter-term risks will usually be captured as part of business risk. The Company's primary approach to the management of strategic risk is through its business planning processes which highlight the key dependencies of its strategy, which allows for the assessment of strategic risk at the point that the strategy is devised and agreed. The Company's programme of qualitative reverse stress testing is intended to focus on key strategic risks, identifying scenarios that could lead to their realisation as well as contingent actions that could be taken to address their emergence and mitigate the impact of the strategic risk being realised.

The Company's strategic risks also include potential impacts arising from the Company's relationship with its stakeholders and its relationship with MUFG. These risks include but are not limited to ongoing group support, maintenance of satisfactory relationships with key regulators, continued ability to meet core client demands, and the ability to attract and retain high quality staff.

Strategic risk incorporates business risk which is the sensitivity between expected revenues and expected costs. It is a measure of how easily the cost base can be managed in relation to lower than expected revenues. The risk of doing business is categorised as the volatility of the business planning forecast compared to the realised revenue which is dependent on the market environment (refer to Directors' Report from page 2).

Compliance Risk
Compliance risk, including Financial Crime, is the risk of financial, reputational or other damage to the Company through failing to comply with regulations, rules, guidelines, professional ethics and governance standards, codes of conduct and other similar standards.

The Company maintains a governance structure designed to ensure appropriate management, oversight and second-line assurance of significant risks and associated mitigates, including, in respect of Compliance risk, a Compliance function with sufficient authority, stature, independence, resources and access to the Board. Accountability for compliance rests with functional units across the Company which own their respective compliance risks. The Compliance function is accountable for several controls and mitigates, including monitoring, testing, advising on regulatory change and compliance matters, and escalation of issues arising. The Company's compliance programme and internal control infrastructures evolve in response to changes in best practice and the Company's risk profile, including from strategic and regulatory developments and new products.

Conduct Risk
Conduct risk is the risk that the actions of the Company have a negative impact on customers, competition in the marketplace or market integrity and reputation. This risk can crystallise for many reasons, including compliance failures, conflicts of interest, poor culture and individual behaviour. It may negatively impact the Company's reputation leading to loss of business, or lead to regulatory sanctions.

Effective identification and management of Conduct risk is key to the Company's future success. The Company has implemented a Conduct Risk management framework which identifies and manages Conduct risk within a robust framework, including:

- Compliance policies and front office desk procedures.
- A risk assessment framework covering conduct risk identification and mitigation, informing the compliance programme.
- Measures of Board risk appetite for Conduct risk in the context of the Company's strategic objectives and business plan.
- A formal compliance monitoring programme to review the effectiveness of key controls to mitigate potential conduct risk exposure.

Conduct Risk (continued)

- Production and analysis of Conduct risk management information.
- Company-wide Conduct risk training and awareness programme.

Legal Risk

Legal risk is the risk of loss or damage to the firm by failing to comply with any laws, regulations or contractual obligations applicable to its business activities or failure to take appropriate steps to manage legal claims or actions.

The Company manages legal risk by compliance with all applicable laws and regulations and promoting honesty and integrity by all staff. It seeks to promote prudent business growth and profitability through the rigorous control of legal and regulatory risks in support of the wider objectives of the Company. The Company has an established permanent Legal function that is independent of business activities and has sufficient resources to carry out its role including:

- Identification of the main legal and regulatory risk issues affecting the business, recommending how these will be managed and, where appropriate, elevating residual risks to the relevant front office department, risk management department or the Board and its sub-committees.
- Identifying and advising on legal and regulatory change and its impact on the business and assisting with scoping and implementation of mitigating systems, controls and infrastructure.
- Managing legal and regulatory risk through due diligence, review of contracts and transactions including establishing legal enforceability of collateral arrangements for MUS(EU) to liquidate or take possession of collateral in a timely manner in the event of the default, insolvency, bankruptcy or other credit event of obligors, negotiation of transaction documentation and the management of all legal and regulatory actions.

Reputational Risk

Reputational risk is the risk of loss arising from reputational damage in the event that the business activities deviate substantially from the expectations and confidence of customers, shareholders, investors, society and other wide-ranging stakeholders and any similar risk. It is usually a secondary risk which exacerbates the loss from another risk type. The Company's business is dependent on its reputation and it will impact its performance should it deteriorate. The Company has a Reputational Risk Framework, policy and controls to mitigate the impact and reduce the likelihood of reputational incidents.

Such incidents can occur in any type of risk from market through to operational, or from external risks over which the Company has no direct control. The Reputational Risk Management Policy sets out how the risk of reputational events is managed.

Status of Regulatory Capital Resources

The Company's regulatory capital resources are assessed under the Capital Requirements Regulation and the Capital Requirements Directive IV. The Company's capital as at 31s of December 2024 and 31st December 2023 consists only of Tier 1 Capital: share capital and retained earnings.

The Company manages its risk profile and its capital resources with the objective of maintaining a capital ratio in excess of the Capital Resources Requirement for its risk profile at all times. The management of the Company's capital is carried out under the principle that it should not unexpectedly need to raise new capital or significantly reduce its risk taking in order to meet its capital management objectives.

The Company has fulfilled its capital requirements at all times during the year. The Company's capital resources, Pillar 1 capital requirements and capital ratios for 2024 and 2023 are shown in the table below:

As at 31 December	**2024 €'m**	**2023 €'m**
Total Common Equity Tier 1 Capital after Deductions	252	227
Total capital resources	**252**	**227**
Credit Risk (including Concentration Risk)	23	21
Market Risk	4	8
Operational Risk	9	8
Total capital requirements	**36**	**37**

As at 31 December	**2024 %**	**2023 %**
Common Equity Tier 1 Ratio (Common Equity Tier 1 / Risk Weighted Assets)	56.5	48.5
Tier 1 Ratio (Tier 1 / Risk Weighted Assets)	56.5	48.5
Total Capital Ratio (Total Capital / Risk Weighted Assets)	**56.5**	**48.5**

Financial Statements

Company statement of comprehensive income

	Notes	For the year ended 31 December 2024 €'000	For the year ended 31 December 2023 €'000
Interest income	2	4,048	6,156
Interest expense	3	(5,923)	(5,591)
Net interest income		**(1,875)**	**565**
Fee and commissions income	4	42,301	47,713
Fee and commissions expense	4	(6,534)	(8,272)
Net fee and commissions income		**35,767**	**39,441**
Trading income		**23,613**	**24,523**
Total operating income		**57,505**	**64,529**
Administrative expenses	5	(42,789)	(38,892)
Amortisation of intangible assets	10	(762)	(1,566)
Depreciation of right-of-use assets	12	(453)	(528)
Depreciation of property, plant and equipment	11	(18)	(378)
Total operating expenses		**(44,022)**	**(41,364)**
Profit on ordinary activities before taxation		**13,483**	**23,165**
Taxation	7	(3,502)	(5,897)
Profit attributable to owners of the Company		**9,981**	**17,268**
Total comprehensive income		**9,981**	**17,268**

Statement of financial position

As at 31 December	Notes	2024 €'000	2023 €'000
ASSETS			
Cash and balances at central banks	8	5,150	19,349
Trading portfolio financial assets		16,949	-
Derivative financial assets	9	1,241,320	1,263,983
Reverse repurchase agreements	22	3,222,136	2,804,224
Cash collateral paid to derivative counterparties	20	105,424	103,255
Deferred tax asset	7	941	1,122
Intangible assets	10	1,365	2,127
Right-of-use assets	12	3,054	2,043
Property, plant and equipment	11	642	95
Other assets	13	15,691	50,413
Total assets		**4,612,672**	**4,246,611**
LIABILITIES			
Derivative financial liabilities	9	1,242,540	1,258,756
Repurchase agreements	22	1,905,985	1,584,541
Cash collateral received from derivative counterparties	20	1,187,066	1,117,998
Other liabilities	14	20,753	38,969
Total liabilities		**4,356,344**	**4,000,264**
EQUITY			
Equity instruments	15	200,045	200,045
Retained earnings		56,283	46,302
Total equity		**256,328**	**246,347**
Total liabilities and equity		**4,612,672**	**4,246,611**

