JOHN DEERE BANK S.A.
CONSOLIDATED

ANNUAL FINANCIAL REPORT
including Report of the *Réviseur d'Entreprises Agréé*

OCTOBER 31, 2024

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January 15, 2024

Consolidated Authorized Management Report

The Authorized Management of John Deere Bank S.A., Luxembourg ("**Company**") is pleased to present the Consolidated Annual Financial Report for the financial year ended 31 October 2024 ("**FY24**").

The primary mission of the Company is to provide financing to support the sale of agricultural, horticultural, ground-care, road construction and forestry equipment primarily in Europe.

The Company maintains branch offices in the UK, Spain, Germany, and Poland, as well as two wholly owned subsidiaries in France and Italy. Finally, the Company has a joint venture with Credit Agricole and owns 50% of the respective company in France.

The average number or persons employed during FY24 the Company was 161 (159 in 2023).

1. Material events of the Company

*a. Board of directors of the Company ("**Board**") actions*

- On 12 December 2023 / 20 March 2024 / 19 June 2024 / 25 September 2024 regular Board meetings took place via video conference and partially also in person.
- During FY24 the Board did conduct a Board self-assessment.
- All Board members took ESG (Environmental, Social & Governance) training.

b. Shareholder actions

- 15 Feb 2024: Annual shareholder meeting took place.

c. Other(s)

- Appointment of Ms. Teresa Garside as Board member, with CSSF approval received on 28 February 2024.
- An anti-money laundering audit & counter terrorist financing audit by the German regulator (Bafin) started 17 July 2023 with regards to the German branch of the Company. A final report has been issued and the remediation actions implemented during FY 2024. A follow-up meeting with the BaFin took place in August 2024 and further follow-up meeting is scheduled for week starting 11 November to resolve if separate MLRO is required for our German branch.
- An onsite inspection of the CSSF relating to the Interest Rate Risk on the Banking Book (IRRBB) started in January 2024.While the recommendation letter has not been received, the Company has been working on remediation actions based on preliminary observations shared during the fact validation meeting held on the 5th of September.
- A meeting with the CSSF took place on 18 January 2024 with the CSSF and the members of the Authorized Management (Felix Frie, Nathalie Prevost, Paul Heyman, and Carmen Laun) to discuss potential governance improvements. This was documented in a governance assessment which was submitted to the CSSF on 21 June 2024. A closure meeting with the CSSF and the members of the Authorized Management took place on 21 October 2024.

There have been no post balance sheet events.

2. Material events of the subsidiaries of the Company

The Company is an equal (50%) shareholder of John Deere Financial S.A.S., France together with the Credit Agricole group. During FY24 John Deere Financial S.A.S., France increased its capital from EUR 39,704,400 to EUR 46,604,700.

The Company is the sole shareholder of John Deere Acceptances S.r.l., Italy and John Deere Solutions Réseau S.A.S., France.

No material events occurred related to these subsidiaries.

3. Financial Results

Net income for FY24 was EUR 29,738 thousand, compared to EUR 24,905 thousand for last fiscal year. The margin for FY24 resulting from the difference between the interest income and the interest expense was EUR 77,104 thousand, compared to EUR 74,373 thousand for last fiscal year. The return on assets for FY24 was 0.86% compared to 0.71% for last fiscal year.

General and administrative and staff expenses increased by EUR 2,264 thousand FY24 compared to last fiscal year. This is primarily related to higher staff expenses.

The portfolio of financing (loans and leases) to end-customers ("**Retail Financing**") and intragroup purchased receivables related to John Deere dealers and Wirtgen end-customers ("**Factoring**") decreased to EUR 3,079,905 thousand in FY24 compared with an ending balance of EUR 3,258,616 thousand last fiscal year.

The funding at the end of FY24 was EUR 993,008 thousand of intra-group funding, and EUR 1,694,246 thousand of EMTN compared to EUR 1,770,048 thousand of intra-group funding, and EUR 1,046,342 thousand of EMTN at the end of last fiscal year.

Intangible assets as reported in the financial statements do not include any research and development costs. The balance of this account consists of consultancy fees and concessions, patents, licenses and similar rights and assets. There were no post balance sheet events that would affect the financial statements as of 31 October 2024.

The increase of the FY24 net income was driven particularly by higher gross margin, mainly due to lower unfavorable fair value adjustment of interest rate swaps, and higher Retail Financing partly offset by lower Factoring, higher staff expenses and credit impairment losses.

During 2024, the Bank did not acquire any of its own shares.

4. Corporate Governance Statement

The internal governance framework is framed within the three lines of defense: (1) the business units that take or acquire risks under predefined policy limits and carry out controls; (2) the support functions including the financial and accounting function, as well as the IT, Information Communication Technology, Risk Control, Risk Management and Compliance function; and finally (3) the Internal Audit function which provides an independent, objective and critical review.

The Company's Risk Strategy and Risk Management Framework define the fundamental principles, roles and responsibilities of the Company's Risk Management Function, and the Risk Management Function's relationship with the Company's Authorized Management, Board of Directors and business and operational functions. The Company's fundamental principles of risk identification, measurement, control, and mitigation are stated in the Risk Strategy document approved by the Board of Directors.

Also, the Internal Audit Charter and Policy set out the objectives, powers, and duties of the Internal Audit function.

The Company's Compliance Policy lays down the way the Company's compliance principles (model of conduct) are implemented. The Compliance Charter of the Company lays down the way the Compliance function shall be organized so that it achieves its objectives.

Finally, the Internal Controls Function Charter defines the process for the nomination, selection, appointment, setting of term and revocation of the internal control functions, and is complementary to the provisions contained in the aforementioned, Compliance Charter, and Internal Audit Charter.

The Governance Council forms an important part of the Company's governance structure and was enhanced in various ways during FY24. This is documented in the Governance Council Charter.

As set forth in the "Signing Authorities and Authorization Limits Policy of the Company" the Board has delegated daily management and the representation of the Company to the Authorized Management. Within this scope, the Authorized Management has further delegated its authorities to certain individuals by way of maximum amounts/limits for different categories, such as SA&G, contracts, underwriting, write-off, and non-accruals. Any authorization may be revoked at any time.

5. Risk Management

The Company's continued commitment towards strong controls and a systematic approach to risk management provides assurance that all risks are identified and analyzed according to the recommendations of the banking supervisory authorities and market practices. Specific risk management areas are as follows:

a. Credit risk

Retail Financing is approved within the powers set up in the chart of authorities. The majority of Retail Financing is with agricultural end-customers, reserved for individuals and corporate entities of good financial standing. The risks are mitigated by a selective account opening process and appropriate credit analysis under documented credit policies. The Company typically retains as collateral a security interest in the goods associated with the loan or lease and whenever deemed necessary, obtains additional credit securities.

Credit risk management related to Factoring is administered by the Company under a documented wholesale credit policy. Wholesale Financing, approved in accordance with the powers set up in the chart of authorities, is with John Deere dealers that are corporate entities. Accordingly, internal, uncommitted credit lines are established for individual dealers and are reviewed on an annual or bi-annual basis, depending on the size and risk rating of the dealer.

b. Liquidity risk

The Company does not take any customer deposits. The liquidity risk is basically limited to funding risk. The Company's primary internal liquidity measure is a funding profile that promotes the use of diversified funding sources including intercompany loans from John Deere Cash Management S.A., Luxemburg and EMTNs. The Company complies with the 100% liquidity coverage ratio requirement and the 100% net stable funding requirement.

c. Interest rate risk

The objective of the Company's interest rate risk management policy and strategy is to minimize the variance of financial results due to changes in interest rates. This is accomplished by funding fixed rate assets with fixed rate debt of the same expected maturity and by funding floating rate assets with floating rate debt with similar re-pricing characteristics. The Company does not take material interest rate positions that expose its net interest margins to fluctuations in interest rates. Static gap reports are prepared for the portfolio by comparing the runoff of fixed rate assets with the runoff of fixed rate liabilities. Management reviews these reports periodically. With the approval of management, additional interest rate swaps or debt will be issued to minimize the size of the gap if material. These static gap reports are reviewed with the Board on a quarterly basis. The Company's use of derivative financial instruments is limited exclusively to hedging activities and not trading or speculation. The counterparties used in such transactions are banks with high credit-ratings assigned by international credit-rating agencies or an internal counterparty, which limits the Company's settlement risk.

d. Currency risk

The Company both lends and borrows in various foreign currencies. Foreign currency transactions create exposures that affect the book value of assets and liabilities. Foreign currency transactions also create transaction exposures when cash inflows and outflows in foreign currencies do not offset each other. To mitigate foreign exchange translation risk, foreign currency assets are funded with a like amount of foreign currency liabilities after deducting allocated equity. Any unhedged exposures will be reviewed by management monthly. Material unhedged exposures will be reported to the Board at the quarterly Board meetings.

e. Operational risk

The Company's strategy for the management of operational risk is to use a mix of policies, procedures, control steps and reviews to ensure that risks are appropriately identified, understood, managed, controlled, and where possible, mitigated. The Company operates based on strict segregation of duties and application of the four-eyes principle at all levels. The operations of the Company are documented in functional procedures manuals, and it is the responsibility of the Internal Auditor (a full time / independent position) to monitor adherence to these procedures, and general risks inherent in the business, and to report findings to the Board. It is the practice of the Company to adopt common IT platforms / software, and consistent operational procedures wherever possible. The Company has a detailed business recovery plan as well as a disaster recovery plan that mitigates operational risks. This is reviewed on an annual basis, or when circumstances warrant.

*f. Climate-related and environmental (**"CR&E"**) risk*

The identification of CR&E risks, their management and their control is a fundamental step in the Company's transition to a business model that is more resilient to CR&E risk. For the Company, CR&E risks correspond to the vulnerability of its activities to climate change and environmental degradation. The Company has integrated the management of CR&E risks in its risk management processes as outlined in its implementation plan shared with the CSSF in FY 2023. One area of further review in FY 2025 is the CR&E risk scorecard for retail finance customers, which yielded non-conclusive outcomes.

6. Other Internal Controls

The Company has in place a full set of policies and procedures for all functional areas of its business which are enumerated in a comprehensive list of policies and procedures:

- Authorized Management: General guidelines for the conduct of Company's business, including code of conduct, conflicts of interest and organization charts. General authority limits and the committee structure for management review of the Company's operations.
- Operations: Procedures for the proposing, underwriting, incepting, maintaining, and amending of Retail Financing contracts. Procedures for underwriting internal, uncommitted dealer credit lines, and ongoing administration of Wholesale Financing.
- Treasury: General funding policy of the Company and procedures for funding the Company's activities, including the approval of counterparties, forecasting of funding requirements, carrying out of transactions, monitoring of positions, pricing, record keeping and reporting.
- Finance and office administration: Statutory accounting policy and procedures for bank account maintenance, handling and recording of transactions, the performance of reconciliations and the tracking / controlling of company assets and expenditure.
- Financial Reporting: Procedures for regulatory, fiscal and management reporting.
- Human Resources: Policies and procedures in relation to the recruitment, induction, training, performance appraisal and remuneration of staff, in addition to the disciplinary and grievance procedure and health and safety guidelines.
- Information Technology and Information Communication Technology: Policies and procedures in three areas – procurement, management, and maintenance (including a disaster recovery plan).
- Compliance: Anti-Money Laundering (AML) / Counter Terrorist Financing (CTF) policies, guidelines and procedures, AML / CTF Risk Appetite, AML / CTF Risk Based Approach Policy, Reporting of Potential Business Conduct Violations and Anti Retaliation Policy, Complaints Procedures, Professional Secrecy and Data Privacy Policy, AML / CTF Screening Procedures, Compliance Policy and Charter, Internal Control Function Charter, New Product Approval Process. Vendor Management and Service Provider Guidelines, Outsourcing Policy, etc.
- Risk: Retail Credit Policy, Wholesale Credit Policy, Wirtgen Credit Policy, Market Risk Policy, Interest Rate Risk Policy, Operational Risk Policy, Liquidity Risk Policy, Contingency funding plan,

Internal Capital Policy, Third-Party Exposure Policy, and Business Continuity Plan.

7. Outlook of the Company

The Company remains focused on meeting the needs of John Deere's equipment customers. We consistently evaluate expanded product offerings and the possibility of entering new markets.

The directors, managers and staff of the Company look forward to fiscal 2025 as an opportunity to expand its product offering in support of the parent company's strategy.

Felix Frie
Regional Managing Director Region 2, Africa & China

Nathalie Prevost
Financial Controller

Paul Heyman
Director Wholesale Credit

Carmen Laun
Senior Vice President & Chief Counsel, JDF

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of John Deere Bank S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 October 2024, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 October 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (the "CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Impairment of loans to customers

Why the matter was considered to be one of most significance in our audit of the consolidated financial statements for the year ended 31 October 2024

Financial Assets at amortized cost amounted to EUR 3.080 million that represent 90% of total assets as at 31 October 2024 and are mainly composed of retail loans and wholesale loans. Certain aspects of the accounting for expected credit losses (ECL) of loans to customers require significant judgments, and inappropriate judgments made in relation to the methodology and inputs used or the assumptions taken may have a material impact on the impairment amount recorded.

These critical judgments include matters such as the definition of criteria to identify significant increase in credit risk or default, as well as estimation of input parameter for determining ECL, namely probability of default and loss given default which are derived from statistical models and should include forward-looking-information. For credit-impaired assets where impairment is based on management's best estimate, the critical judgments include estimation of recoverable cash flow, the valuation of collaterals, as well as the effect of insurance coverages received.

Due to the significance of retail and wholesale loans and the related estimation uncertainty, we consider the impairment of loans to customers as a key audit matter.

The key inputs and assumptions used by Board of Directors in its assessment of the impairment of loans to customers are described in the significant accounting policy "Financial assets" in note 2.12 and detailed in note 11 "Financial assets at amortized cost" and 26 "Financial instruments".

