

Norinchukin Bank Europe N.V.
Annual Report 2019



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About Norinchukin Bank Europe N.V.

Who we are

Norinchukin Bank Europe N.V. (hereafter “NBE”) is a fully owned subsidiary of The Norinchukin Bank in Tokyo, Japan. NBE was established in September 2018, granted a banking license by the European Central Bank (hereafter “ECB”) in August 2019, and changed the legal name from Norinchukin Europe N.V. to Norinchukin Bank Europe N.V. in December 2019. NBE will operate banking activities in three main business areas: Food and Agriculture (hereafter “F&A”) banking business, Global Investment business, and Euro Funding business.

The Norinchukin Bank was established in 1923 as the national-level financial institution for agricultural, fishery and forestry cooperatives in Japan. The Norinchukin Bank plays a major role in Japanese society as a contributor to the development of the nation's economy and as a supporter of the agriculture, fishery and forestry industries with facilitated financing for its members including Japan Agricultural Cooperatives (“JA”), Japan Fishery Cooperatives (“JF”) and Japan Forest owners’ Cooperatives (“JForest”). To continue playing a role as a private financial institution that contributes to the development of the agriculture, fishery and forestry industries in such a changing environment, The Norinchukin Bank has a flexible business model. At present and looking to the future, The Norinchukin Bank mainly focuses on the three business areas of the “F&A Business”, “Retail Business” and “Investment Business”. The Norinchukin Bank is making its best efforts to realize further growth for the agriculture, fishery and forestry industries.

Business Model

NBE focuses on three business areas to start banking operations in 2020:

- Strengthen the F&A Banking business to support Japanese firms in (Continental) Europe,
- Increase group’s Global Investment business in Europe to strengthen its global diversified investment strategy,
- Attract stable funding from the European repurchase transactions (hereafter “repo”) markets to ensure the stability of the group’s Euro funding business.

The Norinchukin Bank defined the F&A Banking business as one of the pillars in its Mid-term business plan. It aims to further grow the agriculture, fishery and forestry industries and to exert stronger international presence on ‘food’. The Norinchukin Bank intends to provide more financial support to Japanese firms in the F&A Banking business in Continental Europe, where various value chains are expected to move to, following conditional changes such as the Economic Partnership Agreement (hereafter “EPA”) between the EU and Japan. NBE serves as an intermediary for Norinchukin Group in Japan with regards to corporate lending opportunities in the F&A Banking business. In doing so, NBE obtains new lending opportunities for its own account using the EU passporting rights of the banking license.

In the Global Investment business, The Norinchukin Bank aims to make stable profits under its globally diversified investment strategy. NBE will start project finance for its own account using the EU passporting rights of the banking license to grasp investment opportunities in Continental Europe.

The Euro funding activities that The Norinchukin Bank currently exploits, mainly from London, primarily relates to repo. Due to the change of business environments in the EU, a Central Clearing

Counterparty (hereafter “CCP”) in the UK has the intention to move their European repo clearing services to Continental Europe.

Upon the CCP’s movement of repo clearing services to the Continental Europe, access to the centre of liquidity of the EU-based repo business is continued by accessing a CCP in France through NBE's transactions.

Key Figures

For the period from 21 September 2018 until 31 December 2019

Amounts in thousands of euros

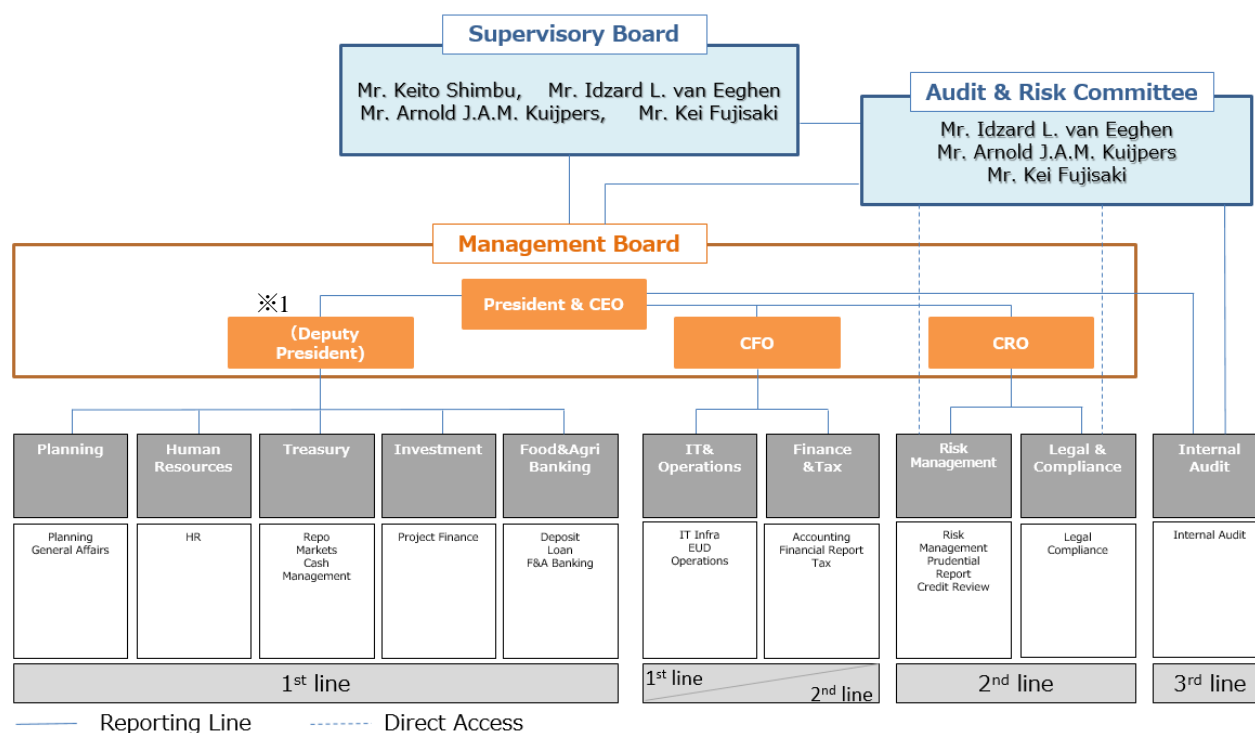
| | 31 December 2019 |
|------------------------------------|------------------|
| Cash and bank balances | 46,584 |
| Total assets | 57,899 |
| Total shareholder's equity | 51,936 |
| Result for the period | -19,064 |
| Number of employees (total in FTE) | 29.85 |