* Equity after appropriation of results

Statement of changes in equity

	Equity instruments €'000	Retained earnings €'000	Total equity €'000
2024			
Balance as at 1 January 2024	**200,045**	**46,302**	**246,347**
Profit after tax	-	9,981	9,981
As at 31 December 2024	**200,045**	**56,283**	**256,328**

	Equity instruments €'000	Retained earnings €'000	Total equity €'000
2023			
Balance as at 1 January 2023	**200,045**	**29,034**	**229,079**
Profit after tax	-	17,268	17,268
As at 31 December 2023	**200,045**	**46,302**	**246,347**

Statement of cash flows

For the period ended 31 December	Notes	2024 €'000	2023 €'000
Reconciliation of profit before tax to net cash flows from operating activities			
Profit before tax		13,483	23,165
Adjustment for non-cash items:			
Depreciation and impairment of property, plant and equipment		18	378
Amortisation and impairment of intangible assets		762	1,566
Amortisation of right of use asset		453	528
Interest income		(4,048)	(6,156)
Interest expense		5,923	5,591
Changes in operating assets and liabilities:			
Net (increase) / decrease in trading portfolio financial assets		(16,949)	-
Net (increase) in derivative financial assets		22,663	(254,013)
Net increase in derivative financial liabilities		(16,216)	251,527
Net (increase) in reverse repurchase agreements		(417,912)	(114,962)
Net increase / (decrease) in repurchase agreements		321,444	(213,432)
Net decrease in cash collateral for derivatives		66,899	377,638
Net decrease / (increase) in other assets		34,805	(37,800)
Net increase in other liabilities		(11,278)	9,089
Interest received		3,937	6,156
Interest paid		(5,755)	(4,673)
Corporation tax paid		(10,888)	(10)
Net cash from / (used in) operating activities		**(12,658)**	**44,592**
Acquisition of right of use assets		(1,240)	-
Net cash from / (used) in investing activities		**(1,240)**	**-**
Proceeds from Other amortised cost loans		-	(106,491)
Proceeds from financial liabilities designated at fair value		-	(35,490)
Sub-lease collections		-	455
Interest received		55	-
Interest paid		(9)	(918)
Lease payments		(957)	(309)
Net cash from financing activities		**(911)**	**(142,753)**
Net (decrease) / increase in cash and cash equivalents		**(14,809)**	**(98,161)**
Opening cash and cash equivalents		19,349	115,669
Net cash increase / (decrease)		(14,809)	(98,161)
Foreign exchange		610	1,841
Closing cash and cash equivalents net of deposits by banks	8	**5,150**	**19,349**
Cash and cash equivalents at central banks		5,150	19,349
Total cash and cash equivalents net of deposits by banks	8	**5,150**	**19,349**

Notes on Financial Statements

Note 1 – Accounting policies

Basis of preparation of company accounts

The Company was incorporated in the Netherlands and started its operating activities in 2019. The financial information includes the financial statements of the Company for the year ended 31 December 2024 and comparative period information is provided for the 1 January 2023 to 31 December 2023. The financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and in accordance with the Dutch Civil Law.

The financial statements have been prepared on a going concern basis due to expected future profitability, strong capital and liquidity position as well as the Company continuing to be of strategic importance to its parent MUS(EMEA). The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategy section of the Directors' Report from page 2. The financial position of the Company and its liquidity position are described through the financial statements beginning on page 24. In addition, the Business and Risk Management Policies from page 15 include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; limit setting and various forms of risk.

The Company has considerable financial resources in place as evidenced by the strong capital injection during the establishment of the Company. Additionally, the Company has contracts with corporates, financial institutions and central banks across the European Union. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain global economic outlook. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements, see Directors' Report.

MUS(EU) has been granted a Credit Institution licence in October 2022 and is fully compliant with the legal requirements for such activities. As a consequence, the Company classifies as a Public Interest Entity ("PIE") under EU law and is subject to regulatory requirements and supervision of the DNB and ECB for its banking activities.

The financial statements are presented in Euro which is the presentation and functional currency of the Company, unless stated otherwise. Amounts may not add up due to rounding.

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value.

Use of estimates and judgements

The preparation of financial information requires the use of estimates and judgements about future conditions. The use of available information and the application of assumptions are inherent in the formation of estimates; actual results in the future may differ from estimates upon which financial information is prepared.

Accounting policies where management estimates are to be applied are:

- The valuation of Level 3 financial instruments, where there is no active market for a financial instrument and valuation techniques are used that depend on unobservable parameters.
- Discretionary compensation accruals following the change of the performance review cycle as well as related vesting and payment dates.

Accounting policies where management judgement is to be applied are:

- Timing of recognition of day 1 revenue for level 3 derivatives, where applicable.
- Satisfaction of vesting conditions which relate to deferred compensation arrangements.
- Recognition of deferred tax assets (refer to Note 7).

The recognition of a deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and ongoing tax planning strategies. The most significant judgements relate to expected future profitability and the extent to which management recognises these for offset against assessed tax losses.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. Regular way purchases and sales of financial instruments are recognised using settlement date accounting.

Financial assets

Financial assets are classified as financial assets at amortised cost, or financial assets at fair value through profit and loss ("FVTPL"). The classification of financial assets is determined by a 2-step process: analysis of the business model under which the asset is held; and, where required, analysis of the contractual terms of the financial asset.

Financial assets held at amortised cost

Financial assets may be measured at amortised cost where they are:

- Held in a business model under which the Company intends to hold the asset in order to collect payments of principal and interest.
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal ("SPPI") amount outstanding.

Where assets are held at amortised cost, the carrying value is calculated using the effective interest rate method, less any impairment.

Financial assets held at amortised cost include cash collateral paid to derivative counterparties and other receivables.

Financial assets held mandatory at FVTPL
Financial assets are mandatory measured at fair value through profit or loss ("FVTPL") where they do not meet the criteria to be carried under a different classification.

Such financial assets are recognised initially at fair value, with transaction costs taken to the income statement, and are subsequently remeasured at fair value. All subsequent gains and losses from changes in the fair value of these assets and liabilities together with related interest income, interest expense and dividends, are recognised in the income statement within trading income as they arise.

The overall majority of the Company's financial assets are held within this category.

Option to designate a financial asset at FVTPL
The Company may irrevocably designate a financial asset as held at FVTPL upon initial recognition where doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from carrying financial assets or financial liabilities on different bases.

This Company does not have any financial assets designated at FVTPL.

Identification and measurement of impairment
The recognition and measurement of impairment under IFRS 9 is based on an internal expected credit loss ("ECL") model. The Company recognises potential expected credit losses for financial assets carried at amortised cost.

The Company calculates 12 month expected losses for the majority of assets held due to the high credit quality of instruments measured at amortised cost. 12 month expected credit losses represent that portion of lifetime expected credit losses which result from default events on the asset that are possible within 12 months of the reporting date. The ECL for the current and prior year is not material.

Trading liabilities
Derivatives, short positions in debt (e.g. bonds, Treasury bills, MTN's), or positions which are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, are classified as held for trading. Such financial liabilities are recognised initially at fair value, with transaction costs taken to the income statement, and are subsequently remeasured at fair value. All subsequent gains and losses from changes in the fair value of these liabilities together with related interest income, interest expense and dividends, are recognised in the income statement within trading income as they arise.

