

10 years of making history, and we're only just getting started

Annual Report &
Financial Statements
2022



CEO

Ali

“Look at the data. It tells the story.”

It's an adage we've lived by ever since our very beginning over 10 years ago. Our yearly financial report to me is a prime example of data telling our story and that of our users. The numbers you'll find in this report reflect how we lived through a tumultuous year, both for the finance sector and for the world as a whole, and how our users counted on us to help them do the same.



The world bunq was founded in was very different from the world we find ourselves in today. Yet throughout the past 10 years, the data has consistently given credence to the one simple premise we've relied on from day 1: when you build a product that helps your users flourish, you too will flourish.

Ali Niknam
Founder and CEO

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13.2 M

Fee income growth

36.3 M

Net income growth

90.5 B

Total transaction volume

1.8 B

User deposits

52 %

More employees 🌈

Managing Board Report

bunq – bank of The Free

This financial report marks 10 years since our inception. In those 10 years, we've always strived for one thing: to make life easy. It's a philosophy that puts user happiness above all else, one where the only true road to growth, international expansion and profitability is by building products people love.

Built on a simple premise – to be a bank its users love to use – we've turned beating the odds into a veritable habit over the past decade. Being self-funded enabled us to focus on sustainable growth, something that set us apart from our contemporaries from the get-go. Playing the long game saw us pioneer a multitude of feats widely considered impossible at the time. From obtaining a banking license (the first in 35 years to do so) to being a unicorn that's well on its way to become the first full-service neobank, we, together with our users, completely changed the banking landscape and redefined what a bank is and can do.

10 years ago a bank putting its users before short-term profit seemed alien to many. Yet by always listening to our users and effectively building the bank of The Free together with them, we have since become the 2nd biggest neobank in the EU, and the first one to become profitable, both major milestones we reached in 2022, both equally 'impossible'.

As we changed the banking landscape, so too did the world around us. More than ever, the need for a bank of The Free has proliferated in 2022. As an international company, with users and employees from every corner of the world, the work we do continues to reaffirm the simple yet powerful fact that, no matter what the circumstances, no matter what the challenge, there is always more to bind us than to keep us apart.

Testament to that fact are the accomplishments of the People for People foundation: what started with a LinkedIn post by our CEO and founder Ali Niknam in response to the invasion of Ukraine, inspired many people to join forces in aid of doing good. People for People has since helped over 12,000 refugees find their footing in the Netherlands by providing them with support and basic necessities. Simply by tackling some of our most pressing issues, People for People has impacted the lives of many.

As true entrepreneurs, People for People aims to change and adapt along with the needs of people in crisis rather than staying static. It soon recognized its efforts should not be limited to those affected by the war in Ukraine. Responding to the humanitarian needs that arose in the Netherlands over the course of last year, People for People expanded its strategy in September of 2022 and announced it would start providing support for all refugees. In doing so it committed to any and all refugees to be received in the Netherlands in a humane way, underscoring how the biggest change happens at the individual level.

It's at the individual level where bunq has had the greatest impact in 2022. Inflation, soaring energy prices and humanitarian crises are merely words that lose meaning at scale. On a personal level, we took it upon ourselves to provide our users with solutions that were meaningful to each and every one, features that they could tailor to their own needs. From innovative budgeting tools that let our users budget with confidence, to increasing the interest rates on their savings whenever we had the opportunity to do so, we helped them fulfill their ambitions and dreams, regardless or even despite the proverbial weather outside.

The greater the storm, the more we rely on a house to weather it. As a bank in the midst of one of the most tempestuous eras of the modern age, our users rely on us to continue enabling them to grow, contribute and make life easy. Throughout our 10 year existence, we've always done what was needed, and 2022 was no exception. And as always, doing the right thing is the one simple compass we've relied on since our very beginning.

Doing the right thing is what gave birth to the People for People foundation. It's why, each time the European Central Bank raised its interest rates, we were the first to follow suit and instantly increase it for our users as well. It's why, when we became profitable, we stuck to our promise of making the world a better place and donated a significant part of our proceeds to various charities in support of causes dear to our hearts.

The results of doing the right thing, no matter what the cost, are outlined in this report.

Compared to previous years, 2022 saw bunq continuing to outperform itself in most key metrics, showing that bunq offers a user experience that meets the needs of its users.

Letting user happiness be the true metric of success has proven profitable. Our strategy of sustainable growth saw us reaching operational profitability in 2021. We became profitable for a full quarter while operating in a sector where many struggle to turn a profit. 2022's financial results, arguably more than ever before in our history, prove the validity of a bank set to make life easy for its users.

Looking forward, bunq finds itself at a crossroads. The last decade we dedicated ourselves to building a solid and reliable foundation. Having reached the pivotal milestone of profitability, we've paved the way for the bank of The Free to grow even faster and further, truly becoming a global neobank.

Looking back

2022 saw us navigating a rapidly changing market, which in turn saw us applying our ability to be agile and meet the needs of our users, at a time they needed us to more than ever. Building on the innovation and product centered philosophy that's fueled our growth since our inception, we managed to further create a user experience matching our users' wants and needs.

Our products can be divided into four main categories:



Easy Savings

A free savings account launched in 2022, designed for people who want to grow their wealth without any effort. Easy Savings offers a high interest rate, without any subscription fees.



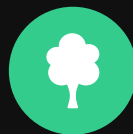
Easy Bank

Offering all the safety and security of a true bank with the flexibility searched for by expats, couples or starting businesses. An easy bank account can be opened within 5 minutes.



Easy Money

Tailored to people who want their finances to be easy and free of worries with budgeting solutions and the ability to bank like a local internationally.



Easy Green

For people who want to become CO2-free without any effort, simply by using their bunq cards.

Innovation

Many new features and innovative solutions that make life easy were added in 2022. Highlights include:



Easy Investments

Launched in February of 2022, bunq users were given the ability to effortlessly invest in sustainable companies. Simply by opening a sub-account in the app, bunq users can take their money to market and grow their wealth on their terms.

Local Currencies

Following the launch of Local IBANs back in 2021, bunq users got to spend, save, hold and manage up to 16 different currencies, right from their bunq app. By managing foreign currencies in the bunq app, users are guaranteed the best exchange rates and can automatically pay like a local, wherever they go.

 **Euro**

€ 9,050.⁰⁰

 **Dollars**

\$ 8,800.⁰⁰

 **Kronen**

Kr 12,000.⁰⁰

 **Rand**

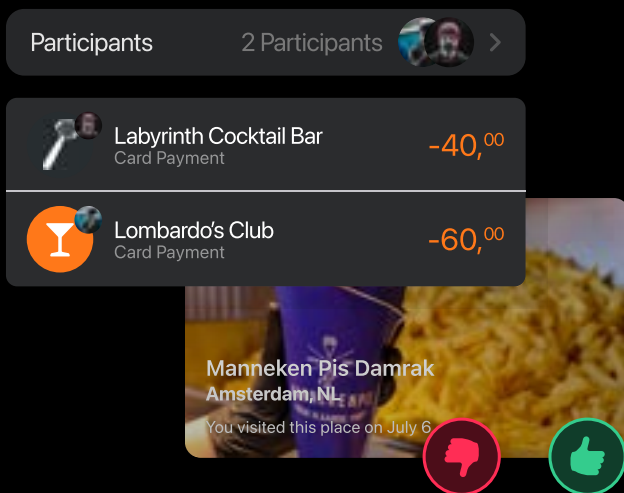
ZAR 13,000.⁰⁰

New Green tab

Having a positive impact has only become more important to our users, which is why we gave them the new Green tab, where they can easily track their green impact and directly access the many ways bunq empowers you to offset your carbon footprint.



You are 42% on your way to becoming CO2-free.



New Activities tab

Further pushing the dial of what a bank can do for people in their everyday lives, the new Activities tab provides bunq users with a central hub for all things social: discovering and recommending places among friends, setting up group expenses with friends and having the bunq app automatically keep track of who pays for what.

Automatic budgeting

Following the quickly emerging cost-of-living and energy crises, bunq users looked to us to provide them with a solution. Our newly developed, patent pending technology enabled our users to budget automatically, without having to worry about going over budget. This allowed them to spend with confidence, even in times of recession.



Highlights

Besides the launch of numerous features and updates to the app, 2022 also saw the following highlights:



Easy Mortgages

In April of 2022, bunq became the first neobank ever to offer a mortgage product. Tailored to people who want to get a mortgage offer, without having to spend weeks waiting, bunq Easy Mortgages gives applicants a signable mortgage proposal within 24 hours.



Launch of bunq V4

Thanks to feedback from our users, we took the features they loved the most and put them in a new, sleek design: with the launch of bunq V4, bunq is now easier than ever.

tricount

Acquisition of

In May of 2022, bunq welcomed 5.4 million users to its family through the acquisition of Tricount. Overnight, bunq became the second biggest neobank in the EU.

Highlights

Besides the launch of numerous features and updates to the app, 2022 also saw the following highlights:



Landmark victory in bunq vs. DNB

In a case of effectiveness vs. dogma, the Dutch court ruled in favor of bunq's anti-money laundering policies. Where other banks folded, we stood up for what's right and enabled the entire finance sector to modernize.



The highest interest rates

The latter half of 2022 saw the European Central Bank increasing its interest rates, first by removing negative interest, soon followed by further interest hikes. Each and every time, bunq was the first bank to remove safekeeping fees and to increase the interest rate for its users accordingly. In just a few months time, bunq users saw their interest rate increase from 0.09% to 1.31%, and to 1,56% soon thereafter, receiving an interest well above the larger banks.

9 Million

trees planted

Offsetting more than 120 million kilograms of CO₂, the bunq community celebrated its 9 millionth tree in 2022, proving that having a green impact can in fact be both effortless and effective.



Corporate Governance

bunq B.V. has a two-tiered board model, with a Managing Board and a Supervisory Board.

The composition of the Managing Board was as follows during the reporting year:

Mr. A. Niknam (CEO) – appointed 1 December 2013

Mr. I.L. van Eeghen (CFRO) – appointed 1 June 2018

Mr. R. Kasiman (CIO) – appointed 1 July 2021

As of January 17 2023 bunq has appointed Mr. V. Brodski as CRO, resulting in Mr. I.L. van Eeghen becoming the CFO from that moment.

The composition of the Supervisory Board is disclosed under the Supervisory Board Report.

bunq always welcomes everyone, regardless of race, gender, sexuality. At bunq, people are appreciated for their objective, measurable contributions. As currently 20% of the supervisory board positions are filled by women, the Board currently doesn't meet the 'balanced composition' requirement, according to which 30% of the board should consist of women. However, many significant positions at bunq are held by women and by people with a wide variety of backgrounds. The very thing that makes bunq successful is our strict focus on objective results, as it inherently opens up the possibility of a highly diverse and open-minded work environment, where everyone's personality and skill is what makes a difference.

As always, in 2022 bunq (with the exception of our subsidiary Capitalflow Group) did not have variable rewards for our staff and management. Neither do we have staff who earn more than EUR 1 million, something we have to report according to the WBFO (Wet beloningsbeleid financiële ondernemingen). The total remuneration of bunq's Managing Board (3 persons) in 2022 was EUR 545 thousand. The remuneration policy of bunq is available on the bunq website.

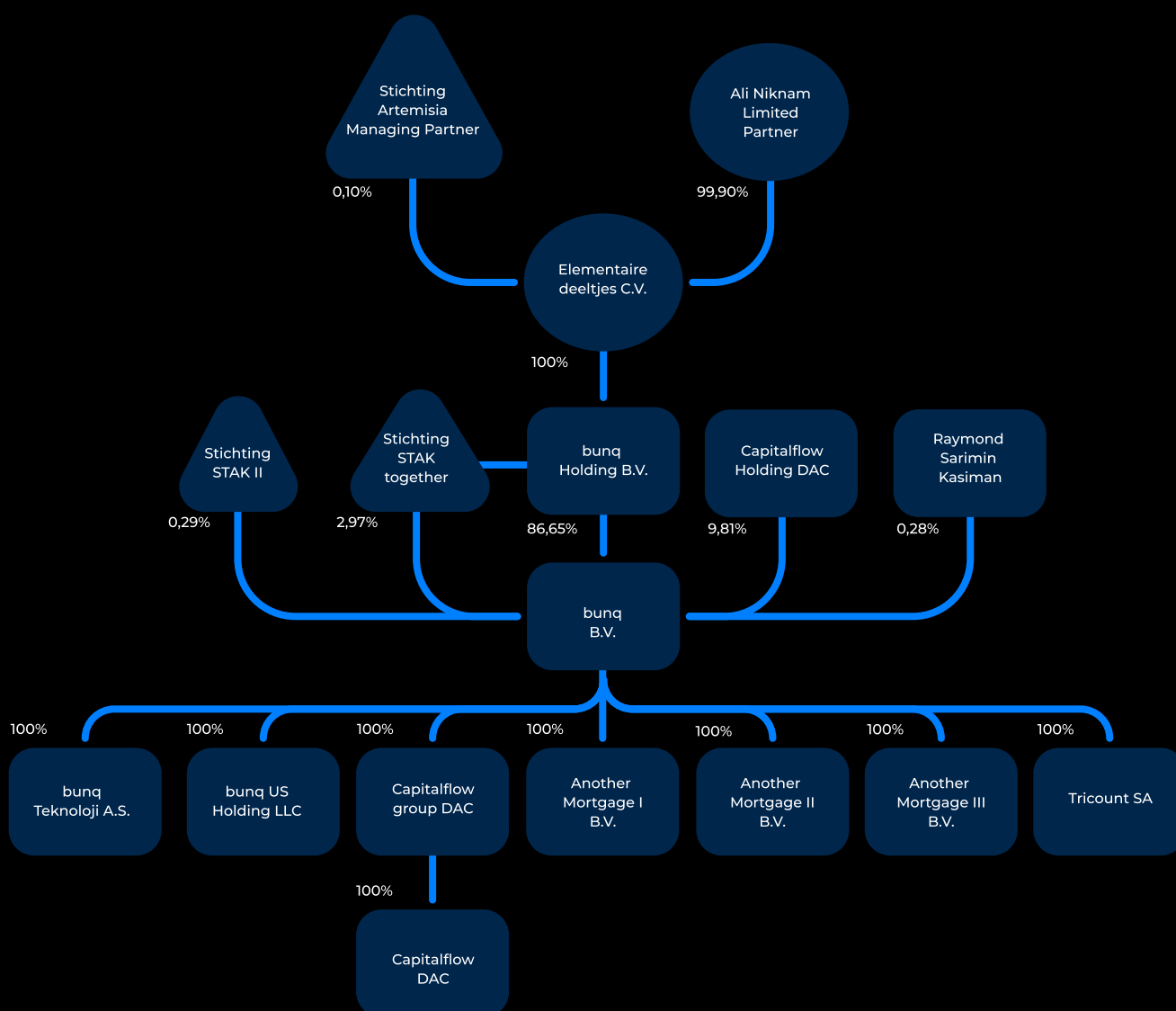
bunq fully subscribes and adheres to the Code Banken. bunq deviates from the Code Banken regarding the distribution of responsibilities between the CEO and CFRO. To reduce the already large span of control of the CEO, the CFRO is responsible for the permanent education of the board members.

In addition, the internal audit function reports to the CRO and to the Chairman of the Risk and Audit Committee of the Supervisory Board. During 2022 bunq's Managing Board saw the addition of a CFO (Vladimir Brodski).

All bunq employees take the Banker's Oath.

Organization

bunq holds its investment in mortgages in three separate entities. Another Mortgage I B.V. and Another Mortgage II B.V. and its eligible mortgages for Long Term Refinancing Operations are in Solitaire B.V. (a bankruptcy remote entity)



Financial Results

During 2022, our user base continued to grow strongly. This is illustrated by the growth in revenues and transaction volumes as well as a significant increase in customer deposits. The latter grew from EUR 1.107 million per year-end 2021 to EUR 1.782 million per year-end 2022. The gross user fee income grew from EUR 32,7 million in 2021 to EUR 45,9 million in 2022, due to the significant increase in users.

In line with our user inflow was the growth of our average number of monthly transactions over the past year, from 19.4 million to 24.6 million, as well as 2022's total number of transactions, which grew from 232.4 million to 295.2 million. Both the number of monthly transactions and total number of transactions increased by 27% compared to the previous year.

The latter half of 2022 was notable for the European Central Bank removing negative interest and subsequently increasing interest on its deposits. As a result, and due to increased lending volumes, the interest income grew from EUR 9.1 million in 2021 to EUR 45.1 million in 2022.

Cost increases were noted within the Fee expenses reflecting the increased use by users of their bunq account and additional features being released in 2022. It's noteworthy that our fee income has been rising considerably faster than our fee expenses. Over the past year our fee income rose by 40%, compared to a 35% increase in fee expenses. This increase in our gross profit margin, especially in the context of the continued growth of our user base and user deposits, clearly shows our operational efficiency is improving.

Personnel costs increased from EUR 11.9 million to EUR 29 million. The increase partly can be attributed to a full year of Capitalflow Group in the consolidation of bunq. The remaining increase comes from further strengthening the operational teams, such as onboarding, compliance operations and support as well as increasing the number of senior staff in the Group. During 2022, our average number of Full Time Equivalent (FTE) employees amounted to 366 (2021: 240).

Overall, in 2022 the Net result was EUR 10,5 million negative compared to EUR 13,4 million negative in 2021.

Our financial policy is to ensure that our capital buffers comply with regulations and that sufficient funds are available to fund the expected startup losses, balancing the need to invest and grow with financial prudence. To finance our growth the majority shareholder injected significant amounts of capital up to December 2022: EUR 131.2 million. In May 2022 an additional commitment letter was signed by the shareholders for an amount of EUR 58.5 million. During the year, as well as per December 31, 2022, bunq complied with the capital requirements of DNB.

Risks

The Three Lines of Defense

The risk management of the organization is structured following the three lines of defense model. The first line of defense are the operational departments which are responsible for identifying, mitigating and reporting the risks. The second line of defense (in bunq terminology - "Promise Keepers") keeps oversight over the first line's effectiveness to identify and mitigate risks.

Compliance and Risk functions are in the second line of defense. The second line must be independent from the first line of defense. In bunq the second line reports to the Chief Risk Officer.

Internal audit ("System Checkers") provides independent assurance over the adequacy and compliance of the first and second line of defense. Internal audit tests whether policies and processes are designed adequately and effectively. They also test whether the first and second line of defense operate adequately and are compliant with laws and regulations.

Risk Governance

The Supervisory Board and Managing Board define the governance structure of bunq in order to achieve business objectives while fostering a sound risk culture and strengthening the management body's oversight of the institution's activities.

The Supervisory Board has two sub-committees: the Risk and Audit Committee (RAC) and the Remuneration Committee (REMCO) and the Management Board has one sub-committee: the Asset and Liability Management Committee (ALCO).

Branches report to the Management Board via their legal representatives (typically the Head of Branch). Subsidiaries are reporting to the Management Board via bunq representatives in their respective Management Boards. Where applicable (heads of) second lines in subsidiaries and branches functionally report to the bunq Chief Risk Officer.

Each committee is provided with detailed reporting on trends and developments in their respective areas. Comprehensive risk dashboards are reported on a monthly and quarterly basis. The quarterly reports consist of a full overview of all risk categories, whereas the monthly reports provide more focused updates.

Risk Management Approach

Every company is different and bunq has its own distinct philosophy that also shapes how it manages risk. The ones listed below are most relevant to provide context to a number of choices in the risk management approach.

A user-centric company. The user is at the center of how bunq organizes its activities. An archetype user has been defined to be the subject of all company activities: Eva. Serving the needs of bunq users (by bunq employees, called Adams) and therefore continuing to attract and retain users is the main objective of bunq. Risk management activities have therefore been organized in line with this general approach and around Eva-centric risk taxonomy ("Eva Wish List") that is explained further in this section. This choice not only ensures consistency, but also enables the Risk and Compliance functions to define their scope with a tailored granularity.

The risk management culture is a subset of the broader company culture. Its pillars are Ownership, Data-Centric Decisions and Effective Communication.

- Ownerships are how responsibilities are allocated and evaluated within the organization: An Ownership is created when data supports the identification of a problem (for Eva or Adam) so that it can be assigned to a member of the organization to be fully accountable for; data will be used every time an evaluation is made of progress towards solving such problems. The very same approach is followed within the 2nd line, where responsibility areas are "owned" by team members. Activities of the Risk and Compliance functions are organized as Ownerships associated with risks in the Eva Wish List. Such association is in principle one-to-one: 2nd line Ownerships are created to cover all of the granular Eva Wishes.
- Data-centric decisions mean for us using sound processes that ground decisions in data. From a risk perspective this corresponds to quantifying risks and applying a risk-based approach to how bunq deals with adverse scenarios. The natural consequence of using this approach is that all Ownerships have Key Performance Indicators or Service Level Agreements; furthermore, the master example of bunq's data-driven decision making is the definition of quantitative limits in bunq's Risk Appetite Statement.
- Effective communication is enforced by tight communication protocols that allow avoiding ambiguity and wasting less time when looking for a solution. bunq employees are aware of the risks that miscommunication creates and adhere to communication guidelines.

To achieve its strategic objectives, bunq's modus operandi is characterized by the same traits of many scale-ups in the tech sector: a risk-based fail-fast agile approach:

- To be able to deliver on Eva's expectations, bunq has no appetite for risks that would have a destructive impact, such as failing to comply with regulations, large financial losses, major operational disruptions or lag in growth.

- On the other hand, bunq has an appetite for experimenting as long as it is able to detect any false step and to correct the initial action; as a learning organization, bunq's most valued qualities are speed and resilience.
- Hence bunq's risk management focus ranges from mostly prescriptive and preventive measures against catastrophic events to mostly detective and corrective measures against milder threats. In general, being able to fix any unexpected, unforeseeable issue is deemed preferable to defining preventive measures against expected, foreseeable issues.
- At the same time while growing bunq is gradually rebalancing its risk management tool set and moving towards more forward looking and preventive measures as well as having recurring reviews of business processes bearing significant risks.
- For a number of catastrophic scenarios — regardless of the effectiveness of the preventive measures — a contingency plan is created.

Summarizing, bunq's risk management puts a strong emphasis on:

- Ownership of the risks inherent to business processes lies with the 1st line of defense.
- Learning from experience or, put differently, systematically capitalizing on the setbacks that may happen, rather than avoiding failures completely.
- Close monitoring of processes: quick detection is the first step to reduce the losses of an adverse event.

The key principle is that those responsible for risk-taking are also accountable for managing the associated risks. Identification and adherence to the bunq's values, principles of high ethical standards are everyone's responsibility.

Ultimately, a good risk culture is a product of day-to-day actions and the way key decisions are made and communicated. Co-operation and constructive dialogue are part of a sound risk culture. A sound risk culture enables the organization to do the right thing, even in challenging circumstances.

Risk Appetite

bunq is exposed to various sorts of risk, which are covered in the Risk Appetite Statement. The Risk Appetite Statement is being updated regularly and when bunq's risk profile changes materially such as, for example, was the case with the acquisition of Capitalflow Group in November 2021. bunq expresses its Risk Appetite using qualitative appetite statements supported, where needed, by quantitative Key Performance Indicators ("KPIs") with thresholds. In 2022 we introduced 101 Risk Appetite KPIs to cover all elements of the Eva Wish List.

The Management Board monitors Risk Appetite KPIs at least on a monthly basis and instigates action plans in cases where thresholds are breached. The Risk and Compliance Committee of the Supervisory Board discusses the Risk Appetite and KPIs during their regular meetings.

The Risk Appetite Statement is deployed as a set of operational rules for the first line of defense, which are shared internally on bunq's intranet.

Risk Taxonomy

In 2022 we adopted a user centric risk taxonomy ("Eva Wish List") aiming at the following goals:

- ensuring everything we do is in line with Eva's wishes and satisfies her
- enabling an effective risk identification and assessment
- clarifying ownership scopes
- facilitating risk data reporting and aggregation.

Eva Wish List

Built by first deriving granular wishes from the main identified wishes

Eva Wish List		
Level 1 (High-level wish)	Level 2 (Granular Wish)	Level 3 (Risk Driver)
Relevant product I am a digital nomad who wants to get rid of the hassle of money admin. Start from my core needs and if I like how you serve me I will stick to you and we will grow together. Whatever you build for me, make sure it connects me with your propositions and do not forget to follow my evolving needs.	Relevant scope: <i>I want an account that allows me to bank like a local, be able to borrow and invest, share my banking experience with my partner, manage finances of my business and be able to find all relevant money admin services in bunq.</i>	Product scope risk
	Relevant implementation: <i>I want to have all services being implemented in a mobile app and I expect you to create a web version of the app where I can do anything that is probably easier by using a keyboard, mouse and screen (including the special case when losing or breaking my phone).</i>	Product implementation risk
	Evolving relevance: <i>I want you to keep alert to my evolving needs and adapt your offer to me accordingly.</i>	Users expectations change risk
Productivity-boosting service I love services designed to supercharge my productivity. My time is precious. I've always got a lot of stuff going on, and I'm pushing to progress. So I never want to wait a minute longer than necessary.	Onboarding: <i>make sure you onboard me fast and without asking unnecessary questions.</i>	Onboarding experience risk
	Transactions: <i>make sure my transactions are swiftly approved (e.g. loans) and executed (e.g. payments) and you do not disturb me with unnecessary questions.</i>	Transactions processing risk
	Support: <i>make sure I get all necessary help without delays and it is up to the point.</i>	Support quality risk
	Complaints: <i>make sure my complaints are processed fast and used to improve the quality of your services.</i>	Complaints management risk

Eva Wish List – Continued

Level 1 (High-level wish)	Level 2 (Granular Wish)	Level 3 (Risk Driver)
Continuity of service I rely on continuity of bunq services for my day-to-day (sometimes urgent) activities when paying in a shop, restaurant, to business partners etc. My bunq account is my primary one without back-ups so I can not easily switch short-term. I also do not want to lose the service (or get disappointed by it) on a longer term, because I love the product and got used to it - bunq is not an interim solution for me.	Operational continuity: <i>make sure bunq's operational processes and IT systems are continuously running to deliver me uninterrupted services and Adams can effectively anticipate, prevent, recover and learn from adverse events. When you recover your responsiveness –is the key - keep the time from reporting to solving a bug (or any problem, really) very low. Note that Operational continuity is closely related to financial stability as operational disruptions cost money to resolve.</i>	IT resilience risk
		IT security risk
		Process resilience risk
		Adam risk
		Physical security and safety
		Data management risk
	License continuity: <i>make sure bunq services to me are not restricted or completely shut down by the regulator. Note that License continuity is closely related to financial stability via regulatory fines.</i>	Financial crime risk
		Regulatory compliance risk
	Partner service continuity: <i>make sure bunq services to me are not adversely affected by “partners” / “suppliers” decisions or failures.</i>	Third-party risk
	Financial stability: <i>make sure bunq services to me are not restricted by a liquidity drain or completely stopped because of bunq's insolvency/bankruptcy</i>	Lending risk
		Investment risk
		Counterparty risk
		Interest rate risk
		FX risk
		Liquidity and funding risk
		Capital risk
		Model risk
		User settlement risk
		Debtors risk
		Internal fraud risk
		Legal risk

Eva Wish List – Continued

Level 1 (High-level wish)	Level 2 (Granular Wish)	Level 3 (Risk Driver)
Continuity of service I rely on continuity of bunq services for my day-to-day (sometimes urgent) activities when paying in a shop, restaurant, to business partners etc. My bunq account is my primary one without back-ups so I can not easily switch short-term. I also do not want to lose the service (or get disappointed by it) on a longer term, because I love the product and got used to it - bunq is not an interim solution for me.	Investor interest protection: <i>make sure bunq do not stop servicing me because owners/investors lose their interest to the project and do not provide capital</i>	Profitability risk
	Eva expectations management continuity: <i>in a broader sense, make sure you have a framework in place allowing you to be consistently on top of my expectations, tolerances, threats to delivery to continuously meet all of them.</i>	Growth risk
Simplicity of service I am dealing with tons of information every day and have limited capacity to research and process new pieces. Hence, I want an incremental effort to understand your services to be small. I also want to know the full picture so it is simple for me to understand consequences and I am well equipped to make right choices.	Legal documentation: <i>I want you to have transparent and easy to understand legal documentation; My rights and obligations should be crystal clear to me.</i>	Risk management risk
	Policies: <i>I want you to have a transparent and easy to understand policies</i>	Legal documentation risk
	Marketing and comms: <i>make sure bunq marketing and media comms are fair, clear and not misleading. Keep communicating with me and be transparent about what's happening (in incidents, but also in relation to explaining what's going on e.g. with a payment). Remember: inside = outside.</i>	Policies risk
	Product look, touch and feel: <i>make sure your product is simple, intuitive and looks good</i>	Marketing and comms risk
Fairness of service I want you to speak to and treat me just like your bestie. Be fair with me	Tariffs and fees: <i>make sure they are fair</i>	Product design risk
	Duty of care: <i>make sure you take my interest first and consider my unique personal situation. Note that Data protection is closely related to License continuity via various consumer protection regulations.</i>	Tariff & fee competitiveness risk
		Vulnerable users risk
Sustainability I am devoted to shaping a better future so that future generations can live in the same abundance I do.	Take care of the planet: <i>help me to save the environment</i>	Product suitability risk
	Take care of people: <i>act responsibly towards your employees and society in general</i>	Conflict of interest risk
		Environmental risk
		Corporate social responsibility risk

Eva Wish List – Continued		
Level 1 (High-level wish)	Level 2 (Granular Wish)	Level 3 (Risk Driver)
Safety of service I want my money and data safe	Data protection: <i>ensure my data and privacy are protected and you do not collect from me more data than really needed to minimize harm of potential leaks. Note that Data protection is closely related to License continuity via GDPR regulation.</i>	Data security risk
	Money protection: <i>ensure my money is protected from criminals. Note that Money protection is closely related to financial stability as I will demand compensation for e.g. phishing and spoofing losses or unauthorized outgoing payments from bankrupt accounts.</i>	Data privacy risk
Brand recognition and attractiveness bunq is a premium brand and it is important for me that it is well recognized and I can be proud of owning it. It is not only about service but also about prestige.	Brand strength: <i>make sure bunq is well known and has an attractive image</i>	External fraud risk
		Brand strength risk

Eva Wish List can be mapped to “traditional” risk definitions, such as, for example, operational risk as defined by the Principles for the Sound Management of Operational Risk, Basel II.