How the matter was addressed in our audit

Our procedures for impairment of loans to customers included, but were not limited to the following:

- We tested the design and implementation and effectiveness of key internal controls around loan monitoring review, including impairment.
- We involved our financial risk management specialists to challenge and to evaluate the reasonableness of key inputs and assumptions made by the Board of Directors relating to the IFRS 9 ECL model and in preparing ECL provisions.
- For all exposures, after performing procedures to ensure the reasonableness and accuracy of the parameters used, we tested the accuracy of the ECL amounts by recalculating them.
- We assessed whether the disclosures in the financial statements appropriately reflect the Bank's exposure to credit risk with reference to the requirements of the prevailing accounting standards.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the consolidated management report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the Board of Deirectors on 12 July 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 1 year.

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the consolidated management report. The information required by article 70bis paragraph (1) letter c) of the amended law of 17 June 1992 relating to the annual and consolidated accounts of credit institutions, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

Luxembourg, 22 January 2025

KPMG Audit S.à r.l
Cabinet de révision agréé

Pia Schanz

John Deere Bank S.A.

Consolidated Financial statements

October 31, 2024

Consolidated financial statements for the year ended October 31, 2024

Consolidated statement of profit or loss and other comprehensive income
Amounts in €'000

	Note	2024 €´000	2023 €´000
Interest income calculated using the effective interest method:	4	184,432	148,846
Other Interest income:	4	97,305	56,886
Interest income	**4**	**281,737**	**205,732**
Interest expense	6	(204,633)	(131,360)
Share in profit in investment accounted for under the equity method		4,286	3,637
Fee and commission income	5	7,391	9,077
Fee and commission expense	6	(2,553)	(2,409)
Losses from financial assets & liabilities held for trading	6	(11,831)	(18,164)
Net result from hedge accounting	26	(982)	255
Exchange differences, net		529	412
Gains (losses) on de-recognition of assets other than held for sale		(27)	33
Other operating income	7	30,224	24,666
Other operating expenses		(545)	(1,406)
Staff expenses	6, 8	(21,028)	(19,488)
General and administration expenses	9	(17,504)	(16,780)
Depreciation and amortization expenses	6	(23,679)	(21,551)
Impairment of financial assets not measured at FV through P&L	6	(2,651)	(742)
Total profit before tax	6	**38,734**	**31,913**
Income tax expense	10	(8,996)	(7,008)
Profit for the year		29,738	24,905
Other comprehensive income (OCI) for the year			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of the defined benefit liability/asset	20	(1,817)	(681)
Income tax on items recognized in OCI	10	455	170
Gain (Loss) on Investment Fund recognized in OCI	20	10	-
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations	23	4,298	(850)
Other comprehensive income for the year		**2,946**	**(1,361)**
Total comprehensive income for the year		**32,684**	**23,544**

The notes on pages 6 to 68 are an integral part of these consolidated financial statements.

Consolidated statement of financial position
Amounts in €'000

	Note	2024 €´000	2023 €´000
ASSETS			
Cash & cash equivalents	26, 27	51,195	51,154
Derivatives held for trading	26	12,590	29,370
Financial assets at fair value through other comprehensive income		127	96
Financial assets at amortized cost	11, 26, 31	3,079,905	3,258,616
Derivatives-Hedge accounting	26	18,655	0
Investment accounted for under the equity method		45,218	26,132
Property, plant and equipment	13	171,899	126,839
Right-of-use of assets	12	1,384	1,914
Intangible assets	14	1,141	841
Current tax assets		656	2,358
Deferred tax assets	10	5,572	4,234
Asset pension and other retirement benefits	20	1,972	3,064
Other assets	15	26,346	15,753
Total Assets		**3,416,660**	**3,520,371**
LIABILITIES			
Derivatives held for trading	26	8,259	12,019
Financial liabilities measured at amortized cost	17, 18, 26, 29, 31	2,687,253	2,816,390
Derivatives-Hedge accounting	26	966	10,776
Current tax liabilities	10	6,737	3,970
Deferred tax liabilities	10	0	3,738
Liability pension and other retirement benefits	20	3,119	2,334
Leases liabilities		1,470	2,135
Other liabilities	19, 31	96,073	88,910
Total Liabilities		2,803,877	2,940,272
EQUITY			
Issued Capital	20, 24	117,906	117,906
Share premium	21	4,866	4,866
Retained Earnings	24	428,314	403,166
Reserves	23	61,698	54,161
Total Equity		612,783	580,099
Total Equity and Liabilities		**3,416,660**	**3,520,371**

The notes on pages 6 to 68 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
Amounts in €'000

	Total Equity	Issued Capital	Share Premium	Retained earnings	Reserves
Balance at October 31, 2022	556,555	117,906	4,866	382,761	51,022
Comprehensive income					
Profit for the year	24,905	-	-	24,905	-
Cumulative translation adjustment	(850)	-	-	-	(850)
Loss on Pension recognized in OCI	(681)	-	-	-	(681)
Income tax on items recognized in OCI	170	-	-	-	170
Total comprehensive income	23,544	0	0	24,905	(1,361)
Increase in net wealth tax reserve	-	-	-	(4,500)	4,500
Balance at October 31, 2023	580,099	117,906	4,866	403,166	54,161
Comprehensive income					
Profit for the year	29,738	-	-	29,738	-
Cumulative translation adjustment	4,298	-	-	-	4,298
Loss on Pension recognized in OCI	(1,817)	-	-	-	(1,817)
Gain on Investment Fund recognized in OCI	10	-	-	10	-
Income tax on items recognized in OCI	455	-	-	-	455
Total comprehensive income	32,684	0	0	29,748	2,936
Increase in net wealth tax reserve	-	-	-	(4,600)	4,600
Balance at October 31, 2024	612,783	117,906	4,866	428,314	61,698

Further information on Equity is presented in Notes 21 to 24 to these consolidated financial statements.
The notes on pages 6 to 68 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
Amounts in €'000

	Note	2024 €´000	2023 €´000
Cash Flows from Operating Activities			
Profit for the Year		29,738	24,905
Adjustments for			
Allowance for credit losses	6	2,651	742
Depreciation and amortization	6	23,679	21,551
Net interest income and dividend income	4, 6	(77,304)	(74,572)
Net result from financial asset and liabilities held for trading		11,828	18,164
Net result from hedge accounting		982	(255)
Income tax expense	10	8,996	7,008
Undistributed Earnings of Unconsolidated Affiliates		(4,129)	-
Other adjustments		(486)	4,950
Increase/decrease in assets and liabilities from operating activities after adjustment for non-cash items			
Change on Derivatives held for trading		1,192	(1,062)
Change on Derivatives - Hedge Accounting		(326)	2,259
Change of financial instruments at amortised cost		194,962	(348,708)
Change on equipment from operating leases		(61,770)	(26,400)
Change in other assets and liabilities		(5,362)	5,614
Interest received	4	281,737	205,732
Interest paid	6	(204,633)	(131,360)
Income tax payments - net		(8,746)	(9,597)
Net cash (used in) generated by Operating Activities		193,009	(301,029)
Cash from Investing Activities			
Purchase of property, equipment and intangibles		(730)	(659)
Investments in Unconsolidated Affiliates		200	200
Capital increase of Joint Venture		(15,000)	-
Other Investing		8	-
Net Cash Provided (Used) by Investing Activities		(15,522)	(458)
Cash from Financing Activities			
Proceeds from intragroup financing	18	43,417	133,765
Repayment of intragroup financing	18	(818,234)	(349,243)
Proceeds from loans and issuance of long-term borrowings	18	596,706	455,818
Proceeds from lease liabilities	18	1,470	2,106
Repayments of lease liabilities	18	(805)	(638)
Net Cash used by Financing Activities		(177,446)	241,809
Cash and cash equivalents at the beginning of the year		51,154	110,832
Cash flows from operating activities		193,009	(301,029)
Cash flows from investing activities		(15,522)	(458)
Cash flows from financing activities		(177,446)	241,809
Effect of exchange rate changes		-	-
Cash and cash equivalents at the end of the year		51,195	51,154

The notes on pages 6 to 68 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Table of Contents

1. Corporate information

John Deere Bank S.A. (the "Bank") was incorporated in Luxembourg on February 3, 2000, as a limited company *(société anonyme)*.

The consolidated Financial Statement of the Bank refers to the activities of its 4 Branches; in Germany, UK, Spain and Poland, 1 Joint Venture in France and its 2 subisidiaries in France and in Italy.
The Board of Directors is composed of Senior Executives of other entities of Deere & Company. The business policy and valuation principles, unless prescribed by the legal requirements existing in Luxembourg, are determined and monitored by the Board of Directors in accordance with those applied by Deere & Company.

The registered office of the Bank is:

John Deere Bank S.A.
43, Avenue John F. Kennedy
L-1855 Luxembourg

The Bank's parent company is John Deere Capital Corporation ("JDCC"). The consolidated financial statements of JDCC may be obtained from the following address:

John Deere Capital Corporation
P.O. Box 5328
Madison, Wisconsin, 53705-0328
USA

The ultimate parent company is Deere & Company. The consolidated financial statements of Deere & Company may be obtained from the following address:

Deere & Company
1 John Deere Pl
Moline, Illinois 61265
United States

The Bank's corporate purpose is to perform banking activities in the widest sense permitted by law, both in Luxembourg and abroad, for its own account or for account of its customers. It may, in particular, but not exclusively, borrow or raise money for any of the objects or purposes of the Bank and, from time to time without limit as to amount, to issue, sell, pledge or otherwise dispose of appropriate instruments to evidence such indebtedness, and to secure the payment thereof by mortgage or other lien upon the whole or any part of the property of the Bank, whether at the time owned or thereafter acquired. The Bank may further finance or assist in financing the sale of property by way of leasing or the hire and leasing of goods, articles, commodities, plant, machinery, vehicles, tools and equipment of all and every kind or description.

The Bank can establish or take part in finance and other companies or acquire, encumber or dispose of real estate in Luxembourg or abroad, either for its own account or for account of its customers.

Besides, the Bank can engage in any kind of business suitable for the enhancement of its interest and for the attainment of its object.

To a significant extent, the Bank cooperates with other entities of the John Deere Group.

The Bank operates a branch in the United Kingdom in order to perform the same operations that the Bank is permitted to execute. Its activities consist in providing loans and leases, such as hire-purchase agreements, operating and financial leases to private customers. Since the UK is the branch's primary economic environment, the GBP is its functional currency. The Bank also offers financing products through its Spanish Branch and German Branch. The Polish Branch acts as an Accounting Shared Services for the Bank. Since Poland is the branch's primary economic environment, the PLN is its functional currency.

The Bank performs factoring arrangements with other entities of Deere & Company through the Luxembourg headquarter, its UK Branch and through its subsidiary in Italy.

2. Summary of material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis for preparation

Statement of compliance

The consolidated financial statements of the Bank have been prepared in accordance with IFRS accounting standards and interpretations issued by the IFRS Interpretations Committee (IFRS IC), as adopted by the European Union (EU). Additional information is included in the accompanying consolidated financial statements in order to comply with the Luxembourg legal requirements.

The management report prepared pursuant to Luxembourg legal and regulatory requirements is added to these consolidated financial statements.

The Bank’s accounting year starts on November 1 and ends on October 31.

All amounts are shown in thousands of EUR unless otherwise indicated.

The Bank’s consolidated financial statements are prepared in euros, the reporting currency of the Bank. Unless otherwise indicated, all amounts are shown in thousands of euros. All items under €500.00 are presented as €0.00, and zero items are denoted by a dash. Due to rounding, in some cases the individual figures presented may not add up precisely to the totals provided.

The consolidated financial statements were authorised for issue by the Board of Directors on December 20, 2024.

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries).

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:
- financial assets and liabilities (including derivative instruments) - measured at fair value (as disclosed in Note 26 – Financial instruments);
- defined benefit pension plans - plan assets measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Going concern

The consolidated financial statements are prepared on a going concern basis, which assumes that the Bank will be able to discharge its liabilities. The Bank’s Authorized Management concluded that there is no material uncertainty related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern.

2.2. Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities over which the Bank has control. The Bank controls an entity when the Bank is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases.

The Bank holds 100% of the capital of both subsidiaries included in this consolidated financial statements.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated.

Where necessary, adjustments are made to the accounting policies of the subsidiaries to ensure consistency with the policies adopted by the Bank.

(ii) Associates

An associate is an entity over which the Bank has significant influence and that is neither a subsidiary nor any interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. This is generally the case where the Bank holds between 20% and 50% of the voting rights.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

(iii) Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity, which is subject to joint control.

Interest in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated financial statements.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Bank's share of the post-acquisition profits or losses of the investee in profit or loss, and the Bank's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Bank's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Bank does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Bank and its associates and joint ventures are eliminated to the extent of the Bank's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Bank.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.15.

2.3. Consolidated Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Authorised Management of the Bank assesses the financial performance and position of the Bank, and makes strategic decisions. The Authorised Management of the Bank has been identified as being the chief operating decision maker.

2.4. Foreign currency transactions and translations

Functional and presentation currency

Items included in the consolidated financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (the functional currency), which is the EUR, except for the UK activities where it is the GBP and Polish activities where it is the PLN. These consolidated financial statements are presented in EUR, which is the Bank's functional and presentation currency.

The Bank maintains a multi-currency accounting system, which records all transactions in the currency or currencies of the transaction on the day on which the contract is concluded.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised and presented as *Exchange differences, net* in profit or loss.

Foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within “Exchange differences, net”.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign currency translation

The results and financial position of the Bank's UK and Polish branches, that have a functional currency different from the presentation currency, are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates, and
- all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.5. Interest income and expense

Interest is recognised in interest income and interest expense in the consolidated statement of profit or loss for all interest-bearing financial instruments using the effective interest rate method except for interest income and expense from hedge accounting items and interest income from balances with central banks. Accrued interest income and expense is reported in the same line as the related financial asset and liability in the consolidated statement of financial position.