Financial liabilities designated at FVTPL
Financial liabilities, other than those held for trading, are classified in this category if they meet one or more of the criteria set out below, and are so designated by management upon initial recognition. The Company may designate financial liabilities at fair value when doing so results in more relevant information due to the following:

- It eliminates or significantly reduces valuation or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases. Under this criterion, the main class of financial instruments designated by the Company includes medium term note issues and money market loans and deposits. The return on certain instruments has been matched with derivatives. An accounting mismatch would arise if the debt securities and money market transactions were accounted for at amortised cost, because the related derivatives are measured at fair value with movements in the fair value taken through the income statement. By designating these assets and liabilities at fair value, the movement in their fair value will also be recorded in the income statement.
- Groups of financial assets, financial liabilities or combinations thereof are managed and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and information about groups of financial instruments is reported to management on that basis.
- Certain financial instruments contain one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments.

Repurchase and resale agreements
Securities which have been sold subject to an agreement to repurchase remain on the Statement of Financial Position and a liability based on the net present value of the associated future cash out flows is recorded within liabilities. Securities acquired in purchase and resale transactions are not recognised on the Statement of Financial Position and an asset based on the net present value of the associated future cash receipts is recorded within assets.

Sale and repurchase and reverse repurchase agreements are managed together as a portfolio on a fair value basis and are accounted for at FVTPL. As such, the balances recorded in assets and liabilities are subsequently remeasured at fair value. Gains and losses from changes in the fair value of the associated cash flows are recognised in the income statement as they arise. Assets and liabilities are offset and the net amount reported on the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis.

Derivatives
Where contracts meet the definition of a derivative within IFRS 9, they are recognised initially, and are subsequently remeasured, at fair value. All changes in fair value are recognised in the income statement within trading income as they arise. Fair values are obtained from quoted market prices in active markets, or using valuation techniques where an active market does not exist. Valuation techniques include discounted cash flow models, recent market transactions and option pricing models as appropriate. All derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivatives are recognised using trade date accounting.

Derivatives (continued)

The Company makes use of the exemption from derivative accounting permitted within the standard for regular way purchases and sales of securities – these are accounted for using settlement date accounting.

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position if, and only if, the entity currently has a legally enforceable right of offset and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously. In many cases, even though master netting agreements are in place, the related assets and liabilities are presented gross on the Statement of Financial Position as these requirements are not met.

The value of derivative contracts has been adjusted to include the impact of counterparty credit risk ("CVA") and the cost and benefit of future funding ("FVA"). The impact of changes in the Company's own credit risk ("DVA") is materially included within the application of FVA.

The Company is the beneficiary of an intercompany guarantee from MUFG Bank which provides the Company with protection against default over a portfolio of corporate derivatives. This guarantee does not meet the definition in IFRS 9 of a financial guarantee, and as such is accounted for as a credit derivative.

Collateral

Cash collateral pledged by the Company on derivative and other liabilities is classified as an asset within financial assets at amortised cost. Cash collateral pledged by counterparties is classified within financial liabilities at amortised cost. These balances are initially measured at fair value and subsequently measured at amortised cost.

Where securities are posted to counterparties as collateral against liabilities of the Company the security will be retained on the Company's Statement of Financial Position and will not impact the recorded liability. Collateral received in the form of securities is not recorded on the Statement of Financial Position.

Financial liabilities held at amortised cost

Financial liabilities are held at amortised cost except where they meet the conditions listed above to be carried at FVTPL. Financial liabilities held at amortised cost include cash collateral received from derivative counterparties, amortised cost loans and other payables. Where liabilities are held at amortised cost, the carrying value is calculated using the effective interest rate method.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or when the Company has transferred both its contractual right to receive the cash flows of the financial assets, and substantially all the risks and rewards of ownership; or where control is not retained. Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expired.

Fair value measurement of financial assets and liabilities

Fair value is the amount for which an asset could be sold, or a liability transferred, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If the market for a financial instrument is not active, the Company establishes fair value using valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

When unobservable market data has a significant impact on the valuation of financial instruments and the model valuations indicate initial profits or losses on the transaction, the entire initial gain or loss is not recognised immediately in the income statement. The initial gain or loss is measured as the difference in fair value indicated by the valuation model price and the transaction price. These gains or losses are deferred and recognised over the life of the transaction on a systematic basis, or when the inputs become observable, or the transaction matures or is closed out, or when the Company enters into an eligible offsetting or economic hedging transaction which provides a market data point to demonstrate observability of the unobservable input(s). Refer to Note 17 for further detail on the fair value of financial instruments.

Fees and commissions

Fees and commissions income include fees received when the Company acts as an underwriter or agent and from the provision of advisory services. Revenues are recognised when the performance obligations are satisfied in accordance with the contract. This may be at a particular point in time or over a period of time.

Fees and commissions expenses include transaction and service fees. Amounts are recognised as the related services are received.

Client money segregation

The Company does not offer client money as a service in the ordinary course of business. However, in certain limited scenarios the Company may receive monies belonging to clients. In such scenarios the funds will be transferred to the relevant clients as soon as practicable. Such monies and the corresponding amounts due to clients are not held on the Statement of Financial Position as the clients retain beneficial ownership.

Interest income and expense

The Company as an investment firm provides client solutions across primary (debt capital) and secondary markets – predominantly bonds, repurchase agreements and derivatives. The Company holds financial instruments in a trading mark-to-market business model and on FVTPL basis. Revenues are represented in fee and trading income. For financial instruments held at amortized cost the interest is included in interest income or interest expense.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies and open forward foreign exchange contracts are translated into the functional currency using the exchange rate at the balance sheet date. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items in a foreign currency not measured at fair value are translated at the exchange rate at the date of the transaction.

Gains or losses on translation are included in the income statement.

The income and expenses of the Company are translated to the Company's functional currency at the exchange rates at the dates of the transactions.

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are measured at cost less accumulated depreciation or amortisation respectively, less any accumulated impairment losses.

Expenditure to bring purchased software into operational use and internally developed software are recognised as intangible assets when the Company considers that the software will be used in a manner that will generate future economic benefits and can reliably measure the costs of development.

All fixed assets are reviewed for impairment on an annual basis. Assets are impaired where it is considered that the future economic benefit of the asset is lower than its carrying amount. Such impairment losses are included directly in the income statement.

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets and intangible software assets by equal instalments over their estimated useful lives as follows:

Office furniture and fittings	5 years
Office machinery and equipment	3–5 years
Intangible software	4–7 years

Leases

The Company classifies a contract as containing a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company recognises a lease liability and a corresponding right-of-use asset for all arrangements containing a lease, with the exception of short-term leases (with the term of 12 months or less) and leases of assets of low value.

Lease liability is initially measured at the present value of the remaining lease payments at the commencement date, discounted applying lessee's incremental borrowing rate when there is no interest rate implicit in the lease, and presented within Other Liabilities (Note 14). The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The associated right-of-use asset is initially recognised at the amount equal to lease liability, adjusted by any accrued or prepaid lease payments, an initial estimate of restoration costs and any initial direct costs incurred by the Company as a lessee, and presented as a separate line in the statement of financial position. Right-of-use asset is depreciated from the commencement date to the earlier of the useful life of the underlying asset or the end of the lease term. The Company applies the requirements of IAS 36 to determine whether the right-of-use asset has been impaired and to account for any identified impairment losses.

As a lessor

The Company enters into lease agreements as a lessor with respect to some of its office space. Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Taxation
Taxation comprises of current and deferred tax. Current tax and deferred tax are recognised in the income statement except to the extent that they relate to items recognised directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of all temporary differences and tax losses that have originated but not reversed by the balance sheet date. Temporary differences are divergences between the Company's results for tax purposes and its results as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Temporary differences and tax losses are taken into account if they have originated prior to the balance sheet date and are expected to reverse in one or more future periods.

Deferred tax is calculated at the tax rates that are expected to be applied to temporary differences or tax losses when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend to settle current tax liabilities and assets on a net basis.