We discuss the most important risks below.

Continuity of service - Investor Interest Protection

To continue expanding its services to Eva bunq needs capital. Thanks to growing revenues, particularly from lending activities, in 2022 we became structurally profitable which decreased our reliance on new capital from investors: we can postpone our ambitious growth plans and the Company will generate enough capital from its operations to be self-sustained.

There’s always the possibility that revenues fall short of expectations due to unexpected market circumstances and/or underperformance. We closely monitor our performance and take action if and when necessary. We strongly believe in our business model, but if worst comes to worst then a plan is in place for an orderly wind down of the Company.

Continuity of service - Operational Continuity

Operational risk is the risk of service disruptions and losses due to failing or inadequate internal processes, people or systems, or from external events.

As a tech company, technology is of the utmost importance to us. IT resilience risks are identified and various mitigation measures are in place. In the event that an unexpected event occurs then a business continuity process kicks in to address the situation in the shortest possible time.

As a result, the time that services were not available to our users, i.e. downtime, one of our key metrics, was relatively low in 2022. Our financial reporting is also supported by several IT systems. Internal controls are in place and will continue to be strengthened to improve their auditability.

A concerning trend seen by bunq and any of its contemporaries is the ever increasing risk of cybercrime (IT security risk). As always, we make sure to use the latest technology in aid of thwarting said threats. Security is also tested by internal and external parties.

Operational disruptions and losses may also be incurred by causes other than technology, such as human error and fraud. We use a number of processes and controls to manage these risks, increasing the sophistication of our counter-measures with the scale of the company.

During the year 2022 a misappropriation of a bunq feature through our card payments provider resulted in a loss to the Group. This incident is seen as a once off. No users were affected, nor was there any misappropriation of user data or funds. The Group has adapted internal safeguards to protect against these types of incidents.

bunq's focus on data quality and rationalization of data flows and tools allows us continuously reduce risks due to errors for all processes, from financial reporting to KYC/CDD.

The ability to attract and keep talent is key for bunq success. bunq has a young workforce, which has a natural high churn rate and business continuity can be affected when simultaneously a number of Adams leave. Important knowledge is concentrated with a few experienced employees that makes the key person relatively risk high. The risk is mitigated, among other, by extensive documentation and templatization of all ownerships. We regularly (re-)benchmark our compensation packages to ensure their fairness and attractiveness. Unique bunq culture plays an important role in keeping the workforce being effective. Culture fit is tested at onboarding, various rituals are in place to continuously remind employees about bunq core values and tone from the top remains consistent.

Continuity of service - Partner service continuity

The increased number of services bunq offers to its users comes at the cost of increasing the overall complexity of our systems and the number of integrations. bunq therefore strengthened its Third Party Risk Management framework, particularly introducing a dedicated Third Party Risk Management ownership in the 2nd line as well as further developing the 1st line procurement function.

Continuity of service - License continuity

An important risk is (non-)compliance with laws and regulations. Banks are subject to many rules and regulations and compliance to these standards can be a challenge. Non-compliance may lead to regulatory actions, including fines. Increasingly regulators scrutinize the banks under their supervision on Client Due Diligence and Anti-Money Laundering. We take these risks very seriously as it may cause serious harm to our (and other banks') customers, to ourselves and to society at large.

Our second line Compliance team continuously monitors and assesses changes in the regulatory landscape and best industry practices. Whenever required, policies and procedures are updated accordingly and, irrespectively, an annual review cycle is in place. Control effectiveness is regularly tested by both the second and the third lines of defense. Remediation actions stemming from control testing activities, risk incident management process and (risk appetite related) KPI monitoring are centrally registered, followed up by the second line and reported to the management.

In 2022 bunq undoubtedly left its mark on the banking industry through its appeal against a 2019 decision by DNB regarding the use of modern technology to combat money laundering more effectively. Although we value a good relationship with the DNB and otherwise have always been able to resolve our issues in good understanding, we were compelled to stay true to our convictions, not in the least because our AML policies have a proven effectiveness and can pave the way for industry-wide innovation and progress, something that was direly needed.

In October of 2022 the Dutch court ruled in favor of bunq's technology-driven AML policies. Though generally considered a landmark court case, the lead-up to the verdict did not have a great impact on the way we conduct our business. The Company was still subject to formal DNB measures based on their assessment of the improvements made by bunq.

However, the direct result of the court ruling was a lowering of our compliance costs, as bunq's methods for fighting money laundering have not only proven more effective, but also more cost effective.

Naturally, throughout 2022 we've done everything in our power to mitigate the rising threats of fraud and broader financial crime. While this is a never-ending

cat-and-mouse game, we strongly believe that today's challenges can only be addressed by cross-banking cooperation with governments. The Dutch court ruling proved an important step in the right direction in that respect.

Continuity of service - Financial stability

Lending, investment and counterparty risk

We define these risks as the risk of loss of principal or adequate financial reward stemming from a borrower's deterioration of financial stability or failure to meet obligations. The lending risk is relatively broad and covers all our loan portfolios. The investment risk specifically refers to Treasury securities investment portfolio and counterparty risk refers to Treasury counterparties for derivatives, payment and custody accounts.

Reviewing the credit quality of bunq's investments and loan exposures to third parties is managed by bunq's ALCO committee.

On a yearly basis, the Group is updating the models with regards to Expected Credit Loss (ECL), where, based on current portfolio and market outlook, the probability of default (PD), loss given default (LGD), and exposure at default (EOD) are updated and approved by CRO.

Despite the difficult economic climate towards the end of 2022, bunq's portfolios have remained resilient in terms of credit impairment. On the other hand, loans and advances to customers saw a relatively large movement in expected credit losses since deteriorating macro got reflected in forward-looking scenarios.

In the previous year, Capitalflow portfolio was purchased at fair value resulting in a relatively low provision recorded at year end 2021. Since then, CapitalFlow Group has originated a large volume of new loans which has driven the majority of the growth in recognized ECL. Additionally, movements into stage 3 have been recorded right before year-end to which bunq and CapitalFlow Group attached higher LGDs in order to be prudent.

Throughout 2022, bunq invested in assets with high credit ratings which alongside the re-evaluation of current assets, has resulted in a decrease in the ECL on investments at amortized cost compared to the year prior.

Finally, in 2022 bunq invested solely in NHG mortgages via its EasyMortgages label, resulting in lower ECL figures per exposure compared to the year prior. However, at year-end there was one impaired facility present in the portfolio which has resulted in an increased ECL figure compared to the previous year.

Overall, the bunq portfolio shows strength and resilience in a challenging and uncertain economic future.

	2022 EUR ('000)			2021 EUR ('000)		
	Portfolio size	ECL	ECL %	Portfolio size	ECL	ECL %
Loans and advances to banks	52 315	4	0.01%	49 528	1	0.00%
Loans and advances to customers	549 810	7 082	1.29%	426 396	2 875	0.67%
Investments at amortized cost (other)	95 268	144	0.15%	10 504	923	8.79%
Mortgages	505 277	82	0.02%	513 189	48	0.01%

Capitalflow originates and services commercial real estate loans, invoice discounting and asset finance. It has comprehensive credit policies and processes for granting new loans, which have been updated during the year 2022 for full incorporation into bunq's credit policies. During the course of the loan, Capitalflow monitors closely the performance of the borrower and the collateral. As the origination of new loans are covered by the Group's credit policies and are fully funded by bunq, the risks on the intercompany loan in bunq's stand-alone financial report is managed properly.

Investments in mortgages are monitored closely on loan part level for arrears and payment defaults. We also invest in investment grade-rated bonds and monitor our exposures closely.

bunq applies the standardized approach for calculating its minimum capital requirements for credit risk. The resulting risk weighted asset calculations determine how much capital must be held against each investment. In 2022, bunq's risk weighted assets increased from EUR 444m to EUR 583m on consolidated level.

Counterparty risk on interest rate swap contracts is mitigated through a Credit Support Annex (CSA) which manages two-way margining as collateral. bunq's collateral position on 31st December 2022 was EUR 49.95 million received.

Since we increased our treasury activities we continued to invest in additional employees in the treasury department and reduced the dependency on external consultants. We continued to invest in treasury systems and models to support the growth of our investments operation.

Interest rate risk

bunq has assets that pay and liabilities that carry interest. If interest rates change then the interest income on these assets and liabilities may also change. Furthermore, the market value of the assets may decrease or the fair value of the liabilities may increase due to changes in interest rates. We manage our interest rate risk within a framework of limits, including limits on EVE-at-risk, NII-at-risk and duration of equity as defined in bunq risk appetite statement. The key interest rate risk metrics are calculated by bunq's Treasury department on a on-going basis and managed using hedge accounting eligible plain-vanilla interest rate swaps. The ALCO committee discusses interest rate risk in the banking book on a monthly basis and is responsible for developing and advising on the investment strategy.

bunq's asset finance and residential mortgages have fixed interest rate characteristics, while loans to finance commercial real estate typically have a variable interest rate. We use a model to assess the interest rate characteristics of our customer deposits. The short-duration of the Capitalflow investment matches well against bunq's liability characteristics and helps bunq achieve its target duration of equity of 2.5 years.

The total amount of swap notional on 31st December 2022 was EUR 153.9 million with a basis point value of negative EUR 132.4 thousand.

Given the relatively limited size of the swap contracts, the contracts are over-the-counter with several selected counterparties using ISDA/CSA and are not traded through an exchange. Throughout the year, there were no speculative derivative contract positions.

We are closely monitoring the impact of the IBOR reform on our current derivative contracts and as part of our potential new investment opportunities. See the market risk section of the financial statements for the disclosure on the IBOR reform impact.

Foreign exchange risk

As part of its portfolio, bunq offers its users non-euro denominated accounts. In addition, Capitalflow has some non-euro loans on its books. As a result bunq has some foreign exchange positions. These positions are monitored closely and limits are in place.

Liquidity and funding risk is the risk that bunq may not be able to meet its obligations timely or will do so at an excessive cost. This risk may arise if customers suddenly withdraw more funds than expected and this cannot be absorbed by bunq's reserves. At year-end 2022 bunq had placed more than 40% of its funds with the ECB and other high quality liquid assets. In addition, bunq has securitized a significant part of its Dutch residential mortgage portfolio and the notes are eligible as collateral for ECB lending facilities, which can be called upon on short notice. As a result, considerable

funds are available to fulfill our payment obligations. To determine the desired level of readily available funds we consider stressed conditions when payment obligations may be high. bunq adheres to all regulatory liquidity ratios and sets prudent internal limits.

Sustainability - Take care of the planet

bunq does not finance, or invest in, companies active in areas that may be deemed not socially responsible. For climate-related risks, bunq does not finance companies active in:

- Fossil fuel-fired power generation and/or extraction of oil and gas, including oil generated from tar sands for any part of their business activities
- Coal-fired power generation and/or coal mining for any part of their business activities
- Nuclear energy
- Mining activities

During the year 2022 bunq has updated its Social Responsible Investment policy and its Environmental, Social and Governance policy.

Due to the above investment criteria, bunq's assets are resilient to climate risk. In 2022 bunq published the greenhouse gas emissions of our financial portfolio in line with the PCAF Standard.

bunq refers to its Environment and Sustainability Governance Report published on its website for more detailed information on our ESG governance.

Safety of Service - Money Protection

Large work has been done by bunq to keep users continuously informed about phishing and spoofing risks; a dedicated phishing ownership and incident management processes to respond to fraud waves have also been created. Also, the special support team and automation they use to prevent unauthorized spendings from bankrupt accounts have been strengthened in 2022.

Safety Service - Data Protection

bunq has a dedicated DPO in place who make sure our privacy practices are aligned with GRDP and best industry practices. New product features as well as new data processors are assessed by DPO.

New regulations

Management has seen an increase in regulations regarding different topics, such as Environmental & Social Governance, Central Electronic System of Payment information, Digital Operational Resilience Act and artificial Intelligence . All topics are currently picked up by the first line departments and progress is monitored by the second line department to ensure compliance on these topics.

Financing

In May 2022 the shareholders signed a commitment letter for an amount of EUR 58.5 million. During 2022 an amount of EUR 9 million has been drawn on this commitment letter to fulfill CET1 requirements.

Outlook

Following a full profitable quarter at the end of 2022, bunq is confident in fulfilling its current growth strategy and forecast profitable for the next 3 years.

Due to the attractive interest rate that bunq is offering on its savings accounts, the deposits have been rapidly growing in the final weeks of 2022 and early 2023. bunq expects a significant increase in the net interest income in the upcoming years. Additional fee income is expected from more users using bunq.

bunq has always focused on innovation and automation, while reducing manual work. As a result, positive scale effects occur and cost ratios gradually improve. On the other hand, regulatory costs and fees continue to increase.

There are a number of risks that can have a negative effect on our results. These include adverse interest rate developments, increased costs due to inflation and regulatory costs, and higher credit losses due to deteriorating economic conditions and lower real estate prices.

Remuneration

In early 2022 we introduced an Employee Stock Option Plan (ESOP), enabling all bunq employees to share in the success of their company. Options are granted twice a year based on performance and retention years and are purchased against fair value. The variable compensation induced by ESOP falls within the 20% rule as determined by the law dictating remuneration policies for financial companies. The same applies to bunq's foreign subsidiaries, adhering to local rules and regulations wherever they apply.

Capital Position

The DNB supervises bunq B.V. on a stand-alone basis whereby Capitalflow Group is not consolidated.

DNB also supervises bunq B.V. consolidated on the level of bunq holding B.V. We refer to the financial statements of bunq holding B.V. for the consolidated capital position at year-end.

The table below shows bunq's capital ratios as of year-end:

In EUR ('000)	31 December 2022	31 December 2021
Total Risk Weighted Assets (RWA)	336 275	286 259
Available Common Equity Tier 1 Capital (CET1)	101 852	82 695
CET1 ratio %	30.3%	28.9%
Leverage ratio	5.1%	6.6%

As of March 17, 2023, an Article 9 waiver has been approved by DNB. The waiver allows bunq to include all of the subsidiaries in the individual consolidation scope for the purposes of determining CET1 and total Tier Capital of bunq B.V. as of the first quarter in 2023. The Group will no longer report these figures separately from that point.

Total Risk Exposure

EUR ('000)	31 December 2022		31 December 2021	
	Amount	TREA	Amount	TREA
Cash and Balances with Central Banks	721 864	-	358 015	-
Loans and Advances to Banks	29 165	5 836	30 620	8 691
Investments at Amortized Cost (Bonds)	5 193	1 586	5 236	1 595
Investments at Amortized Cost (Mortgages)	555 149	84 365	524 041	82 065
Investments at Amortized Cost (Loans to other institutions)	5 869	8 803	4 370	6 556
Investments at Amortized Cost (Intercompany Loans)	513 433	102 748	253 451	126 725
Debt Securities (RBS FTF)	40 110	8 022	-	-
Debt Securities (Kantonalbank)	40 018	8 004	-	-
Debt Securities (US Treasury)	3 956	-	-	-
Investments at Fair Value	-	-	27 541	9 982
Derivatives	50 503	1 239	10 870	6 939
Advances to Customers	144	144	168	168
Right-of-use Assets	855	855	1 079	1 079
Tangible Fixed Assets	1 012	1 012	826	826
Inventory	276	276	591	591
Accounts Receivable	15 452	8 232	62	62
Other Assets	30 407	6 372	24 710	7 204
Participation in Subsidiaries	92 719	35 998	76 402	-
Total Assets	2 106 125	273 491	1 317 983	252 484
Off Balance Exposure	45 462	614	10 165	594
CVA	-	7 286	-	8 153
Operational Risk	-	54 883	-	25 028
Total Risk Exposure Amount	-	336 275	-	286 259

Liquidity ratios

	31 December 2022	31 December 2021
Liquidity Coverage ratio	267%	301%
Net Stable Funding Ratio (NSFR)	226%	164%

In the LCR calculation, bunq includes 100% withdrawable Central Bank Reserve and 100% Highly liquid Government/ local government Bond Market value in the Liquidity Buffer. bunq takes into consideration 5% Stable deposit and 15% non-stable deposit and 100% operational outflow and other expenses. In terms of Inflow, bunq involves 100% mortgage Interest, 50% Mortgage principal payment, 5% Operational deposit at credit institution, 100% money deposit at the financial institution and 100% other inflows.

The NSFR ratio accounts for the Available Amount of Stable Funding as a numerator, where 100% of Equity, 95% of Core Deposits and 90% of Non-core Deposits are included. As a denominator Required Amount of Stable Funding— 0% of Balances at Central Banks, 5% of Bonds (all of our Bonds are LCR class 1), 15% of Unsettled Transactions, 50% of Mastercard Security Deposits, Office Security Deposit and Other Bank Deposits, 65% or 85% of Mortgages based on the characteristics, 100% of Bond Collateral and all remaining assets are included.

bunq is very liquid as measured by the regulatory liquidity ratios, which dictate a regulatory minimum of 100%.

Research and development

bunq is active in research and development, resulting in the release of additional innovative features in its app and/or service-provision. Its research and development program is partially subsidized by the RVO with their WBSO program.

For an extensive and non-exhausted list of resulting developments during the financial year we refer to the earlier section "Looking back on 2022".

bunq and the world at large

As stated previously, 2022 was a year full of unrest, featuring many events and crises that seemed all but impossible the year before. History itself is still unfolding at the time of this writing, making it challenging to reflect objectively. Some of bunq's key traits however were tried and tested over the past year, in most cases as a direct result of the turmoil happening around us.

Not unlike during the pandemic that preceded 2022, it was bunq's adaptability that proved valuable, as we were able to quickly create and launch features that helped our users get a grip on their finances. Moreover, our philosophy to always give our users full control over their money worked to their advantage as well. Being agile at heart, bunq was consistently the first bank to increase its interest rates following the interest hikes of the European Central Bank in the latter half of 2022. Consequently, we saw our total number of user deposits increase rapidly towards year's end, growing further in 2023 by a further increase of our interest rates following more recent ECB interest hikes.

A year ago we could not have imagined that the pandemic retrospectively was almost a calm before the storm of sorts. Likewise, we have no means to predict the future that lies ahead. Our hope is of course that the war in Ukraine will soon come to an end, that the world will join forces to set aside differences and tackle existential issues such as climate change. bunq itself has proven to be a reliable force of good, on a larger scale, but for our individual users most of all. We foresee that our simple philosophy of putting the user first will continue to provide all that we need to successfully navigate any future.

Our mission: to make life easy, for everyone

2022 was a pivotal year for bunq, one where we arguably fully delivered on our promise to make life easy for everyone.

In terms of our product, we continued to expand our offering by adding investment and mortgage products to our portfolio. Through the acquisition of Tricount, we welcomed 5.4 million users to the bunq family, instantly becoming the second biggest neobank in the EU. Coinciding with these expansions we're continuing to open up new offices all over Europe, and even beyond. Likewise, our Irish subsidiary Capitalflow will continue to service existing and new clients and its loan portfolio is expected to grow further. In addition, it will explore entry on new loan markets.

Throughout 2022, we had more means at our disposal than ever before in our history, allowing us to continue to invest in our product and our users. By closing off 2022 with a profitable quarter, we continue to give the world new meaning to the world 'bank', proving what it is a bank can and should do to make the world a better place.

Going concern

These financial statements were prepared under a going-concern assumption. The going concern assumption is a significant accounting judgment. bunq obtained its banking license on September 16th, 2014, and started commercial operations in November 2015. The Group is profitable as of the last quarter of 2022 and the

management of bunq expects that the commercial activities of the Group will be profitable in the longer term.

The going concern of bunq is based on the profitable forecasts prepared in alignment with SREP requirements and the capital injections received early in 2023 as disclosed in the subsequent events.

Next to the support of the shareholders, bunq has a Recovery and Exit-plan scenario in place which addresses financial distress events, as required by the Bank Recovery and Exit Plan.

Subsequent events

Capital injections

During 2023, shareholders have injected additional capital of EUR 6 million in January 2023 and EUR 37 million in April 2023.

Application US banking license

On April 4th 2023, bunq has applied for a US banking license with the Federal Deposit Insurance Corporation (FDIC) in the State of New York.

Application UK banking license

On the 31st of March 2023, bunq filed an application for a UK branch of an internal bank license with the relevant UK regulators.

Deferred payment Tricount

In May 2023, EUR 2.5 million of the deferred payment liability for the acquisition of Tricount was converted into equity.

Liquidity risk

In the USA a few banks experienced a liquidity crunch resulting in the resolution of these banks. The incidents made many wonder if another banking crisis was pending. In response bunq made an internal assessment which concluded that the Group's funding structure and interest rate risk profile differed significantly from these USA banks. In comparison bunq considers its liquidity position to be very strong.

We would like to thank all bunq employees for their dedication, hard work and commitment in making the bank of The Free what it is today, and for laying the foundation of what it will become in the near future. Moreover, we would love to thank all bunq users for their continuous support and valuable feedback.

Amsterdam, 31 May 2023

Mr. A. Niknam
Mr. I.L. van Eeghen
Mr. R. Kasiman
Mr. V. Brodski

Supervisory Board Report

Looking back on 2022, the board sees bunq changing the world of banking like never before, yet again reaching a multitude of important milestones. Becoming the EU's second biggest neobank and achieving profitability for a full quarter are no doubt some of bunq's biggest feats of the past year, trailblazing contemporary EU neobanks, or indeed any bank only 10 years old.

Notwithstanding the many challenges the world faced in 2022, the board recognizes that, every day, more and more users put their faith in bunq to help them reach financial independence on their terms. Testament to bunq's validity is the juxtaposition of worrisome global developments and the continued growth of the bank of The Free in several European countries. bunq's ostensibly simple vision of making life easy for its users is clearly one that resonates louder and louder.

The board saw bunq continue to expand its offering in 2022, adding investments and mortgage products to its portfolio, as well as continuing to add innovative features. The growth of both its user deposits and user base underscores how well these developments have been received by consumers and businesses alike.

Moreover, throughout the last few months of 2022 and continuing well into 2023, bunq raised the interest rates for its users multiple times in direct response to the interest hikes of the European Central Bank, something the board saw reflected in the sharp increase in user deposits.

Looking back on a year that saw consistent growth on key metrics and that ended in bunq reaching profitability, the board expects bunq to be able to further its future growth on its own strengths.

Composition

In our annual report of 2021 we already commemorated the previous Chairman, Mr. Rob Sprecher, who passed away in March of 2022. We still remember him for his many contributions to bunq. In his place Ms. Gisella van Vollenhoven was appointed as temporary Chairman of the Supervisory Board, which further consisted during 2022 of the following members.

Mr. R. Sprecher - appointed per January 25, 2021 - stepped down March 2022

Ms. G van Vollenhoven – appointed per February 13, 2020

Mr. A.J. Bol – appointed per July 17, 2020,

Mr. J.B. Wilson – appointed per February 11, 2021

Mr. J. Scott – appointed November 26, 2021, nominated by Pollen Street Capital As of March 2022

On 17 January 2023 Mr S.C. van Groningen was appointed as Chairman of the Supervisory Board

Ms. G. van Vollenhoven - Eikelenboom has been appointed for a term of 4 years ending 2024. Ms. van Vollenhoven - Eikelenboom was director at De Nederlandsche Bank N.V. until 2019 and is the Supervisory Board member at a.s.r. Verzekeringen, MUFG Bank Europe, Pensioenfonds Vervoer and Waarborgfonds Sociale Woningbouw.

Mr. Bol has been appointed for a term of 4 years ending in 2024. Mr. Bol is a Supervisory Board member at European Merchant Services. As of June 1 Mr. Bol will also be Chief Commercial Officer at Aon Netherlands. Mr. Bol was previously a member of the Supervisory Board at Geldservice Nederland.

Mr. Wilson has been appointed for a term of 4 years ending in 2025. Mr Wilson is CEO of Risenu BV and is a member of the Advisory Board of Talentuno. Mr Wilson resigned from the Supervisory Board per 1 May 2023, because per the same date Mr. Wilson joined bunq as an employee.

Mr. Scott has been appointed for a term of 4 years ending 2025. Mr Scott was nominated by bunq's shareholder Capitalflow Holding DAC. Capitalflow Holding is managed by Pollen Street Capital. Mr Scott is a partner of Pollen Street Capital plc.

With the exception of Mr. Scott, all members of the Supervisory Board are independent and have no relationship other than their role of Supervisory Board member with bunq, its affiliates, shareholder, or Managing Board.