To support the sales activities of the group the bank offers financing packages through sales branches to customer where a portion of the interest will be borne by the sales branch, leading to a reduced attractive financing condition for the final retail customer. The bank defers the net present value of the sales branch’s contribution as Other Liability and amortises through the life of the finance agreement.

2.6. Fee and commission income

Brokerage fees

When the Bank has no presence in a country, it works with a partner bank (herein "Partner Bank") in order to grant funding to end customers that want to purchase John Deere equipment. The Bank eventually brings the end customers to the Partner Bank. This is the performance obligation for which the Partner Bank is paying to the Bank a brokerage fee. Brokerage fee is received when the Partner Bank activates the loan contract with the end customer.

The services rendered by the Bank in connection with the brokerage fees represent a performance obligation satisfied at a point in time (i.e. at the moment when the end customer is signing the contract with the Partner Bank). As such, the revenue linked to such fees is booked one off in the consolidated statement of profit or loss at the date when the end customer is signing the contract with the Partner Bank.

Brokerage fees are included within the line "Fee and commission income" in the consolidated statement of profit or loss.

Service fees

Some of the employees of the Bank are involved in international activities performed at the level of John Deere group. For the work done by its employees, the Bank is recharging the cost of the employees that are involved in such projects to John Deere US.

The revenue linked to such recharge is recognised over time as the customer (JD Group) is benefiting from the services performed by the employees of the Bank.

Service fees are included within the line "Fee and commission income" in the consolidated statement of profit or loss.

Loans and Leases' associated fees

Receivable origination fees are fees earned by the Bank in connection with extending and granting credit receivable. Those fees are deferred and amortized over the life (contractual term) of the receivable.

2.7. Dividend received

Dividend received is recognised when the Bank's right to receive dividend has been established. Dividend received is recorded in a specific caption of the consolidated statement of profit or loss.

2.8. Gain (losses) on financial assets and liabilities at fair value

Realised and unrealised gains and losses on financial instruments measured at fair value are recognised in the item "Gain (losses) on financial assets and liabilities held for trading". Realised and unrealised gains and losses mainly derive from derivatives.

2.9. Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as liability pension and other retirement benefits in the consolidated statement of financial position.

Defined contribution plan

The Bank has pension obligations from a defined contribution plan. The Bank's defined contribution plan is the main pension scheme and covers all employees of the Bank except those covered by the defined benefit plan. For defined contribution plans, the Bank pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Bank has no further payment obligations once the contributions have been paid. Defined contribution plans are not reflected on the consolidated statement of financial position.

Obligation for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when employees have rendered service entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plan

The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. Under this method, each employee's benefits are attributed to years of service, taking into consideration future salary increases and the benefit allocation formula. Thus, the estimated total pension to which each employee is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

Calculation of defined benefit obligations is performed by external actuaries and is based on the actuarial assumptions fixed for the Bank's pension plan. When the calculation results in a potential asset for the Bank, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the consolidated statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

The Bank recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Bonus plans

The Bank recognises a liability and an expense for bonuses. The Bank recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.10. Taxation

Current tax

The Bank is fully subject to corporate income tax, municipal business tax and net wealth tax in Luxembourg. The Bank is also subject to foreign taxes for the business carried out abroad by the branches/offices.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that sufficient taxable profits will be available against which those deductible temporary differences or unused tax losses and tax offsets can be utilized. However, deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on branches, except where the Bank is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed periodically and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items recognized in “other comprehensive income” (OCI), in which case the tax is also recognized directly in OCI.

2.11. Cash and cash equivalents

Cash and balances at central banks include cash, cash in banks and deposits placed with central bank that represents minimum reserve.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include highly liquid financial assets with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2.12. Financial assets

Initial recognition and measurement

Financial assets are recognised when the entity becomes a party to the contractual provisions of the instruments. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Bank commits to purchase or sell the asset.

Financial assets are initially measured at fair value, except for receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

The Bank applies IFRS 9 and classifies its financial assets in the following measurement categories:

- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income (FVTOCI);
- amortised cost.

The classification depends on the Bank's business model for managing the financial instruments and the contractual cash flow characteristics of the financial instruments.

Business model and SPPI assessment

The Bank determines its business models at the level that best reflects how the Bank manages portfolios of financial assets to achieve business objectives. Factors considered by the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The election is made on an instrument-by-instrument basis.

In order to assess the business model, the Bank has divided its financial assets into portfolios based on how groups of financial assets are managed together to achieve a particular business objective.

The Bank has analysed whether the cash flows from the financial assets held as of October 31, 2024 are SPPI compliant. This has been performed by grouping contracts which are homogenous from a cash flow perspective and conclusions have been drawn for all contracts within that group.

All financial assets designated at amortised cost meet the requirements to apply the SPPI since the Bank's business model is a "hold to collect" and the composition of the financial assets mainly consists of lending activity through loans and advances to retail and corporate customers (retail financing and wholesale financing).

Other residual financial assets include interest rate swap derivatives, non-frequent foreign exchange transactions, equity investments in Bank's subsidiaries and joint venture and cash balances in credit institutions and Central Bank.

Impairment and allowance for credit losses

The Bank always recognises lifetime expected credit losses (ECL) for trade receivables and lease receivables. The ECL on these financial assets are estimated using a provision matrix based on the Bank's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Specifically, IFRS 9 requires the Bank to recognise a loss allowance for ECL on its Financial assets at amortized cost, which are comprised of:

1. Installment loans;
2. Finance Lease receivables;
3. Trade receivables.

The Bank does not recognize a loss allowance for intercompany receivables and cash with banks due to these amounts being immaterial.

IFRS 9 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition.

Unimpaired and without significant increase in credit risk (stage 1)

Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month ECL are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period, but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

Significant increase in credit risk (stage 2)

Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date), but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period. When assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the change in the risk of a default occurring over the expected life of the financial instrument is considered rather than the change in the ECL.

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

i. Qualitative criteria
   - for retail portfolios if the borrower is under forbearance;
   - for the wholesale portfolios if the borrower is on the watch list or if there is a decrease of two ranks in internal credit rating.

ii. Backstop
   - a backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Credit-impaired financial assets (stage 3)

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognized and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

The Bank considers a financial instrument as credit-impaired when the borrower is more than 90 day past due on its contractual payments.

The Bank measures its portfolio in terms of payment arrears. Loan exposures are monitored on a monthly basis to analyse changes in the level of arrears. For retail portfolio, if payment has not been received within 90 days, the obligation is generally considered as impaired. For wholesale portfolio, the impairment is calculated on a case by case basis.

Definition of default

Default occurs when the borrower is more than 90 days past due on any material obligation and/or the Bank considers the borrower unlikely to make its payments in full without recourse action, such as taking formal possession of any collateral held.

Movement between stages

Financial assets can be transferred between the different categorises depending on their relative increase or decrease in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments described above. Financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impaired as described above. For financial assets that are assessed for impairment on an individual basis, all available evidence is assessed on a case-by-case basis.

Measurement of ECL

Expected credit losses are calculated using the three main components: the probability of default (PD), exposure at default (EAD) and loss given default (LGD).

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit impaired.

PD is assessed individually and defined in the internal credit policies of the Bank. The process is divided between Wholesale and Retail portfolios. For Retail portfolio, a further split is performed by portfolio country (UK, Germany and Spain).

For the Wholesale portfolio, the risk rating is calculated for each dealer in accordance with the Risk Rating Guidance. The risk classification is as follows:

Risk Rating	Description	Probability of Default
1	Highest Quality	Not used
2	Superior Quality	Not used
3	Excellent Quality	Not used
4	Good Quality	0.05%
5	Acceptable Quality	0.30%
6	Minimally Acceptable Quality	1.00%
7	Special Mention	10.00%
8	Substandard	30.00%
9	Doubtful	100.00%
10	Loss	100.00%

For retail portfolio, the credit score is assessed based on the use of scorecards models which scores each individual predefined data and finally sums up to a score which will then attribute the grade:

Grade	Probability of default
AAA	0.15%
AA	0.25%
A	0.4%
BBB	0.7%
BB	1.0%
B	1.5%
CCC	2.0%
CC	2.75%
C	3.5%
DDD	5.0%
DD	7.0%
D	10.0%
EEE	14.0%
EE	20.0%
E	30.0%

For each retail portfolio the criteria are different and depend on the available data. The criteria used by portfolios to assess the internal score are as follows:

- UK Portfolios: term written, down payment midpoints, customer type, delphi score, equipment type, number of accounts without past dues, years in business, county court judgements, reschedule counts, percentage of accounts without past dues.
- German portfolios: Schufa score, credit reform score, term written, deposit categories, payments per year (frequency), equipment category, new vs used, postal code, activity type, business entity, Bank's history % without 21+ days past due, Bank's history # without 21+ days past due.
- Spanish Portfolios: term written, down payment percentage, percent new equipment, percent John Deere equipment, equipment type, Bank's history % satisfactory, Bank's history 90 days delinquency, years in business, business entity type, region, business activity and farm type combination, crop type, ASNEF credit score, ASNEF judicial score, AXESOR score.

LGD represents the magnitude of likely loss on the exposure, expressed as a percentage of the exposure. LGD is calculated based on the past occurrences by portfolio type (Wholesale or Retail).

EAD is the amount to which the Bank is exposed to the borrower at the time of default, measured in currency.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival. This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed.

When determining the amount of the ECL, the Bank considers the value of underlying guarantees, mostly represented by the equipment held, or any bank guarantees and credit insurance coverage. Note 26 provides additional information regarding credit risk and the Bank's assessment of collateral value.

The total amount of ECL is deducted from the asset items to which it belongs except for provisions for risks in off-balance-sheet items which are shown as provisions.

If, in a subsequent period, the amount of the ECL decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized ECL is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Forward-Looking Information

JDB’s portfolio is depending mainly on the changes in agricultural sector and commodities prices and less on usual macro-economic data such as GDP growth or unemployment rate. Additionally, JDB’s Retail portfolio comprises different types of obligors with respect to size, produce (diary, crops (barley, rye, corn), forest, etc.,), location (country, region, etc.). Therefore, JDB decided to approach the forward-looking aspect of IFRS 9 from a qualitative perspective.

On a regular basis JDB receives from the John Deere R2 Chief Economist the “Ag Economic Outlook” and the “EU Farm Income Dashboard”. The “Ag Economic Outlook” provides an Agricultural Economic outlook including Ag production volumes, Ag input costs, Ag Commodity Markets & Farm Income, and Farmers´ mood & future expectations. The “EU Farm Income Dashboard” shows the EU Arable Net Operating Cash Flow and EU Dairy Net Operating Cash Flow showing the annual net operating cash flow of farmers in these two production segments. Both documents monitor important leading indicators of machinery investments in the following fiscal years but could also be used as a leading indicator of potential payment problems.

Additionally, based on the two documents above JDB provides an outlook for the EU agricultural markets on a quarterly basis to Johnston Finance group as part of it reporting on “Allowance for Credit Losses Analysis” for the Retail portfolio (by country and separately Wirtgen) and Wholesale portfolio. This document comprises besides the model methodology applied at JDB also an overview of the economic conditions and an allowance analysis by portfolio (in case of Retail by sub-portfolio).

Write-off

The Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Bank’s recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

Amounts received on written-down loans are accounted for in the consolidated statement of profit or loss.

Modification of loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- if the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- whether any substantially new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan;
- significant extension of the loan term when the borrower is not in financial difficulty;
- significant change in the interest rate;
- change in the currency the loan is denominated in;
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a “new” asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amounts are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Amortised cost and effective interest rate

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

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired financial assets - assets that are credit-impaired at initial recognition - the bank calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the bank revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in the consolidated statement of profit or loss.

Financial assets at fair value through profit and loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL mainly include interest rate derivatives.

De-recognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.13. Derivatives

The Bank enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange spot contracts and interest rate swaps.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the consolidated statement of profit or loss immediately, unless the derivatives is recognized and effective as hedging instrument, in which event the timing of recognition in profit and loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset. A derivative with a negative fair value is recognized as a financial liability.

Fair values of derivatives are obtained either from quoted market prices or by using valuation techniques. Derivatives are only offset for accounting purposes if the offsetting criteria are met. Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis.

Note 26 sets out details of the fair values of the derivative instruments used for economic hedging purposes.

2.14. Intangible assets

Separately acquired software and licences are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses if any.

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant consultancy fees.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria in above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The Bank amortises intangible assets with a limited useful life using the straight-line method.

2.15. Property, plant and equipment

Fixtures and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term. The periods used by the Bank are disclosed in Note 13.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.16. Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and at each reporting date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. As of October 31, 2024 there are no impairment indicators for tangible and intangible assets, right of use assets and investments accounted for under the equity method.

2.17. Leases

<u>The Bank as lessor</u>

Leases for which the Bank is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recorded as Financial assets at amortized cost at the amount of the Bank's net investment in the leases. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Finance lease payments are allocated to accounting periods between interest revenue and reduction of the lease receivable. Lease income is recognised over the term of the lease using the net investment method in order to reflect a constant periodic rate of return.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset.

Residual Values risk of such Operating Leases are shared by the Bank with different stakeholders such as lessees, dealers or sales branch.

<u>The Bank as lessee</u>

The Bank assesses whether a contract is or contains a lease, at inception of the contract. The Bank recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (a new unit value of 5,000 EUR or USD or less, excluding taxes). For these leases, The Bank recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

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 Group's incremental borrowing rate.

In line with the methodology applied within John Deere group the Bank determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of assets leased.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.
the Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Bank did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.
Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.
Right-of-use assets are depreciated over the shorter period of lease term or useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.
The right-of-use assets are presented as a separate line in the statement of financial position.
The Bank applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the Note 2.15 “Property, Plant and Equipment”.