A deferred tax asset is recognised for unused tax losses and other deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax balances are not discounted.

Employee benefits
Staff is remunerated through both salary and annual performance based discretionary compensation awards. Performance based awards are calculated annually, and reflect the performance of both the individual and the Company during that annual period.

Portions of performance-based awards can be paid by the Company on deferred terms although this is not applicable at the moment.

Where payments are made on a deferred basis and the cash value is fixed at the award date, the Company recognises the costs of the deferred awards during the period that the award is made, even though cash payments will not be made until future periods. The Company considers that this treatment most effectively represents the costs of employee compensation for the period.

Where payments are made on a deferred basis and the cash value is linked to the MUFG share price, the Company amortises the expected cost of the award across the entire deferral period, and records as an expense only that portion which is deemed to have accrued during the current period. The Company records post grant date changes in the value of the total award due to changes in the MUFG share price directly through expenses.

Pensions
The Company maintains a defined contribution pension scheme.

Pension scheme costs which represent the contributions payable to the scheme in respect of the accounting period are charged to the income statement.

Future Accounting Developments
There are no significant future accounting developments that are expected to have a material impact on the Company's financial reporting.

First time adoption of accounting standards
Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company and its subsidiary operate. The legislation will be effective for the Company's financial year beginning 1 January 2024. The Company has performed an assessment of its potential exposure to Pillar Two income taxes.

This assessment is based on the most recent information available regarding the financial performance of the constituent entities. Based on the assessment performed, the Pillar Two effective tax rates in the jurisdictions in which the Company operates are expected to be above 15%. Therefore, the Company does not expect a material exposure to Pillar Two income taxes.

Note 2 – Interest income

	2024 €'000	2023 €'000
Interest on non-trading assets	4,048	6,156
	4,048	**6,156**

Note 3 – Interest expense

	2024 €'000	2023 €'000
Interest on non-trading liabilities	(5,923)	(5,591)
	(5,923)	**(5,591)**

Note 4 – Fee & Commission Income & Expense

	2024 €'000	2023 €'000
Fee and commissions income		
Fee income	29,271	34,089
Other fee and commissions income	13,030	13,624
Total fee and commissions income	**42,301**	**47,713**
Fee and commissions expense		
Fee expense	(6,534)	(8,272)
Total fee and commissions expense	**(6,534)**	**(8,272)**
Net fee and commissions income	**35,767**	**39,441**

Notes on Financial Statements (continued)

Note 5 – Administrative expenses

	2024 €'000	2023 €'000
Wages and salaries	14,467	12,807
Retirement benefits	1,476	1,369
Social security costs	3,785	4,164
Personnel expenses	**19,728**	**18,340**
Auditor's remuneration (Note 6)	498	451
Other administrative expense	22,563	20,101
General and administrative expenses	**23,061**	**20,552**
Total administrative expenses	**42,789**	**38,892**

The average number of employees of the Company in 2024 was 54 (2023: 58), split between the Amsterdam Head Office 19 (2023: 21), of which 6 (2023: 7) were Front Office and the Paris branch 35 (2023: 37), of which 31 (2023: 33) were Front Office.

Included within 'Wages and salaries' is a discretionary compensation accrual representing management's best estimate of the charge.

Note 6 – Auditor fees

Included in the total administrative expenses are the fees for the auditor.

	2024 €'000	2023 €'000
Fees payable to the Company's auditor for audit and other services		
Statutory audit fees	385	363
Other engagements	113	88
Total auditor's fees	**498**	**451**

Note 7 – Tax expenses

	2024 €'000	2023 €'000
Corporation tax		
Current period	(3,290)	(5,906)
Prior year adjustment	(31)	137
Total current tax	**(3,321)**	**(5,769)**
Deferred tax		
Origination of timing differences	(181)	(47)
Prior year adjustment	(0)	(81)
Total deferred tax	**(181)**	**(128)**
Total tax expense	**(3,502)**	**(5,897)**

Consolidated corporation tax is calculated by aggregating the corporation taxes incurred in the Netherlands and in France. The corporate income tax rate in the Netherlands is 25.8% with the first €200,000 (2023: €200,000) being subject to 19% rate. France's corporate income tax rate is 25% (2023: 25%) for the year.

The charge for the year can be reconciled to the profit in the income statement as follows:

	2024 €'000	2023 €'000
Profit on ordinary activities before taxation	13,483	23,165
Tax at the Dutch corporation tax rate of 25.8%	(3,479)	(5,977)
Current tax prior year adjustment	(31)	138
Deferred tax prior year adjustment	(0)	(81)
Tax losses not recognised	-	-
Tax losses recognised in the year and utilised	-	-
Deferred tax recognised in the year	-	-
Tax effect of expenses that are not deductible in determining taxable profits	(5)	(4)
Corporation tax rate differences	13	27
Tax expense for the period	**(3,502)**	**(5,897)**

Note 7 – Applicable taxes (continued)

Deferred tax assets

The following are the deferred tax assets and liabilities recognised by the Company for the current reporting period.

	Opening balance	Charge to profit or loss €'000	Balance as at 31 December 2024 €'000
Deferred compensation	906	6	912
Accelerated depreciation on fixed assets	217	(188)	29
IFRS 16	(1)	1	-
Total	**1,122**	**(181)**	**941**

Note 8 – Notes to the cash flow statement

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their face value. Cash and cash equivalents as shown in the statement of cash flows can be reconciled to the related items in the Statement of Financial Position as shown below.

	2024 €'000	2023 €'000
Cash and balances at central banks	5,150	19,359
Total cash and cash equivalents	**5,150**	**19.349**

2024

	Balance as at 1 January 2024 €'000	Financing cash and interest flows €'000	Changes in fair values €'000	Effect of changes in foreign exchange rates €'000	Other non-cash movements €'000	Balance as at 31 December 2024 €'000
MUSHD loan facility	-	-	-	-	-	-
Intercompany money market deposits	-	-	-	-	-	-
Lease liabilities	4,349	(957)	-	-	1,421	4,813
Total liabilities from financing activities	**4,349**	**(957)**	**-**	**-**	**1,421**	**4,813**

2023

	Balance as at 1 January 2023 €'000	Financing cash and interest flows €'000	Changes in fair values €'000	Effect of changes in foreign exchange rates €'000	Other non-cash movements €'000	Balance as at 31 December 2023 €'000
MUSHD loan facility	35,490	(32,422)	2	(3,070)	-	-
Intercompany money market deposits	106,491	(103,803)	-	(2,674)	(14)	-
Lease liabilities	3,620	(309)	-	-	1,038	4,349
Total liabilities from financing activities	**145,601**	**(136,534)**	**2**	**(5,744)**	**1,024**	**4,349**

Note 9 – Derivative financial instruments

	2024		
	Notional amount €'000	Fair value assets €'000	Fair value liabilities €'000
Derivatives held for trading			
Foreign exchange contracts	11,205,704	516,907	528,999
Interest rate contracts	28,824,744	705,174	713,541
Credit derivative contracts	877,316	19,239	–
Total trading contracts	**40,907,764**	**1,241,320**	**1,242,540**
Total derivatives financial instruments	**40,907,764**	**1,241,320**	**1,242,540**

	2023		
	Notional amount €'000	Fair value assets €'000	Fair value liabilities €'000
Derivatives held for trading			
Foreign exchange contracts	11,742,469	533,655	536,530
Interest rate contracts	29,208,309	713,071	722,226
Credit derivative contracts	908,674	17,257	-
Total trading contracts	**41,859,452**	**1,263,983**	**1,258,756**
Total derivatives financial instruments	**41,859,452**	**1,263,983**	**1,258,756**

The value of derivative contracts has been adjusted to include the impact of counterparty credit risk ('CVA') and the cost of benefit of future funding ('FVA').