The Supervisory Board formally met every month in 2022, in part to keep up with the many developments of bunq. At these meetings they discussed a wide range of topics, including the growth of bunq's balance sheet, both in terms of size and complexity, as well as further growth of capabilities of the finance and risk organization. Other topics that were discussed were strategy, marketing, product, business development, financial performance, financial forecasts, capital and liquidity planning, the exit scenario, risk management and internal control, the annual accounts, the relationship with the regulator, compliance (including know your customer, and transaction filtering and monitoring), human resources and the internal culture.

The Supervisory Board meetings also included items for education as prescribed by the Dutch Bankers Code. Trainers were bunq employees on items such as the bunq app, operational risk and combating fraud. Externals made a presentation on KYC/CDD.

Overall, the Board was satisfied with the content of the discussions held and supports bunq's strategy. As of 2023, the Board will continue to meet once a month. Its goal is to focus on international growth and investments, as well as capital planning, compliance, credit risk management and liquidity management.

The Risk and Audit Committee (“RAC”) is a sub-committee of the Supervisory Board. The RAC consists of the following members:

Ms. G van Vollenhoven – Chairperson

Mr. A.J. Bol

Mr. J. Scott - As of March 2022

The RAC focuses on all matters related to risks and controls in the organization; the internal auditors have a direct reporting line to the RAC. The RAC formally met 4 times in 2022, on 7 March, 7 June, 12 September and 29 November.

The Risk and Audit Committee received comprehensive updates from the Risk, Legal/Compliance, and Internal Audit teams. The RAC received detailed information on actual topics such as KYC improvement plans. In addition the investment plans of the Treasury are presented to the RAC. These were reviewed and discussed in detail. The RAC held meetings with the external auditor to agree on the audit approach and to discuss the outcome of the audit on the financial statements. The audit plan and audit findings were discussed in the Supervisory Board. The internal auditor was present during all decision-making meetings of the Risk and Audit Committee in 2022.

The Remuneration Committee formally met 2 times in 2022, on 6 May and 8 December.

The Supervisory Board also maintains direct contact with the Head of Human Resources and regularly meets senior staff.

On 23 May 2023, the Supervisory Board discussed these financial statements with the Managing Board. The Supervisory Board will continue to closely monitor how the company adapts to growth. bunq has ambitious plans, and the Board is happy to contribute by maintaining an open dialogue with the Managing Board and stakeholders about the conditions for such growth.

In conclusion The Supervisory Board would like to thank all stakeholders for their trust in bunq. We would also like to thank all staff for their hard work, and for their contribution to the results achieved in 2022.

Amsterdam, 31 May, 2023

Mr. S.C. van Groningen

Mrs. G. Van Vollenhoven - Eikelenboom

Mr. A. Bol

Mr. J. Scott

Risk management

bunq B.V. Group is exposed to the following risks:

Overview of risk categories		
Risk categories	Sub categories	Defined as:
Financial risk	Credit risk	Risk of potential loss due to default by the Group's debtors or trading counterparties
	Liquidity risk	The risk that the group cannot meet financial liabilities when they become due at a reasonable cost and in a timely manner.
	Market risk	The risk of potential loss due to adverse movements in market variables.
Non financial risks	Compliance risk	A threat posed to the Group's standing resulting from a failure to act in line with applicable laws and regulations, internal rules and/or societal expectations
	Operational risk	The risk of direct or indirect loss arising from inadequate or failed internal processes, people and systems or from external events.
Overarching risks	Business risk	The value or earnings loss due to business and strategic decisions that do not materialize as planned. This risk can be expressed in terms of volumes, margins, expenses and fees and commissions
	Climate risk	The risk of losses arising from any negative financial impact on the institution stemming from the current or prospective impacts of environmental, social or governance factors on the institution's counterparties or invested assets

Risk Management framework

The Group's managing board has overall responsibility for the establishment and oversight of the Group's risk management framework. The managing board has established an independent Risk function, the Asset-Liability Committee (ALCO), which is responsible for developing and monitoring Group risk management policies.

The purposes of the Groups risk management policies are to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group has specified its risk limits and articulated its appetite for risk taking in a Risk Appetite Statement, which is reviewed and updated frequently and approved by the Managing and Supervisory Board.

The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Risk and Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The committee regularly monitors subsidiaries based outside of the Netherlands to ensure compliance with risk policies and to ensure sufficient safeguards are in place in group subsidiaries.

The Risk and Audit Committee is assisted in its oversight by the role of Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Risk and Audit Committee. Next to that, regular penetration tests and reviews are performed of the Group's IT and network infrastructure, as well as the systems and the app, by a specialized white hacker agency.

Geopolitical risk

This risk has increased since the early start of 2022, mainly following the war in Ukraine and subsequent threats by Russia to limit or cut gas exports.

The war in Ukraine and rapidly escalating events in 2022 were, and still are, a significant tragedy to the people, causing disruption to business and economic activity in the region and worldwide. Subsequently, the EU initiated sanctions against Russia in 2022.

The Group had no exposure to Russian and Ukrainian markets before the war. The impact felt by the Group relates more to market and interest rate movements resulting from ripple effects felt throughout Europe and the globe.

Ultimately the group will continue to monitor the evolution of events unfolding in the war and will continue to limit exposure to any of the directly affected markets.

A. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's loans to customers.

Management of credit risk – default risk

The credit risk consists of credit provided to customers through a subsidiary, as well as investment portfolio, a mortgage portfolio, deposits held at other banks for operational purposes and certain limited exposures to financial institutions and customers emanating from unsettled transactions and direct debits which may be returned or rejected.

Credit risk on funds provided to customers is mitigated through the application and control of the Group's underwriting and arrears-management functions. The credit risk function is responsible for:

- Formulating policies
- Establishing authorization structures
- Maintaining processes for measuring expected credit loss
- Reviewing and assessing credit risk
- Setting concentration limits
- Maintaining internal grading scales
- Providing advice

Board-approved Credit Risk policies are in place across the Group and enable the Group to achieve sustainable risk and reward performance whilst maintaining credit exposures within acceptable parameters. The Board is responsible for setting and understanding the Group's credit risk profile, in comparison with an established risk appetite, and monitor ongoing credit risk performance on a regular basis.

Assets subject to credit risk include

- Cash balances with central banks (note 17)
- Loans and advances to banks (note 18)
- Loans and advances to customers (note 19)
- Investments at amortized costs and (note 20)
- Mortgages (note 21)

On the 31st of December 2022, all loans and advances to banks were at institutions with a credit rating of A or higher (Moody's/S&P). No risk appetite limit has been breached in 2022.

Credit risk in the investment portfolio is managed by setting and monitoring minimum acceptable credit ratings of the issuer or bank involved. All new fixed income investments and investments in fixed term funds are made with institutions with a minimum credit rating of A per rating agencies.

Bonds have a maximum exposure to institutions with a below A rating of EUR 2 million. This is within the group's risk appetite.

Loans to other institutions have an exposure of EUR 6 million to a B credit rated institution. The risk is assessed periodically and at year end the risk is deemed acceptable.

All loans to customers are scrutinized before the granting of approval by the risk committee. Each loan is reviewed and granted based on its own risk profile. The risk relating to loans to customer portfolios is minimal.

Credit risk for mortgages is managed by strict acceptance criteria such as Nationale Hypotheek Garantie and maximum Loan-to-values.

Management of credit risk – concentration risk

Concentration risk is present since the Group holds large sums on demand accounts with the central bank. Also, significant amounts are placed in demand accounts with a few financial institutions. The Group actively assesses each major investment and exposure to ensure the concentration risk is acceptable per the group's risk appetite statement. The risk is deemed low.

2022 Year end balances	Cash and Balances w Central Banks	Loans and Advances to Banks	Mortgages/ Investments	Other Assets and derivatives	Off balance sheet liabilities	Total
Netherlands	721 864	21 220	516 078	77 659	46 675	1 383 496
Germany	-	-	-	-	-	-
Ireland	-	10 669	545 009	3 826	-	559 503
United Kingdom	-	20 274	40 116	-	-	60 390
Bulgaria	-	-	-	-	-	-
Belgium	-	149	-	62	-	211
France	-	-	-	-	-	-
Spain	-	-	2 308	-	-	2 308
Sweden	-	-	-	-	-	-
Luxembourg	-	-	1 478	-	-	1 478
Japan	-	-	1 004	-	-	1 004
Poland	-	-	382	-	-	382
Turkey	-	3	-	-	-	3
United States of America	-	-	3 956	-	-	3 956
Switzerland	-	-	40 024	-	-	40 024
Total Gross Amount	721 864	52 315	1 150 355	81 547	46 675	2 052 756
Impairments	-	(4)	(7 309)	-	(1)	(7 314)
Total Carrying Amount	721 864	52 311	1 143 046	81 547	46 674	2 045 442

Note – Mortgages and investments are made up of loans and advances to customers, Investments at amortized cost and mortgages (notes 19, 20 and 21 respectively). The increase in impairment allowance in 2022 when compared to 2021 is due to increases in investments leading to more expected credit loss allowances being raised in the entity as well as an increased expected credit loss allowance on the amount of negative customer balances.

2021 Year end balances EUR '000)	Cash and Balances with Central Banks	Loans and Advances to Banks	Mortgages/ Investments	Other Assets and derivatives	Off balance sheet liabilities	Total
Netherlands	308 692	24 046	548 641	17 815	10 165	909 239
Germany	51 806	-	-	-	-	51 806
Ireland	-	12 966	423 353	2 467	50	438 836
United Kingdom	-	12 516	-	10 890	-	23 406
Bulgaria	-	-	-	6	69	75
Belgium	-	-	-	-	-	-
France	-	-	-	1	-	1
Spain	-	-	2 332	-	-	2 332
Sweden	-	-	-	-	-	-
Luxembourg	-	-	11 741	-	-	11 741
Japan	-	-	1 006	-	-	1 006
Poland	-	-	398	-	-	398
Total Gross Amount	360 498	49 528	987 471	31 179	10 284	1 438 840
Impairment allowance	-	(1)	(3 843)	-	-	(3 844)
Total Carrying Amount	360 498	49 527	983 628	31 179	10 284	1 434 996

Net concentration risk per industry

Industry	2022 EUR ('000)	2021 EUR ('000)
Residential Mortgages – Netherlands	551 870	513 141
ECB-cash	721 864	360 498
Investments in oil, gas and energy production	-	-
Commercial Real Estate	319 865	254 319
Agriculture	25 418	18 486
Heavy Industry	56 534	45 053
Mining	-	-
Quarrying	8 406	5 907
Transport	59 143	49 580
Fossil fuel trading	-	-
Other Industries	82 569	50 011
Green Bonds (per below)	5 172	5 215
Financial Institution's Swap Collateral	-	27 543
IT Services	546	4 369
Banking investment products	210 099	-
Treasury Bonds	3 956	-
Total	2 045 442	1 334 122

Investments in green bonds are broken down into the following industries.

Industry	2022 EUR ('000)	EUR ('000)
Financial services	2 785	2 808
Industrial Services	382	385
Renewable energy transportation	2 005	2 022
Total	5 172	5 215

Investments in green bonds are broken down into the following countries.

Industry	2022 EUR ('000)	2021 EUR ('000)
Poland	382	398
Spain	2 308	2 309
Japan	1 004	1 006
Luxembourg	1 478	1 502
Total	5 172	5 215

Investments in green bonds have the following ratings

	2022 EUR ('000)	2021 EUR ('000)
AAA	1 478	1 501
A+	1 003	-
A	-	1 692
A-	683	-
BBB	2 008	2 022
Total Amortized costs	5 172	5 215

Exposure to credit risk

The below table details the company's exposure to credit risk for each asset class in the financial statements. The credit risk exposure amounts do not include off balance sheet values (see note 40) nor do the values include impairments or provisions for impairments (see note 17/18/19/20/21/23)

	2022 EUR ('000)	2021 EUR ('000)
Cash balances at central banks	721 864	360 498
Loans and advances to banks	52 311	49 528
Loans and advances to customers	542 728	423 521
Mortgages	551 868	513 141
Investments at amortized cost (Other)	95 124	9 583
Other assets	31 043	20 389
Derivatives	50 504	34 279
Total	2 045 442	1 410 939

The following table sets out information about the credit quality of financial assets measured at amortized cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Credit quality is determined on a per asset model and is based on factors such as repayment/prepayment rate, days of arrears, entity credit rating and prevailing market conditions.

	Stage 1		Stage 2		Stage 3		Total	
	EUR ('000)		EUR ('000)		EUR ('000)		EUR ('000)	
Gross amount of financial instrument	2022	2021	2022	2021	2022	2021	2022	2021
Loans and advances to banks	52 315	49 528	-	-	-	-	52 315	49 528
Bonds	5 172	5 215	-	-	-	-	5 172	5 215
Mortgages	505 095	512 472	-	717	182	-	505 277	513 189
Loans to other institutions	6 000	-	-	5 289	-	-	6 000	5 289
Fixed term funds	44 072	-	-	-	-	-	44 072	-
Fixed Income Investments	40 024	-	-	-	-	-	40 024	-
Investments at Fair Value	-	27 544	-	-	-	-	-	27 544
Advances to customers – deposits	-	-	-	-	4 801	2 822	4 801	2 822
Advances to customers	479 620	411 269	59 369	12 473	6 019	-	545 009	423 742
Derivatives	50 504	34 279	-	-	-	-	50 504	34 279
Total gross value	1 182 802	1 040 307	59 369	18 479	11 002	2 822	1 253 174	1 061 608
Expected Credit Loss								
Loans and advances to banks	4	1	-	-	-	-	4	1
Bonds	2	3	-	-	-	-	2	3
Mortgages	56	47	-	1	26	-	82	48
Loans to other institutions	133	-	-	920	-	-	133	920
Fixed term funds	6	-	-	-	-	-	6	-
Fixed Income Investments	5	-	-	-	-	-	5	-

Investments at Fair Value	-	11	-	-	-	-	-	11
Advances to customers - deposits	-	-	-	-	4 656	2 654	4 656	2 654
Advances to customers	1 159	86	698	135	566	-	2 423	221
Derivatives	-	-	-	-	-	-	-	-
Total ECL	1 365	148	698	1 056	5 250	2 654	7 313	3 858
Net amount financial Instruments								
Loans and advances to banks	52 311	49 527	-	-	-	-	52 311	49 527
Bonds	5 170	5 212	-	-	-	-	5 170	5 212
Mortgages	505 039	512 425	-	716	156	-	505 195	513 141
Loans to other institutions	5 867	-	-	4 371	-	-	5 867	4 371
Fixed term funds	44 066	-	-	-	-	-	44 066	-
Fixed Income Investments	40 019	-	-	-	-	-	40 019	-
Investments at Fair Value	-	27 533	-	-	-	-	-	27 533
Advances to customers – deposits	-	-	-	-	145	168	145	168
Advances to customers	478 461	411 183	58 671	12 338	5 453	-	542 586	423 521
Net carrying amount	1 130 933	1 005 880	58 671	17 425	5 754	168	1 195 357	1 023 473

Internal credit ratings of Capitalflow assets

The tables presented below describe the portfolio composition per internal credit rating categories. Each portfolio has a specific set of scales used to classify the credit quality of an asset. These credit ratings are used by the risk department to monitor the credit risk of the portfolios held by Capitalflow.

All Capitalflow Corporate Real Estate (CRE) loans are internally rated using the below scales. The first column is used to indicate the loan to value (LTV) of the asset.

2022 (EUR'000)	Strong	Good	Satisfactory	Watchlist	Total
< 50%	23 867	8 621	5 797	7 625	45 910
< 60%	25 353	15 427	23 914	15 769	80 463
< 70%	25 838	57 158	29 908	2 247	115 151
< 80 %	15 777	17 648	53 717	1 131	88 273
Total	90 835	98 854	113 336	26 772	329 797

2021 (EUR'000)	Strong	Good	Satisfactory	Watchlist	Total
< 50%	15 495	11 104	3 069	5 613	35 281
< 60%	16 404	19 235	19 596	10 655	65 890
< 70%	22 600	31 682	27 600	3 964	85 846
< 80 %	6 660	15 599	37 833	7 431	67 523
Total	61 159	77 620	88 098	27 663	254 540

The Asset Backed Lending (ABL) internal risk grade scale and distribution is as follows:

Internal credit rating EUR ('000)	Notional 2022	Notional 2021
2 Satisfactory Risk	20 188	17 380
3 Fair Risk	11 689	8 397
4 Watchlist	3 140	251
5 Substandard	3	-
Default	-	-
Total	35 021	26 028

Asset Finance (AF) doesn't have the same internal rating approach as ABL and CRE, but the below tables provide some guidance as to the current riskiness of the portfolio:

Internal credit rating (EUR'000)	Notional 2022	Notional 2021
No Arrears	175 861	138 325
1 - 30 days	1 443	1 242
30 - 90 days	556	1 427
In Default	2 331	2 012
Total	180 191	143 006

Collateral backed loans

Mortgages

A big part of the mortgage portfolios falls under the Nationale Hypotheek Garantie (NHG) program. This guarantee is given by Stichting Waarborgfonds Eigen Woningen which is backed up by the Dutch government in regard to illiquidity. The NHG falls within the credit risk rules under government guarantee loans.

This guarantee becomes applicable if the borrower cannot fulfil the mortgage obligations and after the forced sale there is still a remaining amount of debt. NHG will cover 90% of this remaining debt.

The part of the mortgage portfolios that are covered by NHG as of December 31st, 2022 amounts to EUR 68.2% (2021 – 68%). The total value of the collateral on the mortgages that are covered by NHG amounts to EUR 373 185 thousand (2021: EUR 346 994 thousand).

The total amount of the collateral on the mortgages that are not covered by NHG amounts to EUR 173 782 thousand (2021: EUR 168 657 thousand). The loan to value (LTV) ratio of the mortgages covered by NHG is 77%, while those not covered by NHG is currently 56%. Average LTV is 69% for the mortgage portfolios.

Loans and advances to customers

Loss Guarantee

Upon acquisition of Capitalflow group DAC, Pollen Street Capital LTD (the seller) entered into an agreement whereby any IFRS 9 expected credit loss allowance over 1.57% of the asset loan book in Capitalflow Holdings DAC at year end will be paid to the Group by the purchaser based on the audited financial statements of the years ending 31 December 2021, 31 December 2022, 31 December 2023.

The assets covered by this loan loss guarantee are the loans and advances to customers with a carrying value of EUR 550 716 thousand. Any loss allowance over EUR 8 646 thousand is recoverable from the seller.

As at year end 2022, the IFRS 9 expected credit loss allowance is 1.48% over the entire portfolio.

Amounts arising from ECL

(see note 38(F))

Amounts arising from ECL fall under provisions in the statement of financial position.

In determining the amounts arising from expected credit losses the Group assesses whether credit risk has increased significantly since initial recognition at each reporting date for all asset classes. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where appropriate for changes in prepayment expectations).

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- a quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 30 days past due.

IFRS 9 requires accounts to be segmented into three different stages.

- Stage 1 consists of performing accounts where the credit risk on the underlying financial instrument has not increased significantly since initial recognition. For these accounts, an entity only needs to measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.
- Stage 2 consists of performing accounts which have experienced a significant increase in default risk but are not credit impaired. For these accounts, the entity is required to measure the loss allowance at an amount equivalent to the lifetime expected credit losses.
- Stage 3 consists of defaulted accounts (credit impaired) and similar to stage 2, these accounts will require loss allowance measures at the lifetime expected credit loss. Defaulted accounts include accounts 90 past due, accounts in which there has been a breach of financial covenants and accounts in which there has been an event of default.

Credit grades based on qualitative criteria

Due to lack of sufficient internal data, stage allocation has been mostly developed based on qualitative criteria which are informed by expert judgment. More advanced methods such as the use of changes in Lifetime PD, 12m PD or PD grade deterioration are utilized for defining stages in this model only for Commercial Property.

Incorporation of forward-looking information

The Group incorporates forward-looking information into the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

Portfolios held in Ireland

The Group recognizes that credit loss, as defined by the IFRS 9 standard as the present value of cash shortfalls, is equivalent to calculating the sum of discounted marginal losses. Marginal losses are further derived from risk parameters of probability of default (PD), exposure at default (EAD) and loss given default (LGD). To achieve an unbiased estimate that reflects reasonable and supportable information, including current and future economic conditions, the Group adjusts long-run estimates of risk parameters, to obtain Point in Time (PIT) estimates.

Relating to funding to customers through the Irish subsidiary, PIT estimates of PD are obtained using an extension of the industry-standard Merton framework, whereby a default event is assumed to occur when the market value of a firm's assets falls below the value of its liabilities. PIT default risk is derived from obligor-specific risk, and a shared risk factor. Obligor-specific risk is determined from an obligor's internal rating.

The shared risk factor is a Credit Cycle Index (CCI) inferred from market-implied default risk, for Irish corporates adjusted to reflect the credit risk characteristics of the Group's portfolio. The CCI reflects current market expectations of shared cyclical variations in default risk, including all information available to the market such as expectations of macro factors such as GDP and unemployment, as well as how firms will react to exogenous shocks in macro conditions. The CCI can be regarded as a composite index that reflects the general level of stress in the economy. Experience suggests that CCIs are powerful in predicting PIT default risk, whereas macro indices such as GDP and unemployment do not correlate particularly well to non-retail default rates.

EAD values are assumed not to vary from the long-run estimate across the cycle. Therefore, no PIT adjustment is performed.

PIT estimates of LGD are obtained under a similar framework whereby collateral values are derived from an obligor-specific component and a shared component. The obligor specific component is the current collateral valuation. The shared component is determined using movements in Irish housing price index (HPI) and MSCI index where relevant.

For both the CCI and HPI, future forecasts are obtained using a time series modeling technique, calibrated to historical movements in CCI and HPI. The approach ensures that forecasts reflect the current level of the index, as well as the direction in which it is moving. MSCI values are derived from historical correlation with HPI.

The IFRS 9 standard requires expected credit losses that are unbiased, and probability weighted. In the Group's approach, the Group recognises that whilst the future of the world is uncertain, like any other process it is possible to model the distribution of future losses and its evolution over time. We have therefore chosen to model:

- Credit Cycle Index (CCI); and
- House Price Index (HPI) and MSCI index in the secured (i.e., commercial properties) model as a proxy for the underlying property assets.

Relating to the mortgage portfolio held, PIT estimates of PD are obtained through the entity's ALM model in conjunction with a current analysis of the repayment rate of the mortgage borrower, the Loan To Value (LTV) of the mortgage and a discount to real terms of the loss.

The Loan to Value ratio is calculated as the ratio of the gross amount of the loan to the value of the underlying collateral asset. The valuation of the collateral is excluding any adjustments for obtaining and selling the collateral. The valuation for residential mortgage loans is based on the value of the residential property at origination of the mortgage loan. For credit impaired loans, the value of the collateral is based on the most recent appraisals.

Sensitivity of ECL to future economic conditions in the Ireland

As a starting point, the Group undertook a sensitivity analysis exercise across all portfolios to determine the level of variation in ECL from flexing the components within the PD, LGD and EAD estimates in each model. The sensitivity analysis initiated the process for determining the year-end modeled numbers. The key steps included the following:

- The Group performed an initial run of the ECL models using the opening assumptions. The staging distribution and corresponding coverage levels were then compared with equivalent portfolios, where available, in (i) Irish Retail & Commercial banks; and (ii) Peer institutions (average of portfolios of non-public ECL outputs).

- The Group also benchmarked PD and LGD parameters against available information for Irish and international banks, sourced from annual reports and/or Pillar III reporting for similar portfolios, along with the EBA data on PD and LGD across banks. The benchmarking exercise also includes some peer institutions which have the loss history, portfolio composition and asset characteristics similar to Capitalflow.
- The Group then undertook an assessment of all key assumptions in the model – including expert judgements – to determine if the assumptions remained appropriate or required modification. This included analysis of:
 - Portfolio-level data, such as levels of arrears, defaults, asset values and recovery history;
 - Market information about the state of credit in Ireland from Credit Research Initiative, National University of Singapore (the Credit Cycle Index (CCI)); and
 - Property value information derived from House Price Index (HPI) data and MSCI Commercial Property Index data.
- In the cases where there was reliable, conclusive evidence to justify changing an assumption, adjustments were made to reflect the current information more accurately. In the event that there was no conclusive evidence requiring a change to an assumption, it was carried forward into the year-end ECL calculations.
- Once assumptions were finalized, a benchmarking exercise was undertaken to determine if the overall output was reasonable in the context of equivalent portfolios; if coverage levels were deemed to be inappropriate, post model adjustments have been included to address any potential limitations within the model output or uncertainties within the current macroeconomic or geopolitical outlook.

The results of the sensitivity analysis on the expected credit losses on the statement of profit and loss are shown below for the Irish portfolios:

	PD		LGD	
	Upside	Downside	Upside	Downside
Irish Portfolios (EUR '000)	(399)	394	(85)	344

The table discloses the total changes in expected credit loss allowances.

Portfolios in the Netherlands

In the calculation of the ECL for bunq's mortgage portfolio, no forecasting method is incorporated into the model in its current version. The reason for this is that bunq's mortgage portfolio is still relatively young, making historic and publicly available data an important input for calculating bunq's ECL. Therefore, assumptions used to estimate the probability of default (PD), loss given default (LGD) and staging of the loans is solely done using historical and publicly available information.

Currently, forward looking information is only incorporated into the ECL calculation through any management overlay the Asset-Liability Committee (ALCO) may apply.

Sensitivity of ECL to future economic conditions in the Netherlands

The ECL are sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. Management performs a sensitivity analysis on the ECL recognised on material classes of its assets. The Potential of Default (PD) and the Loss Given Default (LGD) are the largest factors contributing to the ECL of portfolios.

The results of the sensitivity analysis on the expected credit losses on the statement of profit and loss are shown below:

	PD		LGD	
	Upside	Downside	Upside	Downside
Netherlands portfolios	(7)	7	(33)	27

The table discloses the total changes in expected credit loss allowances.

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. The basis for determining transfers due to changes in credit risk is set out in our accounting policy.