The Bank does not have financing lease agreements where the Bank acts as a lessee.

2.18. Financial liabilities

Initial recognition and measurement

Financial liabilities, including borrowings, are recognised when the entity becomes a party to the contractual provisions of the instruments. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Bank commits to purchase or sell the asset.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities or, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. Financial liabilities, except for derivatives, are subsequently measured at amortized cost using the straight line method, which approximates the effective interest method, to amortize issuance discounts and premiums as well as transactions costs. Interest expense is recognized on an effective yield basis.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is held for trading.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL mainly include interest rate derivatives and non-frequent foreign exchange transactions.

De-recognition of financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

2.19. Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bank will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2.20. Determination of fair value of financial instruments

For financial reporting purposes, fair value measurements are categorized into Levels 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.21. Consolidated statement of cash flows

For purposes of the consolidated statement of cash flows, the Bank's cash and cash equivalents include current accounts with banks and highly liquid financial assets that are readily convertible into cash and which are not subject to significant change in value.

Interests paid and received are classified as operating cash flows.

The Bank's core primary business is to grant loans, carry out operating and finance lease and perform factoring activities. Cash flows resulting from these activities are part of the operating category.

Cash advances and loans made to related parties, cash receipts from related parties, as well as cash flows related to commercial paper issued and medium term notes issued are considered as financing activities.

The Bank completely revised its consolidated cash flow statement in 2024 in order to achieve a more transparent presentation and an even more stringent application of the standard. These changes also had an impact on the allocation of certain cash flows to operating, investing and financing activities and consequently on the cash relating to these activities. For reasons of practicality, the Bank has not provided a detailed presentation of the changes made. From the reclassifications there was no effect in the net change in the cash that was reported last year.

2.22. Standards adopted as from November 1, 2023

The following standards and amendments to standards and interpretations have been adopted by the Bank for the first time for the financial year beginning on or after November 1, 2023 and are applicable, but have no material impact on the Bank.

- IFRS 17 Insurance Contracts
- Amendments to IAS 12 Income Taxes – International Tax Reform - Pillar Two Model.
- Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

2.23. New and revised IFRS Accounting Standards adopted by the EU in issue but not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after November 1, 2023 and have not been applied in preparing these financial statements. None of these is expected to have a material impact on the consolidated financial statements and the Bank is assessing the effect of this update on the Bank's related disclosures:

- Amendment to IAS 1 – Classification of Liabilities as Current or Non-current

- Amendments to IAS 1 – Presentation of Financial Statements Non-current Liabilities with Covenants Effective
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements
- Amendments to IFRS 16 – Leases Lease Liability in a Sale and Leaseback
- Amendments to IAS 21 – Lack of Exchangeability

There are no other IFRS standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Bank.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Bank's accounting policies, which are described in Note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty are associated with:

(a) Pension benefits

The cost of defined benefit pension plans and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(b) Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

(c) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviours (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 2.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for significant increase in credit risk;
- choosing appropriate models and assumptions for the measurement of ECL.

Detailed information about the judgements and estimates made by the Bank in the above areas is set out in Note 2.

(d) *Useful life of equipment and intangibles assets*

Useful life of equipment and intangibles assets is determined as explained in Note 2.

4. Interest income

Interest income from continuing operations consisted of the following items:

	2024 €´000	2023 €´000
Interest income calculated using the effective interest method:	184,432	148,846
Interest income from related parties	90,855	91,146
Interest income from customers	93,577	57,700
Other Interest income:	97,305	56,886
Designated Hedged Interest rate swap derivatives (i)	20,626	2,797
Non Designated Hedged Interest rate swap derivatives (i)	76,679	53,770
Cash & cash balances with central banks	-	319
	281,737	205,732

(i) Derivatives with related parties as per Note 26 to the Financial Statements.

5. Fee and commission income

Commission income from continuing operations consisted of the following items:

	2024 €´000	2023 €´000
Brokerage fees	3,633	4,990
Service fees	638	404
Loans and Leases' associated fees	3,120	3,683
Total	7,391	9,077

6. Profit before income tax

Profit before income tax has been arrived at after charging the following expenses from continuing operations:

	2024 €´000	2023 €´000
Interest expense:		
Cash & cash balances with central banks	57	-
Interest rate swap derivatives (i)	61,434	31,415
Third-party debt	46,856	16,316
Related party debt	67,372	78,923
Hedging Interest rate swap derivatives (i)	28,914	4,706
	204,633	131,360
Gain and losses on financial assets held for trading:		
Loss (gain) on interest rate swaps	11,831	18,164
	11,831	18,164
Credit impairment losses arising from:		
Financial Asset at amortized cost	2,651	742
	2,651	742
Depreciation and amortization of:		
Tangible assets	23,402	21,471
Intangible assets	277	80
	23,679	21,551
Staff expenses:		
Salaries and bonuses	17,289	16,234
Insurance and social security contributions	899	662
Contribution to defined benefit retirement plans	468	537
Contribution to defined contribution retirement plans	222	205
Contribution to state-managed retirement benefit plans	1,342	1,291
Other	808	559
	21,028	19,488
Fees and commission expense:		
Bank fees	47	42
Commissions expenses	946	1,004
Origination expenses / issuance fees	1,559	1,363
	2,553	2,409
Other operating expenses:		
VAT expense	541	1,377
Penalties	4	28
	545	1,406

(i) Derivatives with related parties as per Note 26 to the Financial Statements.

7. Other operating income

An analysis of the Bank's other operating income for the year is as follows:

	2024 €´000	2023 €´000
Rentals earned on operating leases	29,605	22,624
Other	619	1,156
Total	30,224	23,780

8. Staff expenses

The average number or persons employed during the financial year by the Bank is as follows:

	2024	2023
Authorised Management	4	4
Employees	157	155
Total	161	159

Staff expenses are also disclosed in Note 6.

The Bank has granted compensation in respect of the financial year to the members of the Authorised Management by reason of their responsibilities as follows:

Authorised Management	**2024**	**2023**
Salary	874	800
Incentive payments	610	610
Total	1,484	1,410

Additionally, the Authorised Management members were granted employee benefits for a total of €164 thousand (2023: €153 thousand).

As at October 31, 2024 an amount of €29 thousand of loans and advances has been granted to the Board of Directors or the employees (2023: €52 thousand) and the Bank has not entered into guarantee commitments on their behalf (2023: €nil).

As at October 31, 2024 no defined benefit plans have been granted by the Bank to the authorised management personnel (2023: €nil).

9. General and administration expenses

As at year-end, the General and administration expenses can be analysed as follows:

	2024 €´000	2023 €´000
Advertising	116	164
Audit fees	969	524
Consulting & Legal fees	1,000	1,256
Insurances	2,187	2,241
IT fees	3,333	2,758
Maintenance	43	50
Others	995	1,004
Redundancy cost	2,055	-
Rent expenses and related	337	321
Service fees	6,108	7,954
Travel & seminars expenses	361	508
Total	17,504	16,780

Services fees represent expenses related mainly to Debt collections services, Administration services, Treasury services and Support services paid to Deere & Co Entities.

10. Income taxes

	2024 €´000	2023 €´000
Current tax expense in respect of the current year	7,090	2,286
Adjustment related to prior years	(39)	171
Deferred tax	1,945	4,598
Other items	-	(47)
Income tax expense recognized in profit or loss	8,996	7,008

The total charge for the year can be reconciled to accounting profit as follows:

	2024 €´000	2023 €´000
Income before taxes	38,734	31,913
Less: income from Joint Venture, less dividend received	(4,286)	(3,637)
Less: permanent differences (i)	1,241	346
Taxable book income	35,689	28,622
Income taxes at Luxembourg statutory rate of 24.94%	8,936	7,176
Increase / (decrease) resulting from:		
Applicable tax rates differing from Luxembourg rate	99	(292)
Adjustments related to prior years	(39)	171
Other items	-	(47)
Income tax expense recognized in profit or loss	8,996	7,008

(i) Mainly composed by UK Branch for €1,014 thousand, Spain Branch for €75 thousand, Italy subsidiary for €352 thousand, offset by Luxembourg for €200 thousand.

No change in the corporate income tax rate for Luxembourg in 2024 compared to 2023 (i.e. 24.94%).

The Current Tax Liabilities of €6,737 thousand is composed by Luxembourg for €5,651 thousand, UK Branch for €406 thousand, Italy Subsidiary for €304 thousand, German Branch for Spain Branch for €61 thousand, and Poland Branch for €52 thousand (October 31, 2023: €3,970 thousand, composed by Luxembourg for €3,198 thousand, Italy Subsidiary for €717 thousand, Spain Branch for €47 thousand, German Branch for €6 thousand and Poland Branch for €2 thousand).

Significant components of the Bank’s gross deferred income tax assets are as follows:

	2024 €´000	2023 €´000
Deferred tax asset		
Compensation and benefits	(281)	(597)
Fixed assets	5,499	4,407
Derivatives	(603)	-
Fair value on fixed medium term note	-	-
Other	957	424
Total	5,572	4,234

The aggregate deferred tax relating to items charged directly to equity is € 455 thousand for 2024 and € 170 thousand for 2023.

Significant components of the Bank's gross deferred tax liabilities are as follows:

	2024 €´000	2023 €´000
Deferred tax liability		
Derivatives	-	(3,721)
Other	-	(17)
Total	-	(3,738)

Pillar Two Model

General disclosure

The company is part of a group that is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Luxembourg, the jurisdiction in which the company is incorporated, which has come into effect for fiscal years starting on or after 31 December 2023.

Since the Pillar Two legislation was not effective at the closing date of the financial year, the entity has no related current tax exposure. The entity applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The company operates branch offices in Spain, Germany, Poland, and the United Kingdom. The company also holds interests in subsidiaries in France and Italy. Unless each local jurisdiction has enacted its own Qualified Domestic Minimum Top-up Tax in line with the OECD Pillar Two model rules, the associated income will be subject to the Income Inclusion Rule in Luxembourg at the level of the company. At the time of filing, from the countries listed above only Spain has yet to enact Pillar Two legislation, therefore the branch in this jurisdiction will be included in the Luxembourg computation. Based on preliminary estimates of the Pillar Two rules, it is expected that there will be no material impact to the entity's current tax expense in the next financial year.

11. Financial assets at amortized cost

The gross carrying balances and related allowances are set out below:

	2024			
	€´000 Stage 1	€´000 Stage2	€´000 Stage3	€´000 Total
Retail loans (i)				
Gross carrying amount	1,854,940	56,809	28,080	1,939,829
Loss allowance	(826)	(73)	(10,302)	(11,201)
Carrying amount	1,854,114	56,736	17,778	1,928,628
Wholesale loans (ii/iv)				
Gross carrying amount	1,000,368	121,474	35,060	1,156,902
Loss allowance	(1,498)	(1,769)	(2,887)	(6,154)
Carrying amount	998,870	119,705	32,173	1,150,748
Related parties (iii)				
Gross carrying amount	528	-	-	528
Loss allowance	-	-	-	-
Carrying amount	528	-	-	528
Total carrying amount	**2,853,512**	**176,441**	**49,951**	**3,079,905**

	2023			
	€´000 Stage 1	€´000 Stage2	€´000 Stage3	€´000 Total
Retail loans (i)				
Gross carrying amount	1,788,716	39,756	31,700	1,860,172
Loss allowance	(824)	(53)	(9,498)	(10,375)
Carrying amount	1,787,892	39,703	22,202	1,849,797
Wholesale loans (ii/iv)				
Gross carrying amount	1,318,444	85,395	4,674	1,408,513
Loss allowance	(2,221)	(605)	(1,406)	(4,232)
Carrying amount	1,316,223	84,790	3,268	1,404,281
Related parties (iii)				
Gross carrying amount	4,538	-	-	4,538
Loss allowance	-	-	-	-
Carrying amount	4,538	-	-	4,538
Total carrying amount	**3,108,653**	**124,493**	**25,470**	**3,258,616**

(i) Retail loans include loans with a gross carrying amount of €1,820,358 thousand (October 31, 2023: €1,754,756 thousand) and finance lease receivable (Note 12) with a carrying amount of €119,472 thousand (October 31, 2023: €105,415 thousand).

(ii) The Bank entered into non-recourse factoring agreements with four(2023: five) Deere European marketing units. In accordance with the terms of the arrangements, the credit risk associated with the accounts receivable purchased was transferred to the Bank.

(iii) As at year-end, balances with related parties associated with the purchase of factoring receivables account for €528 thousand.

(iv) Balance in Stage 3 includes our Management-overlays towards exposures associated to our Ukrainian clients and dealers. The Bank's management kept up the decision taken in 2022 to assess all our exposure towards our Ukrainian clients and dealers as being migrated to Stage 3. This decision has led to an increase of the loss allowance for these exposures to €752 thousand (October 31, 2023: €383 thousand).

The Bank re-scheduled loans with a total outstanding balance as of October 31, 2024 amounted to €50,938 thousand and €33,768 thousand for October 31, 2023 respectively.

The following table explains the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	Retail		Wholesale	
ECL allowance	**2024**	**2023**	**2024**	**2023**
	€´000	**€´000**	**€´000**	**€´000**
Balance at the beginnig of the financial year	10,376	10,147	4,232	3,843
Allowance for impairment losses	38	46	1,919	368
Gross write-offs	1,320	1,453	-	25
Recoveries / IFRS 9	(600)	(1,258)	-	-
Net write-offs	720	195	-	25
Foreign exchange on non-EUR portfolio	67	(12)	3	(6)
Balance at the end of the financial year	11,201	10,375	6,154	4,232

12. Leases

Bank as a lessee

The Bank has leasing arrangements for motor vehicles, office space, expatriate housing and office equipment.