OTC credit derivatives include a credit derivative asset, which relates to a financial guarantee provided by a group company, MUFG Bank, for the uncollateralised derivatives exposures within a portfolio of corporate counterparties. At year end the fair value of this derivative totalled €19.2 million (2023: €17.3 million), this amount is offset by a CVA adjustment in respect of the exposure to the underlying corporate counterparties. This largely pertains to interest rate and foreign exchange contracts.

Notes on Financial Statements (continued)

Note 10 – Intangible Assets

	Software €'000	Total €'000
Cost		
As at 1 January 2023	13,015	13,015
As at 31 December 2023	**13,015**	**13,015**
As at 31 December 2024	**13,015**	**13,015**
Amortisation		
As at 1 January 2023	9,322	9,322
Charge for the period	1,566	1,566
As at 31 December 2023	**10,889**	**10,889**
Charge for the period	762	762
As at 31 December 2024	**11,651**	**11,651**
Carrying amount:		
As at 31 December 2023	**2,127**	**2,127**
As at 31 December 2024	**1,365**	**1,365**

Note 11 – Property, plant and equipment

	Leasehold improvements €'000	Office furniture & fittings €'000	Office machinery & equipment €'000	Total €'000
Cost				
As at 1 January 2023	1,244	175	1,024	2,443
As at 31 December 2023	**1,244**	**175**	**1,024**	**2,443**
Additions	**565**	**-**	**-**	**565**
As at 31 December 2024	**1,809**	**175**	**1,024**	**3,008**
Depreciation				
As at 1 January 2023	990	63	917	1,970
Charge for the period	254	17	107	378
As at 31 December 2023	**1,244**	**80**	**1,024**	**2,347**
Charge for the period	-	18	-	18
As at 31 December 2024	**1,244**	**97**	**1,024**	**2,364**
Carrying amount				
As at 31 December 2023	**-**	**95**	**-**	**95**
As at 31 December 2024	**565**	**77**	**-**	**642**

Note 12 – Leases

The Company's leases include office space in addition to previously recognised finance leases for certain fixtures, equipment and software. Lease terms vary between periods of 5 to 10 years.

Lease contracts include lease and non-lease components. For the office lease, the Company has chosen to apply the practical expedient and account for lease and non-lease components as a single contract. For the data centre lease, the Company has elected to separate the components based on their respective stand-alone prices.

Right-of-use assets ("ROU assets") are measured at cost, which comprises the amount of the initial measurement of lease liability with no other payments, initial direct costs or restoration costs applicable.

Lease liability is measured on the net present value basis and includes fixed payments only as all leases are on a fixed repayment basis. No arrangements have been entered into for contingent rental payments, residual value guarantees, purchase options or penalties for terminating the lease.

Payments relating to short term leases, which are signed for the period of 12 months or less, are recognised on the straight line basis. The Company does not have any leases classified as low value.

The Company entered into finance sub-leasing arrangements as a lessor for certain office space. The sub-lease contract does not include extension or early termination options.

The Company is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in EUR.

Right-of-use assets

	Property €'000	Total €'000
2024		
Balance as at 1 January 2024	2,043	2,043
Additions to right-of-use assets	1,240	1,240
Increase in right-of-use after rent increase	225	225
Depreciation charge for the period	(453)	(453)
Balance as at 31 December 2024	**3,054**	**3,054**

	Property €'000	Total €'000
2023		
Balance as at 1 January 2023	1,863	1,863
Increase in right-of-use after rent increase	708	708
Depreciation charge for the period	(528)	(528)
Balance as at 31 December 2023	**2,043**	**2,043**

Note 12 – Leases (continued)

	2024 €'000	2023 €'000
Other amounts recognised in the income statement		
Interest on lease liability	(159)	(123)
Interest on lease asset	56	6
Amounts recognised in the cash flow statement		
Total cash outflow for leases	(957)	(309)
Total cash inflow from sub-leases	-	455

	2024 €'000	2023 €'000
Less than one year	579	455
One to two years	463	455
Two to three years	463	455
Three to four years	424	369
Four to five years	-	0
Total undiscounted lease payments receivable	**1,929**	**1,734**
Unearned finance income	(123)	(11)
Net investment in the lease	**1,806**	**1,723**

The undiscounted lease payments receivable increased due to the yearly rent indexation in France.

Refer to Note 23 for maturity analysis of lease liabilities.

Note 13 – Other assets

	2024 €'000	2023 €'000
Prepayments and accrued income	1,240	997
Lease asset	1,806	1,723
Other debtors	12,645	25,693
Intercompany money market deposits	-	22,000
	15,691	**50,413**

'Other debtors' comprise intercompany receivables as well as a Eurex default fund deposit. Intercompany money markets deposits are with MUFG Securities (EMEA) plc, the immediate parent undertaking of MUFG Securities (Europe) N.V. These deposits are denominated in EUR.

Note 14 – Other Liabilities

	2024 €'000	2023 €'000
Tax and social security	1,167	6,653
Lease liability	4,813	4,349
Other creditors	14,773	27,967
	20,753	**38,969**

'Other creditors' comprise intercompany payables, VAT payable and compensation related accruals.

Note 15 – Equity Instruments

	2024 €'000	2023 €'000
Ordinary shares of €1 each:		
Share capital at start of period	200,045	200,045
Allotted, called up and fully paid as at 31 December	200,045	200,045

On 31st December 2024 the Company's issued and paid-up capital amounted €200,045,000. The nominal value for the 200,045,000 shares is €1 per share.

The Company's authorised share capital is 600 million shares with a nominal value of €1 per share.

Note 16 – Report on Directors' remuneration and interests

	2024 €'000	2023 €'000
	Executive Directors	**Executive Directors**
Short-term employment benefits	1,011	682
Post-employment benefits	3	17
Other long-term benefits	48	22
Termination benefits	324	-
Notional share-based payments	2	56
Remuneration of key management personnel	**1,388**	**777**
Realised MTM / interest on NSUs & other long-term benefits	5	24
Total remuneration of key management personnel	**1,393**	**801**

	2024 €'000	2023 €'000
	Non-Executive Directors	**Non-Executive Directors**
Short-term employment benefits	160	120
Remuneration of key management personnel	**160**	**120**
Realised MTM / interest on NSUs & other long-term benefits	-	-
Total remuneration of key management personnel	**160**	**120**

There are no other members of key management than the Management Board and Supervisory Board members of the Company.

Note 17 – Fair Value of financial instruments

The majority of the Company's assets and liabilities are carried on the Statement of Financial Position at fair value, in which case fair value is equal to the carrying value. The following table presents a comparison by category of book amounts and fair value of the Company's financial assets and liabilities for those items which are not carried at fair value on the Statement of Financial Position.

	2024		2023	
	Carrying value €'000	Fair value €'000	Carrying value €'000	Fair value €'000
Assets				
At Amortised Cost				
Cash and balances at central banks	5,150	5,150	19,349	19,349
Cash collateral paid to derivative counterparties	105,424	105,424	103,255	103,255
Other assets	15,691	15,691	50,413	50,413
Liabilities				
At Amortised Cost				
Cash collateral received from derivative counterparties	1,187,066	1,187,066	1,117,998	1,117,998
Other liabilities	20,753	20,753	38,969	38,969

Valuation of financial assets and liabilities

Valuation techniques incorporate assumptions about factors that other market participants would use in their valuations, including interest rate yield curves, exchange rates, volatilities and prepayment and default rates. The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The fair value of certain financial instruments is measured using valuation techniques that are determined in full or partly on assumptions that are not supported by observable market prices. The effect of changing these assumptions to a range of reasonably possible alternative assumptions is negligible (2023: negligible) given the back to back nature of these trades across assets and liabilities.

The Company has prepared a Value-at-Risk analysis which reflects interdependencies between market risk factors, refer to page 17.