2022				
Loans and advances to other banks loan loss provisions				
EUR ('000)	Stage 1	Stage 2	Stage 3	Total
Opening balance per January 1 st	1	-	-	1
Movements between stages	-	-	-	-
New financial assets originated or purchased	3	-	-	3
Remeasurement of loss allowance	-	-	-	-
Write-offs	-	-	-	-
Balance per December 31st	4	-	-	4

2021				
Loans and advances to other banks loan loss provisions				
EUR ('000)	Stage 1	Stage 2	Stage 3	Total
Opening balance per January 1 st	2	-	-	2
Movements between stages	-	-	-	-
New financial assets originated or purchased	1	-	-	1
Remeasurement of loss allowance	(2)	-	-	(2)
Write-offs	-	-	-	-
Balance per December 31st	1	-	-	1

2022**Loans and advances to Customers loan loss provisions**

EUR ('000)	Stage 1	Stage 2	Stage 3	Total
Opening balance per January 1 st	86	135	2 654	2 875
Movements between stages	458	542	676	1 676
New financial assets originated or purchased	615	22	2 020	2 657
Remeasurement of loss allowance	-	-	-	-
Write-offs	-	(1)	(125)	(126)
Balance per December 31st	1 159	698	5 225	7 082

2021**Loans and advances to Customers loan loss provisions**

EUR ('000)	Stage 1	Stage 2	Stage 3	Total
Opening balance per January 1 st	-	-	1 512	1 512
Movements between stages	-	-	-	-
New financial assets originated or purchased	86	135	1 142	1 363
Remeasurement of loss allowance	-	-	-	-
Write-offs	-	-	-	-
Balance per December 31st	86	135	2 654	2 875

2022**Investments at amortized cost loan loss provisions**

EUR ('000)	Stage 1	Stage 2	Stage 3	Total
Opening balance per January 1 st	3	920	-	923
Movements between stages	920	(920)	-	-
New financial assets originated or purchased	-	-	-	-
Remeasurement of loss allowance	(779)	-	-	(779)
Write-offs	-	-	-	-
Balance per December 31st	144	-	-	144

2021**Investments at amortized cost loan loss provisions**

EUR ('000)	Stage 1	Stage 2	Stage 3	Total
Opening balance per January 1 st	3	-	-	3
Movements between stages	-	-	-	-
New financial assets originated or purchased	-	920	-	920
Remeasurement of loss allowance	-	-	-	-
Write-offs	-	-	-	-
Balance per December 31st	3	920	-	923

2022**Investments at fair value loan loss provisions**

EUR ('000)	Stage 1	Stage 2	Stage 3	Total
Opening balance per January 1 st	11	-	-	11
Movements between stages	-	-	-	-
New financial assets originated or purchased	(11)	-	-	(11)
Remeasurement of loss allowance	-	-	-	-
Write-offs	-	-	-	-
Balance per December 31st	-	-	-	-

2021**Investments at fair value loan loss provisions**

EUR ('000)	Stage 1	Stage 2	Stage 3	Total
Opening balance per January 1 st	-	-	-	-
Movements between stages	-	-	-	-
New financial assets originated or purchased	11	-	-	11
Remeasurement of loss allowance	-	-	-	-
Write-offs	-	-	-	-
Balance per December 31st	11	-	-	11

2022**Movement of ECL on Mortgage Commitments loan loss provisions**

EUR ('000)	Stage 1	Stage 2	Stage 3	Total
Opening balance per January 1 st	47	1	-	48
Movements between stages	(25)	(1)	26	-
New financial assets originated or purchased	34	-	-	34
Remeasurement of loss allowance	-	-	-	-
Write-offs	-	-	-	-
Balance per December 31st	56	-	26	82

2021**Movement of ECL on Mortgage Commitments loan loss provisions**

EUR ('000)	Stage 1	Stage 2	Stage 3	Total
Opening balance per January 1 st	59	-	-	59
Movements between stages	(1)	1	-	-
New financial assets originated or purchased	9	-	-	9
Remeasurement of loss allowance	(20)	-	-	(20)
Write-offs	-	-	-	-
Balance per December 31st	47	1	-	48

B. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk arises from mismatches in the timing and amount of cashflows, which is inherent to the Group's operations and investments. The Group's primary source of funds consists of cash flows from deposits entrusted to the bank by users of the bank.

Liquidity Reserve

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents.

Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers and short-term funding. For this purpose, 'net liquid assets' includes cash and cash equivalents and investment-grade debt securities for which there is an active and liquid market. 'Deposits from customers and short-term funding' includes deposits from customers, other borrowings and commitments maturing within the next month.

Management of liquidity risk

The Group holds significant balances with central banks, which allow it to settle its obligations immediately. Balances are monitored closely and managed to appropriate levels. This is done daily by Finance based on the average in- and outflow of that month. Within the Group the Treasury department performs stress tests to ensure that it can meet its obligations in times of stress and monitors the liquidity risk indicators on a monthly basis and discusses the outcome of these tests with Risk and Finance. This is monitored by the ALCO risk committee put in place by the board.

The liquidity risk is also taken into account in the mandatory exit scenario.

The Group incorporates forward-looking information in the calculation of its main liquidity risk metrics through stress testing. These scenarios can also impact the value of liquid assets. The completeness and relevance of the scenarios is assessed annually.

The scenarios included in the stress test simulate adverse market conditions and are designed to be severe but temporary. In all scenarios, it is expected that there will be no deposit growth in the six months after the initial shock has been introduced. In the following months, however, deposit growth will revert to pre-shock levels. To account

for the effect of these adverse events on the Group, different pass-through or outflow rates for deposits are incorporated accordingly into each scenario.

After performing an assessment of the most prominent liquidity risks, the Group defined four stress scenarios. The first scenario is an idiosyncratic stress event designed to monitor bank-specific risk related to possible reputational issues for the Group. In the second scenario, the Group is faced with an interest rate event in a market-wide stress scenario. The third scenario is a combination of the first two scenarios, where the Group must manage reputational issues in combination with a rise in interest rates. The fourth and final scenario was included to test the Group's liquidity position in the case that deposit growth would revert to (the lower) pre-covid levels.

The Group employs two main liquidity risk indicators, the net stable funding ratio (NSFR) and the liquidity coverage ratio (LCR), both as defined in the regulations on prudential requirements for credit institutions and investment firms to manage its liquidity risks. In addition, the Group considers the Balances held at Central Banks.

The Group has sufficiently mitigated liquidity risk.

Maturity analysis

The following tables set out the remaining contractual maturities of the Group's financial liabilities and financial assets. The amounts are gross, undiscounted and include contractual interest payments and exclude the impact of netting agreements. In cases where instruments are based on floating rates, we use the forward curve to establish the market's expectation of what the respective rate will be at the time at future rate setting dates.

The Maturity Analysis table as of December 31st, 2022, is as follows:

2022 EUR ('000)	On Demand	Less than 3 months	3 - 12 months	1-5 years	More than 5 years	Un- define d	Adjust- ment	Total
Cash and Cash Equivalents	707 517	-	-	-	-	14 347	-	721 864
Loans and advances to banks	40 126	-	-	-	12 185	-	-	52 311
Asset Finance	-	22 220	59 164	120 785	1 661	-	(23 974)	179 856
Asset-Based Lending	-	15 556	14 956	11 272	1 982	-	(9 539)	34 227
Commercial Real Estate	-	19 327	42 903	200 844	309 092	-	(243 662)	328 504
Advances to customers	-	143	-	-	-	-	-	143
Other Loan	-	-	-	-	11 289	-	(5 422)	5 867
Bonds	-	9	2 021	2 756	366	-	18	5 170
Fixed term funds	-	44 323	-	-	-	-	(257)	44 066
Fixed Income Investments	-	40 179	-	-	-	-	(160)	40 019
Mortgage Investments	-	16 097	40 364	172 615	401 706	-	(125 587)	505 195
Investments at fair value	-	-	-	-	-	-	-	-

Derivatives collateral	-	-	50 504	-	-	-	-	50 504
Tangible fixed assets	-	-	-	-	-	1 261	-	1 261
Right-of-use assets	-	-	-	-	-	1 667	-	1 667
Intangible assets	-	-	-	-	-	52 964	-	52 964
Inventory	-	-	-	-	-	276	-	276
Other assets	-	15 414	15 629	-	-	-	-	31 043
Deferred tax asset	-	-	-	-	-	7 055	-	7 055
Total Assets	747 643	173 268	225 541	508 272	738 281	77 570	(408 583)	2 061 992
Deposits from Business	(950 160)	-	-	-	-	-	-	(950 160)
Deposits from Consumers	(836 106)	-	-	-	-	-	-	(836 106)
Loans to other Banks	-	-	-	-	-	(49 003)	-	(49 003)
Other Liabilities	-	(57 109)	(879)	-	-	-	-	(57 988)
Provision	-	-	-	-	-	(1 316)	-	(1 316)
Deferred tax liability	-	-	(1 088)	-	-	-	-	(1 088)
Tricount deferred consideration	-	-	-	-	-	-	(5 000)	(5 000)
Total Liabilities	(1 786 266)	(57 109)	(1 967)	-	-	(50 319)	-	(1 900 661)
Off balances derivatives	-	816	2 939	15 828	34 368	-	(53 952)	-
Gap Analysis	(1 038 623)	116 975	226 513	524 100	772 649	27 251	(467 535)	161 331

The adjustments column reconciles the contractual undiscounted cash flows and the effect of equity settled liabilities to the statement of financial position values.

The maturity analysis for December 31st, 2021 is as follows

2021 EUR ('000)	On Demand	Less than 3 months	3 - 12 months	1-5 years	more than 5 years	Undefi ned	Adjustm ents	Total
Cash and Cash Equivalents	348 578	-	-	-	-	11 920	-	360 498
Loans and advances to banks	24 497	-	-	12 803	-	12 227	-	49 527
Asset Finance	-	4 128	54 165	103 414	1 039	-	(19 740)	143 006
Asset-Based Lending	-	10 862	17 260	3 580	1 490	-	(7 164)	26 028
Commercial Real Estate	-	13 622	28 557	137 149	183 592	-	(108 601)	254 319
Advances to customers	-	168	-	-	-	-	-	168
Other Loan	-	-	-	-	4 372	-	-	4 372
Bonds	-	10	30	3 922	1 420	-	(170)	5 212
Mortgage Investments	-	11 252	33 075	152 278	404 590	-	(88 006)	513 189
Investments at fair value	-	-	-	-	27 543	-	-	27 543
Derivatives collateral	-	-	10 870	-	-	-	-	10 870
Tangible fixed assets	-	-	-	-	-	1 004	-	1 004
Right-of-use assets	-	-	-	-	-	2 106	-	2 106

Intangible assets	-	-	-	-	-	34 279	-	34 279
Inventory	-	-	-	-	-	591	-	591
Other assets	8 335	10 616	1 438	-	-	-	-	20 389
Deferred tax asset	-	-	1 237	-	-	-	-	1 237
Total Assets	381 410	50 658	146 632	413 146	628 909	62 127	(228 544)	1 454 338
Deposits from Business	(607 358)	-	-	-	-	-	-	(607 358)
Deposits from Consumers	(499 565)	-	-	-	-	-	-	(499 565)
Loans to other Banks	-	-	(77 862)	(58 688)	-	(10 945)	-	(147 495)
Other Liabilities	(23 574)	(13 777)	(543)	(1 542)	(80)	-	-	(39 516)
Provision	-	-	-	-	-	(1 215)	-	(1 215)
Deferred tax liability	-	(81)	(250)	(1 003)	-	-	-	(1 334)
Total Liabilities	(1 130 497)	(13 858)	(78 655)	(61 233)	(80)	(12 160)	-	(1 296 483)
Off balances derivatives	-	(168)	(512)	(2 708)	(7 090)	-	10 478	-
Gap Analysis	(749 087)	36 632	67 465	349 205	621 739	49 967	(218 066)	157 855

The adjustments column reconciles the contractual undiscounted cash flows and the effect of equity settled liabilities to the statement of financial position values. Figures for the 2021 year have been adjusted to reflect this.

In the above maturity analysis the contractual cash flows shown indicate a large gap in funding in the first 12 months after year end 2022; our users balances are available on demand while some of our investments commit monies for a long(er) period of time. The mismatch is deemed acceptable as part of our users balances are actually deemed

very stable. We have a non-maturing deposit model that estimates the stability of our user balances.

The non maturing deposit model models the expected cash flows relating to users withdrawing funds. This forecasts a worst case expected scenario of 34% of funds being withdrawn in the next 12 months.

In case of sudden withdrawals then first high liquid assets are available to repay monies. Second, we have securitized our residential mortgages portfolio and the associated securities can be used as collateral to access a repo facility at the European Central Bank. This can provide up to EUR 275 587 thousand.

The Directors expect the cash and cash equivalents and the cash flows from operating activities will satisfy its needs with respect to current commitments and debt obligations over the next 12 months.

C. Market risk

Market risk is the risk that changes in market variables, such as interest rates, equity prices, foreign exchange rates and credit spreads will affect the Group's income or the value of its holdings of financial instruments.

For the interest rate risk in the banking book, the following sub-risk types have been identified:

Gap risk

The main interest rate sub-risk type is gap risk. It reflects the sensitivity to changes in the interest rate curve (both parallel and non-parallel). The Group is exposed to gap risk, as there is a mismatch between the short duration of the user deposits and the relatively long duration of the mortgage portfolio. To ensure the Group adequately addresses this risk the group uses interest rate swaps to significantly reduce the interest rate sensitivity differential between assets and liabilities.

Basis risk

Basis risk is the risk that offsetting investments in a hedging strategy will not experience price changes in entirely opposite directions from each other. This imperfect correlation between the two investments creates the potential for excess gains or losses in a hedging strategy, thus adding risk to the position. The fair value of the Group's assets, liabilities and interest rate swaps are calculated using different curves. As these curves can move independently of each other, basis risk exists in the Group's portfolio.

However, the impact of this risk is only relevant in an exit scenario, or a liquidity stress event, as assets are purchased to hold-to-collect, and hedge accounting is applied. There is a small impact on earnings at risk, where basis risk can lead to hedge accounting ineffectiveness impacting the P&L statement.

Option risk

Following the introduction of the mortgage portfolio, the Group is also exposed to two types of option risk:

- In the offering phase, clients have a so-called 'dagrente-optie': the client is entitled to the lower of the offered mortgage rate and the mortgage rate at the time of the execution of the mortgage. This introduces a one-sided risk: the Group is exposed to interest rate increases but does not profit from interest rate decreases.
- After execution of the mortgage, the client has the right to prepay the mortgage. Depending on the situation, a prepayment penalty may apply. The expected prepayments are included in the cash flow projections. The Group monitors the accuracy of its prepayment expectation, adjusts assumptions when needed and measures the impact on various interest rate risk measures from deviations of prepayment volumes from expectations.

Client behavior risk

This interest rate sub-risk type reflects the sensitivity to expected client behavior. This is relevant for both the user deposits and the mortgage portfolio. For the user deposits assumptions are for example made about the attrition of the core user deposits and for the mortgage portfolio assumptions are for example made about the conversion rate (from offerings to mortgages) and the Constant Prepayment Rate (CPR). If the realizations deviate from the assumptions, there can be a financial impact.

Credit spread risk

The financial impact of changes in credit risk spreads, which are not explained by expected default risk, is captured under credit spread risk. The Group is primarily exposed to this credit risk sub-risk type due to its investments in the bond and mortgage portfolio and corporate loans. Even though the importance of this sub-risk type has increased, with the size of the mortgage portfolio investment, the risk itself (expressed in P&L volatility) is limited as both the bond and mortgage portfolio all assets are accounted for at Amortized Cost and thus not subsequently revalued to fair value at each period end.

Pipeline risk

The interest rate pipeline risk is the risk that, after an interest rate offer has been made to a client, the underlying market interest rate will change during the period that the interest rate offer is valid, and the offer has not been hedged yet. This results in an open position for the Group in the underlying period. The risk is that between the offer and the moment the loan is paid out, the underlying market interest rates have increased and the interest rate swap as a consequence has increased in costs, therefore causing margin erosion and decreasing the Net Return.

The Group aims to achieve a stable NIM (net interest margin). the Group manages its interest rate risk using plain vanilla interest rate swaps. Interest rate risk is managed using an extensive set of limits and thresholds on key interest rate risk ratios.

IBOR benchmark reform

The Group has analyzed its significant hedging relationships directly affected by the benchmark reform. All of the Group's floating financial instruments are linked to benchmark rates and, as a result, so are its hedging relationships. All financial instruments are based on EURIBOR and SONIA, and no reform is anticipated in the short term for these interest rates. Consequently, the Group's financial instruments hedging relationships are not affected by the IBOR reform.

Sensitivity rates risk

The Group has performed sensitivity analyses on the interest rate of the bonds, investments, mortgages, other loans and CFG portfolios. The Group has many assets for which the value is not or only insignificantly sensitive to interest rate moves (Economic Value at Risk). These include floating rate assets such as our CRE portfolio or short term, liquid investments. On the other hand we have assets such as our mortgage portfolio and to a lesser extent our Asset Finance loans that exhibit duration, i.e. interest rate sensitivity. These are offset on the liability side by our core deposits, the deposits deemed in our non maturing deposit model to have duration.

Additionally, bunq hedges the remaining net asset interest rate sensitivity by entering into interest rate swap agreements. This combined portfolio is stressed with European Banking Authority prescribed scenarios such as the 200bps up and down parallel and 4 non-parallel shocks along with Group specific scenarios. The changes in economic value are measured and maintained within acceptable limits. In each case, the upside and downside represented an acceptable risk for management.

The table below represents the qualitative change in the fair value of Group assets based on interest rate movements:

Portfolio EUR '(000)	Percentage point movement					
	-3%	-2%	-1%	1%	2%	3%
Asset Finance	(78)	(52)	(26)	26	52	78
Commercial Real Estate	(45)	(30)	(15)	15	30	45
Asset-Based Lending	(6)	(4)	(2)	2	4	6
Mortgages	(1 077)	(718)	(359)	359	718	1 077
Other investments	(9)	(6)	(3)	3	6	9

Management of interest rate risk

Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. Treasury is monitoring these limits in its day-to-day monitoring activities. These day-to-day activities includes the development of our deposit and asset balances and composition, changes in market rates and other factors such as prepayment rates mentioned in the previous sections. If and when necessary, interest rate swaps are executed to ensure that interest rate positions are within limits. ALCO is responsible for setting the overall hedging strategy of the Group. Treasury is responsible for implementing that strategy by putting in place the individual hedge arrangements.

Exposure to currency risks

The majority of the foreign currency holdings of the group are offset by amounts owing to customers.

bunq has foreign currency exposure due to deposits owed to bunq users in non Euro currencies. On the asset side this is partially offset with foreign currency assets held in the form of loans and advances to customers and other investments.

Investments in foreign currencies have been made during the period. In order to mitigate any open positions the group has entered into forward exchange rate contracts to ensure open positions are managed. Hedge accounting has not been applied for the forward contracts.

During the period a foreign entity has been established by the Group in Turkey. As at year end the entity was still in the set up phase and operations had not commenced. Please refer to note 33

The group's open exposure to foreign currencies is maintained at below EUR 3 000 thousand. The Group has exposures at year end of well below the acceptable amount agreed by the risk appetite statement.

D. Compliance risk

License continuity risk (Compliance risk) is the risk of not being able to service our users because of restrictions posed by regulators on bunq following our non-compliance with applicable laws and regulations.

Management of license continuity risk

Banks are subject to many laws and regulations. Regulators also publish guidance about the interpretation of these regulations. Complying with all these laws, regulations and guidance can be a challenge. The Compliance team keeps an oversight of applicable laws and regulations, analyses the impact they have on our users, products and countries of operation and instructs the business on remedial policies, processes, systems and behaviors if needed.

License continuity risks, their assessment and measures to mitigate these risks are described in the Systematic Integrity Risk Analysis (SIRA) document.

Annually we determine the focus and the scope of the monitoring, reporting and advisory activities of the Compliance team and document them in the Compliance Annual Plan. For 2022 the main themes have been: financial crime, PSD2, data protection and privacy, integration of Capital Flow Group and international expansion.

Our business principles, outlined in our Code of Conduct, provide the minimum standards of expected behavior. In addition to the Code of Conduct itself, we have a policy framework that includes our Anti-Bribery and Corruption Policy, Conflict of Interest Policy, Whistleblowing Policy, Private Investment Transactions Policy, AML Policy, Acceptance Policy and Incident Management Policy. It is the Compliance team responsibility to ensure the framework is kept up-to-date at all times, and to continuously monitor relevant legal, social and other international developments in order to accordingly ensure the timely update of policies and guidelines.

Based on a continuous dialogue with all departments, the Compliance team not only detects and resolves potential hurdles, but also provides support that enables our employees to exercise their individual responsibility to act with integrity and adhere to applicable laws and regulations.

In recent years financial crime and, particularly, Client Due Diligence (“CDD”) and Anti-Money Laundering (“AML”) received much attention from regulators and the public. The Group recognizes the importance of CDD and AML measures to avoid criminals and fraudsters abusing our services and continuously improves its CDD and AML processes to mitigate these risks.

In accordance with regulatory requirements we adjust the extent of our customer due diligence measures on a risk-sensitive basis. To comply with this requirement we use:

- onboarding risk scoring models to calculate a risk score for each new user based on the information gathered during the onboarding process (before account opening), and
- dynamic risk scoring models to keep the risk score of each user up to date during the relationship (after account opening).

The risk score of a user is a factor in the onboarding process, it also defines how often a user gets periodically reviewed, and is an input in our transaction monitoring system, where we apply different, more stringent, monitoring thresholds to higher risk users. As a consequence, users with a higher risk classification are more likely to create a hit and are thus more likely to be reviewed with a higher frequency than users with a lower risk score. We continuously review the effectiveness of our risk scoring models and adjust them based on historical data.

To comply with the statutory requirements regarding the ongoing monitoring of business relationships the Group uses advanced machine learning models to detect suspicious transactions and behaviour. In addition, the Group continuously updates and enhances its suite of transaction-monitoring rules.

Areas for improvement were identified after audits by DNB and by our Internal Auditors and these have been implemented in 2021/22. Also, in 2023 we will be working on improvements of our controls and the efficiency and effectiveness of our AML and CDD processes.

Furthermore, special attention was given to compliance with other laws such as data privacy and payment services. With the acquisition of Capitalflow Group D.A.C. in the 2021 and Tricount in 2022 the scope of compliance was extended to these new subsidiaries. Moreover, the opening of new branches and the expansion of our product offering to users expands the scope of applicable laws and hence our compliance team. As a result, we are in the process of increasing the size of our Compliance team.

E. Business risk

Business risk is the risk that over a longer period of time the revenues are lower and/or the costs are higher than foreseen. This risk may question the long-term viability of the Group.

Management of business risk

The Group closely monitors the financial and business performance. If necessary, we take action to address a potential negative development. The Management board oversees strategy, and this is articulated through company goals and OKRs. Management board continuously monitors business risk and its impact on company goals and monitors through quarterly KPIs. The Group submits monthly reports to the Management and Supervisory boards containing business reviews.

The Group strongly believes in its business model, but if the worst happens then The Group has a plan to manage an orderly wind down. The Dutch deposit guarantee scheme, which covers balances up to EUR 100,000, is applicable.

Capital management

The Group performs a regular internal capital adequacy assessment at least once a year, with a forward-looking horizon of at least three years. Its starting point is the business growth plan, a risk assessment, and the definition of a risk appetite. Based on the outcomes, the Group sets its capital requirements.

These projections are regularly reviewed and updated. Such projections include required capital injections to remain compliant with relevant rules such as the capital requirements from the regulator. This allows for short- and longer-term management of capital. The capital requirement mainly consists of capital held to fund balance sheet growth taking into account the Group's financial forecasts under different scenarios, also including stress scenarios. Secondly the capital requirement is determined by the asset-management activities performed by the Group, resulting in Risk Weighted Assets.

The Group has a funding plan in place which describes the measures available To meet future capital requirements. For the situation that no capital funds are available the Group has developed a plan to manage the growth rate. As at both reporting dates, and on a quarterly basis throughout the year, the Group complied with the externally imposed capital requirements.

The DNB supervises bunq B.V. on a stand alone basis whereby Capitalflow Group is not consolidated.

DNB also supervises bunq B.V. consolidated on the level of bunq holding B.V. We refer to the financial statements of bunq holding B.V. for the consolidated capital position at year-end.

The table below shows bunq's capital ratios as of year-end:

In EUR ('000)	31 December 2022	31 December 2021
Total Risk Weighted Assets (RWA)	336 2751	286 259
Available Common Equity Tier 1 Capital (CET1)	101 852	82 695
CET1 ratio %	30.3%	28.9%
Leverage ratio	5.1%	6.6%

As of March 17, 2023, an Article 9 waiver has been approved by DNB. The waiver allows bunq to include all of the subsidiaries in the individual consolidation scope for the purposes of determining CET1 and total Tier Capital of bunq B.V. as of the first quarter in 2023. The Group will no longer report these figures separately from that point.

F. Climate risks

Climate-Related Risk refers to the potential negative impacts of Climate Change on the entity. It includes potential for adverse effects on the Group's clients, users, infrastructure, investments, and activities.

The Group has taken an active effort to invest in environmentally sustainable investments. Investments are scrutinized for environmental impact and are selected based on a number of criteria, including impact on the environment and use of sustainable resources.

For climate-related risks, bunq does not finance companies active in:

- Fossil fuel-fired power generation and/or extraction of oil and gas, including oil generated from tar sands for any part of their business activities
- Coal-fired power generation and/or coal mining for any part of their business activities
- Nuclear energy
- Mining activities

Due to the above investment criteria, the Group's assets are less vulnerable to devaluation due to climate risk. The portfolio is vulnerable to climate risks such as flooding.

Further, the Group's infrastructure is powered by renewable energy sources, decreasing the reliance on non-renewable energy and minimizing environmental impact.

The Group incentivizes premium users of the Group platform by planting trees for funds spent by premium users. This has a positive impact on the environment and also supports the economy and work opportunities in Madagascar and Kenya.

G. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk has various sources of which we describe a few.

IT Risk

IT risk can be divided into two parts:

- The risk that business processes and/or information resources are not sufficiently sound or cannot continuously be backed by the IT system. This can result in long-term failure of the system and/or errors in the applications.
- The risk that business processes and information resources are inadequately secured by the IT system causing theft of data and/or unauthorized access by customers, external parties or employees.

Governance over IT risk

Security measures are in place to protect the Groups systems including encrypted connections and multi-layered security. All services are inherently designed to mistrust all other services ensuring all data is verified with checks and balances in place when there is any interaction between services. In addition, intrusion and detection and vulnerability management solutions are implemented to scan (on a continuous basis) all infrastructure and backend systems on security threats. Additionally regular penetration tests are performed by a specialized third party focusing on the security of all IT components including network infrastructure and mobile applications on the existence of outside vulnerabilities & threats.

A Business Continuity Plan covers unexpected disruptions. Other contingency measures include outsourced infrastructure hosting based on the highest availability and compliance standards. Software is built on a hardware agnostic basis.

To protect bunq users, MFA requirements are applied for the bunq app according to the PSD2 guidelines, this includes a secure login authentication procedure with 6-figure pin and device authentication. Any sensitive data stored on customers' devices is encrypted.

Fraud risk

This is the risk of reputation or financial losses due to deceptive actions by third parties, customers or staff to enrich themselves at the expense of others.

Management of fraud risk

The Groups processes, controls and division of responsibilities are important mitigants against external and internal fraud risk. Transactions are monitored to detect suspicious transactions in case this results in financial losses for bunq, issues are recorded and reported. Staff are screened before being employed and Code of Conduct for staff apply.

Legal risk

This is the risk that agreements are not accurately documented, contracts may not be enforceable or that legal disputes and conflicts may lead to financial losses. Provisions for legal claims are recognized when the Company has a present legal or constructive obligation as a result of past events and when it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. From time to time the Company is involved in claims and litigations. Management makes estimates as to whether provisions are needed on a case-by-case basis.

Management of legal risk

Legal risks are identified, monitored and managed by the Group's legal department. The department is involved with material contracts and when disputes occur. External legal advice is sought whenever it is determined that the available in-house knowledge is insufficient.

Outsourcing risk

The risk that engaging a third party to provide services adversely impacts the bank's performance and risk management. The risk may materialize due to inadequate delivery of service or due to the liability of the third party to deliver the service.

The Group has an outsourcing policy in place which is regularly updated by the risk department. All major outsourced services are compliant with this policy.

Management of outsourcing risk

The Company has an outsourcing policy to manage its outsourcing activities. The policy prescribes the decision process, risk assessments, contracts and service level agreements, monitoring and possible back-up arrangements that need to be in place.