Non-cancellable operating lease payments are as follows:

Right of use assets	**Right of Use: Building**	**Right of Use: Motor Vehicles**	**Right of Use: Total**
Gross carrying amount	**€'000**	**€'000**	**€'000**
Balance as 1 November 2023	3,842	994	4,776
Additions	-	97	97
Disposals	-	-	-
Other	16	(60)	16
Balance at 31 October 2024	3,858	1,031	4,889
Accumulated depreciation			
Balance as 1 November 2023	(2,387)	(475)	(2,862)
Disposals	-	-	-
Depreciation expense	(611)	(32)	(643)
Other	-	-	-
Balance as 31 October 2024	(2,998)	(507)	(3,505)
Net carrying amount	860	524	1,384

Right use of assets	**Right of Use: Building**	**Right of Use: Motor Vehicles**	**Right of Use: Total**
Gross carrying amount	**€'000**	**€'000**	**€'000**
Balance as 1 November 2022	3,846	994	4,840
Additions	-	-	-
Disposals	-	-	-
Other	(4)	-	(4)
Balance at 31 October 2023	3,842	994	4,836
Accumulated depreciation			
Balance as 1 November 2022	(1,792)	(499)	(2,291)
Disposals	-	-	-
Depreciation expense	(595)	24	(571)
Other	-	-	-
Balance as 31 October 2023	(2,387)	(475)	(2,862)
Net carrying amount	1,455	519	1,974

Leases liabilities

	2024 €'000	2023 €'000
No longer than 1 year	1,021	912
Longer than 1 year but not longer than 5 years	449	1,223
Longer than 5 years	-	-
Total	1,470	2,135

Bank as a lessor

Equipment on finance lease and on operating lease includes agricultural equipment (tractors, combine harvesters, self-propelled forage harvesters, sprayers, hay tools and related replacement parts), as well as turf and golf equipment.

Financing leases

The Bank leases the goods to the customers under a Lease Agreement which sets out the residual value of the goods, the term of the lease and the rental.

	Minimum future lease receivables		Present value of minimum future lease receivables	
	2024 €´000	2023 €´000	2024 €´000	2023 €´000
No longer than 1 year	38,671	35,297	35,687	32,987
Longer than 1 year but not longer than 5 years	88,015	74,337	75,640	66,010
Longer than 5 years	5,720	4,490	5,261	4,046
Minimum future lease receivables	132,406	114,124	116,588	103,043
Gross finance lease receivables	132,406	114,124	116,588	103,043
Less unearned finance income	(12,934)	(8,709)		
	119,472	105,415	116,588	103,043
Included in financial statements as:				
Loans and advances, gross			119,472	105,415
ECL			(2,884)	(2,372)
Loans and advances, gross (net of ECL)			116,588	103,043

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate is approximately 5.74% per annum (October 31, 2023: 4.87%).

Operating leases

An Operating Lease is a true rental arrangement, where the customer pays a rental for the use of an asset during the lease period. The asset will be returned to the Bank at the end of the term. The Bank will arrange for the re-rental or disposal. The customer has no financial responsibility other than to pay the lease rentals, insurance and maintain the leased asset.

Residual Values risk of such Operating Leases are shared by the Bank with different stakeholders such as lessees, dealers or sales branch.

Non-cancellable operating lease payments are as follows:

	2024 €´000	2023 €´000
No longer than 1 year	26,050	20,049
Longer than 1 year but not longer than 5 years	33,819	25,277
	59,870	45,326

The breakdown of net Income from leasing transactions is as follows:

	2024 €'000	2023 €'000
Leasing income from operating leases	29,583	25,173
Interest income from finance leases	5,983	4,721
Gain from disposals of used ex-lease equipment	212	244
Miscellaneous income from leasing transactions	127	72
Income from leasing transactions	35,905	30,210
Lease assets depreciation and impairment losses	(22,359)	(20,212)
Expenses from the disposal of used ex-lease vehicles	-	-
Miscellaneous expenses from leasing transactions	(108)	(116)
Depreciation, impairment losses and other expenses from leasing transactions	(22,468)	(20,327)
Total	13,438	9,883

13. Property, plant and equipment

Equipment on operating lease includes agricultural equipment (tractors, combine harvesters, self-propelled forage harvesters, sprayers and equivalent).

	Leasehold Improvements Total €'000	Office Equip. Total €'000	Equipment on Operating Leases €'000	Total Property, Plant and Equipment €'000
Balance at 31 October 2022	750	2,073	153,413	156,236
Additions	-	136	49,155	49,291
Disposals	(262)	(473)	(38,171)	(38,906)
Other	(1)	(5)	(996)	(1,002)
Balance at 31 October 2023	487	1,731	163,401	165,619
Additions	-	153	94,328	94,481
Disposals	-	(85)	(50,844)	(50,929)
Other	4	15	4,470	4,489
Balance at 31 October 2024	491	1,814	211,355	213,660
Accumulated depreciation				
Balance at 31 October 2022	(684)	(1,816)	(32,334)	(34,834)
Disposals	262	470	15,366	16,098
Depreciation expense	(13)	(163)	(21,295)	(21,471)
Other	1	3	1,423	1,427
Balance at 31 October 2023	(434)	(1,506)	(36,840)	(38,780)
Disposals	-	86	20,663	20,749
Depreciation expense	(12)	(128)	(23,580)	(23,720)
Other	(4)	(13)	(7)	(10)
Balance at 31 October 2024	(450)	(1,561)	(39,751)	(41,762)
Net carrying amount	41	253	171,604	171,898

Equipment on operating lease includes agricultural equipment (tractors, combine harvesters, self-propelled forage harvesters, sprayers and equivalent) that are acquired by the Bank prior to being lease out.

The weighted average useful lives of the assets expressed in number of year are as follows:

	2024	2023
Leasehold improvements	6.2	6.2
Office equipment	4.5	4.5
Equipment on operating leases	4.0	4.1

14. Intangible assets

	Total Intangible Assets €'000
Gross carrying amount	
Balance at 31 October 2022	5,649
Additions	938
Disposals	(3,266)
Other (mainly foreign exchange)	(421)
Balance at 31 October 2023	2,900
Additions	577
Disposals	-
Other (mainly foreign exchange)	-
Balance at 31 October 2024	3,477
Accumulated amortization	
Balance at 31 October 2022	(5,245)
Disposals	3,266
Amortization expense	(99)
Other (mainly foreign exchange)	19
Balance at 31 October 2023	(2,059)
Disposals	-
Amortization expense	(277)
Other (mainly foreign exchange)	-
Balance at 31 October 2024	(2,336)
Net carrying amount	1,141

The useful lives of intangible assets are on average 3 years.

15. Other assets

As at year-end, other assets can be analysed as follows:

	2024 €´000	2023 €´000
Receivables from retail customers	7,336	5,441
Commissions prepaid to dealers	1,186	1,276
Accounts receivable from group companies	2,197	2,306
Misc. Receivables	1,751	2,777
Prepaid Expenses	723	932
VAT Receivable (i)	12,858	2,907
Other	295	114
Total	26,346	15,753

(i) Relates to VAT that has not yet been refunded to the Bank mainly by the VAT authorities from Germany, UK and Spain with regard to the Bank's Leasing transactions.

16. Investments accounted for under the equity method

At October 31, 2001, the Bank acquired 50% of the capital of John Deere Financial S.A.S., a company incorporated in France. The name of the company has been changed on August 3, 2011 from John Deere Credit S.A.S. to John Deere Financial S.A.S. The principal activity of the joint venture is to provide and administer financing for retail purchases of new John Deere equipment and used equipment taken in trade for this equipment. This company is accounted for in the consolidated financial statements of the Bank under the equity method. The investment in John Deere Financial S.A.S was €45,218 thousand at October 31, 2024 and €26,132 thousand at October 31, 2023.

The following table shows key financial information of the Joint Venture:

	Total Net Assets		Total Income	
	2024 €´000	2023 €´000	2024 €´000	2023 €´000
John Deere Financial S.A.S.	90,436	52,264	8,536	7,274

17. Financial Liabilities Measured at Amortized Cost

	2024 €´000	2023 €´000
Senior notes		
Fixed medium term note (i)	1,698,256	1,048,935
Total senior notes	1,698,256	1,048,935
Accrued interest	7,190	11,176
Unamortized discount to face	(3,190)	(2,575)
Unamortized issuance costs	(4,007)	(2,675)
	-	-
Related party loans (ii)	937,243	1,606,171
Related party payables	51,761	155,358
Total financial liabilities measured at amortized cost	2,687,253	2,816,390

(i) Guaranteed by John Deere Capital Corporation.

(ii) On March 25, 2010 the Bank entered into a variable rate loan agreement with John Deere Cash Management. As at October 31, 2024 there were €971,723 thousand (October 31, 2023: €1,106,171 thousand) in notional balance outstanding under this agreement. On April 30, 2020, the Bank entered into an intercompany long term loan agreement with John Deere Cash Management of €500 Mio with maturity on April 30, 2024. In September 2021, this loan has been amended by removing the section Prepayment and Call Option of the Agreement. In April 2023 this loan has been maintained in a long term agreement with maturity on April 30, 2025. In April 2024 this loan has been maintained in a long term agreement with maturity on April 30, 2026. The Bank fully repaid this loan on 1 July 2024.

On April 17, 2019 the Bank entered into a revolving intercompany loan agreement with John Deere Capital Corporation, with a maximum loan amount of $2,500 Mio. The loan currency is agreed by the parties upon issuance of each advance, which has a maturity not shorter than 75 days. As of October 31, 2024, the loan outstanding balance under this agreement was nil.

On 14th of September 2022, the Bank issued a Medium Term note of 600M EUR with fixed rate of 2,50% maturing on September 14, 2026. Also, on 18th of October 2023, the Bank issued a Medium Term note of 400M with fixed rate of 5,125% GBP maturing on October 18, 2028. Also, on 24th June 2024 the Bank issued a Medium Term note of 600M EUR with fixed rate of 3,30% maturing on October 15, 2029.

The table below shows the approximate expected maturity of the financial liabilities measured at amortized cost in thousands of EUR as at October 31, 2024:

	2025	**2026**	**2028**	**2029**	**Total**
Fixed medium term note	-	614,470	482,162	597,615	1,694,245
Variable medium term note	-	-	-	-	-
Related party loans	941,247	-	-	-	941,247
Related party payables	51,761	-	-	-	51,761
	993,008	614,470	482,162	597,615	2,687,253

18. Reconciliation of liabilities arising from financing activities

The table below details changes in the Bank's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the Bank's statement of cash flows from financing activities.

	1-Nov-23		Non cash changes			Financing cash flows	31-Oct-24
		FX impact	Amortization	Un-amortized	Hedge adjustment		
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Fixed medium term note	1,046,342	21,321	(2,657)	3,186	29,348	596,706	1,694,246
Related party loans	1,614,690	(1,619)				(671,823)	941,247
Related party payable	155,358	(609)				(102,994)	51,761
Lease liabilities	2,135	(1)				(664)	1,470
Total	2,818,525	(19,097)	(2,657)	3,186	29,348	(178,775)	2,688,723

19. Other Liabilities

As at year-end, other liabilities can be analysed as follows:

	2024	2023
	€´000	€´000
Subsidies	70,108	62,282
Sales proceeds due to customers	7,032	10,553
Rental accrued income	4,834	4,470
Profit sharing bonus	4,462	4,826
Amounts payable to group companies	1,221	1,132
Provision for payroll costs	477	360
Preferential creditors	2,545	1,075
Other	5,394	4,212
Total	96,073	88,910

The Bank receives subsidies from Deere European marketing units and uses them to offer attractive financing programs to John Deere dealers and retail customers.

20. Retirement Plan

The Bank operates a defined contribution pension plan for all employees except those covered by the defined benefit pension plan mentioned below.

The employees of the Bank are members of state-managed retirement benefit plans. The Bank is required to contribute a specified percentage of payroll costs to the retirement benefit schemes. The only obligation of the Bank is to make the required contributions.

The total expense recognized in the statement of profit or loss represents contributions payable to the defined contribution plan of €211 thousand in 2024 (€195 thousand in 2023) and €459 thousand in 2024 (€537 thousand in 2023) to the respective State retirement plans.

UK Branch

The Bank operates a defined benefit pension plan for certain of its employees in the United Kingdom.

The defined benefit pension plan represents salary pension plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.
The majority of benefit payments are from trustee-administered funds. Plan assets held in trusts are governed by local regulations and practice in each country, as is the nature of the relationship between the Bank and the trustees (or equivalent) and their composition. Responsibility for governance of the plans - including investment decisions and contributions schedules – lies jointly with the Bank and the board of trustees. The board of trustees must be composed of representatives of the Bank and plan participants in accordance with the plan's regulations.

The assets of the defined benefit pension plan are held separately from those of the Bank in funds under control of trustees.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2024	**2023**
Weighted-average assumptions to determine defined benefit cost		
Discount rate	5.75%	4.81%
Expected return on assets	3.00%	3.00%
Rate of compensation increase	4.00%	4.00%
Weighted average assumptions to determine defined benefit obligations		
Discount rate	5.35%	5.75%
Average compensation increase	3.95%	3.95%
Assumed life expectations on retirement at age 65		
1. Retiring today (male member age 65)	22.0 / 24.0	21.8 / 23.7
2. Retiring in 20 years (male member age 45 today)	23.6 / 25.8	23.4 / 25.5
3. Retiring today (female member age 65)	21.8 / 23.7	23.1 / 25.0
4. Retiring in 20 years (female member age 45 today)	23.4 / 25.5	24.9 / 27.1

The expected long-term rates of return on scheme assets reflects the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation.