Note 17 – Fair Value of financial instruments (continued)

	2024			
	Level 1 €'000	**Level 2 €'000**	**Level 3 €'000**	**Total €'000**
Assets				
Financial Assets at FVTPL				
Reverse repurchase agreements – fair value	-	3,222,136	-	3,222,136
Derivative financial instruments	-	1,220,646	20,674	1,241,320
	-	**4,442,782**	**20,674**	**4,463,456**
Liabilities				
Financial Liabilities at FVTPL				
Repurchase agreements – fair value	-	1,905,985	-	1,905,985
Derivative financial instruments	-	1,241,105	1,435	1,242,540
	-	**3,147,090**	**1,435**	**3,148,525**

	2023			
	Level 1 €'000	**Level 2 €'000**	**Level 3 €'000**	**Total €'000**
Assets				
Financial Assets at FVTPL				
Reverse repurchase agreements – fair value	-	2,804,224	-	2,804,224
Derivative financial instruments	-	1,237,390	26,593	1,263,983
	-	**4,041,614**	**26,593**	**4,068,207**
Liabilities				
Financial Liabilities at FVTPL				
Repurchase agreements – fair value	-	1,584,541	-	1,584,541
Derivative financial instruments	-	1,252,502	6,254	1,258,756
	-	**2,837,043**	**6,254**	**2,843,297**

Financial Instruments valued using models with unobservable inputs

The amount that has yet to be recognised in the Company income statement relating to the difference between the fair value at initial recognition (the transaction price) and the amount that would have arisen had valuation techniques used for subsequent measurement been applied at initial recognition, less subsequent releases, is nil.

2024	Total assets €'000	Total liabilities €'000	Valuation technique(s)	Significant unobservable inputs	Range Min	Range Max	Units
Derivatives							
Foreign exchange derivatives	1,435	1,435	Option model	IR – IR Correlation	35.00	60.00	%
				FX – IR Correlation	20.00	60.00	%
				Correlation – underlying assets	66.43	66.43	%
				Option volatility	10.70	20.93	%
Other	19,239	0	Discounted cash flows	CVA beta	0.23	13.40	%
	20,674	**1,435**					

2023	Total assets €'000	Total liabilities €'000	Valuation technique(s)	Significant unobservable inputs	Range Min	Range Max	Units
Derivatives							
Foreign exchange derivatives	682	(682)	Option model	IR – IR Correlation	35.00	60.00	%
				FX – IR Correlation	20.00	60.00	%
				Correlation – underlying assets	66.43	66.43	%
Other	25,911	(5,572)	Discounted cash flows	CVA beta	30.07	527.58	%
	26,593	**(6,254)**					

The following provides a summary description of significant unobservable inputs included in the table above:

- Correlation is a measure of the relationship between the movements of two variables (i.e. how much the change in one variable may be linked to the change in the other variable). Correlation is often an input into valuation of derivative contracts with more than one underlying risk. A significant increase in correlation in isolation can result in a movement in fair value that is favourable or unfavourable depending on the specific terms of the instrument.
- Deal contingent probability is the probability of an underlying project initiative going ahead. In the event of the project completing, associated swaps will be invoked, however if the project does not complete the swaps do not materialise. Deal contingent term indicates the term at which the underlying project initiative is expected to complete.
- The CVA beta relates to a parameter that is used to infer a credit curve for a credit name which does not have a tradable credit curve in the market. The beta expresses a relationship between a liquid credit index and credit names of similar sectors, ratings and regions.

Notes on Financial Statements (continued)

Note 18 – Financial Risk Management

The Company maintains positions in financial instruments as an integral part of daily market activities. These positions are held as part of portfolios that are maintained and monitored by instrument or risk type. The Company implements policies and procedures in order to adequately identify and monitor, assess and manage these risk types. Additional detail is included within Business and Risk Management Policies from page 15.

Policies and procedures are established across each primary risk type to ensure quality of risk measurement, risk monitoring, and appropriate avenues for escalation to occur.

Risk Management by Financial Risk Type:

Market Risk

Market risk is the risk of losses from movements in market prices in the trading portfolio. The Company uses a variety of risk measures, mainly VaR based, to quantify and control this risk with the overall objective of ensuring that potential losses arising from market risk remain within the appetite set by the Board – refer to Market Risk from page 15.

Credit Risk

Credit risk is the risk of loss resulting from client, issuer or counterparty default and arises on credit exposure in all forms, including settlement risk. The gross credit risk exposure of the Company is deemed to be the total assets balance reported on the Statement of Financial Position – refer to page 24. The Company manages its credit risk in accordance with policies originated and approved within the Company and endorsed by its parent company with the objective of ensuring adequate credit mitigates are in place and remaining exposures are adequately managed. Counterparty exposure is managed through a process of credit risk assessment, limit setting, exposure monitoring and exception reporting – refer to Credit Risk on page 18.

Liquidity Risk

Liquidity risk is the risk that the Company has insufficient resources to meet its financial obligations as they fall due. This risk could arise from both institution specific and market-wide events. The Company's liquidity risk appetite expresses the level of risk the Company chooses to take in pursuit of its strategic objectives.

Day to day oversight of liquidity risk management is delegated to the ALCO including specification of liquidity stress testing, approval of business line unsecured funding limits, transfer pricing rates/policy and the contingency funding plan. Matters which require approval are escalated to the Board. Refer to Liquidity Risk on pages 18 and 19.

Capital Risk

Capital risk is the risk that the Company has insufficient capital resources to meet the capital requirements that are incurred through execution of the business plan. The Company aims to manage and control its exposure to capital risk through its policies and procedures with the key objective of holding sufficient capital resources to support the risks in which the Company engages. The ALCO has responsibility for day to day oversight of the Company's capital management. Matters which require approval are escalated to the Board. The Company measures key capital sensitivities and analysis of drivers of change in capital adequacy which is regularly reported in the ALCO. The capital position is assessed against minimum regulatory requirements and internal targets – refer to Capital Risk on page 20 and the Status of Regulatory Capital Resources on page 22.

Compliance risk

Compliance risk, including Financial Crime, is the risk of financial, reputational or other damage to the Company through failing to comply with regulations, rules, guidelines, professional ethics and governance standards, codes of conduct and other similar standards. For more information on this topic refer to page 4 in our board report.

Note 19 – Post-balance sheet events

As at the date of signing, the Directors are not aware of any material events which would warrant further disclosure.

Note 20 – Collateral

Under certain transactions, including reverse repurchase agreements and stock borrowing transactions, the Company is allowed to resell or repledge the collateral held. The fair value of collateral accepted with the right to repledge to others was as follows:

Collateral resold or repledged

	2024		2023	
	Fair Value €'000	**Sold or repledged €'000**	**Fair Value €'000**	**Sold or repledged €'000**
Accepted collateral	4,282,290	3,047,008	4,619,139	2,930,235

These balances represent substantially all of the collateral received by the Company in relation to assets. The Company has the obligation to return the collateral on the maturity date of the secured transaction. The process by which assets are pledged as collateral and accepted as collateral is generally conducted under standard documentation used by financial market participants.

Collateral Management of Repurchase Agreements

Securities purchased under agreements to resell ("reverse repurchase agreements") and securities sold under agreements to repurchase ("repurchase agreements") are mainly collateralised by highly rated credit bonds (predominantly government and corporate bonds). The repurchase agreements are treated as collateralised financing transactions and are carried at fair value. It is the Company's policy to generally take possession of securities purchased under agreements to resell at the time such agreements are made. The Company's agreements with counterparties contain provisions allowing for additional collateral to be obtained, or excess collateral returned, based on market valuations of such collateral. The Company re-values the collateral underlying its repurchase and reverse repurchase agreements on a daily basis. In the event the market value of such securities falls below the related agreement to resell at contract amount plus accrued interest, the Company will generally request additional collateral.