Consolidated Statement of Financial Position

After allocation of Results	Notes	December 31 st 2022	December 31 st 2021
Assets		EUR ('000)	EUR ('000)
Cash and balances with central banks	17	721 864	360 498
Loans and advances to banks	18	52 311	49 527
Loans and advances to customers	19	542 728	423 521
Investments at amortized cost (other)	20	95 124	9 584
Mortgages	21	505 195	513 141
Investments at fair value through profit and loss	22	-	27 543
Derivative assets held for risk management	23	50 504	10 870
Property plant and equipment	24	1 261	1 004
Right of use assets	36	1 667	2 106
Intangible assets	25	52 964	34 279
Inventory	26	276	591
Other assets	27	31 043	20 329
Deferred Tax Asset	16	7 055	1 237
Total Assets		2 061 992	1 454 230

After allocation of Results (continued from above)	Notes	December 31 st 2022	December 31 st 2021
Liability		EUR ('000)	EUR ('000)
Customer deposits	28	1 786 266	1 106 923
Loans and advances owed to banks	29	49 003	147 495
Provisions	30	1 316	1 215
Other liabilities	31	57 988	39 516
Deferred tax liability	16	1 088	1 334
Tricount deferred consideration	35	5 000	-
Total liabilities		1 900 661	1 296 483
Equity			
Share capital and share premium	32	246 766	232 716
Accumulated deficit		-85 435	-74 969
Total equity		161 331	157 747
Total liabilities and equity		2 061 992	1 454 230

Consolidated Statement of Comprehensive Income

	Notes	December 31 st 2022	December 31 st 2021
		EUR ('000)	EUR ('000)
Interest income	7	45 093	9 137
Interest expense	8	(3 676)	(4 015)
Net Interest income		41 417	5 122
Fee income	9	45 887	32 702
Fee expense	10	(12 864)	(9 510)
Net fee income		33 023	23 191
Gains and losses from derivatives and financial instruments	11	(187)	355
Impairment losses on financial instruments	15	(4 336)	(2 449)
Operating Profit		69 917	26 219
Personnel expenses	12	(29 061)	(11 872)
Depreciation and amortization	13	(6 918)	(905)
Other expenses		(50 438)	(26 975)
Total operating expenses		(86 417)	(39 752)
Result before tax		(16 500)	(13 532)
Income tax expense	16	6 005	87
Result for the period		(10 495)	(13 445)
Other comprehensive income		-	-
Net result and other comprehensive income		(10 495)	(13 445)
Net result and other comprehensive income attributable to:			
Ordinary Shareholders		(10 495)	(13 445)

Consolidated Statement of Changes in Equity

	Share Capital	Share Premium	Total Share Capital and Share Premium	Retained Earnings	Unappropriated Result	Total Accumulated deficit	Total Equity
	EUR ('000)	EUR ('000)	EUR ('000)	EUR ('000)	EUR ('000)	EUR ('000)	EUR ('000)
Balance as per January 1st 2021	118	90 250	90 368	(45 411)	(16 084)	(61 495)	28 873
Appropriation of result	-	-	-	(16 084)	16 084	-	-
Net result for the period	-	-	-	-	(13 445)	(13 445)	(13 445)
Contributions	-	19 630	19 630	-	-	-	19 630
Acquisitions	11	75 805	75 816	-	-	-	75 816
Shares issued	3	46 898	46 901	-	-	-	46 901
Share options purchased	-	-	-	-	-	-	-
Balance as per December 31st 2021	133	232 583	232 716	(61 495)	(13 445)	(74 940)	157 776
Appropriation of result	-	-	-	(13 445)	13 445	-	-
Net result for the period	-	-	-	-	(10 495)	(10 495)	(10 495)
Contributions	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-
Shares issued	1	13 999	14 000	-	-	-	14 000
Share options purchased	-	50	50	-	-	-	50
Balance as per December 31st 2022	134	246 632	246 766	(74 940)	(10 495)	(85 435)	161 331

Consolidated Statement of Cash Flows

	Note	2022 EUR ('000)	2021 EUR ('000)
Net Result		(10 495)	(13 445)
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets		3 691	802
Amortization of intangible assets		1 272	103
Amortization of premiums paid on Mortgages		1 998	1 309
Amortization of premiums paid on Bonds		(43)	31
Impairment losses	15	4 336	2 449
Results from hedge accounting		(187)	(355)
Provisions		(101)	160
Net Change in:			
Loans and advances owed to banks		(98 492)	146 745
Loans and advances to customers		(119 207)	(423 413)
Fair value adjustments on PPA		-	9 451
Inventory		(315)	450
Other assets		10 654	4 731
Customer deposits		679 343	294 381
Other liabilities		18 472	22 491
Derivative assets		(39 634)	10 201
Deferred taxes		(6 005)	-
Derivative liability		-	(1 011)

Continued from above	Note	2022 EUR ('000)	2021 EUR ('000)
Cash flows from operations		445 287	55 080
Investments at fair value - money market cash movement		27 543	10 508
Acquisition of investments at amortized costs		(85 540)	(4 869)
Acquisition of mortgages		(33 170)	(138 332)
Acquisition of tangible fixed assets		(572)	(699)
Acquisition of intangible assets		(2 453)	(4 987)
Cash flows from investing activities		(94 192)	(124 502)
Proceeds from equity contributions	32	13 999	56 530
Lease payments	36	(508)	(223)
Cash flows from financing activities		13 492	56 307
Cash balance on January 1st		410 026	423 141
Net change in balance		364 587	(13 115)
Net cash movement through acquisitions	35	(438)	13 877
Cash balance on December 31st		774 175	410 026
Cash Balance with central banks		721 864	360 498
Cash balances held at other banks		52 311	49 528
Total		774 175	410 026
The Net result includes the following			
Interest received		45 093	9 137
Interest paid		(3 676)	(4 015)

Notes to the Consolidated Financial Statements

1. Reporting entity

bunq B.V. (the 'Company') was incorporated on March 26th, 2012, and is domiciled in the Netherlands. The Company's registered office is at Naritaweg 131-133, 1043 BS Amsterdam. The Company is registered at the Commercial Register of Amsterdam under number 54992060. The principal activities of the Company are banking activities. The ultimate parent of the group is bunq Holding B.V.

2. Basis of accounting

These financial statements are prepared in accordance with IFRS as adopted by the EU and the relevant articles of Part 9 of Book 2 of the Dutch Civil Code. They were authorized for issue by the Group's board of directors on 15 May 2023.

Going concern assumption

These financial statements were prepared under a going-concern assumption. The going concern assumption is a significant accounting judgment. The Group obtained its banking license on September 16th, 2014, and started commercial operations in November 2015. The Group is profitable as of the last quarter of 2022 and the management of the Group expects that the commercial activities of the Group will be profitable in the longer term.

The going concern of the company is based on the profitable forecasts prepared in alignment with SREP requirements and the capital injections received early in 2023 as disclosed in the subsequent events.

Next to the support of the shareholders, the Group has a Recovery and Exit-plan scenario in place which addresses financial distress events, as required by the Bank Recovery and Exit Plan.

3. Functional currency

These consolidated financial statements are presented in euro, which is the Group functional currency. All amounts have been rounded to the nearest thousand, except when otherwise indicated.

All transactions in the foreign entity are converted into Euro amounts at the exchange rates at the dates of the transactions.

Foreign currency asset and liability positions are translated into the Group's functional currency at the exchange rate at the reporting date. Any gains or losses resulting from foreign currency exchange differences are reported in the profit and loss

4. Significant accounting judgements, estimates and assumptions

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes.

- Expected Credit Losses in the Risk Management section
- Capitalization in note 25
- Acquisitions during the period on note 35
- Classification in of financial assets in note 38 F
- Hedge accounting in Note 38(H)
- Leases in Note 38(D)

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes.

- Expected Credit Losses in the Risk Management section)
- Measurements of fair value of financial instruments in note 6
- Provisions for impairment in note 15

- Recognition of deferred tax assets in note 16
- Impairment testing for CGU's containing Goodwill in note 38(L)

5. Changes in significant accounting policies

The following amendments to the standards became effective, or were early adopted by the Group in 2022.:

- Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before Intended Use (issued in May 2020). No effect on significant accounting policies
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Onerous Contracts — Cost of Fulfilling a Contract (issued in May 2020).
- Annual improvements to IFRS Standards 2018-2020 Cycle: Amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards', amendments to IFRS 9 'Financial Instruments' and amendments to IFRS 16 'Leases' (issued in May 2020).
- Amendment to IFRS 3 'Business combinations': Updated references to the Conceptual Framework (Issued September 2020)

The following published amendments are not mandatory for 2022 and have not been early adopted by the Group. The Group is still currently assessing the detailed impact of these amendments. However, the implementation of these amendments is expected to have no significant impact on the Group's Consolidated financial statements.

Effective in 2023

- Amendments to IAS 1 'Presentation of Financial Statements': Classification of Liabilities as Current or Non-current (issued in January 2020). (Endorsed by the European Union)
- Amendments to IAS 1 'Presentation of Financial Statements': Disclosure of Accounting Policies (issued in February 2021). (Endorsed by the European Union)
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Definition of Accounting Estimates (issued in February 2021). (Endorsed by the European Union)
- Amendments to IAS 12 'Income Taxes': Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction (issued in May 2021). (Endorsed by the European Union)
- Amendments to IFRS 17 'Insurance contracts': Transition option relating to comparative information about financial assets presentation on initial application of IFRS 17 (Issued March 2022) (Endorsed by the European Union)

Effective in 2024

- Amendments to IFRS 16 'Leases': Amendments regarding Sale and Leaseback Transactions (issued December 2022) (not yet endorsed by the European Union)
- Amendments to IAS 1 'Presentation of Financial Statements': Classification of Liabilities as Current or Non-current (issued in January 2020). (not yet endorsed by the European Union)

For significant accounting policies please refer to Note 38.

For standards not yet effective please refer to Note 39.

6. Fair value of financial instruments

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable 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 in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable, 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 for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following table analyzes financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The other financial assets and liabilities of the Group are measured at amortized cost.

EUR '000)	Level 1	Level 2	Level 3	Total
December 31st 2022				
Money Market Fund	-	-	-	-
December 31st 2021				
Money Market Fund	27 543	-	-	27 543

Refer to note 22.

The fair value of financial instruments not measured at fair value are described below:

2022 EUR ('000)	Level 1	Level 2	Level 3	Total	Carrying Value
Investments at amortized cost (other)	4 759	5 867	-	10 626	11 037
Mortgages	-	-	468 530	468 530	505 195
Loans and advances to customers	-	144	542 584	542 728	542 728
Loans and advances to banks	53 311	-	-	53 311	53 311
Fixed term funds	-	-	44 066	44 066	44 066
Fixed income investments	-	-	40 019	40 019	40 019
Customer deposits	-	-	(1 786 266)	(1 786 266)	(1 786 266)
Loans and advances owed to banks	-	-	(49 003)	(49 003)	(49 003)

2021 EUR ('000)	Level 1	Level 2	Level 3	Total	Carrying Value
Investments at amortized cost (other)	5 215	5 194	-	10 409	9 584
Mortgages	-	-	531 880	531 880	513 141
Loans and advances to customers	-	168	422 422	422 590	423 521
Loans and advances to banks	49 527	-	-	49 527	49 527
Customer deposits	-	-	(1 106 923)	(1 106 923)	(1 106 923)
Loans and advances owed to banks	-	-	(147 495)	(147 495)	(147 495)

Prior year fair value level recognition adjusted to more accurately reflect the fair value characteristics of Customer deposits and Loans and advances owed to banks.

The market value of the mortgages and loans to customers is determined using the "discounted cash flow method". Characteristics of each portfolio are determined. An applicable discount rate is calculated and used in order to determine the present value of the future cash flows; this is the fair value presented above. Key assumptions used are as follows:

The mortgages are valued based on the "discounted cash flow method. This means that the expected future cash flows - interest and redemption including prepayments - are discounted at the current mortgage rates (average lowest three in the market).

- The applied prepayment percentage on the mortgages is 5.1% on an annual basis.
- The construction deposits (which are a liability for bunq, not an asset) have not been considered in the valuation. This means that the gross mortgage portfolio has been valued; no correction for the outstanding construction deposits' volume has been made.

In the mortgages above, the difference between fair value shown above and the carrying value is due to market factors (EUR 36.7 million).

The fair value of the investments at amortized costs – other loans approximates the carrying value of the loan. The difference between notional and carrying value is due to the expected credit loss value recognised in the carrying amount. This is as the duration of the investments in fixed term funds and fixed income investments is short (less than 3 months). As the portfolios cannot be bought and sold in a fair market the valuation of the portfolios is classified under level 3.

7. Interest income

See note 38B

	2022 EUR ('000)	2021 EUR ('000)
Interest on mortgage portfolio	8 369	5 952
Interest on loans and advances to customers	33 877	2 774
Interest from investments	203	(3)
European Central Bank	1 627	-
Interest income on derivatives	265	-
Other interest Income	752	414
Total	45 093	9 137

Interest on loans and advances to other customers has increased significantly during the period due to the asset portfolios of Capitalflow, which was purchased by bunq in November 2021. Other interest income is earned on loans to other institutions granted to related parties. Refer to note 34.

8. Interest expense

See note 38B

	2022 EUR ('000)	2021 EUR ('000)
European Central Bank	588	2 308
Interest owed to customers	608	322
Interest on external financing	1 996	711
Interest expense on derivatives	382	649
Other Interest expense	102	28
Total	3 676	4 018

Negative interest was charged to bunq on balances held at the European Central Bank (ECB) up to August 2022, when the ECB adjusted interest rates for balances held by the ECB.

Other interest is made up of interest expenses on bonds held and other items.

9. Fee income

See note 38C

	2022 EUR ('000)	2021 EUR ('000)
Product Fees	33 491	27 141
Loans and advance fees	3 560	365
Other Fees	8 836	5 196
Total	45 887	32 702

Product fees are fees charged to consumers for the use of the bunq platform and include all fees shown on invoices to users of the platform.

Loans and advances fees are fees charged to beneficiaries of financing granted on origination of loans. The figure is as a result of the Capitalflow acquisition.

Other Fees is made up of interchange fees and fees on projects with business partners.

Below is a table breaking down product fees between businesses and persons.

	2022	2021
	EUR ('000)	EUR ('000)
Consumer Fees	25 863	15 632
Business Fees	7 628	11 509
Total Product Fees	33 491	27 141

Below is a split on the geographical locations in which fee income is earned.

	2022 EUR ('000)	2021 EUR ('000)
Country		
Netherlands	41 685	32 337
Ireland	3 689	365
France/Belgium	513	-
Total	45 887	32 702

10. Fee expense

See note 38C

	2022 EUR ('000)	2021 EUR ('000)
Card production fees	1 185	1 016
Clearing and settlement	474	366
Due Diligence	1 476	1 742
Transaction based fees	7 875	5 084
Brokerage and other fees	1 854	1 302
Total	12 864	9 510

11. Gains and losses from derivatives and financial instruments

See note 38H

	2022 EUR ('000)	2021 EUR ('000)
Derivatives designated in hedge relationship	452	271
Result of freestanding interest rate derivatives	(532)	84
Foreign exchange forward agreement results	(107)	-
Total	(187)	355

The result out of freestanding derivatives comes from the derivatives that could not become part of the hedge accounting in the first month of building up the mortgage portfolio. On December 31st, 2022, the fair value of the freestanding derivative amounts to EUR 214 054 (2021 - EUR 98 877).

During the period the interest rate hedge relationship was 98% effective. This is seen in note 23.

In the period, investments were funded by converting Euros into foreign currencies. The foreign exchange risk has been mitigated by taking out forward foreign exchange contracts for no less than 80% of the value of the foreign exchange funding granted. The forward contracts are rolled on a monthly basis as deemed necessary.

No hedge accounting was applied in relation to the forward foreign exchange contract.

12. Personnel expenses

See note 38N

	2022 EUR ('000)	2021 EUR ('000)
Wages and Salaries	21 955	10 536
Social Security Contributions	2 317	1 301
Pension Contributions	269	35
Tax credit	(103)	-
External hires	3 421	-
Other expenses	1 202	-
Total Expenses	29 061	11 872

In 2022, the Group had on average 366 (2021: 240) staff members based on full time equivalents (FTE).

Staff members are divided over the following departments:

	2022	2021
Board	3	3
Product, IT, Design, Data	63	70
Marketing, Business Development	31	26
Onboarding, Support, Compliance	190	106
Finance, Treasury, Risk, Legal, HR	58	28
Irish subsidiary employees	81	7
Total	426	240

The Group has defined contribution pension arrangements in place for some of its employees in Ireland and Bulgaria. No pension scheme option is provided to staff in the Netherlands.

See note 38 (N). Supervisory Board fees concern payments to the personal holdings of the members of the Supervisory Board. The remuneration of the Supervisory Boards is presented under note 34.

13. Other expenses

	2022 EUR ('000)	2021 EUR ('000)
General & Administrative Expenses	14 037	11 955
Marketing expenses	27 969	9 579
Office expenses	1 091	647
Technical Expenses	5 404	3 302
Incidents	1 937	530
Securitisation expenses	-	962
Total before depreciation and amortization	50 438	26 975
Depreciation and amortization	6 918	905
Total	57 356	27 880

As in prior years, there were a number of expenses written off as 'incidents'. The largest case relates to a misappropriation of a bunq feature through our card payments provider resulting in a loss to the Group of EUR 1 493 thousand. This incident is seen as a once off. No users were affected, nor was there any misappropriation of user data or funds.

Other incident costs relate to refunds processed via garnishments received or payments by bunq to users who have been victims of phishing. These payments amount to EUR 444 thousand, a decrease of 17% on prior year expenses.

14. Auditor remuneration

Expenses for audit services provided by the external auditor, Deloitte Accountants B.V. and its member firms are presented in the table below.

	2022 EUR ('000)	2021 EUR ('000)
Paid to Deloitte Accountants B.V.	-	-
Auditor remuneration	641	705
Paid to member firms of Deloitte Accountants B.V.	-	-
Installation report	-	18
Other assurance services	123	67
Total	764	790

Other audit fees relate to regulatory reports audit and Deposit Guarantee Scheme audit. The Group's auditors did not provide any non-audit services.

15. Provision for impairment

See note 38 M, Note 18, Note 19, Note 20, Note 21

This item consists of the movement in the expected credit loss on the financial assets valued at amortized cost. Provisions for impairment include off balance sheet commitments where applicable.

	2022 EUR ('000)	2021 EUR ('000)
Advances to customers	3 075	400
Advances to customers with negative balances	2 003	1 141
Loans and advances to banks	1	1
Investments at amortized costs (bonds)	-	2
Investments at amortized costs (other)	(896)	-
Mortgages	31	(13)
Loans to other entities	122	918
Total	4 336	2 449

16. Corporate income tax

See note 38E

Taxation in the statement of profit and loss – tax rate reconciliation

	2022	2022	2021	2021
	EUR ('000)		EUR ('000)	
	Rate	EUR	Rate	EUR
Profit before tax	-	(16 500)	-	(13 445)
Taxes at corporate tax rate at local rate	0%	-	0%	-
Effective tax rates in foreign jurisdictions*	-12.5%	(304)	-	-
Permanent differences				
Differences arising from deferred tax	-	-	-	-
Current year losses with no deferred tax asset recognized	-	-	-	-
Previously unrecognized tax losses	49%	5 817	-	-
Deferred taxes arising through acquisition	4%	492	-	(88)
Total income tax expense	51%	6 005	0%	(88)

*Irish corporate income tax rate is 12.5%. For all other local branches the Group applies a “cost plus” agreement in order to minimize tax liabilities and be compliant with local authorities.

Capitalflow has paid taxes of EUR 304 thousand to the Irish tax authorities.

No other income taxes have been paid in the group in 2022.

Deferred taxes

Deferred taxes are recognized on temporary differences under the liability method using tax rates applicable in the jurisdictions in which the Group is subject to taxation

During the period, deferred taxes arose due to acquisitions which occurred during the year (see note 35). Deferred tax liabilities have arisen upon consolidation and measurement of the assets and liabilities on the date of acquisition. Deferred tax liabilities have been recognized due to recognition of intangible assets at recognition date of Tricount SA. In prior years deferred tax liabilities arose due to fair value adjustments to financial assets and recognition of intangible assets on acquisition date of Capitalflow group DAC.

Deferred tax assets are recognized if it is probably that taxable profits will be available against which the deductible temporary difference may be utilized. By year end 2022 the total unused tax losses amounted to EUR 83 million.

Year	EUR
2015	3 515 515
2016	5 237 064
2017	9 018 817
2018	11 112 124
2019	13 907 331
2020	16 084 390
2021	13 445 361
2022	10 497 937
Total	82 818 539

In quarter 4 of the current year, bunq performed an analysis on the forecasted profitability of the Group after the Group had a profitable quarter for the first time in the Group's history. A 3 year forecast has been created according to the SREP requirements. The forecast indicates that for the next 3 years, the Group will be profitable.

Deferred tax assets in the group are recognized on unused tax losses from prior periods. The unused tax losses which lead to a temporary difference is limited to 50% of the expected profits for the next three years per management's forecast.

This has resulted in a deferred tax asset on unused losses of EUR 6.4 million created in the financial year 2022.

Deferred tax movements are presented below

2022	Net opening balance (Asset +) (Liability -)	Change through net result	Change through acquisition	Net closing balance (Asset +) (Liability -)
Unused tax losses carried forward	1 237	5 818	-	7 055
Financial assets at amortized cost	(1 333)	491	(243)	(1 085)
Intangible assets	-	-	-	-
Total	(96)	6 309	(243)	5 970
2021	Net opening balance (Asset +) (Liability -)	Change through net result	Change through acquisition	Net closing balance (Asset +) (Liability -)
Unused tax losses carried forward	-	-	1 237	1 237
Financial assets at amortized cost	-	60	(1 393)	(1 333)
Intangible assets	-	-	-	-
Total	-	60	(156)	(96)

Deferred tax totals

		2022	2021	CIT percentage
		EUR ('000)	EUR ('000)	%
Deferred Tax Assets	Ireland	655	1 237	12,5 % - Ireland Corporate income tax rate
	The Netherlands	6 400	-	25.8 % maximum Dutch corporate income tax rate
Total		7 055	1 237	
Deferred Tax Liability	Ireland	-	-	12,5 % - Ireland Corporate income tax rate
	The Netherlands	(1 088)	(1 334)	25.8 % maximum Dutch corporate income tax rate
Total		(1 088)	(1 334)	

17. Cash and balances with central banks

See note 38 G

	2022 EUR ('000)	2021 EUR ('000)
Balances held at central banks	721 864	360 498

The minimum reserve required to be held at the central banks at year end is EUR 14 347 thousand.

18. Loans and advances to banks

See note 38 G

	2022 EUR ('000)	2021 EUR ('000)
Current accounts at other financial institutions	30 605	35 312
Mastercard deposit	12 185	12 227
Collateral accounts at other financial institutions	545	-
Foreign Exchange Balances Held	8 980	1 989
Provision for expected credit loss	(4)	(1)
Total	52 311	49 527

Current accounts at other financial institutions are made up of EUR 4.703 thousand which have been pledged as part of the mortgage obligations.

The Mastercard deposit concerns a deposit held at another financial institution that has been pledged to secure the obligations arising from the use of debit cards issued by the Group to its customers as well as deposits made to facilitate the collection of amounts due under the Mastercard contract and for the use of credit cards held by the Group for its own purposes.

On request of Mastercard this can be adjusted every six months.

Foreign exchange balances are balances in foreign currencies held at year end. The majority of foreign currency balances are aligned to deposits owed to users in the same currencies for the same amounts. No foreign currency balances have been pledged as collateral

19. Loans and advances to customers

See note 38 I

	2022 EUR ('000)	2021 EUR ('000)
Commercial Real Estate Loans	329 797	254 540
Invoice finance	35 021	26 028
Asset finance	180 191	143 006
Negative customer deposit balances	4 801	2 822
Total loans and advances to customers	549 810	426 396
Less: Allowance for impairment losses	(7 082)	(2 875)
Net loans and advances to customers	542 728	423 521

Commercial Real Estate

Property loans, or Commercial Real Estate lending, is funding provided to customers to purchase or develop corporate real estate for the customer's own use.

Property loans can be analyzed as follows:

	2022 EUR ('000)	2021 EUR ('000)
Gross amounts of property loans receivables	329 797	254 540
Less than one year	30 559	13 368
One to five years	285 359	229 690
Greater than 5 years	13 880	11 482
Less impairment losses	(1 295)	(221)
Carrying amount of property loans	328 503	254 319

Invoice financing

Invoice financing can be analyzed as follows:

	2022 EUR ('000)	2021 EUR ('000)
Gross amounts of invoice financing receivables	35 021	26 028
Less than one year	35 021	26 028
One to five years	-	-
Greater than five years	-	-
Less: impairment allowance	(794)	-
Carrying amount of invoice financing receivables	34 227	26 028

Asset financing

Asset finance can be analyzed as follows. See note 38 (D).

	2022 EUR ('000)	2021 EUR ('000)
Gross amounts of asset financing receivables	180 191	143 008
Less than one year	73 241	44 575
Between one and two years	54 710	49 195
Between two and three years	39 946	34 864
Between three and four years	25 037	21 839
Between four and five years	10 120	10 724
Longer than 5 years	2 463	2 372
Unearned finance income	(25 326)	(20 561)
	180 191	143 008
Less: impairment allowance	(335)	(2)
Carrying amount of asset financing receivables	179 856	143 006

20. Investments at amortized cost

See note 38 F

	2022 EUR ('000)	2021 EUR ('000)
Bond investments	5 172	5 215
Loans to other institutions	6 000	5 292
Fixed term funds	44 072	-
Fixed Income Investments	40 024	-
Total investments at amortized cost	95 268	10 507
Less: Allowance for impairment losses	(144)	(923)
Net investments at amortized cost	95 124	9 584

Bonds

	2022 EUR ('000)	2021 EUR ('000)
Bonds	5 172	5 215
Provision for expected credit loss	(2)	(3)
Balance sheet value as of December 31st	5 170	5 212
Movements during the year:		
Balance sheet value as of January 31 st	5 212	5 249
Purchases of bonds	-	1503
Amortization of premiums/discounts	(43)	(31)
Sale of bonds	-	(1 509)
Amortized cost as of December 31 st	5 169	5 212
Impairment reversals/charges	1	-
Balance sheet value as of December 31st	5 170	5 212

Loans to other institutions

	2022 EUR ('000)	2021 EUR ('000)
Loans to other institutions	6 000	5 292
Provision for expected credit loss	(1 042)	(920)
Balance sheet value as of December 31 st	4 958	4 372
Movements during the year:	-	-
Balance sheet value as of January 1 st	4 372	-
Purchases	-	4 875
Capitalized interest	708	417
Amortized cost as of December 31 st	5 080	5 292
Impairment reversals/charges	787	(920)
Balance sheet value as of December 31st	5 867	4 372

Fixed term Funds

Fixed term funds are investments made with fixed short term repayment dates and variable rates of return. The movement in the funds can be analyzed as follows:

	2022 EUR ('000)	2021 EUR ('000)
Fixed Term Funds	44 072	-
Provision for expected credit loss	(6)	-
Balance sheet value as of December 31 st	44 066	-
Movements during the year:		
Balance sheet value as of January 1 st	-	-
Purchases	43 938	-
Capitalized interest	134	-
Amortized cost as of December 31 st	44 072	-
Impairment reversals/charges	(6)	-
Balance sheet value as of December 31st	44 066	-

The fixed term funds are all callable within 90 days. The funds earn an interest rate linked to EURIBOR and LIBOR over the investment period.