Amounts recognised in consolidated statement of profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:

	2024 €´000	2023 €´000
Current service cost	-	23
Net interest expense	(188)	(171)
Administrative expenses and/or taxes	132	76
Components of defined benefit cost recognised in profit or loss	(56)	(72)
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amounts included in net interest expense)	(187)	2,765
Amortization of net (gain) loss	-	-
Effect of changes in demographic assumptions	75	(363)
Effect of experience adjustments	539	255
Effect of changes in financial assumptions	947	(1,809)
Total remeasurements included in OCI	1,374	848

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the consolidated statement of financial position arising from the Bank's obligation in respect of its defined benefit plan is as follows:

	2024 €´000	2023 €´000
Present value of funded defined benefit obligation	14,799	12,536
Fair value of plan assets	16,771	15,600
Net liability (asset) arising from defined benefit obligation recognized in statement of financial position	(1,972)	(3,064)

Movements in the present value of the defined benefit obligation in the current year were as follows:

	2024 €´000	2023 €´000
Opening defined benefit obligation	12,536	14,613
Current service cost	-	23
Interest expense	740	699
Cash flows:	-	-
Benefit payments from plan assets	(584)	(743)
Participant contributions	-	10
Remeasurements (gains)/losses:	-	-
Effect of changes in demographic assumptions	75	(363)
Effect of experience adjustments	539	255
Effect of changes in financial assumptions	947	(1,809)
Other - exchange (gain)/loss	546	(149)
Defined benefit obligation at the end of year	14,799	12,536

Movements in the fair value of the plan assets in the current year were as follows:

	2024	2023
	€´000	€´000
Opening fair value of plan assets	15,600	18,321
Interest income	928	869
Cash flows:		
Employer contributions	95	169
Participant contributions	-	10
Benefit payments from plan assets	(584)	(743)
Administrative expenses paid from plan assets	(132)	(76)
Remeasurements (gains)/losses:		
Return on plan assets (excluding interest income)	187	(2,765)
Other - exchange (gain)/loss	677	(185)
Fair value of plan assets at the end of year	16,771	15,600

The fair value of the plan assets at the end of the reporting period for each category, are as follows:

	2024	2023
	€´000	€´000
Cash and cash equivalents	59	82
Debt instruments	16,712	15,518
	16,771	15,600

Significant actuarial assumptions for the determination of the defined obligation are discount rate, inflation rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate would be 25bps higher (lower), the defined benefit obligation would decrease (increase) to €14,286 thousand (€15,239 thousand).

If the inflation rate would be 25bps higher (lower), the defined benefit obligation would increase (decrease) to €15,319 thousand (€14,302 thousand).

If the expected salary growth would increase (decrease) by 25bps, the defined benefit obligation would increase (decrease) to €14,883 thousand (€14,720 thousand).

If the life expectancy would increase (decrease) by one year for both men and women, the defined benefit obligation would decrease (increase) to €14,404 thousand (€15,191 thousand).

Risk exposure

Through its defined benefit pension plan, the Bank is exposed to a number of risks, the most significant of which are detailed below:

(a) Asset volatility
The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. The plan holds to a certain degree equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

(b) Changes in bond yields
A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

German Branch

In 2020, the Bank started to operate a defined benefit pension plan for certain of its employees in Germany.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2024	2023
Weighted average assumptions to determine defined benefit obligations		
Discount rate	3.37%	4.08%
Average compensation increase	3.00%	3.00%

Amounts recognised in statement of profit or loss and statement of comprehensive income in respect of the defined benefit plan is as follows:

	2024 €´000	2023 €´000
Current service cost	275	383
Net interest expense	89	73
Components of defined benefit cost recognised in profit or loss	363	456
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amounts included in net interest expense)	-	-
Amortization of net (gain) loss	-	-
Effect of changes in demographic assumptions	-	-
Effect of experience (gain) loss	441	(171)
Effect of changes in financial assumptions	-	-
Total remeasurements included in OCI	441	(171)

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the statement of financial position arising from the Bank's obligation in respect of its defined benefit plan is as follows:

	2024 €´000	2023 €´000
Present value of funded defined benefit obligation	2,941	2,170
Adjustment in Respect of Minimum Funding Requirement (IFRIC 14)	-	-
Net liability (asset) arising from defined benefit obligation recognized in statement of financial position	2,941	2,170

Movements in the present value of the defined benefit obligation in the current year were as follows:

	2024 €´000	2023 €´000
Opening defined benefit obligation	2,170	1,864
Current service cost	275	383
Interest expense	89	73
Remeasurements (gains)/losses:		
Effect of changes in demographic assumptions	-	-
Effect of experience adjustments	(5)	(92)
Effect of changes in financial assumptions	446	(79)
Other - exchange (gain) loss	-	-
Transfer in/(out)	(34)	21
Defined benefit obligation at the end of year	2,941	2,170

John Deere Acceptances S.r.l.

The Bank's subsidiary John Deere Acceptances S.r.l. also operates a defined benefit pension plan for its employees in Italy.

The assets of the defined contribution pension plan and the defined pension plan are held separately from those of the subsidiary in funds under control of trustees.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2024	2023
Weighted average assumptions to determine defined benefit obligations		
Discount rate	4.00%	4.00%
Average compensation increase	2.55%	2.55%

Amounts recognised in consolidated statement of profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:

	2024 €´000	2023 €´000
Current service cost	12	11
Net interest expense	5	4
Components of defined benefit cost recognised in profit or loss	17	16
Remeasurement on the net defined benefit liability		
Effect of experience (gain) loss	6	2
Total remeasurements included in OCI	6	2

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the consolidated statement of financial position arising from the Bank's obligation in respect of its defined benefit plan is as follows:

	2024 €´000	2023 €´000
Present value of funded defined benefit obligation	156	132
Fair value of plan assets	-	-
Net liability (asset) arising from defined benefit obligation recognized in statement of financial position	156	132

Movements in the present value of the defined benefit obligation in the current year were as follows:

	2024 €´000	2023 €´000
Opening defined benefit obligation	132	114
Current service cost	12	11
Interest expense	5	4
Cash flows:	-	-
Benefits paid directly by employer	(0)	(2)
Remeasurements (gains)/losses:	-	-
(Gain) loss due to changes in financial assumptions	6	2
(Gain) loss due to changes in demographic assumptions	(0)	(0)
Effect of experience (gain) loss	1	2
Defined benefit obligation at the end of year	156	132

Movements in the fair value of the plan assets in the current year were as follows:

	2024 €´000	2023 €´000
Opening fair value of plan assets	-	-
Cash flows:	-	-
Employer contributions	0	0
Benefit payments from plan assets	(0)	(0)
Fair value of plan assets at the end of year	-	-

21. Issued Capital

	2024 €´000	2023 €´000
5,800,000 fully paid ordinary shares	117,906	117,906
Total	117,906	117,906

The nominal value per share is €20.33. During the fiscal year, the Bank did not issue shares. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

22. Share Premium

As at October 31, 2000, the share premium account of €692 thousand represented the exchange difference resulting of the conversion of the paid-up share capital of $7,000 thousand to €7,000 thousand. The share premium account was increased on November 2, 2000 by €4,174 thousand as a result of the increase of the Bank's capital by €30,000 thousand.

As at October 31, 2024, the share premium account was €4,866 thousand.

23. Reserves

	2024 **€´000**	**2023** **€´000**
Foreign currency translation	(7,836)	(12,134)
Retirement benefit plan	(2,298)	(937)
Legal reserve	12,032	12,032
Special reserve	59,800	55,200
Total	61,698	54,161

<u>Foreign currency translation reserve</u>
Exchange differences relating to the translation from the functional currency of the Bank's UK and Polish branch into Euro are brought to account by entries made directly to the foreign currency translation reserve.

<u>Legal reserve</u>
In accordance with Luxembourg law, the Bank must transfer at least 5% of its annual profit to the legal reserve until this reserve equals 10% of the subscribed capital. The legal reserve is not distributable.

<u>Special reserve</u>
In accordance with the paragraph 8a of the net wealth tax law in force since January 1, 2002, the Bank reduced its net wealth tax (NWT) burden. In order to comply with the law, the Bank decided to allocate under non-distributable reserves (item "special reserve") an amount that corresponds to five times the amount of reduced NWT. This reserve is non-distributable for a period of five years from the year following the one during which the NWT was credited.

The NWT amount that can be reduced is however limited to the Corporate Income Tax ("CIT") amount due for the prior year.

Out of the total of Reserves of 61,698 thousands EUR, none is distributable.

	2024 €´000	2023 €´000
Foreign currency translation		
Balances at beginning of financial year	(12,134)	(11,285)
Arising on translation of foreign operations	4,298	(849)
Balance at end of financial year	(7,836)	(12,134)
Retirement benefit plan		
Balances at beginning of financial year	(937)	(426)
Accumulated gain / loss	(1,361)	(511)
Balance at end of financial year	(2,298)	(937)
Legal reserve		
Balances at beginning of financial year	12,032	12,032
Increase in reserve	-	-
Release of reserve	-	-
Balance at end of financial year	12,032	12,032
Special reserve		
Balances at beginning of financial year	55,200	50,700
Increase in reserve	4,600	4,500
Balance at end of financial year	59,800	55,200
OCI Investment Fund		
Balances at beginning of financial year	(16)	(16)
Decrease in reserve	8	-
Balance at end of financial year	(8)	(16)

24. Retained earnings

	2024 €´000	2023 €´000
Balance at beginning of financial year	403,166	382,761
Other - OCI Investment Fund	10	-
Net profit	29,738	24,905
Reclassified to net wealth tax reserve	(4,600)	(4,500)
Balance at end of financial year	428,314	403,166

25. Capital risk management

The Bank has to respect a capital adequacy ratio which imposes a minimum requirement of 8% of eligible own funds to cover exposures to credit risk, dilution risk, operational risk, foreign exchange risk, commodity risk and risk related to trading book activities.

As from January 1, 2014, CSSF Circular 14/583 and Regulation No.14-01 has brought into force in Luxembourg the Regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 - Capital Requirements Regulation (CRR). For that reason, CSSF requirement for total capital adequacy ratio for banks in Luxembourg has been increased to 10.5% since that date - 8% for capital ratio and 2.5% of capital conservation buffer.

Since December 2015, the Bank has to respect an additional capital buffer, the Countercyclical Capital Buffer. This institution specific buffer is an add-on capital requirement. At end of September 2024, the buffer rate was 0.13%.

Since November 2017, the Bank has been requested by the CSSF within the SREP assessment to maintain an additional capital requirement of 1%.

All the above-mentioned requirements have been met during the entire fiscal year 2024.

The Bank's capital may be broken down as follows:

	2024 €´000	2023 €´000
Capital	117,906	117,906
Reserves, Share Premium & Retained Earnings	494,877	462,193
Intangible Assets	(1,141)	(841)
Defined benefit pension fund assets	(1,972)	(3,064)
	609,669	576,193

The objectives of managing capital to which the Bank assimilates issued capital, reserves and subordinated liabilities are:

- compliance with legal and regulatory capital requirements,
- maintaining adequate levels of capital and reserves to allocate them to the major zone of risks,
- maintaining adequate levels of own funds at the Bank's disposal in order to implement its business objectives.

The Bank's risk profile plays a crucial role in the capital adequacy assessment. Capital allocation is primarily made via a regular process to its core lending activities, taking into accounts the existence of guarantees, the evolution of market conditions and the Bank's commercial and financial strategies.

26. Financial Instruments

(a) Financial risk management objectives

The Bank does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Bank's policies approved by the board of directors, which provide written principles on the use of financial derivatives. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

The Bank's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Bank enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- spot foreign exchange contracts;
- interest rate swaps to mitigate the risk of changing interest rates.

The Bank utilizes the advice of experienced treasury staff at Deere & Company, the ultimate parent company, to ensure that interest rate swaps substantially match its fixed rate portfolio requirements.

(b) Material accounting policies

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the consolidated financial statements.

Reference Rate Reform – the Bank transitioned our financing, funding, and hedging portfolios from the London Interbank Offered Rate (LIBOR) to alternative reference rates in FY 2023 for USD and in FY 2021 for GBP. These transition activities did not have a material impact on the Bank's financial statements.

(c) Foreign currency risk management

Exchange rate risk is the risk of loss that the Bank is exposed to by changes in the market exchange rate to the positions maintained by the Bank. Exchange rate exposures are managed within approved policy parameters utilising spot foreign exchange contracts and currency swap agreements if necessary.

The Bank both lends and borrows in various foreign currencies. Foreign currency transactions create transaction exposures when cash inflows and outflows in foreign currencies do not offset each other. To mitigate foreign exchange risk, foreign currency assets are funded with a like amount of foreign currency liabilities. A portion of the foreign exchange matching is achieved by currency swaps.

The carrying amount of the Bank's foreign currency denominated monetary assets and liabilities at October 31, 2024 is as follows:

	Other Assets		Liabilities	
	2024	**2023**	**2024**	**2023**
	€´000	**€´000**	**€´000**	**€´000**
SEK	27,498	27,504	(27,146)	(27,457)
GBP	933,771	928,979	(916,109)	(918,208)
DKK	15,842	31,880	(15,663)	(31,601)
PLN	148,660	112,376	(148,388)	(111,668)
USD	44,960	53,320	(44,718)	(55,582)
	1,170,731	1,154,059	(1,152,024)	(1,144,516)

Foreign currency exposures are managed by the spot foreign exchange contracts as disclosed in section (f) of this Note.

The following table details the Bank's sensitivity to a 10 percent strengthening of EUR against the respective foreign currencies. The sensitivity analysis of the Bank's exposure to foreign currency risk at the reporting date has been determined assuming the change of the rate occurred at the beginning of the fiscal year and held constant throughout the reporting period. The foreign currency exposure throughout the reporting period is assumed to be equal to balance at October 31, 2024. The net foreign currency exposure is calculated on an after-spot foreign exchange contracts basis. A positive number indicates an increase in profit where the EUR strengthens against the respective currency.

	2024	**2023**
	€´000	**€´000**
SEK	(35)	(5)
GBP	(1,766)	(1,077)
DKK	(18)	(28)
USD	(48)	452
	(1,894)	(729)

(d) Interest rate risk management

The Bank is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts.