Note 21 – Contractual maturity analysis

The breakdown of financial liabilities by contractual maturity is shown in the table below. These are based on the contractual terms, except for derivatives which are deemed to be on demand. The balances do not agree directly to the balances in the Statement of Financial Position as the table incorporates contractual cash flows on an undiscounted basis. The repurchase agreement balances are presented on a gross basis, not taking account of any balances which have been offset in the Statement of Financial Position. Derivative contracts are reflected as on demand at their fair value.

	2024					
	On demand €'000	Due within 3 months €'000	Due between 3 and 12 months €'000	Due between 1 and 5 periods €'000	Over 5 periods €'000	Total €'000
Repurchase agreements	140,462	2,514,145	-	-	-	2,654,607
Cash collateral received from derivatives counterparties	1,187,066	-	-	-	-	1,187,066
Derivatives	1,242,540	-	-	-	-	1,242,540
Other liabilities (excl. lease liability)	15,460	-	-	-	-	15,460
Lease liability	-	268	841	3,718	466	5,293
	2,585,528	**2,514,413**	**841**	**3,718**	**466**	**5,104,966**

	2023					
	On demand €'000	Due within 3 months €'000	Due between 3 and 12 months €'000	Due between 1 and 5 periods €'000	Over 5 periods €'000	Total €'000
Repurchase agreements	44,509	2,087,258	-	-	-	2,131,767
Cash collateral received from derivatives counterparties	1,117,998	-	-	-	-	1,117,998
Derivatives	1,258,756	-	-	-	-	1,258,756
Other liabilities (excl. lease liability)	34,212	-	-	-	-	34,212
Lease liability	-	222	734	3,801	-	4,757
	2,455,475	**2,087,480**	**734**	**3,801**	**-**	**4,547,490**

The Company holds liquid assets comprising cash and cash equivalents and investment securities for which there is an active and liquid market. These assets can be readily sold to meet liquidity requirements.

Note 22 – Netting of financial assets and financial liabilities

In accordance with IAS 32 Financial Instruments: Presentation, the Company reports financial assets and financial liabilities on a net basis on the Statement of Financial Position only if there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

- All financial assets and liabilities that are reported net on the Statement of Financial Position; and
- All derivative financial instruments, reverse repurchase and repurchase agreements and other similar secured lending and borrowing agreements that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for balance sheet netting.

The table identifies the amounts that have been offset in the Statement of Financial Position and also those amounts that are covered by enforceable netting arrangements (offsetting arrangements and financial collateral) but do not qualify for netting under the requirements of IAS 32 described on the previous page.

The net amounts presented in the following table are not intended to represent the Company's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

	Amounts subject to enforceable netting arrangements								
	Effects of offsetting on balance sheet			**Related amounts not offset**			**Exposure**		
	Gross amounts €'000	**Amounts offset €'000**	**Net amounts on balance sheet €'000**	**Financial instruments €'000**	**Cash collateral €'000**	**Financial collateral €'000**	**Net amount €'000**	**Not subject to enforceable netting €'000**	**Balance sheet total €'000**
As at 31 December 2024									
Derivative financial assets	1,241,320	-	1,241,320	646,559	313,840	-	280,921	-	1,241,320
Reverse repurchase agreements	3,986,266	764,130	3,222,136	465,376	-	2,743,307	13,453	-	3,222,136
Total Assets	**5,227,586**	**764,130**	**4,463,456**	**1,111,935**	**313,840**	**2,743,307**	**294,374**	**-**	**4,463,456**
Derivative financial liabilities	1,242,383	-	1,242,383	646,559	85,169	-	510,655	157	1,242,540
Repurchase agreements	2,670,115	764,130	1,905,985	465,376	-	89,397	1,351,212	-	1,905,985
Total Liabilities	**3,912,498**	**764,130**	**3,148,368**	**1,111,935**	**85,169**	**89,397**	**1,861,867**	**-**	**3,148,525**
As at 31 December 2023									
Derivative financial assets	1,263,983	-	1,263,983	753,764	159,314	-	350,905	-	1,263,983
Reverse repurchase agreements	3,349,918	545,694	2,804,224	759,259	-	2,042,442	2,523	-	2,804,224
Total Assets	**4,613,901**	**545,694**	**4,068,207**	**1,513,023**	**159,314**	**2,042,442**	**353,428**	**-**	**4,068,207**
Derivative financial liabilities	1,258,756	-	1,258,756	753,764	31,404	-	473,588	-	1,258,756
Repurchase agreements	2,130,235	545,694	1,584,541	759,259	-	824,619	663	-	1,584,541
Total Liabilities	**3,388,991**	**545,694**	**2,843,297**	**1,513,023**	**31,404**	**824,619**	**474,251**	**-**	**2,843,297**

Note 23 – Related-party transactions

Balances and transactions between the Company and related parties are disclosed below.

	2024			
	Parent Company €'000*	MUFG €'000	Other Related Parties €'000	Total €'000
Income	56,662	1,906	-	58,568
Expenses	6,395	5,178	-	11,573
Total assets	2,033,681	1,045,395	8,292	3,087,368
Total liabilities	1,088,304	878,934	9,691	1,976,929

	2023			
	Parent Company €'000	MUFG €'000	Other Related Parties €'000	Total €'000
Income	36,695	808	-	37,503
Expenses	4,809	5,846	-	10,655
Total assets	2,162,344	764,107	16,130	2,942,581
Total liabilities	1,439,302	910,210	4,919	2,354,431

All related parties are wholly owned subsidiaries of MUFG, with the exception of Jackson Square Aviation Ireland Ltd, which is presented as 'Other Related Parties' due to their affiliate status with MUFG.

No provisions for doubtful debts related to the amount of outstanding balances are recognized in respect of related parties.

Transactions executed with related parties are entered into at market price on an arm's length basis.

The Company has entered in to a Deed Poll guarantee arrangement which guarantees MUS(EU)'s derivative contract liabilities to external counterparties. The terms of the arrangement stipulate MUFG Bank as the guarantor of these liabilities. The Company incurs a fee for this benefit. This arrangement is in addition to the guarantee provided by MUFG Bank, for the uncollateralised derivatives exposures within a portfolio of corporate counterparties (refer to Note 9).

There are no material related party transactions with key management, and persons connected with them, other than remuneration disclosed in Note 16.

* The 2023 numbers for the parent have been adjusted to reflect the same netting methodology used in the 2024 disclosure and the income statement. In previous years the fees of transactions that were done together with the parent and partly paid out to the parent were included as expenses in this disclosure, while these should be negative income items, as they are in the income statement. Income and expenses have been lowered by €48,504k.

Note 24 – Company information

MUFG Securities (Europe) N.V. is a private company incorporated in the Netherlands under Chamber of Commerce number 71213376. The principal activities of the Company and the nature of the Company's operations are set out in the Directors' Report. The address of the registered office is:

MUFG Securities (Europe) N.V.
World Trade Center, Tower Two, 5th Floor
Strawinskylaan 1887
1077 XX Amsterdam
The Netherlands

The Company's immediate parent undertaking is MUFG Securities EMEA plc, a company registered in England and Wales under the Companies Act 2006. Below the address of its registered office where also the audited consolidated financial statements of MUFG Securities EMEA plc are available:

MUFG Securities EMEA plc.
25 Ropemaker Street
London EC2Y 9AJ
United Kingdom

The MUFG Securities EMEA plc immediate parent undertaking is Mitsubishi UFJ Securities Holding Co. Ltd., a company incorporated in Japan. The Company's ultimate company and ultimate controlling party is Mitsubishi UFJ Financial Group, incorporated in Japan.