Fixed Income Investments

Fixed income investments are short term investments made with a fixed rate of return and a fixed repayment date. The movement in the investments can be analyzed as follows:

	2022 EUR ('000)	2021 EUR ('000)
Fixed income Investments	40 024	-
Provision for expected credit loss	(5)	-
Balance sheet value as of December 31 st	40 019	-
Movements during the year:		
Balance sheet value as of January 1 st	-	-
Purchases	40 000	-
Capitalised interest	24	-
Amortized cost as of December 31 st	40 024	-
Impairment reversals/charges	(5)	-
Balance sheet value as of December 31st	40 019	-

Investments are Euro deposits made into Swiss Kantonalbank in exchange for fixed rates of return over the period of investment. Investments are all short term and are not made for more than 32 days.

21. Mortgages

See note 38 F

	2022 EUR ('000)	2021 EUR ('000)
Mortgages	505 277	513 189
Less: Allowance for impairment losses	(82)	(48)
Net investments at amortized cost	505 195	513 141

bunq Mortgage label

In 2022 the group announced the creation of the bunq mortgage label. In order to facilitate this label a special purpose vehicle (SPV) Another Mortgage 3 B.V. was incorporated. Another Mortgage 3 B.V. is wholly owned by the Group and therefore, per IFRS 10, the SPV is consolidated into the Group annual financial statements.

Mortgages funded by Another Mortgage 3 B.V. are 100% NHG mortgages. All mortgages are for owner occupied properties only and have first ranking mortgage rights. At the end of the year 2022 the group has funded EUR 46 million in bunq mortgages. The portfolios have fixed interest rates for periods between 1 month up to 30 years. The interest percentages on the mortgage portfolios are between 0.75% and 4.30%.

This brings the SPV's in the Group holding mortgage portfolios to 3 at year end 2022. Refer to note 38(A).

Securitized mortgages

During the 2021 financial year 2 mortgage portfolios, totalling EUR 375.4 million, were securitized in a special purpose vehicle (SPV). All mortgages are for owner occupied properties only, have first ranking mortgage rights interest and their interest percentages are between 0.75% and 2.97%. The securitized portfolios have fixed interest rates for periods between 1 month up to 30 years.

The SPV Solitaire 1 B.V. created Notes, of which 100% was transferred to bunq B.V. The securitised mortgages are consolidated in the annual accounts, and therefore are not represented in the movement schedule below. The Group has maintained control over the SPV, and therefore, per requirements set out in IFRS 10, the Group has consolidated the SPV into the annual financial statements.

The notes are held by the European Central Bank (ECB) and are used as collateral to allow for further liquidity advances from the ECB. This creates a contingency liquidity facility available to the Group. The nominal value of mortgages securitised and held as security at year end is EUR 346.3 million. The collateral value of the notes receivable at year end is EUR 275.6 million at 31 December 2022. The value as disclosed has been determined by the Dutch Central bank, as note holders. The fair value of the notes itself cannot be calculated due to the lack of specific observable characteristics underlying and due to the specific features of the note in place.

Below is an analysis of the movement in the total mortgage balances:

	2022	2021
	EUR ('000)	EUR ('000)
Mortgages	555 231	524 034
Provision for expected credit loss	(82)	(48)
Fair value hedge accounting	(49 954)	(10 845)
Balance sheet value as of December 31st	505 195	513 141
Movements during the year:		
Costs as of January 1 st	524 034	387 011
Net Purchases	33 195	138 332
Amortization of premium/discounts	(1 998)	(1 309)
Cost as of December 31st	555 231	524 034
Impairment provision as of January 1st	(48)	(60)
Impairment provision/adjustment	(34)	12
Impairment provision as of December 31st	(82)	(48)
Offset of Hedge accounting fair value	(49 954)	(10 845)
Balance sheet value as of December 31st	505 195	513 141

The construction deposits have been netted from the outstanding mortgages. In below table the gross amounts are shown:

	Gross amount	Amount to be netted	Net amount
Assets			
Mortgages	559 243	(4 012)	555 231
Total Assets	559 243	(4 012)	555 231
Liabilities			
Building deposit liabilities	(4 012)	4 012	-
Total liabilities	(4 012)	4 012	-

22. Investments at fair value

See note 6 and note 38 F

The investments at fair market value in prior years was a money market account that was in use to ensure we can fulfil our collateral obligations on a day-to-day basis for our derivatives. The total amount was pledged under contract to our service partner to ensure they can fulfil our obligations on a daily basis. bunq is exposed to the Netherlands only. The asset was mandatorily recognized at fair value through Profit and loss due to the business model in which the asset is held.

In the current year, due to the financial position of the Group as well as the market environment, the money market account was deemed surplus to collateral requirements. Therefore the account was defunded and closed in 2022

	2022 EUR ('000)	2021 EUR ('000)
Money Market Account	-	27 543

23. Derivatives held for risk management and hedge accounting

See note 38 H

Derivatives Asset/liability	2022 EUR ('000)	2021 EUR ('000)
Interest rate swap position	50 219	10 870
FX forward position	285	-
Total	50 504	10 870

Fair value hedges of the interest rate risk

To minimize exposure to the interest risk on designated bonds and mortgage portfolios, the Group has entered into interest rate swaps. These derivatives have a nominal value of EUR 153 870 thousand.

The Group's exposure to interest rate risk, and the Groups method for managing this risk is disclosed in the risk management section.

By using derivative financial instruments to hedge exposures to changes in interest rates, the Group also exposes itself to credit risk of the derivative counterparty, which is not offset by the hedged item. The Group minimizes counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties.

All interest swaps are part of a hedge relation, where fair value hedge accounting is applied. In the fair value hedge accounting relations, the interest risk on the designated cash flows of the mortgage portfolio is mitigated. Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria.

The hedging relationship is not affected by IBOR reform as the swap hedging instrument is based on the ERIBOR rate and therefore not affected by not IBOR reforms.

The hedge relation is determined on a monthly basis where the effectiveness is tested in the prospective test. The effectiveness is shown by the amount of the mutation in the fair value of the hedge instruments (cash flows of mortgages) are hedged by the fair value movement of the hedging instrument (interest swap). At the end of the monthly hedge relation period the actual ineffectiveness is measured in the retrospective test.

Ineffectiveness can be realized due to different reasons such as:

- different timing in the cash flows of the mortgages in comparison to the interest swap;
- deviations between the actual cash flows in comparison to the expected cash flows of the mortgages;
- a different movement in the yield curves on which the valuation of the derivative takes place, which is not covered in the hedge relation.

In the year 2022 the result of ineffectiveness of the hedge relation was EUR 452 000 loss (2021: EUR 271 000 gain). This result is presented under the Result from financial instruments in the Consolidated statement of Profit and Loss. The next table shows the details of the hedge accounting relation.

December 31st, 2022 EUR ('000)	Notional value	Book Value Debit	Book Value Credit	Line item in balance sheet	Change in value used to calculate hedge relationship	Line item in statement of profit and loss
Interest rate swap	153 870	-	(914)	Derivative assets held for risk management	50 406	-
Fair value adjustment hedged instrument	-	-	(49 954)	Mortgages	(49 954)	-
Hedge accounting ineffectiveness	-	-	-	-	(452)	Gains or losses from Derivatives

December 31st, 2021 EUR ('000)	Notional value	Book Value Debit	Book Value Credit	Line item in balance sheet	Change in value used to calculate hedge relationship	Line item in statement of profit and loss
Interest rate swap	143 870	565	-	Derivative assets held for risk management	11 116	-
Fair value adjustment hedged instrument	-	-	(10 845)	Mortgages	(10 845)	-
Hedge accounting ineffectiveness	-	-	-	-	271	Gains or losses from Derivatives

Collateral on the swaps is held at JP Morgan Chase and Citibank.

Collateral value EUR ('000)		Reported under:
Dec-22		
JP Morgan Bank	(21 067)	Loans and advances owed to banks
Citibank Banks	(27 936)	Loans and advances owed to banks
Dec-21		
JP Morgan Bank	(4 288)	Loans and advances owed to banks
Citibank Banks	(6 657)	Loans and advances owed to banks

Forward exchange rate contract for foreign exchange risk

In 2022 the group funded investments and loans to companies in Pounds Sterling. This opened the company up to foreign exchange rate risk. See risk management section.

Forward contract positions at year end, bunq has a requirement to pay GBP 7 870 million in return for EUR 9 158 million at year end. The relationship is shown below:

December 31 st , 2022	Short (Asset +) (Liability -)	Currency	Long (Asset +) (Liability -)	Currency
EUR ('000)				
Forward FX rate contract	(7 870)	GBP	-	GBP
In Local currency	(8 873)	EUR	9 158	EUR
Net position on balance sheet	-	EUR	285	EUR

24. Property plant and equipment

See note 38 J

Property, Plant, and equipment	Leasehold Improvements	Equipment	Total
	EUR ('000)	EUR ('000)	EUR ('000)
Cost			
Cost balance as of January 1st 2021	564	854	1 418
Additions	65	293	358
Additions as a result of company acquisitions	95	843	938
Disposals	-	(91)	(91)
Cost balance as of December 31st 2021	724	1 900	2 624
Cost balance as of January 1st 2022	724	1 900	2 624
Additions	-	585	585
Additions as a result of company acquisitions	-	2	2
Disposals	-	(15)	(15)
Cost balance as of December 31st 2022	724	2 472	3 196
Amortization			
Accumulated Depreciation as of January 1st 2021	274	475	749
Depreciation for the year	19	164	183
Impairment loss	-	-	-
Disposals	-	31	31
Depreciation arising through acquisition	54	604	658
Accumulated Depreciation as of December 31st 2021	347	1 274	1 621
Accumulated Depreciation as of January 1st 2022	347	1 274	1 621
Depreciation for the year	16	-	16

Impairment loss	-	-	-
Disposals	-	(4)	(4)
Depreciation arising through acquisition	-	-	-
Accumulated Depreciation as of December 31st 2022	363	1 573	1 936
Carrying Amounts			
Balance on December 31st 2021	378	626	1 004
Balance on December 31st 2022	362	899	1 261

Additions during the 2022 financial year are both as a result of routine company purchases as well as the Tricount SA acquisition. Refer to note 35.

25. Intangible assets and goodwill

See note 38 L

	Goodwill	Customer Relationships	Brand	Software	Other	Total
EUR ('000)						
Cost						
Balance as of January 1st 2021	-	-	-	-	-	-
Additions	-	-	-	-	172	172
Additions as a result of company acquisitions	29 292	1 968	-	2 815	135	34 210
Disposals	-	-	-	-	-	-
Balance as of December 31st 2021	29 292	1 968	-	2 815	307	34 382
Balance as of January 1st 2022	29 292	1 968	-	2 815	307	34 382
Additions	-	-	-	2 625	-	2 625
Additions as a result of company acquisitions	16 230	-	972	288	-	17 490
Disposals	-	(172)	-	-	-	(172)
Balance as of December 31st 2022	45 522	1 796	972	5 728	307	54 325
Accumulated amortization as of January 1st 2021						
	-	-	-	-	-	-
Amortization for the year	-	28	-	54	21	103
Impairment loss	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Accumulated amortization as of December 31 st 2021	-	28	-	54	21	103

Accumulated amortization as of January 1 st 2022	-	28	-	54	21	103
Amortization for the year	-	311	100	596	251	1 258
Impairment loss	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Accumulated amortization as of December 31 st 2022	-	339	100	650	272	1 361
Carrying Amounts						
Balance on December 31 st 2021	29 292	1 940	-	2 761	286	34 279
Balance on December 31 st 2022	45 522	1 457	872	5 078	35	52 964

Goodwill

During the year, the Group recognized EUR 16,2M goodwill associated with the acquisition of Tricount SA.

Goodwill Impairment testing

Capitalflow goodwill

For the purposes of impairment testing, goodwill has been allocated to the group's Cash Generating Units (CGU) as follows:

EUR ('000)	Method used for recoverable amount	Discount rate	Goodwill allocated
Corporate Real Estate	Value in use	14%	18 792
Asset Financing	Value in use	14%	8 500
Invoice Financing	Value in use	14%	2 100
Total			29 292

Goodwill is tested annually in the fourth quarter by comparing the recoverable amount of each goodwill-carrying cash generating unit with its carrying amount.

In line with IFRS, the recoverable amount for the goodwill is estimated based on the value in use of the underlying Capitalflow asset portfolios, determined through a dividend discount model. No impairment losses were recognized during the period between the acquisition date and the December 31st, 2022, year-end as the recoverable amounts of these portfolios were higher than their carrying amounts.

The dividend discount model uses 5 years of management approved plans, updated for expected changes in the macroeconomic environment. A long-term growth rate was used to estimate cash flows in the terminal period. Management estimates a pre-tax discount rate of 14% based on the Cost of Equity and risk premiums. Management uses a terminal value growth rate of 3% based on the long-term outlook of the economy of Ireland based on research from the Economist Intelligence Unit. The key assumptions described above may change as economic and market conditions change.

Key assumptions in the goodwill impairment test are the locally available cash flows, discount rates and terminal growth rates. The recoverable amounts of the key CGU's are sensitive to the above key assumptions.

Tricount goodwill

As at YE 2022, the Group has finalized the measurement of assets and liabilities acquired as part of the business combination with Tricount. The Group does not deem there to be significant uncertainties about the identification and measurement of assets and liabilities. Therefore, there is no uncertainty at year-end about the total amount of goodwill recognized as a result of the business combination.

Allocation of goodwill to cash generating units has not been finalized at year end. The Group is therefore not able to perform a full goodwill impairment test on the goodwill arising from the Tricount acquisition. An analysis of goodwill impairment triggers has been performed at year end. The Group has reviewed the performance of Tricount against budgeted performance documented in the purchase price determination and has seen better than expected performance by Tricount. Further, no external triggers have been discovered through the Group's procedures.

Considering the performance of Tricount since acquisition, as well as the growth in the user base of the entity the Group has determined a provisional impairment test at year end is not required.

Customer Relationships

Customer relationships are intangible assets recognised in prior year in the acquisition of Capitalflow. The assets were valued based using the Multi-period excess earning method. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets (including the capital requirements).

The intangible asset has a finite useful life and is amortized using the effective interest rate method based on underlying portfolio asset cash flows. Refer to note 38(L).

Brand name

Brand name intangible assets are assets recognized through the acquisition of Tricount in the current year. The asset has a finite useful life of 5 years from purchase date and is amortized using the straight-line method over the useful life of the asset.

Further Refer to note 35 and to note 38(L).

Software

Internally developed software was brought into use during the period by Capitalflow. After assessing the criteria set out in IAS 38 it was deemed internally developed software was eligible for capitalization during development. The asset was brought into intended use in November 2022.

All software has a finite useful life, and is amortized accordingly (see note L). At year end there were no indicators of impairment of intangible assets in the Group.

Other

Other assets are made up of distribution networks and patent expenses recognised in the purchase of the Capitalflow group in the prior year. The assets recognised have finite useful lives and are amortized on a straight line method.

Refer to note 38(L).

26. Inventory

The inventory at the Group consists of cards in stock, not personalized yet. The net realizable value is determined based on the contract value/lifetime of the user ordering a card, which is higher than the historical value and therefore there is no write-off applicable.

The cards are recognized as expenses in the Profit and Loss account only once ordered and personalized, as that makes the card usable for our users. The cards in stock are free of pledge.

During the year ended 31 December 2022, the Group recorded inventory costs of EUR 1 185 thousand in fee expense (2021: EUR 1 016 thousand). The closing value of stock at year end is EUR 276 thousand (2021: EUR 591 thousand).

27. Other assets

	2022 EUR ('000)	2021 EUR ('000)
Prepayment	1 737	1 438
Trade debtors	632	62
Unsettled transactions	9 789	8 335
Accrued income	3 117	1 995
Mortgage receivable	14 838	8 272
Other Assets	930	287
Total	31 043	20 389

Other assets contain security deposits greater than 1 year, debt collected but not allocated and amounts receivable from portfolio managers.

28. Customer deposits

	2022 EUR ('000)	2021 EUR ('000)
Consumer Deposits	815 549	493 959
Business deposits	955 249	607 358
E-money deposits	2 886	3 602
Undesignated deposits	1 221	1 350
Foreign Currency Deposits	11 361	654
Total	1 786 266	1 106 923

All deposits from users are current account balances held by consumers or businesses. Not yet designated customer deposits consist of incoming payments that are under review before allocating to customer accounts or refunding back to the originator. So-called e-money deposits are deposits where the user has not been verified yet. These accounts can be used up to 150 euro. When the amounts on the account are above 150 euro, the account is frozen until verification.

Not yet designated deposits are deposits which are held in separate accounts before being distributed to users in order for the source of the funds to be determined. This is in line with anti-money laundering regulations. Further, funds which are required to be returned to senders due to incomplete payments are included here.

29. Loans and advances owed to banks

	2022 EUR ('000)	2021 EUR ('000)
Collateral account to other financial institutions	49 003	10 945
Revolving credit facility	-	114 112
Asset Based Finance facility	-	22 438
Total	49 003	147 495

Collateral accounts at other institutions contain an amount of EUR 49 003 327 which has been collateralized for the fair value movement of the derivatives.

The rate of interest on the collateral account is a market related interest rate which is charged monthly by Citibank and JP Morgan Chase. The balance of the collateral is held in Euros.

In 2022 both the revolving credit facility at Natwest bank and the Strategic Banking Corporation of Ireland have been paid and closed. No portfolios are held as collateral against the banks any longer.

In 2022 the asset based finance facility at the Royal bank of Scotland has been fully paid off and closed. No portfolio is held as capital against the facility any longer.

30. Provisions

	2022 EUR ('000)	2021 EUR ('000)
Provisions at 1 January	1 215	1 055
Provisions realized	(631)	(150)
Provisions reversed	(500)	-
Provisions raised	1 232	310
Provisions at 31 December	1 316	1 215

The Group has created provisions for those matters for which the outcome is uncertain, but it is considered probable that there will be a future outflow of funds to a third party.

The provisions are measured at the best estimate of the amount expected to become payable. Within the value of provisions is an amount taken into consideration for the expected external regulatory measurements costs.

Provisions reversed related to a court case bunq won over the Dutch National Bank. The case involved the use of new technological methods for screening clients during the onboarding process.

Banking supervisors regularly perform reviews to assess bunq's compliance with laws and regulations. In 2018 a review was held leading to a CDD and AML program of improvements that continued in 2019 and early 2020. The program of improvements has been audited by our internal auditor in 2021. Subsequently DNB has started a validation review of which a provision of EUR 375 thousand.. A provision of EUR 135 thousand has been made for expected future measurement fines of which the amount is uncertain. Other provisions are raised for phishing cases and legal cases against bunq amount to EUR 806 thousand.

31. Other liabilities

	2022 EUR ('000)	2021 EUR ('000)
Lease liabilities	1 758	2 165
Unsettled Positions	40 623	23 574
Creditors and accruals	10 398	9 653
Deferred income	3 552	2 832
VAT payable	922	461
Other Liabilities	735	831
Total	57 988	39 516

The majority of the unsettled positions liabilities consist of liabilities towards other banks in payment cycles and the outstanding payment to Mastercard of all transactions of the last business day.

Deferred income is made up of upfront arrangement and commitment fees charges to customers before granting customers loans as part of the Capitalflow portfolio. The contracts in place do not have a significant financing component on upfront fees.

VAT payable is on VAT owed on purchase invoices.

Other liabilities concern wage taxes, pension fund contributions and other liabilities.

32. Share capital and share premium

	2022 EUR ('000)	2021 EUR ('000)
Issued Capital		
Class B shares –EUR 0.01	134	133
Treasury Shares	100	-
Other reserves	49	-
Share premium	246 483	232 583
Total share capital and share premium	246 766	232 716

B class shares contain voting rights and have a par value of EUR 0.01.

The Class B shares are part of the Group's Tier 1 capital but do not classify as CET1.

During the period, 39 334 class B shares were issued to the previous owners of Tricount SA as part of the purchase price of the acquisition via a STAK. See note 35.

During the period, 22 390 class B shares were purchased by the Chief Information Officer of bunq. The purchase of the shares is in order to meet capital requirements of bunq. No share option or share based payment plan has been exercised in the period.

It was determined that through the repurposing of Stichting Stak Together I (the Stak) as a vehicle for the employee share option scheme, control over the Stak was gained in the financial year ended 2022. The Stak has control over 400 000 class B shares of bunq B.V. amounting to a value paid of EUR 100 thousand.

After control of the Stak was obtained per the application of IFRS 10, the shares of bunq BV owned by the Stak are recognized as Treasury Shares as these shares are under the control of the Group. There are no costs associated with obtaining control over the Stak and therefore the Treasury Shares are measured at the value the Stak obtained the shares for.

In total 13 429 118 class B shares have been issued.

Schedule of movements of issued share capital

	Class A Shares		Class B Shares	
	EUR ('000)	No. of Shares X1000	EUR ('000)	No. of Shares X1000
Balance on 1 January 2021	18	1 800	100	10 000
Issue of shares during period	-	-	15	1 519
Movement between classes during period	(18)	(1 800)	18	1 800
Balance on 1 January 2022	-	-	133	13 319
Issue of shares during period	-	-	1	110
Movement between classes during period	-	-	-	-
Balance on 31 December 2022	-	-	134	13 429

The capital of bunq is fully paid up. In the event that bunq B.V. has profits available for distribution to the shareholders in any accounting reference period, the shareholders shall procure, contrary to the articles of association, that the profit distribution will be paid on all shares held by bunq Holding B.V, Capitalflow Holding DAC and the COO.

Share Premium

	2022 EUR ('000)	2021 EUR ('000)
Opening Balance	232 583	90 250
Capital Injection	-	19 630
Premium on issue of Shares	13 999	46 898
Contribution in Kind Transaction	-	75 805
Closing Balance	246 583	232 583

The premium on issue of shares is due to the purchase of shares by the majority owner and the COO as well as the issue of shares as per the purchase agreement of Tricount. See note 35.

The consideration received for the shares is the net assets of Tricount (Refer to note 35)

Other Reserves

	2022 EUR ('000)	2021 EUR ('000)
Share option scheme	49	-
Total other reserves	49	-

The other reserves balance is made up of purchased call options by employees. The share option scheme is offered to employees on a biannual basis. The option scheme allows employees to purchase options for shares in bunq B.V. The option scheme has a vesting period of 4 years. During the year there were no exercises of the option scheme.

As options are purchased at fair value by employees, there is no effect on the profit and loss for the issuance of options. The fair value of the options are calculated using the barrier option pricing method discounted for the vesting period. The above value is the only effect of the options on the balance sheet.

The call option that bunq has sold to its employees resembles an 'up-and-in' barrier call option. The employee can only exercise the call option if the bunq stock price hits or exceeds a predefined barrier level before the maturity of the option. Once the bunq stock price has hit or exceeded the barrier, the call option is said to have 'knocked in'.

The formula used to value the up-and-in barrier call option is based on the same assumptions as used for the standard Black-Scholes option pricing formula:

The underlying stock price follows a geometric Brownian motion.

Trading is possible in the stock continuously and without transaction costs.

Borrowing and lending is possible at the risk-free interest rate without transaction costs. No arbitrage opportunities exist.

Under these assumptions, the up-and-in barrier call option can be valued using the following formula (Rubinstein and Reiner (1991), Hull (2003)).

A discount factor has been applied to reflect illiquidity and other factors.

33. List of subsidiaries

These consolidated financial statements comprise the Company and its subsidiaries (collectively, the “Group”). The following subsidiaries are included in the Group:

- Another Mortgage I B.V.
- Another Mortgage II B.V.
- Solitaire I B.V.
- Another Mortgage III B.V.
- Capitalflow Group D.A.C.
- Tricount SA
- BUNQ TEKNOLOJİ ANONİM ŞİRKETİ
- Stichting STAK together
- bunq US Holding LLC

Another Mortgage I B.V. & Another Mortgage II B.V.

During 2020, the Group setup two SPVs, Another Mortgage I B.V. and Another Mortgage II B.V., as part of a mortgage securitization program. These SPV are designed to invest into mortgage loans and flow through the proceeds of these mortgages, net of operating expenses to debt holder.

bunq B.V. holds 100% of the equity in these SPVs and is also the sole investor into the issued debt. bunq B.V. has the sole right to appoint the Board of these entities. bunq B.V. receives returns related to the operations of the SPV and has the current ability to direct these entities’ activities through the board representation. In its capacity as debt and equity holder, bunq is exposed to all variability of risk and rewards from the investee. Therefore, management concluded that control exists, and these SPVs are included from inception as part of the consolidated Group. As control was assessed based on voting rights, these entities are not considered structured entities as defined in IFRS 12.

There is a 403 declaration signed for the year 2022 for Another Mortgage I B.V., Another Mortgage II B.V..

Solitaire I B.V.

As part of the same mortgage securitization program, the Group setup a third SPV, Solitaire I B.V. The purpose of the entity is to securitize mortgages which were owned by 100% Another Mortgage I B.V. and Another Mortgage II B.V. before securitization. The securitization was affected in August 2021.

Solitaire I B.V., a structured entity, was set up to be a bankruptcy remote vehicle and is 100% owned by a Stichting Holding Solitaire 1, the directors of which are Vistra FS

(Netherlands) BV. Stichting Holding Solitaire I does not have the ability to change the design and administration of Solitaire I B.V., and the role of the directors is purely administrative. Therefore, the assessment of control is not based on voting rights but rather the purpose and design of the investee, and the ability to direct relevant activities.

Management concluded bunq has power over the relevant activities of Solitaire I B.V. due to their involvement in the initial design and legal structure of this entity. Further, bunq is exposed to variable returns through both interest and principal (re)payments on notes receivable from Solitaire I B.V. As well, bunq receives any residual interest and principal repayments after all other payments made by Solitaire I B.V. through a Deferred Purchase Price on the mortgages sold. Therefore, control exists and Solitaire I B.V. is included as part of the consolidated group.

bunq B.V. does not have any existing or future contractual arrangements with Solitaire I B.V. to provide financial support. The Deferred Purchase Price is to be paid from any remaining interest and principal collections made by the structured entity. There is no minimum amount guaranteed, and bunq has no recourse. bunq B.V. is therefore exposed to potential losses through either a risk of default on the notes receivable, or a risk of the Deferred Purchase Price being unpaid due to underperforming underlying loans held by the SPV.

The equity holder of Solitaire I B.V., Stichting Holding Solitaire I, has no claim to the profits of the structured entity as all residual profits are paid to bunq through the Deferred Purchase Price. As such, there is no non-controlling interest reflected in the consolidated financial statements.

Another Mortgage III B.V.

During 2022, the Group setup the SPV Another Mortgage III B.V. as a vehicle for the funding of mortgages under bunq's own label.

bunq B.V. holds 100% of the equity in Another Mortgage III B.V. and is also the sole holder of debt issued. bunq B.V. has the sole right to appoint the Board of these entities. bunq B.V. receives returns related to the operations of the SPV and has the current ability to direct these entities' activities through the board representation. Therefore, management concluded that control exists, and these SPVs are included from inception as part of the consolidated Group. As control was assessed based on voting rights, these entities are not considered structured entities as defined in IFRS 12.