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At the reporting date, if interest rates had been 50 bps lower and all other variables were held constant, the Bank's net profit would have decreased by €5,074 thousand (€3,283 thousand decrease in 2023 if interest rates had been 50bps lower). This is computed from the base of swaps for amount of €22,020 thousand, of MTN for amount of €1,698,256 thousand and of loans for amount of €1,879,201 thousand (respectively €17,351 thousand, €1,059.000 thousand and €1,810,245 thousand in 2023).

(e) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Bank. The Bank has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Loan and lease receivables consist of a large number of customers, a significant number of which are made to agricultural and related enterprises. The Bank does not have any significant credit risk exposure to any single counterparty. The Bank's exposure to single customers on its trade receivable portfolio is monitored regularly. Guarantees or credit insurance to mitigate exposure are obtained when exposure to any single external and internal counterparty reaches a predetermined level.

Generally retail loans and leases are collateralized by the equipment being financed. Subject to local laws and regulations, the Bank performs steps to ensure title in the collateral or registration of its interest in the collateral.
The credit risk on derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies or an internal counterparty. The exposure to these counterparties is regularly monitored by the Deere & Company Treasury department. The aggregate values of transactions concluded are spread amongst approved counterparties.

The gross carrying amount of financial assets for which an ECL allowance is recognised also represents the Bank's maximum exposure to credit risk on these assets and is presented in Note 11.

The following table presents the credit risk exposure by rating, separated between Wholesale and Retail businesses.

Wholesale			
Risk Rating	**Description**	**2024 €´000**	**2023 €´000**
1-3	Highest Quality ratings	-	-
4	Good Quality	13,817	65,802
5	Acceptable Quality	296,639	372,032
6	Minimally Acceptable Quality	530,573	730,799
7	Special Mention	196,206	234,180
8	Substandard	113,514	1,468
9	Doubtful	-	-
10	Loss	-	-
	Total	**1,150,748**	**1,404,281**

Retail			
Category	**Grade**	**2024 €´000**	**2023 €´000**
Investment grade	AAA	450,241	384,283
	AA	162,854	170,681
	A	176,621	191,074
	BBB	156,083	174,909
Sub-Investment Grade	BB	141,888	160,297
	B	108,389	111,807
	CCC	147,045	123,196
	CC	79,890	76,360
	C	66,123	64,913
Default	DDD	60,645	53,183
	DD	44,223	41,674
	D	38,438	37,964
	EEE	17,742	19,803
	EE	12,671	12,361
	E	265,775	227,291
Total		**1,928,628**	**1,849,797**

The following table presents the maximum credit risk exposure in respect of geographical area at the date of the statement of financial position:

	2024 €´000		2023 €´000	
	Derivatives	Loans and advances	Derivatives	Loans and advances
GERMANY	-	974,415	-	1,049,840
UNITED KINGDOM	31,245	925,655	29,370	946,413
SPAIN		466,900		434,756
FRANCE		210,060		235,505
POLAND		140,879		111,928
ITALY		44,679		58,115
TURKEY		42,424		18,893
KAZAKHSTAN		32,006		63,135
ROMANIA		31,093		41,048
SWEDEN		30,984		32,479
NETHERLANDS		30,008		19,741
GREECE		17,677		24,581
PORTUGAL		17,478		15,782
DENMARK		15,771		31,738
UKRAINE		12,214		3,301
IRELAND		10,548		31,614
SWITZERLAND		9,577		10,163
AUSTRIA		9,563		5,467
HUNGARY		8,798		18,456
CZECH REPUBLIC		7,541		10,923
NORWAY		7,427		10,857
BELGIUM		5,757		12,292
LITHUANIA		4,930		11,826
FINLAND		3,244		21,873
BULGARIA		2,589		11,899
OTHER*	-	17,688	-	25,991
	31,245	3,079,905	29,370	3,258,616

* Other include the following countries: Slovenia, Slovakia, Israel, Croatia, Estonia, Luxembourg, Serbia, Latvia, Iceland, Georgia, French Guiana.

The Bank generally requires its customers to provide the equipment being financed as collateral on the retail loan. Wholesale loans are generally collateralized, through retention of title rights, by any unsold equipment on the dealers' premises as well as credit insurance, guarantees, or letters of credit.

Note 2 outlines the impairment assessment rules used by the Bank.

Once a loan is considered an impaired loan as described in Note 2, the collateral is assigned a value. This valuation is based on published equipment guides and results of equipment auctions as well as John Deere dealer input, European Marketing units used equipment managers and the sales price of recently disposed equipment on other impaired loans.

The balance of impaired loans as at October 31, 2024 and October 31, 2023 respectively is shown in Note 11 to the consolidated financial statements.

(f) Fair value of financial instruments

Derivative Financial Instruments

The fair value of forward contracts is based on the change in forward exchange rates over time. The fair value of interest rate derivatives is based on projected cash flows. Cash flows for interest rate swaps are projected and discounted using forecasted rates from the swap yield curve at the repricing dates.

Forward foreign exchange contracts

The Company did not issue any forward contract in 2024 and has no balances outstanding at October 31, 2024 (October 31, 2023: nil).

Interest rate swap contracts

Under interest rate swap contracts, the Bank agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Bank to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps is based on market values of equivalent instruments at the reporting date and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

Held for trading	**Average contracted fixed interest rate**		**Notional principal amount**		**Fair value**	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Classified at FVTPL	**%**	**%**	**€´000**	**€´000**	**€´000**	**€´000**
Interest rate swap pay fixed						
Less than 1 year	0.23	-	63,955	54,521	1,108	1,235
1 to 2 years	(0.18)	0.17	476,667	149,120	2,808	6,100
More than 2 years	0.01	0.24	977,712	1,189,571	2,534	20,792
			1,518,334	1,393,212	6,450	28,127

Fair value hedge	**Average contracted fixed interest rate**		**Notional principal amount**		**Fair value**	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Classified at FVTPL	**%**	**%**	**€´000**	**€´000**	**€´000**	**€´000**
Interest rate swap pay floating						
Less than 1 year	-	-	-	-	-	-
1 to 2 years	-	-	-	-	-	-
More than 2 years	3.60	3.92	1,139,640	529,653	(17,689)	(10,776)
			1,139,640	529,653	(17,689)	(10,776)

Non-Derivative Financial Instruments

The fair value of non-derivative financial instruments is determined as follows.

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values:

	2024 €´000		2023 €´000	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial assets measured at amortized cost (Level 3)	3,079,905	3,036,229	3,258,616	3,192,824
Financial liabilities measured at amortized cost (Level 2)	2,687,253	2,635,218	2,816,400	1,612,107

Fair values of Loans and advances were based on the discounted values of their related cash flows at interest rates currently being offered by the Bank for similar contracts.

Fair values of Financial liabilities measured at amortized cost were based on current market quotes for identical or similar borrowings and credit risk, or on the discounted values of their related cash flows at current market interest rates.

At the reporting date, if discount rates used were 50 bps lower and all other variables were held constant, the Bank's Loans and advances fair value would increase by €12,427 thousand (€11,538 thousand increase in 2023 if discount rates used were 50 bps lower).

Financial instruments carried at fair value

Assets and liabilities measured at October 31, 2024 at fair value in the consolidated financial statements on a recurring basis were as follows:

	2024 €´000		2023 €´000	
	Level 2	Total	Level 2	Total
Derivatives held for trading				
- Interest rate swap contracts	12,590	12,590	41,028	41,028
Fair value hedge				
- Interest rate swap contracts	18,655	18,655	-	-
Total assets	31,245	31,245	41,028	41,028
Derivatives held for trading				
- Interest rate swap contracts	8,259	8,259	6,575	6,575
Fair value hedge				
- Interest rate swap contracts	966	966	6,575	6,575
Total liabilities	9,225	9,225	13,150	13,150

Level 1 measurements consist of quoted prices in active markets for identical assets or liabilities. Level 2 measurements include significant other observable inputs such as quoted prices for similar assets and liabilities in active markets, identical assets or liabilities in inactive markets, observable inputs such as interest rates and yield curves and other market-corroborated inputs. Level 3 measurements include significant unobservable inputs. There were no assets or liabilities with level 1 or level 3 valuation measurements at October 31, 2024. There were no transfers between the levels during the year.

Description of hedges and methodologies for monitoring hedge effectiveness
The company periodically enters derivatives to manage interest rate risks. The interest rate risk management objective is to minimize fluctuations in net interest margin due to changes in interest rates. This is accomplished by funding fixed rate assets with fixed rate debt and by funding floating rate assets with floating rate debt that has re-pricing characteristics like the assets. In addition to matching the assets and debt, another objective is to issue debt at the lowest cost. Derivatives may be used to achieve lower cost funding.

The Company's use of derivative financial instruments is limited exclusively to hedging activities and not trading or speculation. The company executes the following type of derivatives:

- interest rate swaps that are designated as fair value hedges of fixed-rate, long-term borrowings (i.e. pay floating interest rate / receive fixed interest rate swaps). The effective portions of the fair value gains or losses on these contracts are offset by fair value gains or losses on hedged items (fixed-rate borrowings). Any ineffective portions of the gains or losses are recognized in interest expense on the income statement.

- Interest swaps that are not formally designated as hedges are not eligible for hedge accounting. These derivatives still serve as economic hedges for the underlying interest rate or foreign currency exposure. The fair value gains or losses from the interest rate contracts are recognized in interest expense and the gains or losses from foreign exchange contracts in other operating expenses on the income statement.

Description of material/significant accounting policies

For designated Fair Value Hedges (Fixed Debt, Pay Floating Interest Rate Swap), the critical terms of the hedged item are specified in the hedging instrument documentation. The hedge ratio is determined at inception in alignment with our hedging strategy, which is 100%. Potential sources of ineffectiveness for the hedging relationship include differences in: reset dates, payment dates, or other standard market conventions between the hedging instrument and the hedged item. In addition, ineffectiveness may occur as a result of the floating leg of the hedging instrument having a small fixed component to it (e.g. current accrual period's rate is set in advance).

Disclosures on gains and losses from fair value hedges

The following table shows the degree of hedge ineffectiveness from fair values hedges broken down by type of risk, equating to the differences between the gains or losses on hedging instruments and those on hedged items:

	2024 €´000	2023 €´000
Interest rate risk hedging	(982)	255

	2024 €´000	2023 €´000
Interest rate risk hedging		
Gain or loss from changes in fair value of hedged items with designated hedge relationships	(29,121)	3,307
Gain or loss from changes in fair value of hedging instruments with designated hedge relationships	28,139	(3,052)
Recognized in profit or loss	(982)	255

The fair value changes or changes in value used to assess the (in)effectiveness are reported in the income statement under profit/loss from hedge accounting.

Disclosure on hedged items to which hedge accounting is applied

Fiscal Year 2024 €'000	Carrying amount	Cumulative hedge adjustment	Hedge adjustments current period/fiscal year	Cumulated hedge adjustment from terminated hedges
interest rate risk hedging				
Notes issued				
Liabilities to JDCM	1,139,640	18,976	29,371	-

Fiscal Year 2023

€'000	Carrying amount	Cumulative hedge adjustment	Hedge adjustments current period/fiscal year	Cumulated hedge adjustment from terminated hedges
interest rate risk hedging				
Notes issued				
Liabilities to JDCM	529,653	(10,372)	(3,305)	-

(g) Liquidity risk management

The Bank manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

In addition, the following metrics are calculated:

- Not less than 50% of JDB's retail (end-customer) portfolio balance shall be funded with residual long term debt and own funds.
- JDB's short term debt coverage ratio shall be above 100%.

As intra-group financing represents a major source of liquidity for JDB, Deere Treasury provides a report showing the results of the quarterly Moody's Short Term Debt Coverage for the entire enterprise. The Risk Manager shall review that report to ensure that the metric is above 85%.

Since October 1, 2015 the Bank also complies with the Liquidity Coverage Ratio (LCR), which means that the Bank has an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted easily and immediately in private markets into cash to meet its liquidity needs for a 30 calendar day liquidity stress scenario. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile of banks. As from January 1, 2019 the minimum requirement is 100%.

At October 31, 2024, the LCR was 963%.

Since August 1, 2019, the bank has been allowed by the CSSF to apply a cap of 90% to the liquidity outflows, based on the assessment of the information provided and on article 425(1) of Regulation 575/2013 ("CRR") in connection with article 33(3) to (5) of the Commission Delegated Regulation (EU) 2015/61 of October 10, 2014.

The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned and on the undiscounted cash flows of financial liabilities excluding accrued interest based on the earliest date on which the Bank can be required to pay.