The audited consolidated financial statements of Mitsubishi UFJ Securities Holdings Co. Ltd. are made available to the public annually and may be obtained from its registered office at:

Mitsubishi UFJ Securities Holdings Co., Ltd.
5–2, Marunouchi 2-chome
Chiyoda-ku
Tokyo 100-0005
Japan

Approval of the Financial Statements

The financial statements were approved by the Board of Directors and Supervisory Board and authorized for issue on the 30th of April 2025.

On behalf of
MUFG Securities (Europe) N.V.

Mr. Wietze Reehoorn

Ms. Gisella Eikelenboom

Ms. Colleen Stack

Mr. Yuji Tokuhiro

Mr. Adam Jesney

Ms. Cecilia Gejke

Other Information

The Company supports the client group from its head office in Amsterdam and its branch in Paris.

Provisions of Articles of Association concerning profit appropriation

The provisions regarding the reservation and distribution of profits are included in Article 23 “Profit and Reserves” of the amended Articles of Association. The following provisions have been mentioned in the aforementioned Article:

1. The general meeting shall determine the allocation of the accrued profits.
2. Distributions can only be made up to the amount of the Distributable Part of the Shareholders' Equity.
3. A distribution of profits shall take place after the adoption of the Annual Accounts from which it appears that the distribution is permitted.
4. Subject to article 23.4 and section 2: 105 paragraph 4 DCC, the board may resolve to interim distribution of profits.
5. Subject to article 23.4, the general meeting may resolve to make distributions out of a reserve in whole or in part.
6. The claim of a shareholder to receive any distributions shall lapse within five years after they have become due for payment.
7. In calculating the amount of any distribution on shares, shares held by the Company shall be disregarded.

The Board proposes to add the current result over the period to equity. This proposal has been reflected in the financial statements.

Independent auditor's report

Deloitte.

To the management board and the supervisory board of MUFG Securities (Europe) N.V.

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

Our opinion
We have audited the financial statements 2024 of MUFG Securities (Europe) N.V., based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of MUFG Securities (Europe) N.V. as at 31 December 2024, and of its result and its cash flows for 2024 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 financial statements comprise:

1. The statement of financial position as at 31 December 2024.
2. The following statements for 2024: the statement of comprehensive income, the statement of changes in equity and statements of cash flows.
3. The notes comprising material accounting policy information 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 MUFG Securities (Europe) N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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 for Professional Accountants).

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
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 following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality
Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 34,500,000. The materiality is based on 0.75% of Total Assets. 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 those charged with governance that misstatements in excess of EUR 1,725,000 which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Audit approach fraud risks
We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how those charged with governance exercise oversight, as well as the outcomes. We refer to section Business and Risk Management Policies of the annual report for the management board's fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

- Management override of controls (presumed risk).

We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for

Deloitte Accountants B.V.
Gustav Mahlerlaan 2970, 1081 LA Amsterdam, P.O. Box 58110, 1040 HC Amsterdam, The Netherlands
Tel: +31 (0)88 288 2888 | www.deloitte.nl

management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in the financial statements. We have also used data analysis to identify and test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We considered available information and made enquiries of relevant representatives of the management board, supervisory board, Internal Audit, Compliance and those charged with governance.

We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

We evaluated whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.

We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 1 of the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements.

We rebutted the presumed fraud risk on revenue recognition. Revenue has high volumes of transactions with a relative low value per transaction. The fees are split among MUFG and its upstream related parties in accordance with the inter-firm service agreement in place between parties. These are subject to transfer pricing arrangements supported by external accounting firms in line with guidelines issued by the OECD. Revenue from the client is cash settled typically within 30 days and therefore a high level of assurance can be obtained through agreeing to external communications in the form of cash payments. Furthermore, there are no accounting and reporting complexities associated to the transactions as the revenue is recognised as the services are provided and deal is closed.

For significant transactions we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the entity through discussion with members of the management board, supervisory board, Compliance Department and Internal Audit. We have also reviewed minutes of the following meetings: the management board, supervisory board, Audit, Compliance and Risk Management Committee, the Remuneration Committee and the Assets and Liability Committee. We have also involved compliance specialists.

As a result of our risk assessment procedures, and while realising that the effects from non-compliance could considerably vary, we considered the following laws and regulations: (corporate) tax law, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognised to have a direct effect on the financial statements.

Apart from these, MUFG Securities (Europe) N.V. is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Given the nature of MUFG Securities (Europe) N.V.'s business and the complexity of these other laws and regulations, there is a risk of non-compliance with the requirements of such laws and regulations.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to MUFG Securities (Europe) N.V.'s ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of management, those charged with governance, the executive board and others within MUFG Securities (Europe) N.V. as to whether MUFG Securities (Europe) N.V. is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Independent auditor’s report (continued)

Audit approach compliance with laws and regulations (continued)
Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern
Our responsibilities, as well as the responsibilities of the management board and the supervisory board, related to going concern under the prevailing standards, are outlined in the "Description of responsibilities regarding the financial statements" section below. In fulfilling our responsibilities, we performed procedures including evaluating the management board's assessment of the company's ability to continue as a going concern and considering the impact of financial, operational, and other conditions.

The operating profits have been positive in the last year, and the capital and liquidity metrics have remained above regulatory required minimums throughout the year. We consider management’s assessment reasonable that MUFG Securities (Europe) N.V. will have adequate resources in place, to continue trading for the foreseeable future. Based on these procedures, we did not identify any reportable findings related to the company's ability to continue as a going concern.

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to those charged with governance. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters
International set-up of the company

Description
MUFG Securities (Europe) N.V. has been established in 2018 after the outcome of the UK Referendum on EU Membership (“Brexit”). The entity was set up to ensure the continuation of MUFG’s security services to clients across the European Economic Area (“E.E.A”).

The entity is located in Amsterdam, is highly dependent on the infrastructure of MUS(EMEA) located in London and has a Paris branch. Therefore, the international set-up has an impact on the company’s operations, information technology infrastructure and financial statements including the valuation of financial instruments.

As a result, we have determined that this is a key audit matter.

How the key audit matter was addressed in the audit
We gained an understanding of the international set-up of the company. This includes an understanding of the internal control environment and related controls including general IT and application controls.

Based on our understanding we engaged an international team mirroring the set-up of the company. The team includes UK based contributing auditors, IT auditors and fair value valuation experts.

We have tested the design, implementation and operating effectiveness of the relevant internal controls including general IT and application controls. We have adopted a control reliance approach.

Our observation
The scope and nature of the procedures performed were appropriate and sufficient to address the key audit matter.

For the purposes of our audit of the financial statements we consider the reliability and continuity of the automated systems of MUFG Securities (Europe) N.V. at a sufficient level.

The procedures performed on the valuation of financial instruments did not result in reportable matters.

Report on the other information included in the annual report
The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- Letter from the Chair of the Supervisory Board.
- Directors report.
- Business and Risk management policies.
- 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.
- Contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

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.

Deloitte Accountants B.V.
Gustav Mahlerlaan 2970, 1081 LA Amsterdam, P.O. Box 58110, 1040 HC Amsterdam, The Netherlands
Tel: +31 (0)88 288 2888 | www.deloitte.nl

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 substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of Directors Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

We were engaged by the supervisory board as auditor of MUFG Securities (Europe) N.V. as of the audit for the year 2019 and have operated as statutory auditor ever since that financial year. The company started to classify as a Public Interest Entity under EU law as of the financial year 2022.

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 audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of management board and the supervisory board for the financial statements

Management 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, management 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.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management 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.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment 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 misstatements, whether due to fraud or error, 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.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)

Our responsibilities for the audit of the financial statements (continued)

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 30th April 2025
Deloitte Accountants B.V.
Signed on the original: T.J.M. Lommerse

MUFG Securities (Europe) N.V.
World Trade Center, Tower Two, 5th floor
Strawinskylaan 1887, 1077 XX Amsterdam
The Netherlands