There is a 403 declaration signed for the year 2022 for Another Mortgage III B.V.

Capitalflow group D.A.C

During 2021, the Group acquired 100% of the shares and voting interests in Capitalflow Group DAC ("Capitalflow").

The acquisition of Capitalflow expands the Group's operations in the Irish commercial lending market. Capital flow and bunq will continue to operate as separate entities. Capitalflow will benefit from scaling up of new lending business supported by the balance sheet of bunq.

Tricount SA

On May 3rd, 2022, the Group acquired 100% of the shares and voting interests in Tricount SA (Tricount). As a result, the group has control over Tricount from this date.

The Group has concluded that Tricount meets the definition of a business, as the entity includes inputs (employee workforce), processes (development and maintenance of the software application) and outputs (services to customers using the application).

The acquisition of Tricount will expand the Group's operations and customer base in France and Belgium. bunq and Tricount will operate as separate entities. Tricount has an active user base of 1.8 million users and presents a unique synergy opportunity to cross sell bunq's value proposition.

BUNQ TEKNOLOJİ ANONİM ŞİRKETİ

In 2022 the Group opened a 100% wholly owned entity in Turkey. BUNQ TEKNOLOJİ ANONİM ŞİRKETİ (bunq Turkey) was set up with the purpose of providing support to the Group in an operational capacity including, but not limited to customer support services and compliance operations..

bunq B.V. holds 100% of the equity in the entity and is also the sole holder of debt issued. bunq B.V has the sole right to appoint the Board of these entities. bunq B.V. receives returns related to the operations of the entity and has the current ability to direct these entities' activities through the board representation. Therefore, management concluded that control exists, and the entity included from inception as part of the consolidated Group. As control was assessed based on voting rights, the entity are not considered structured entities as defined in IFRS 12.

Stichting STAK Together

In 2022 the Group gained control over Stichting STAK together (The Stak). The Stak is incorporated in the Netherlands and acts as a vehicle for the Group's share option plan.

In 2022 bunq gained effective control over the Stak per IFRS 10 requirements based on control of the Stak. The Stak holds 400 000 shares of bunq B.V. and issues depository receipts to participants in the share option plan.

bunq US Holding LLC

In 2022 the Group opened a 100% fully owned entity based in the United States of America. The company is intended to be a holding company as part of the US banking license application. During the financial year 2022 there were no transactions in the entity.

34. Related parties

Parent and ultimate controlling party

bunq Holding B.V. has held over 86% of the outstanding ordinary Class B shares throughout 2022. Elementaire Deeltjes C.V. is the ultimate controlling parent of bunq Holding B.V.

In December 2017 Stichting Stak Together acquired 400,000 of Class B shares from bunq Holding B.V. The Stichting holds shares for members of the share participation plan and is consolidated.

During the prior year the Group went through a series A funding round. The result is Pollen Street Capital Limited has acquired the rights to 9.96% of issued shares in bunq B.V.

In the current year, a further 0.29% of class B shares was allocated to Stichting STAK Together 2. The entity holds the shares for the previous owners of Tricount who acquired the rights to 0.29% of issued shares in bunq B.V. See note 35.

Class B shares amounting to 0.17% of bunq B.V.'s share capital were acquired by the Chief Information officer during the financial year, The sale of shares was in order to raise capital in order to fulfil capital requirements.

All transactions with related parties were made on terms equivalent to an arm's length transaction.

Transactions with key management personnel

Below the total personnel compensation is presented for the Managing Board and the Supervisory Board, both of whom are considered key management personnel. This only consists of Salaries for the Managing Board and supervisory fees for the

Supervisory Board during 2022. One management board member participated in the acquisition of shares. The shares were purchased outside of any existing share option scheme or share based payment plan at market value. No bonuses, performance dependent remunerations, shares, share options or loans have been granted to members of the Managing and Supervisory Boards as per December 31st 2022.

		2022 EUR ('000)	2021 EUR ('000)
Managing Board	Short term employment benefits	545	335
	Post-term employment benefits	-	-
	Other long term employment benefits	-	-
	Termination benefits	-	-
	Share based payment benefits	-	-
Supervisory board	Short term employment benefits	186	105
	Post-term employment benefits	-	-
	Other long term employment benefits	-	-
	Termination benefits	-	-
	Share based payment benefits	-	-

No other balances, such as mortgages or deposits, are held with key management.

Subsidiaries

Balances and transactions with subsidiaries of the group are listed below

		2022 EUR ('000)	2021 EUR ('000)
Another Mortgage 1 B.V.	Participation in subsidiaries	87 191	85 037
	Current Liabilities	(1 156)	(489)
Another Mortgage 2 B.V.	Participation in subsidiaries	87 528	88 942
	Current Liabilities	(3 519)	((1 496)
Another Mortgage 3 B.V.	Participation in subsidiaries	55 584	-
Solitaire 1 B.V.	Investment in Notes	312 004	359 438
	Current Assets	2 696	6 313
	Interest income and deferred purchase price payment	4 853	2 060
Capitalflow Group DAC	Participation in subsidiaries	71 797	75 985
	Loans to subsidiaries	513 433	253 451
	Interest income	12 593	520
Tricount SA	Participation in subsidiaries	17 307	-
	Loans to subsidiaries	76	-
BUNQ TEKNOLOJİ ANONİM ŞİRKETİ	Participation in subsidiaries	16	-
	Current Liabilities	(9)	-
	Intercompany expenses	(9)	-

Loans to Capitalflow Group DAC are extended with an interest charge of the 1 month EURIBOR rate with a premium of 3%.

bunq has the right of pledge for all receivables under any Corporate Real Estate loans in Capitalflow Group DAC as collateral for the intercompany loan.

Loss Guarantee

Upon acquisition of Capitalflow group DAC, Pollen Street Capital LTD (the seller) entered into an agreement whereby any IFRS 9 expected credit loss allowance over 1.57% of the asset loan book in Capitalflow Holdings DAC at year end will be paid to the Group by the purchaser based on the audited financial statements of the years ending 31 December 2021, 31 December 2022, 31 December 2023.

As at year end 2021, the IFRS 9 expected credit loss allowance is 1.4%.

As at year end 2022, the IFRS 9 expected credit loss allowance is 1.47%

Other related parties

During the prior period a loan was granted to Team Blue B.V. The Group's majority shareholder is a member of the Team Blue board of directors and is a significant shareholder.

A loan to the value of EUR 4,875 thousand was granted. Interest earned on the loan during the year amounted to EUR 711 thousand (2021: EUR 414 thousand). Interest on the loan is linked to EURIBOR and is at an arm's length rate. A provision for doubtful debts of EUR 1 042 thousand in 2022 (EUR 920 thousand in 2021).

The loan is payable in a lump sum at maturity, with all interest capitalized quarterly. The loan is for 108 months. No collateral is held against the loan.

35. Acquisitions during the period

Acquisition of Tricount SA

On May 3rd 2022, the Group acquired 100% of the shares and voting interests in Tricount SA (Tricount). As a result, the group had control over Tricount from this date. The Group accounts of this business combination using the acquisition method as the acquired set of activities and assets meets the definition of a business and control is transferred to the Group.

The Group has concluded that Tricount meets the definition of a business, as the entity includes inputs (employee workforce), processes (development and maintenance of the software application) and outputs (services to customers using the application).

The acquisition of Tricount will expand the Group's operations and customer base in France and Belgium. bunq and Tricount will operate as separate entities. Synergies result from the advantage of an increased customer base.

The consideration transferred is comprised of a cash element and share payment element.

Cash consideration of EUR7.3 million was transferred to the previous owners of Tricount on the date of acquisition. Shares worth EUR 5 million were transferred on acquisition date. A further deferred consideration of shares with a monetary value of EUR2.5 million for each payment will be transferred 12 months and 24 months after the date of acquisition.

The fair value of the initial shares issued is based on a value of EUR 127.1 per share. This is similar to the share price derived in previous valuations of the group.

The fair value of the deferred consideration to be paid is EUR 2.5 million after one year and EUR 2.5 million after 2 years. The number of shares issued will be determined at the next issuance date and will be based on the fair value of bunq. The total amount of EUR 5 million is fixed, with the number of shares issued the variable component. This amount has been recognized as a liability in accordance with IFRS on the balance sheet. From an economic perspective the EUR 5 million is seen as an equity-like instrument as it can only be converted into equity with no repayment option.

Acquisition-related cost

Acquisition-related cost include finder's fees, advisory, legal, accounting, valuation and other professional or consulting fees, general administrative costs, including the costs of maintaining and internal acquisition department and costs of registering and issuing debt and equity securities. These costs have been included in "General and Administrative expenses".

In accordance with IFRS 3,53, the acquirer shall account for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received, with the exception that the costs to issue debt or equity securities shall be recognized in accordance with IAS 32 and IFRS 9.

Identifiable assets acquired and liabilities assumed

In thousands of Euros	Note	03-May-22
Property, plant, and equipment	24	3
Intangible assets	25	1 260
Loans to customers	19	25
Other debtors	27	35
Cash and cash equivalents	18	438
Loans and borrowings	29	(200)
Other creditors and accruals	31	(225)
Goodwill	25	16 230
Deferred tax liability	16	(243)
Total identifiable net assets acquired		17 325

Loans to customers comprise gross contractual amounts of which a non-material amount was expected to be uncollectible at the date of acquisition.

Measurement of fair values

Assets acquired	Valuation technique
Property, plant and equipment and pre-acquisition intangible assets	Property, plant, and equipment predominantly include the software and website development, office equipment, IT equity and leased assets. The fixed assets were valued using the (activated) cost method, and the relative depreciation per fixed asset item. There were no indicators of impairment between acquisition of the assets and the acquisition date of CFG.
Identifiable intangible assets from acquisition	Relief-from-Royalty method (RfR) The asset recognized is based on the exception of paying royalties for use of the name. Consideration is given to comparable royalty rates and the remaining useful life of the brand name.

Intangible assets recognized are made up of internally generated software valued at EUR 288 thousand and a brand name recognized on acquisition valued at EUR 972 thousand. Due to the recognition of the intangible asset a deferred tax liability has been recognized totaling EUR 243 thousand at acquisition date.

No contingent liabilities were recognized on the business combination. In line with applicable IFRS, bunq is allowed a measurement period of 1 year to finalize measurement of assets, liabilities, and equity resulting from the business combination. During this period, measurement of these balances is deemed provisional. As at the year-end date and at the time of this report, bunq is working to integrate Tricount into its processes. This includes, but is not limited to, the assignment of goodwill to an integrated service offering between bunq and Tricount. The group expects to finalize the goodwill allocation in 2023. Until such time goodwill allocation is deemed provisional. A goodwill impairment model will be implemented before 2023 year end.

At year end 2022 a test for any impairment indicators of provisional goodwill has been performed by bunq. The test revealed no such indicators.

Goodwill

See note 25 and note 38L

The goodwill is attributed mainly to synergies of the business combination and the integration of the Tricount brand name and reach into the bunq product offering.

In thousands of Euros	Note	2022
Consideration transferred		17 325
Fair value of identifiable net assets		(1 067)
Goodwill	25	16 258

None of the goodwill recognized is expected to be deductible for tax purposes.

36. Leases

See note 38D

Leases as a lessee

The Group leases a number of branch offices, namely in Amsterdam, Rotterdam, Sofia, and Dublin. Leases typically run for a period of 5 years with renewal options on all the buildings at the 4-year mark. The Group also has a number of short-term vehicle leases which have a renewal period of 3 years

Information about leases for which the Group is a Lessee is presented below:

Right of use asset

	2022 EUR ('000)	2021 EUR ('000)
Balance as of January 1 st	2 106	305
Depreciation charge	(558)	(250)
Additions	119	-
Additions from acquisitions	-	2 051
Balance as of December 31st	1 667	2 106

Lease liability maturity analysis contractual undiscounted cash flows

	2022 EUR ('000)	2021 EUR ('000)
Less than one year	559	543
One to five years	1 199	1 643
More than 5 years	-	86
Total	1 758	2 272

Amounts recognized in profit and loss

	2022 EUR ('000)	2021 EUR ('000)
Interest on lease liabilities	77	47
Depreciation charge	537	389
Expenses relating to short term leases	411	110

Extension options

Some leases of office premises contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility.

The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. the Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Cash Flow effects

Total cash outflow relating to leases in 2022: EUR 508 thousand (2021: EUR 233 thousand)

37. Subsequent events

Capital injections

During 2023, shareholders have injected additional capital of EUR 6 million in January 2023 and EUR 37 million in April 2023.

Application US banking license

On April 4th 2023, bunq has submitted an Interagency Charter application request for a proposed de novo national bank, to the Office of the Comptroller of the Currency (OCC)

Application UK banking license

On the 31st of March 2023, bunq filed an application for a UK branch of an internal bank license with the relevant UK regulators.

Deferred payment Tricount

In May 2023, EUR 2.5 million of the deferred payment liability for the acquisition of Tricount was converted into equity.

38. Significant accounting policies

A. Basis of consolidation

i. Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see (A)(ii)).

From January 1st 2022, in determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. the Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if

substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see (L)). Any gain on a bargain purchase is recognized in profit or loss immediately.

ii. Subsidiaries

'Subsidiaries' are entities controlled by the Group. the Group 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. the Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g., those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

The financial results of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iii. Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

B. Interest

i. Effective interest

Interest income and expense are recognized in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows

considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

Purchased or originated credit impaired (POCI) financial assets are assets that are credit impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective interest rate on initial recognition. The amount recognized as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

ii. Amortized cost and gross carrying amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

iii. Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date on which amortization of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For information on when financial assets are credit-impaired, see note 37(M).

C. Fees

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate (see (B)). Other fees – including consumer fees, business fees and other fees – are recognized as the related services are performed.

A contract with a customer that results in a recognized financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Performance obligations in contracts with customers are summarized as follows:

Banking fees income

- The group provides banking services to retail and corporate customers.
- Fees are charged on a monthly basis and are based on fixed rates reviewed periodically within the group.
- Transaction based fees for interchange, foreign currency transactions and overdrafts are charged to the customer's account when transactions take place

Revenue from account service and servicing fees is recognized over time as the services are provided.

Revenue related to transactions is recognized at the point in time when the transaction takes place.

Loans and advance fee income

- The group charges fees relating to the initiation and administration of originating a loan.
- The performance obligation is the performance of administration in order to ensure the loans granted are received by the customer.
- These fees are charged at the initiation of lending of the loan.

Revenue from loans and advance fees are recognized at a point in time when the lent amount reaches the customer account.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

D. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, 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.

i. Group acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at a mortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The group presents right of use assets in the Property, Plant and Equipment (note 24) while lease liabilities are held in Other Liabilities (note 31).

The Group also leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. the Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

ii. Group acting as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Group applies the derecognition and impairment requirements in IFRS 9 to the net

investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The present value of the lease payments is recognized as a receivable under Loans and advances to customers. The difference between the gross receivable and the present value of the receivable is unearned finance lease income. Lease income is recognized over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

E. Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore has accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets and has recognized the related expenses in 'other expenses'.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for individual subsidiaries in the Group. 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 realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

F. Financial assets and liabilities

i. Recognition and initial measurement

The Group initially recognizes loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

The fair value of a financial instrument at initial recognition is generally its transaction price.

ii. Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate

profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume, and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

The Group's Irish lending business comprises primarily loans to customers that are held for collecting contractual cash flows. In the Dutch business the loans comprise mortgages, sales from these portfolios are very rare.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse loans); and

- features that modify consideration of the time value of money (e.g., periodical reset of interest rates).

The Group holds a portfolio of long-term fixed-rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. the Group has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Equity instruments have contractual cash flows that do not meet the SPPI criterion. Accordingly, all such financial assets are measured at FVTPL.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

iii. Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire (see also (iv)), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

The Group enters into transactions whereby it transfers assets recognized on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred

assets are not derecognized. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and repurchase transactions, because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. An asset or liability is recognized for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Group securitizes various loans and advances to customers and investment securities, which generally result in the sale of these assets to consolidated securitizations vehicles and in the Group transferring substantially all of the risks and rewards of ownership. The securitization vehicles in turn issue securities to investors (bunq). Interests in the securitized financial assets are generally retained in the form of senior or subordinated tranches, or other residual interests (retained interests).

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

iv. Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized (see (iii)) and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and modification fees received adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower (see (vii)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method (see (C)).

Financial liabilities

The Group derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. This assessment is based on a qualitative and quantitative test, where the quantitative test involves comparing the present value of modified cash flows, discounted at the original EIR of the instrument, against the carrying amount. Substantial modifications occur when the discounted modified cash flows differ by greater than 10% of the carrying value of the instrument. In the case of substantial modifications, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Interest rate benchmark reform (policy applied from January 1st, 2020)

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e., the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications set out above to the additional changes.

v. Fair value measurement

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognized valuation models to determine the fair value of common and simple financial instruments, such as interest rate swaps, that use only observable market data and require little management judgment and estimation.

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market and may be derived from market prices or rates or estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments, determination of expected volatilities and correlations and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group believes that a third-party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate. For measuring derivatives that might change classification from being an asset to a liability or vice versa – e.g., interest rate swaps – fair values take into account both credit valuation adjustment (CVA) and debit valuation adjustment (DVA) when market participants would take this into consideration in pricing the derivatives.

Model inputs and values are calibrated against historical data and published forecasts and, where possible, against current or recent observed transactions in different instruments and against broker quotes. This calibration process is inherently subjective, and it yields ranges of possible inputs and estimates of fair value. Management uses judgment to select the most appropriate point in the range.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the

transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g., bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g., a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

vi. Impairments

See also the risk management section.

The Group recognizes loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables;

No impairment loss is recognized on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and

- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition (see risk management section).

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. the Group does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognized are referred to as 'Stage 1 financial instruments. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit-impaired are referred to as 'Stage 2 financial instruments. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit impaired.

Financial instruments for which lifetime ECL are recognized and that are credit-impaired are referred to as 'Stage 3 financial instruments.

Measurement on ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and

When discounting future cash flows, the following discount rates are used:

- financial assets other than purchased or originated credit impaired (POCI) financial assets and lease receivables: the original effective interest rate or an approximation thereof;
- POCI assets: a credit-adjusted effective interest rate;
- lease receivables: the discount rate used in measuring the lease receivable;
- undrawn loan commitments: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized (see (iv)) and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset (see Risk management section).
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost, debt financial assets carried at FVOCI, and finance lease receivables are credit impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- it is becoming probable that the borrower will enter bankruptcy or another financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments: generally, as a provision;

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are recognized when cash is received and are included in impairment losses on financial instruments in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

G. Cash and cash equivalents

'Cash and cash equivalents' include notes and coins on hand, restricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

The statement of changes in cash flows has been determined using the indirect method.

All significant cash movements have been categorized under cash flows from operating activities, cash flows from financing activities and cash flows from investment activities.

Significant non cash transactions amounted to the sale of mortgages from Another Mortgage 1 BV and Another mortgage 2 BV into Solitaire 1 BV,

The acquisition consideration as mentioned in note 35 resulted in no cash included in the consideration.

During the period, the taxation paid amounts to EUR 0.

H. Derivatives held for risk management purposes and hedge accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. All derivatives are measured at fair value in the statement of financial position.

The Group designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship.

The Group makes an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value of the respective hedged item(s) during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80–125%.

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognized asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognized immediately in profit or loss. The change in fair value of the hedged item attributable to the hedged risk is recognized in profit or loss. If the hedged item would otherwise be measured at cost or amortized cost, then its carrying amount is adjusted accordingly.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. However, if the derivative is novated to a central counterparty clearing house (CCP) by both parties as a consequence of laws or regulations without changes in its terms except for those that are necessary for the novation, then the derivative is not considered expired or terminated.

Any adjustment up to the point of discontinuation to a hedged item for which the effective interest method is used is amortized to profit or loss as an adjustment to the recalculated effective interest rate of the item over its remaining life.

On hedge discontinuation, any hedging adjustment made previously to a hedged financial instrument for which the effective interest method is used is amortized to profit or loss by adjusting the effective interest rate of the hedged item from the date on which amortization begins. If the hedged item is derecognized, then the adjustment is recognized immediately in profit or loss when the item is derecognized.

The Group does not have any cash flow or net investment hedges.

I. Loans and advances

The 'loans and advances to banks' caption in the statement of financial position includes loans and advances measured at amortized cost (see (F)); these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using the effective interest method.

The 'loans and advances to customers' caption in the statement of financial position includes:

- Loans and advances measured at amortized cost (see (F)); they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using the effective interest method;
- Lease receivables (see (D)).

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the consideration paid is accounted for as

a loan or advance, and the underlying asset is not recognized in the Group's financial statements.

J. Property plant and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized within other income in profit or loss.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Land is not depreciated.

The estimated useful lives of property and equipment for the current and comparative periods are as follows:

Leasehold improvements	5 years
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Office equipment	5 years
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Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

K. Inventory

Inventory is recognized at the costs of acquiring the finished goods and the direct costs to convert the finished goods into inventory.

Costs are subsequently recognized at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The Group periodically assesses inventory for any indicators of impairment.

If Inventory is written down due to carrying value being greater than the Net Realizable Value and the Fair Value Less Costs to Sell, the loss is recognized in the statement of profit and losses.

L. Intangible assets

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. During the period the Group acquired a 100% share of Capitalflow Holdings DAC based in Ireland.

Goodwill has an indefinite useful life and the Group has adopted an accounting policy to test for impairment at minimum annually, or earlier when there are indicators of impairment present.

The complexity of business combinations combined with often limited access to financial data of the target before the acquisition can make the acquisition accounting impossible to conclude before the reporting date. IFRS 3 takes such limitations into account and introduces a 12-month measurement period. It is a period during which the acquirer can make retrospective adjustments to acquisition accounting if it obtains new information about facts and circumstances that existed at the acquisition date. Such adjustments should be applied retrospectively together with changes in comparative data, e.g. depreciation charges

Software

Software acquired by the Group is measured at cost less accumulated amortization and any accumulated impairment losses.

Expenditure on internally developed software is recognized as an asset when the Group is able to demonstrate that the product is technically and commercially feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and that it can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software and capitalized borrowing costs and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and any accumulated impairment losses. the Group does not recognize any such software.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as it is incurred.

Software is amortized on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is three to five years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangibles recognized through acquisition

See note 35

Intangible assets have been recognized through the acquisition of the Capitalflow and Tricount. The assets form part of the identifiable assets and constitute a distribution network and existing customer relationships.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss.

The estimated useful lives for current and comparative periods are as follows:

- distribution network: 2,5 years.
- customer relationships: 1,5 years.
- Brand name: 5 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

M. Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

The Group's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

N. Employee benefits

Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's remuneration policy has been designed in line with applicable national and international regulations, including the Act on Remuneration Policies for Financial Institutions ('Wet beloningsbeleid financiële ondernemingen' or 'Wbfo') as included in the Dutch Financial Supervision Act, and the remuneration policy under Solvency II.

Share option scheme

On 1 January 2022 the group established a share option programme that entitles employees who have been at the group for longer than 6 months to purchase share options. Every six months the same offer will be made to employees.

In accordance with the programmes, holders of vested options are entitled to purchase shares at the market price of the shares at grant date. The terms and condition of the scheme are as follows: All options are to be settled by physical delivery of shares.

Employees eligible	Vesting conditions	Contractual life span of options
All employees at the company longer than 6 months as of scheme date (every 6 months)	<ul style="list-style-type: none">- Increase in valuation of the group above predetermined hurdle rate- Exiting event occurring in the after a 4 year vesting period	1 year after vesting period complete

39. Standards not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 1st 2023 and earlier application is permitted; however, except as stated in Note 5, the Group has not early adopted the new and amended standards in preparing these consolidated financial statements.

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to IAS 1: classification of liabilities as current or non-current
- Amendments to IAS 1: disclosure of accounting policies
- Amendments to IAS 8: definition of accounting estimates
- Amendments to IAS 12: deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IFRS 16 'Leases': Amendments regarding Sale and Leaseback Transactions
- Amendments to IFRS 17 'Insurance contracts': Transition option relating to comparative information about financial assets presentation on initial application of IFRS 17

The following amended standards were endorsed by the EU and became effective for the reporting period beginning 1 January 2022:

- Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before Intended Use (issued in May 2020).
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Onerous Contracts — Cost of Fulfilling a Contract (issued in May 2020).
- Annual improvements to IFRS Standards 2018-2020 Cycle: Amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards', amendments to IFRS 9 'Financial Instruments' and amendments to IFRS 16 'Leases' (issued in May 2020).
- Amendment to IFRS 3 'Business combinations': Updated references to the Conceptual Framework (Issued September 2020)

40. Contingent assets and liabilities

Loss Guarantee

Upon acquisition of Capitalflow group DAC, Pollen Street Capital LTD (the seller) entered into an agreement whereby any IFRS 9 expected credit loss allowance over 1.57% of the asset loan book in Capitalflow Holdings DAC at year end will be paid to the Group by the purchaser based on the audited financial statements of the years ending 31 December 2021, 31 December 2022, 31 December 2023.

As at year end 2021, the IFRS 9 expected credit loss allowance is 1.4%.

As at year end 2022, the IFRS 9 expected credit loss allowance is 1.47%

No recognition of the loss guarantee occurs until the loss is above the threshold.

Mortgage Commitments

As of December 31st 2022, the group has outstanding mortgage commitments in its pipeline of a total of EUR 46 675 thousand divided between

- Interest proposal sent EUR 10 440 thousand
- Interest proposal received EUR 17 495 thousand
- Offer accepted EUR 18 739 thousand

As of December 31st 2021, bunq has outstanding mortgage commitments in its pipeline of a total of EUR 10 167 thousand divided between:

- Interest proposal sent EUR 508 thousand
- Interest proposal received EUR 1 416 thousand
- Offer accepted EUR 6 830 thousand
- Applications in process EUR 1 413 thousand

Loan commitments

As of December 31st 2022, the Group has no commitments in place or lending to be distributed to customers. The Group has the following revocable commitments in place totaling EUR 33 584 thousand for lending to be distributed to customers:

- EUR 20 818 thousand Corporate Real Estate Loans
- EUR 12 766 thousand Asset Based Lending loans

As of December 31st, 2021, the Group has the following in commitments totaling EUR 50 000 in place for lending to be distributed to customers:

- EUR 50 000 Corporate Real Estate loans.

As of December 31st, 2021, the Group has the following revocable commitments in place totaling EUR 23 325 thousand for lending to be distributed to customers:

- EUR 15 005 thousand Commercial Real Estate loans
- EUR 8 320 thousand Asset Based Lending loans.

Lease commitments

As at 31 December 2022, the lease agreement entered into by the Group for the rental of the office in Sofia has five months left on the agreement. The lease therefore qualifies as a “short term lease” under IFRS and therefore there is no inclusion of the lease in IFRS 16 accounting. The lease assets/liabilities are therefore not reflected in the

right of use asset of the lease liabilities. the Group is committed to monthly payments totaling EUR 70 683 for 5 months.

See note 36 for further information on lease renewals.

Fiscal Unity

bunq B.V. form a fiscal unity with Another Mortgage 1 B.V., Another Mortgage 2 B.V. and Another Mortgage 3 B.V. for corporation tax purposes.

bunq B.V. and the above-mentioned subsidiaries are jointly and severally liable for taxation paid by the fiscal unity. Settlements of corporate income tax to be paid or received will be settled by bunq B.V.