2024	Weighted average effective interest rate (%)	Fixed maturity dates					
		Less than 1 year	1-2 Years	2-3 Years	4-5 Years	5+ Years	Total
Financial assets:		€´000	€´000	€´000	€´000	€´000	€´000
Cash & cash balances central banks	0%	50,904	-	291	-	-	51,195
Derivative instruments - Interest Rate Swaps	0.20%	1,108	3,774	7,708	-	-	12,590
Loans and financing leases	4.25%	667,358	438,873	284,337	166,597	116,883	1,674,048
Wholesale loans - interest bearing	7.22%	544,723	58,033	14,035	15,672	14,188	646,651
Wholesale loans - non-interest-bearing loans	NA	810,513	-	-	-	-	810,513
Related party receivable	0.66%	(33,952)	-	-	-	-	(33,952)
		2,040,655	500,680	306,371	182,269	131,071	3,161,046
Financial liabilities:							
Related party payables	4.21%	989,004	-	-	-	-	989,004
Medium term note - Fixed Rate	3.92%	-	614,470	-	1,079,779	-	1,694,249
Derivative instruments - Interest Rate Swaps	0.10%	-	966	5,319	-	1,974	8,259
Derivatives-hedge accounting	3.92%	-	966	-	-	-	966
		989,004	616,402	5,319	1,079,779	1,974	2,692,478

2023	Weighted average effective interest rate (%)	Fixed maturity dates					
		Less than 1 year	1-2 Years	2-3 Years	4-5 Years	5+ Years	Total
Financial assets:		€´000	€´000	€´000	€´000	€´000	€´000
Cash & cash balances central banks	-0.39%	50,862	-	292	-	-	51,154
Derivative instruments - Interest Rate Swaps	0.20%	1,235	6,100	20,630	-	1,405	29,370
Loans and financing leases	4.15%	601,429	460,263	277,131	164,754	130,006	1,633,583
Wholesale loans - interest bearing	4.44%	548,790	51,698	19,398	15,562	11,396	646,844
Wholesale loans - non-interest-bearing loans	NA	988,256	-	-	-	-	988,256
Related party receivable	0.66%	4,541	-	-	-	-	4,541
		2,195,113	518,061	317,451	180,316	142,807	3,353,748
Financial liabilities:							
Related party payables	3.73%	1,761,529	-	-	-	-	1,761,529
Medium term note - Fixed Rate	3.92%	-	-	590,523	458,412	-	1,048,935

Derivative instruments - Interest Rate Swaps	0.10%	-	-	11,188	-	831	12,019
Derivatives-hedge accounting	3.92%	-	-	10,776	-	-	10,776
		1,761,529	-	612,487	458,412	831	2,833,259

27. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments. Cash and cash equivalents at the end of the financial year as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2024 €´000	2023 €´000
Cash & cash equivalents	50,685	50,685
Current bank accounts	219	177
Restricted cash	291	292
Total	51,195	51,154

The Bank assumes that no significant increase in credit risk occurred as the counterparties were assessed as low credit risk.

28. Commitments

The Bank has commitments to extend credit to customers and John Deere dealers through lines of credit and other pre-approved credit arrangements. The Bank applies the same credit policies and approval process for these commitments to extend credit as it does for its loans. Collateral is not required for these commitments, but if credit is extended, collateral may be required upon funding. The amount of unused commitments to extend credit to customers was €122,690 thousand at October 31, 2024 (€92,811 thousand at October 31, 2023). The amount of unused commitments to extend credit to John Deere dealers was €1,523,620 thousand at October 31, 2024 (€963,939 thousand at October 31, 2023). The Bank has the right to unconditionally cancel, alter, or amend the terms of these commitments at any time.

The Bank also entered into commitments with third parties for a total uncommitted commitment of €1,386 thousand in future payments at October 31, 2024 (€1,733 thousand at October 31, 2023).

29. Aggregate Contractual Obligations

The payment schedule for the Bank's contractual obligations at October 31, 2024 and October 31, 2023 in thousand of EUR is as follows:

Fiscal 2024	Total	Less than 1 Year	1-3 Years	3-5 Years	5+ Years
Total debt	2,687,253	993,009	614,470	1,079,775	-
Interest on debt	492,023	(4,004)	122,551	229,584	143,892
Purchase obligations	1,386	1,386	-	-	-
Operating leases	1,470	998	470	2	-
Total	3,182,133	991,389	737,491	1,309,361	143,892

Fiscal 2023	Total	Less than 1 Year	1-3 Years	3-5 Years	5+ Years
Total debt	2,816,390	1,770,048	590,523	455,819	-
Interest on debt	341,789	(8,519)	146,727	150,339	53,242
Purchase obligations	1,733	1,028	705	-	-
Operating leases	2,135	951	1,179	5	-
Total	3,162,047	1,763,508	739,134	606,163	53,242

30. Financing facilities

The Bank is participating with other entities of Deere & Company in a $9.0 billion European medium-term notes ("EMTN") program and a Global Commercial Paper ("CP") program of which there is an internal limit of $2.5 billion for the Bank. Any debt issued by the Bank under either program is unconditionally and irrevocably guaranteed by John Deere Capital Corporation ("JDCC"). The issuances of aforementioned EMTN's are referenced out to the Note 17.

As a subsidiary of John Deere Capital Corporation ("JDCC") and Deere & Company, the Bank has access to a multiple year committed credit facility totalling up to $10.5 billion. At October 31, 2024, $6.5 billion of this committed credit facility was unused.

31. Related party transactions

(a) Key management personnel compensation

Details of key management personnel's compensation is disclosed in Note 8 to the consolidated financial statements.

(b) Other transactions with directors

During the financial year, directors and their director-related entities purchased goods which were domestic or trivial in nature from the Bank or related parties on the same terms and conditions available to other employees and customers.

(c) Transactions with other Deere & Company and JDCC owned entities

During the year the related party transactions took place mainly in the context of lending operations, borrowing or financing, and factoring transactions.

Intercompany receivables as at the end of the financial year, including accrued income and prepayments, are made up of the following counterparts:

Counterparty	Related party	2024 €´000	2023 €´000
John Deere Iberica, Spain	Affiliated entity	6	6
John Deere LTD, Langar, UK	Affiliated entity	1,959	2,078
John Deere Italiana	Affiliated entity	-	1,974
John Deere Cash Management *	Affiliated entity	120	108
Grupo John Deere	Affiliated entity	4	-
Deere & Co, European office	Affiliated entity	3	-
JD Luxembourg Investments S.à r.l.	Affiliated entity	91	39
JD Holding Brazil S.à r.l.	Affiliated entity	4	-
JD Luxembourg Holding S.à r.l.	Affiliated entity	4	-
John Deere Forestry WJ	Affiliated entity	-	2,449
2T Maersta Parts	Affiliated entity	-	118
John Deere Funding	Affiliated entity	3	3
John Deere Walldorf GmbH	Affiliated entity	-	25
John Deere Walldorf International	Affiliated entity		8
Wirtgen	Affiliated entity	-	28
John Deere Luxembourg Canada Holding	Affiliated entity	4	10
		2,197	6,846

Intercompany payables as at the end of the financial year, including accruals and deferred income, amount as follows:

Counterparty	Related party	2024 €´000	2023 €´000
John Deere LTD, Langar, UK	Affiliated entity	201	25,232
John Deere Walldorf GmbH	Affiliated entity	38	-
Deere & Co, European office	Affiliated entity	69	-
John Deere Iberica, Spain	Affiliated entity	68	58
John Deere Cash Management *	Affiliated entity	975,727	1,614,690
Deere & Co, US	Affiliated entity	289	486
John Deere India Pvt Ltd	Affiliated entity	403	502
John Deere Polska	Affiliated entity	2	35
JD Werke Mannheim	Affiliated entity	2	2
John Deere Walldorf International	Affiliated entity	48,247	130,129
John Deere Financial India	Affiliated entity	-	16
		1,025,046	1,771,150

* Balance is primarily related to intragroup funding.

Intercompany payables relate to intragroup funding, fees for services rendered or received, and fees for credit lines or guarantees. As trade receivables are purchased based on estimated monthly ending balances but only pre-financed up to a specific maximum amount, the Bank has a short term payable position with the marketing units at month-end. In case the estimated transferred receivables balance exceeds the actual transferred receivables balance the Bank has a short term receivable position with the marketing units at month-end.

All related party transactions are documented in formal written contracts where the arm's length principle is initially reviewed by the corporate transfer pricing group. All intercompany receivables and payables are unsecured.

Details of interest expense and income in respect of transactions with entities of Deere & Company group are disclosed in Notes 4 and 6.

Details of service fees in respect of transactions with entities of Deere & Company group are disclosed in Note 9.

Details in respect of derivative transactions with entities of Deere & Company group are disclosed in Notes 6 and 26.

During the year, the Bank did not record any provision for doubtful debts related to these accounts and thus has not recognized bad debt expense during the year.

(d) Controlling entities

The immediate parent entity is JDCC incorporated in the USA. The ultimate parent entity is Deere & Company, incorporated in the USA.

32. Country by country disclosure

In accordance with Article 38-3 of the Law of April 5, 1993, as amended by the Law of July 23, 2015, credit institutions, financial holding companies and investment companies have to disclose information on their locations and activities, included in their scope of consolidation, in each State.

Name of Group:	John Deere Bank S.A.
Fiscal year concerned:	November 2023 - October 2024
Currency:	€

			In T €				
Name	Activity(ies)	Jurisdiction	Turnover	No. of Employees*	Profit (Loss) Before Income Tax	Tax on profit or loss	Public subsidies received **
John Deere Bank S.A.	Banking	Luxembourg	2,565	62	5,279	1,307	N/A
John Deere S.A. UK Branch	Banking	United Kingdom	63,418	23	25,686	6,721	N/A
John Deere Bank S.A. Sucursal en España	Banking	Spain	(2)	17	359	130	N/A
John Deere Bank Poland Branch S.A.	Banking	Poland	114	23	267	55	N/A
John Deere Bank German Branch GmbH	Banking	Germany	529	28	1,788	427	N/A
John Deere Acceptances S.r.l.	Factoring	Italy	1,834	4	1,011	341	N/A
John Deere Solutions Réseau S.A.S.	Commercial activity	France	672	3	59	16	N/A
John Deere Financial S.A.S.	Joint Venture	France	4,286	- [1]	4,286	-	N/A

* Average of Employees as of October 2024
** Public subsidies received
The Group did not receive any government grants during 2024.
[1] The staff under the Joint Venture entity, consolidated using the equity method, is not included in this note.

Name of Group:	John Deere Bank S.A.
Fiscal year concerned:	November 2022 - October 2023
Currency:	€

			In T €				
Name	Activity(ies)	Jurisdiction	Turnover	No. of Employees*	Profit (Loss) Before Income Tax	Tax on profit or loss	Public subsidies received **
John Deere Bank S.A.	Banking	Luxembourg	8,896	63	6,825	1,760	N/A
John Deere S.A. UK Branch	Banking	United Kingdom	49,350	23	17,622	4,182	N/A
John Deere Bank S.A. Sucursal en España	Banking	Spain	-	18	228	90	N/A
John Deere Bank Poland Branch S.A.	Banking	Poland	(10)	20	81	13	N/A
John Deere Bank German Branch GmbH	Banking	Germany	473	28	1,073	277	N/A
John Deere Acceptances S.r.l.	Factoring	Italy	3,842	4	2,395	671	N/A
John Deere Solutions Réseau S.A.S.	Commercial activity	France	582	3	51	14	N/A
John Deere Financial S.A.S.	Joint Venture	France	3,637	- [1]	3,637	-	N/A

* Average of Employees as of October 2023
** Public subsidies received
The Group did not receive any government grants during 2023.
[1] The staff under the Joint Venture entity, consolidated using the equity method, is not included in this note.

33. Economic dependency

Most of the Bank's finance is facilitated by Deere & Company authorised dealers and subsidized by the European marketing units. The Bank's parent company, JDCC, also provides significant financial support by way of guarantees.

34. Segment information

The Bank's business is organized into two main segments: retail financing, which includes installment notes and leases to customers and wholesale financing which contains the Bank's factoring activities. Other is not considered a separate segment and contains items such as market to market gains on derivatives, certain support functions and certain general administrative costs that have not been allocated to the two product lines. The Bank allocates interest expense to its product lines assuming after swap debt costs. As a result, the income received on the interest rate swaps, which is included in interest income on the face of the consolidated statement of profit or loss is netted against interest expense before allocating interest expense to the product lines. An adjusting entry was made on the other segment reported below to move the amount from margin expenses back to total revenue.

The accounting policies of the reportable segments are the same as those described in Note 2.

The Bank operates mainly in Europe.

With the exception of subsidized interest and other interest receivable from entities of the John Deere group (see interest income from related parties under Note 4), no single customer contributes 10% or more to the Bank's revenue in 2024 and 2023.

The loans and advances by segment are shown on Note 11 to the consolidated financial statements.

The enclosed tables show consolidated statement of financial position and consolidated statement of profit or loss by major segment for fiscal years 2024 and 2023 respectively.

Fiscal 2024	**Retail**	**Wholesale**	**Other**	**Total**
	€´000	**€´000**	**€´000**	**€´000**
Assets	1,658,770	1,455,087	302,803	3,416,660
Liabilities	1,492,893	1,164,070	146,914	2,803,877
Equity	165,877	291,017	155,889	612,783

Fiscal 2023	**Retail**	**Wholesale**	**Other**	**Total**
	€´000	**€´000**	**€´000**	**€´000**
Assets	1,621,426	1,632,649	266,297	3,520,372
Liabilities	1,459,283	1,306,119	174,870	2,940,272
Equity	162,143	326,530	91,427	580,100

Fiscal 2024	**Retail**	**Wholesale**	**Other**	**Total**
	€´000	**€´000**	**€´000**	**€´000**
Total Revenue	124,824	99,211	98,879	322,914
Margin Expenses	26,896	1,011	217,909	245,816
Gross Margin	97,928	98,200	(119,030)	77,098
Total Operating Expenses	21,662	13,356	3,346	38,364
Net Margin	76,266	84,844	(122,376)	38,734
Income Taxes	17,718	19,711	(28,433)	8,996
Profit for the year	58,548	65,133	(93,943)	29,738

Fiscal 2023	**Retail**	**Wholesale**	**Other**	**Total**
	€´000	**€´000**	**€´000**	**€´000**
Total Revenue	106,381	78,872	58,287	243,540
Margin Expenses	23,493	967	150,977	175,437
Gross Margin	82,888	77,905	(92,690)	68,103
Total Operating Expenses	18,871	13,728	3,591	36,190
Net Margin	64,017	64,177	(96,281)	31,913
Income Taxes	14,059	14,095	(21,146)	7,008
Profit for the year	49,958	50,082	(75,135)	24,905

35. Fees to the audit firm

Fees charged by the audit firm and its respective entire network are analysed as follows **(*)**:

	2024 €´000	2023 €´000
Audit Fees from the statutory audit firm (Luxembourg head office)	330	514
Total	330	514

Fees shown are not inclusive of non-deductible VAT.

(*) The Bank's statutory auditor changed in 2024 compared to 2023.

36. Events after the reporting period

There were no events after the reporting period that would affect the consolidated financial position of the Bank as of October 31, 2024.