Authorization of the Consolidated Financial Statements

Amsterdam, 31 May 2023

Management Board

Mr. A. Niknam

Mr. I.L. van Eeghen

Mr. R. Kasiman

Mr. V. Brodski

Supervisory Board

Mr. S.C. van Groningen

Ms. G van Vollenhoven

Mr. A.J. Bol

Mr. J. Scott

Parent Company Statement of Financial position

bunq B.V.

After allocation of results	Notes	December 31 st 2022 EUR ('000)	December 31 st 2021 EUR ('000)
Assets			
Cash at central bank		721 864	360 498
Loans and advances to banks		36 476	22 953
Receivables from Subsidiaries	50	516 129	259 764
Loans and advances to customers		144	168
Investment in notes	49	312 004	359 438
Investments at amortized cost		95 123	9 583
Investments at fair value through profit and loss		-	27 543
Derivative assets held for risk management	52	50 504	10 870
Participation in subsidiaries	48	304 273	246 874
Right of use assets		855	1 168
Property plant and equipment		1 012	826
Intangible assets		-	172
Inventory		276	591
Other assets		11 661	9 457
Deferred tax asset		6 400	-
Total Assets		2 056 721	1 309 905

Liabilities			
Customer deposits		1 786 267	1 106 923
Loans and borrowings owed to banks		49 003	10 945
Provisions		1 316	1 215
Payables to subsidiaries	51	4 684	1 985
Other liabilities		49 120	31 030
Tricount deferred consideration		5 000	-
Total liabilities		1 895 390	1 152 098
Equity			
Share capital		134	133
Share Premium		246 632	232 583
Accumulated deficit		(85 435)	(74 909)
Total equity	53	161 331	157 807
Total liabilities and equity		2 056 721	1 309 905

Parent Company Statement of Profit and Loss and Other Comprehensive income

	Notes	December 31, 2022	December 31, 202
		EUR ('000)	EUR ('000)
Interest income		15 616	1 011
Interest expense		(1 754)	(3 419)
Net Interest income		13 862	(2 408)
Fee income		41 684	32 330
Fee expense		11 233	(8 208)
Net fee expense		30 451	24 122
Gains and losses from derivatives		(187)	355
Impairment losses on financial instruments		(1 229)	(1 142)
Total revenues and incomes		42 897	20 927
Personnel expenses		(20 472)	(11 173)
Depreciation and amortization		(455)	(429)
Other expenses		(46 072)	(27 198)
Total operating expenses		(66 999)	(38 800)
Result before tax		(24 102)	(17 873)
Income tax expense		6 400	-
Result for the period		(17 702)	(17 873)
Result of participation in Subsidiaries	53	7 207	2 448
Net result and other comprehensive income		(10 495)	(13 445)

Parent Company Statement of Changes in Equity

	Share Capital	Share Premium	Retained Earnings	Unappropriated Result	Total Accumulated Deficit	Total Equity
	EUR ('000)	EUR ('000)	EUR ('000)	EUR ('000)	EUR ('000)	EUR ('000)
Balance as per January 1st 2021	118	90 250	(45 411)	(16 084)	(61 495)	28 873
Appropriation of result	-	-	(16 084)	16 084	-	-
Net result for the period	-	-	-	(13 445)	(13 445)	(13 445)
Contributions	-	19 630	-	-	-	19 630
Acquisitions	11	75 805	-	-	-	75 816
Shares issued	4	46 898	-	-	-	46 901
Share options exercised	-	-	-	-	-	-
Balance as per December 31st 2021	133	232 583	(61 495)	(13 445)	(74 940)	157 776
Appropriation of result	-	-	(13 445)	13 445	-	-
Net result for the period	-	-	-	(10 495)	(10 495)	(10 495)
Contributions	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Shares issued	1	13 999	-	-	-	14 000
Share options exercised	-	50	-	-	-	50
Balance as per December 31st 2022	134	246 632	(74 940)	(10 495)	(85 435)	161 331

Notes to the Parent Company Financial Statements

41. Basis of accounting

The parent company financial statements of bunq B.V., have been prepared in accordance with Title 9 Book 2 of the Dutch Civil Code, making use of the option of Article 362 section 8 of the Code, meaning that the accounting principles used are the same as those applied for the Consolidated financial statements.

bunq B.V. applies the provisions in Section 362, paragraph 8, Title 9 of Book 2 of the Netherlands Civil Code that make it possible to prepare the company financial statements in accordance with the accounting policies (including those for the presentation of financial instruments as equity or liability) used in its consolidated financial statements.

All accounting policies are included in note 38 of the consolidated financial statements. Investments in subsidiaries are valued on the basis of the equity method. Expected credit losses on loans to subsidiaries are eliminated in this line item consistent with the elimination of intercompany loans in the consolidated financial statements.

The financial statements were authorized for issue by the Company's board of directors on 15 May, 2023.

42. Equity and reserves

bunq B.V. consolidated net result was a loss of EUR 10 495 000 000, with the net result in the company financial statements being the same loss of EUR 10 495 000.

43. Functional currency

These consolidated financial statements are presented in euro, which is the Company's functional currency. All amounts have been rounded to the nearest million, except when otherwise indicated.

44. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Going concern assumption

These financial statements were prepared under a going-concern assumption. The going concern assumption is a significant accounting judgment. The Group obtained its banking license on September 16th, 2014, and started commercial operations in November 2015. The Group is profitable as of the last quarter of 2022 and the management of the Group expects that the commercial activities of the Group will be profitable in the longer term.

The going concern of the company is based on the profitable forecasts prepared in alignment with SREP requirements and the capital injections received early in 2023 as disclosed in the subsequent events.

Next to the support of the shareholders, the Group has a Recovery and Exit-plan scenario in place which addresses financial distress events, as required by the Bank Recovery and Exit Plan.

45. Subsidiaries

Information on Subsidiaries

Another Mortgage 1 B.V., Another Mortgage 2 B.V., Solitaire 1 B.V. and Capitalflow Group DAC are subsidiaries of bunq B.V. in which the Company holds a 100% ownership interest and is registered in Amsterdam. Another Mortgage 1 B.V. and Another Mortgage 2 B.V. are 100% included in the consolidation.

During the period the Company acquired 100% of the shares in Tricount SA which is registered in Brussels, Belgium. Tricount SA included in the company consolidation.

During the period the Company Opened Another Mortgage 3 B.V. in order to house bunq label mortgages. The shares are 100% owned by the Company and Another Mortgage 3 B.V. is fully consolidated into the Company.

During the year, the Company opened BUNQ TEKNOLOJİ ANONİM ŞİRKETİ in Istanbul, Turkey. The entity was opened with the purpose of providing support services to the Company in an operational capacity. BUNQ TEKNOLOJİ ANONİM ŞİRKETİ (bunq Turkey) is 100% owned by the Company and therefore is fully consolidated into the Company.

In 2022 the Company opened bunq US Holding LLC, a 100% fully owned entity based in the United States of America. The company is intended to be a holding company as part of the US banking license application. During the financial year 2022 there were no transactions in the entity.

There is a 403 declaration signed for the year 2022 for Another Mortgage 1 B.V., Another Mortgage 2 B.V. and Another Mortgage 3 B.V.

The subsidiaries are valued using the equity method as of December 31st, 2022.

46. Financial risk management

Please refer to the Risk Management Section in the financial statements of the Group.

47. Basis of preparation

bunq B.V. (the 'Company') was incorporated on March 26th 2012 and is domiciled in the Netherlands. The Company's registered office is at Naritaweg 131-133, 1043 BS Amsterdam. The Company is registered at the Commercial Register of Amsterdam under number 54992060. The principal activities of the Company are banking activities. The principal activities of the Company are banking and holding activities.

48. Participation in subsidiaries

Subsidiary	2022 EUR ('000)	2021 EUR ('000)
Another Mortgage 1 B.V.	87 191	85 037
Another Mortgage 2 B.V.	87 528	88 942
Capitalflow Group DAC	71 797	75 985
Solitaire 1 B.V.	-	-
Another Mortgage 3 B.V.	55 584	-
Tricount	17 307	-
BUNQ TEKNOLOJİ ANONİM ŞİRKETİ	16	-
Total	319 423	249 964
Hedged liability set against underlying mortgages in subsidiaries.	(15 150)	(3 090)
Total	304 273	246 874

Note: The results from Solitaire 1 B.V. have been reclassified from bunq B.V. to Another Mortgage 1 B.V. and Another Mortgage 2 B.V., affecting the prior year's figures. The reclassification was performed to accurately represent the results of all entities following the securitization of mortgages in 2021. The amount of the reclassification is EUR 1.9 million. The total result of bunq B.V. including results from subsidiaries has not been affected.

Another Mortgage 1 B.V.	2022 EUR ('000)	2021 EUR ('000)
Opening Balance	84 037	97 393
Increased Participation	555	76 922
Transfer of Liability	-	(90 502)
Allocation of securitized income	1 156	489
Allocation of securitized expenses	(77)	(3)
Result from participation in subsidiary	520	747
Closing Balance	87 191	85 037

100% of the shares in Another Mortgage 1 B.V. is owned by bunq B.V. All mortgages are held by residents of the Netherlands. The transfer of liability includes a securitization of Mortgages (net of building deposits) securitized during the prior period.

Another Mortgage 2 B.V.	2022 EUR ('000)	2021 EUR ('000)
Opening Balance	88 942	310 025
Increased Participation	(3 961)	58 772
Transfer of liability	-	(282 889)
Allocation of securitized income	3 519	1 491
Allocation of securitized expenses	(1 486)	(64)
Result from participation in subsidiary	514	1 607
Closing Balance	87 528	88 942

100% of the shares in Another Mortgage 2 B.V. is owned by bunq B.V. All mortgages are held by residents of the Netherlands. The transfer of liability includes a securitization of Mortgages (net of building deposits) securitized during the prior period.

Capitalflow Group DAC	2022 EUR ('000)	2021 EUR ('000)
Opening Balance	75 985	-
Purchase of Shares	-	75 815
Transfer of Capital	(7 000)	-
Result from participation in subsidiary	6 044	587
Results from purchase price adjustments booked	(3 232)	(417)
Closing Balance	71 797	75 985

100% of the shares in Capitalflow Group DAC. is owned by bunq B.V. The entity is registered in Ireland and operates solely in Ireland. Purchase of shares occurred on 26 November 2021.

Another Mortgage 3 B.V.	2022 EUR ('000)	2021 EUR ('000)
Opening Balance	-	-
Increased Participation	55 320	-
Result from participation in subsidiary	264	-
Closing Balance	55 584	-

100% of the shares of Another Mortgage 3 B.V. is owned by bunq B.V. All mortgages are held by residents of the Netherlands.

Tricount	2022 EUR ('000)	2021 EUR ('000)
Opening Balance	-	-
Purchase of Shares	17 382	-
Transfer of Capital	-	-
Result from participation in subsidiary	58	-
Results from purchase price adjustments booked	(86)	-
Closing Balance	17 354	-

100% of the shares Tricount SA is owned by bunq B.V. The entity is registered in Belgium and operates solely in Europe. Purchase of shares occurred on 3 May 2022.

BUNQ TEKNOLOJİ ANONİM ŞİRKETİ	2022 EUR ('000)	2021 EUR ('000)
Opening Balance	-	-
Increased Participation	14	-
Result from participation in subsidiary	2	-
Closing Balance	16	-

100% of the shares BUNQ TEKNOLOJİ ANONİM ŞİRKETİ is owned by bunq B.V. The entity is registered in Istanbul and operates solely in Turkey. Purchase of shares occurred on 18 November 2022.

49. Investment in notes

During the prior period the Company purchased notes from Solitaire 1 B.V. on underlying securitised mortgages.

Investment in Notes	2021 EUR ('000)	2021 EUR ('000)
Opening Balance	359 438	-
Notes issued	-	379 800
Repayment of Notes	(20 207)	(12 439)
Repayment of Interest	(170)	(76)
Hedged liability set against underlying mortgages in subsidiaries	(27 057)	(7 747)
Closing Balance	312 004	359 438

All mortgages are held by residents of the Netherlands.

Refer to note 4 of the consolidated financial statements.

The overall fair value of the mortgages, both those underlying the notes and those not eligible for securitisation, have been disclosed under Risk management section in the consolidated financial statements.

The hedge liability presented above is apportioned over all mortgage portfolios owned by subsidiaries of bunq B.V.

Notes issued by Solitaire 1 B.V. are issued as follows:

	Nominal value	Amortized cost value on December 31 st 2022	Amortized cost value on December 31 st 2021	Interest rate applicable
	EUR ('000)	EUR ('000)	EUR ('000)	
Note A	352 300	321 301	339 685	0.05%
Note B	27 500	27 500	27 500	0%
	379 800	348 801	367 185	

Solitaire 1 B.V. pays out all profits towards the noteholder. bunq received EUR 170

thousand in interest on the notes (2021: EUR 76 thousand), and EUR 23.9 million (2021: EUR 1.986 million) in deferred purchase price payment from Solitaire 1 B.V. from the period.

Note B noteholders are repaid after note A note holders.

All credit losses are absorbed by Note B initially. Once Note B has a carrying value of nil, any further credit losses is then absorbed by Note A.

The notes have a maturity profile equal to that of the underlying mortgage portfolios which is 30 years after initialization of the notes.

The Notes are held by the European Central Bank and may be deemed to be held as collateral against any lending bunq B.V. may wish to obtain from the European Central Bank. As of yet no lending from the ECB has been obtained by bunq B.V.

The European central bank regularly performs valuations on the notes allowing the company to borrow any funds against the value of the notes from the European Central Bank. The fair value of the notes itself cannot be calculated due to the lack of specific observable characteristics underlying and due to the specific features of the note in place.

50. Receivables from subsidiaries

Receivables from Subsidiaries includes loans to Capitalflow Group, as well as receivables in the form of notes held in the securitized mortgages in Solitaire 1 B.V. and a current account with bunq Turkey

	2022 EUR ('000)	2021 EUR ('000)
Intercompany Loan receivables	513 433	253 451
Current account Solitaire 1 B.V.	2 696	6 313
Total	516 129	259 764

The intercompany loan with Capitalflow Group has a repayment date of 364 days after issuing. The loan is issued on 26 November, 2021. The agreement allows for Capitalflow to make a drawdown of up to EUR 550 million.

The current accounts are current accounts which are expected to be settled within the next month after year end.

The fair value of the loan to Capitalflow Group is not able to be calculated due to the lack of specific observable characteristics underlying Capitalflow Group DAC. Loans to Capitalflow Group DAC are extended with a floating rate of 1- month Euribor plus a 3%

risk premium per annum. bunq has the right of pledge for all receivables under any Corporate Real Estate portfolio loans in Capitalflow Group DAC as collateral for the intercompany loan. The Corporate real Estate portfolio loans are not pledged to any other counterparty.

The current account with Solitaire 1 B.V. has a fair value approximating the carrying value presented above. This is due to the short-term nature of the asset.

51. Payables to subsidiaries

	2022 EUR ('000)	2021 EUR ('000)
Current Account Another Mortgage 1 B.V.	1 156	489
Current Account Another Mortgage 2 B.V.	3 519	1 496
Current account bunq Turkey	9	-
Total	4 684	1 985

The fair value of the current accounts above approximates the carrying value. This is due to the short-term nature of the debt.

52. Derivatives held for risk management and hedge accounting

Derivatives Asset/liability	2022 EUR ('000)	2021 EUR ('000)
Interest rate swap position	50 219	10 870
FX forward position	285	-
Total	50 504	10 870

Interest rate swaps	2022 EUR ('000)	2021 EUR ('000)	Line Item in Balance sheet in current year
Derivative asset held for risk management	50 219	10 870	Derivative asset held for risk management
Derivative Liability held for risk management split between:	49 954	10 845	
Mortgages	15 150	3 098	Participation in Subsidiaries
Mortgage notes	34 804	7 747	Investment in Notes
Derivative liability held for risk management	-	-	Derivative liability held for risk management

Forward exchange rate contracts	2022	2021	Line Item in Balance sheet in current year
Forward Liability in EUR	(8 873)	-	
Forward Assets in EUR	9 158	-	
Net	285	-	Derivative asset held for risk management

To minimize exposure to the interest risk on designated bonds and mortgage portfolios, the Group has entered into interest swaps. These derivatives have a nominal value of EUR 153 870 000

The groups exposure to interest rate risk, and the Groups method for managing this risk is disclosed in the Risk management section of the annual report.

By using derivative financial instruments to hedge exposures to changes in interest rates, the Group also exposes itself to credit risk of the derivative counterparty, which is not offset by the hedged item. The Group minimizes counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties.

All interest swaps are part of a hedge relation, where fair value hedge accounting is applied. In the fair value hedge accounting relations, the interest risk on the designated cash flows of the mortgage portfolio is mitigated. Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria.

The hedging relationship is not affected by IBOR reform as the hedging relationship as the swap hedging instrument is based on the ERIBOR rate and therefore not affected by not IBOR reforms.

The hedge relation is determined on a monthly basis where the effectiveness is tested in the prospective test. The effectiveness shows the amount the mutation in the fair value of the hedge instruments (cash flows of mortgages) are hedged by the fair value movement of the hedging instrument (interest swap). At the end of the monthly hedge relation period the actual ineffectiveness is measured in the retrospective test.

Ineffectiveness can be realized due to different reasons such as:

- different timing in the cash flows of the mortgages in comparison to the interest swap;
- deviations between the actual cash flows in comparison to the expected cash flows of the mortgages;
- a different movement in the yield curves on which the valuation of the derivative takes place, which is not covered in the hedge relation.

In the year 2022 the result of ineffectiveness of the hedge relation was EUR 452 000 loss (2021: EUR 271 000 gain). This result is presented under the Result from financial instruments in the Consolidated statement of Profit and Loss. The next table shows the details of the hedge accounting relation.

December 31 st , 2022	Notional value	Book Value Debit	Book Value Credit	Line item in balance sheet	Change in value used to calculate hedge relationship	Line item in statement of profit and loss
EUR ('000)						
Interest rate swap	153 870	-	(914)	Derivative assets held for risk management	50 504	
Fair value adjustment hedged instrument	-	-	(49 954)	Mortgages	(49 954)	
Hedge accounting ineffectiveness	-	-	-	-	(452)	Gains or losses from Derivatives

December 31 st , 2021	Notional value	Book Value Debit	Book Value Credit	Line item in balance sheet	Change in value used to calculate hedge relationship	Line item in statement of profit and loss
EUR ('000)						
Interest rate swap	143 870	565	-	Derivative assets held for risk management	11 116	
Fair value adjustment hedged instrument	-	-	(10 845)	Mortgages	(10 845)	
Hedge accounting ineffectiveness	-	-	-		271	Gains or losses from Derivatives

Collateral on the swaps is held at JP Morgan Chase and Citibank.

Collateral value EUR ('000)		Reported under:
Dec-22		
JP Morgan Bank	(21 067)	Loans and advances owed to banks
Citibank Banks	(27 936)	Loans and advances owed to banks
Dec-21		
JP Morgan Bank	(4 288)	Loans and advances owed to banks
Citibank Banks	(6 657)	Loans and advances owed to banks

Forward exchange rate contract for foreign exchange risk

In 2022 the group funded investments and loans to companies in Pounds Sterling. This opened the company up to foreign exchange rate risk. the Risk management section in the annual report.

Forward contract positions at year end, bunq has a requirement to pay GBP 7 870 million in return for EUR 9 158 million at year end. The relationship is shown below:

December 31 st , 2022	Hedged Item (Asset +) (Liability -)	Currency	Hedge receivable (Asset +) (Liability -)	Currency
EUR ('000)				
Forward FX rate contract	(7 870)	GBP	-	GBP
In Local currency	(8 873)	EUR	9 158	EUR
Net position on balance sheet	-	EUR	285	EUR

53. Total Equity

Share capital

The following table details the equity balance of the company only financial statements.

	2022 EUR ('000)	2021 EUR ('000)
Share Capital	134	133
Share premium	246 632	232 583
Retained Earnings	(74 940)	(61 465)
Unappropriated Result	(10 495)	(13 445)
Total Equity	161 331	157 806

Schedule of movements of issued share capital

	Ordinary Shares 2022 EUR ('000)	Ordinary Shares 2021 EUR ('000)
Balance on January 1 st 2022	133	118
Changes from Financing Cash Flows	1	15
Total changes from financing cash flows	1	15
Other Changes		
Liability related		
Interest expense	-	-
Interest Paid	-	-
Total Liability movement related other changes		
Total Equity movement related other changes		
Balance on December 31st 2022	134	133

B class shares contain voting rights and have a par value of EUR 0.01.

The Class B shares are part of the Company's Tier 1 capital but do not classify as CET1.

During the period, 39 334 class B shares were issued to the previous owners of Tricount SA as part of the purchase price of the acquisition. See note 35.

During the period, 22 390 class B shares were purchased by the Chief Information Officer of bunq. The purchase of the shares is in order to meet capital requirements of bunq. No share option or share based payment plan has been exercised in the period.

In total 13 429 118 class B shares have been issued.

Share Premium

	2022 EUR ('000)	2021 EUR ('000)
Opening Balance	232 583	90 250
Capital Injection	-	19 630
Premium on issue of Shares	9 049	46 898
Contribution in Kind Transaction	5 000	75 805
Closing Balance	246 632	232 583

The premium on issue of shares is due to the purchase of shares by the majority owner and the COO as well as the allocation of shares as per the purchase agreement of Tricount. See note 35.

The consideration received for the shares includes EUR 14.0 million in cash.

54. Result of participation in subsidiaries

	2022 EUR ('000)	2021 EUR ('000)
Another Mortgage 1 B.V.	1 599	1 224
Another Mortgage 2 B.V.	2 547	3 034
Capitalflow Group DAC	2 812	170
Another Mortgage 3 B.V.	264	-
Tricount	(17)	-
BUNQ TEKNOLOJİ ANONİM ŞİRKETİ	2	-
Total	7 207	4 428

55. Income tax

Deferred taxes

Deferred taxes are recognized on temporary differences under the liability method using tax rates applicable in the jurisdictions in which the Group is subject to taxation

During the period, deferred taxes arose due to acquisitions which occurred during the year (see note 35). Deferred tax liabilities have arisen upon consolidation and measurement of the assets and liabilities on the date of acquisition. Deferred tax liabilities have been recognized due to recognition of intangible assets at recognition date of Tricount SA. In prior years deferred tax liabilities arose due to fair value adjustments to financial assets and recognition of intangible assets on acquisition date of Capitalflow group DAC.

Deferred tax assets are recognized if it is probably that taxable profits will be available against which the deductible temporary difference may be utilized. By year end 2023 the total unused tax losses amounted to EUR 87 million.

In quarter 4 of the current year, bunq performed an analysis on the forecasted profitability of the Group after the Group had a profitable quarter for the first time in the Group's history. A 3 year forecast has been created according to the SREP requirements. The forecast indicates that for the next 3 years, the Group will be profitable.

The group is required to recognize deferred tax assets for the first time. Deferred tax assets in the group are recognized on unused tax losses from prior periods. The unused tax losses which lead to a temporary difference is limited to 50% of the expected profits for the next three years per management's forecast.

This has resulted in a deferred tax asset on unused losses of EUR 6.4 million raised in the financial year 2022.

2022 (EUR '000)	Net opening balance (Asset +) (Liability -)	Change through net result	Change through acquisition	Net closing balance (Asset +) (Liability -)
Unused tax losses carried forward	-	6 400	-	6 400
Total	-	6 400	-	6 400

No taxes were paid or recouped in prior years, nor were there any deferred tax assets or liabilities raised in the company.

56. Subsequent events

Capital injections

During 2023, shareholders have injected additional capital of EUR 6 million in January 2023 and EUR 37 million in April 2023.

Application US banking license

On April 4th 2023, bunq has submitted an Interagency Charter application request for a proposed de novo national bank, to the Office of the Comptroller of the Currency (OCC)

Application UK banking license

On the 31st of March 2023, bunq filed an application for a UK branch of an internal bank license with the relevant UK regulators.

Deferred payment Tricount

In May 2023, EUR 2.5 million of the deferred payment liability for the acquisition of Tricount was converted into equity.

57. Related party transactions

Please refer to note 34 in the consolidated annual financial statements.

58. Contingent assets and liabilities

Loss Guarantee

Upon acquisition of Capitalflow group DAC, Pollen Street Capital LTD (the seller) entered into an agreement whereby any IFRS 9 expected credit loss allowance over 1.57% of the asset loan book in Capitalflow Holdings DAC at year end will be paid to the Group by the purchaser based on the audited financial statements of the years ending 31 December 2021, 31 December 2022, 31 December 2023.

As at year end 2021, the IFRS 9 expected credit loss allowance is 1.4%.

As at year end 2022, the IFRS 9 expected credit loss allowance is 1.47%

Lease commitments

As at 31 December 2022, the lease agreement entered into by the Group for the rental of the office in Sofia has five months left on the agreement. The lease therefore qualifies as a “short term lease” under IFRS and therefore there is no inclusion of the lease in IFRS 16 accounting. The lease assets/liabilities are therefore not reflected in the right of use asset of the lease liabilities. The Group is committed to monthly payments totaling EUR 70 683 for 5 months.

See note 36 for further information on lease renewals.

Fiscal Unity

bunq B.V. form a fiscal unity with Another Mortgage 1 B.V., Another Mortgage 2 B.V. and Another Mortgage 3 B.V. for corporation tax purposes.

bunq B.V. and the above-mentioned subsidiaries are jointly and severally liable for taxation paid by the fiscal unity. Settlements of corporate income tax to be paid or received will be settled by bunq B.V.

59. Proposal of appropriation of the result for the financial year 2022

According to article 25.1 of the articles of association of the Group the net profit is at the disposal of the Annual General Meeting of Shareholders. If the annual accounts indicate that there has been a loss in a particular year that is not recorded in a reserve or mitigated in any other way, then there will be no pay-out of dividends as long as such a loss has not yet been recovered.

The loss of EUR 10 495^[NS5] thousand is proposed to the Annual General Meeting of Shareholders to be deducted from the retained earnings in accordance with legal requirements and the articles of association of the Company.

Other information

Appropriation of result as defined in the articles of association

According to article 25.1 of the articles of association of the Company the net profit is at the disposal of the Annual General Meeting of Shareholders. If the annual accounts indicate that there has been a loss in a particular year that is not recorded in a reserve or mitigated in any other way, then there will be no pay-out of dividends as long as such a loss has not yet been recovered.

Trading names

bunq operates in a number of European countries and has a branch in three, excluding the Netherlands. The countries which bunq has branches and the trading names are summarized below.

Branch country	Trading name
Netherlands	bunq B.V.
Germany	bunq B.V. Niederlassung Deutschland
France	bunq B.V.
Spain	bunq B.V. Sucursal en España
Ireland	bunq B.V
Turkey	BUNQ TEKNOLOJİ ANONİM ŞİRKETİ
United States of America	bunq US Holding LLC

Authorization of Parent Company Financial Statements

Amsterdam, 31 May, 2023

Management Board

Mr. A. Niknam

Mr. I.L. van Eeghen

Mr. R. Kasiman

Mr. V. Brodski

Supervisory Board

Mr. S.C. van Groningen

Ms. G van Vollenhoven

Mr. A.J. Bol

Mr. J. Scott