NBE maintained sufficient capital although it had no banking activities since obtaining banking license in August 2019. NBE ensures and monitors the adequacy of the capital and the prudential ratios to meet the regulatory requirements.

Organization

NBE has a robust two tier governance structure, which is comprised of a Supervisory Board and a Management Board and supporting committees of specialists for each business area.

As per 31 December 2019, NBE had 30 full time employees.



※1 : Mr. Takeshi Akamatsu is expected to be appointed as the Deputy President of NBE before commencing the banking activities, later in 2020.

Composition of the Supervisory Board

NBE appointed Mr. Shimbu, Mr. van Eeghen, Mr. Kuijpers and Mr. Fujisaki as members of the Supervisory Board on 2 August 2019. The necessary capabilities and knowledge are available in the collective of the Supervisory Board.

Chairman - Mr. Keito Shimbu (effective 2 August 2019)

Mr. Shimbu joined The Norinchukin Bank in 1985 and has a strong knowledge of NBE's core businesses and strategy, especially with regard to the foreign currencies funding business, global investment related business and the F&A Banking business. In his current position Mr. Shimbu is responsible for oversight of business operations for overseas offices of The Norinchukin Bank.

Member / Chairman of Audit and Risk Committee - Mr. Idzard L. van Eeghen (effective 2 August 2019)

Mr. van Eeghen has fulfilled several senior managerial positions in banks amongst which ABN AMRO and RBS and has extensive experience with managing and supervising bank's risks including but not limited to market, liquidity, credit, compliance and operational risks. He is currently member of the managing board and CRO of Dutch retail bank bunq B.V..

Member – Mr. Arnold J.A.M. Kuijpers (effective 2 August 2019)

Mr. Kuijpers is a very experienced banker with an extensive knowledge of the Dutch and European banking regulatory framework. Mr. Kuijpers is very familiar with the operations of a foreign subsidiary of an international bank and cooperative banks. He was amongst others managing director of Rabobank Ireland, director of Corporate Strategy and director of European affairs at Rabobank. He is currently also a supervisory board member of World Waternet.

Member - Mr. Kei Fujisaki (effective 2 August 2019)

Mr. Fujisaki joined The Norinchukin Bank in 1991. He adds value on the internal control framework as he has extensive knowledge on the risk management framework of NBE and NBE's core business and strategy. In his current position Mr. Fujisaki is responsible for the risk management functions of The Norinchukin Bank including its overseas offices.

Composition of the Management Board

The Management Board consists of Mr. Yasutake, Mr. van Wees and Mr. Sakurada. The Management Board is collectively responsible for NBE's management, the general affairs and the business connected with it.

President and Chief Executive Officer - Mr. Atsushi Yasutake (effective 20 July 2019)

Mr. Yasutake joined the Management Board of NBE on 21 September 2018 and was appointed as President and Chief Executive Officer (hereafter "President & CEO") on 20 July 2019. Mr. Yasutake was a general manager of The Norinchukin Bank's Corporate Planning Division and has insightful experiences with the European banking business. For example, he had a leading role in setting up and executing the strategic alliance between The Norinchukin Bank and Rabobank.

Chief Financial Officer - Mr. Marcel van Wees (effective 10 December 2019)

Mr. van Wees joined NBE on 1 July 2019 and was appointed to the Managing Board as Chief Financial Officer (hereafter "CFO") on 10 December 2019. Through his strong experience in the Dutch financial sector as well as his experience in several CFO positions within Rabobank Group, Mr. van Wees gained extensive insights in the field of financial planning, financial and regulatory reporting, taxation and information technology.

Chief Risk Officer - Mr. Hiroki Sakurada (effective 20 July 2019)

Mr. Sakurada joined the Management Board of NBE on 21 September 2018 and was appointed as Chief Risk Officer (hereafter "CRO") on 20 July 2019. Through his broad experience in risk management, Mr. Sakurada has gained various techniques and skills related to risk management, and he has in-depth understanding of The Norinchukin Bank and NBE's business model and risk profile. Mr. Sakurada also has deep grasp of the nature of The Norinchukin Bank and NBE's investment strategy.

General Information

Registered Office: Gustav Mahlerlaan 1216, 4th Floor, 1081LA, Amsterdam, the Netherlands

Supervisory Board: Mr. Keito Shimbu (Chairman), Mr. Idzard L. van Eeghen, Mr. Arnold J.A.M. Kuijpers, Mr. Kei Fujisaki

Management Board: Mr. Atsushi Yasutake (President & CEO), Mr. Marcel van Wees (CFO), Mr. Hiroki Sakurada (CRO)

Auditor: Deloitte Accountants B.V. Gustav Mahlerlaan 2970, 1081LA, Amsterdam, the Netherlands

Chamber of Commerce: Registration number: 72676094

Report of the Supervisory Board

Supervisory Board

The Supervisory Board is charged with the supervision of the policies pursued by the Management Board and the general course of affairs in NBE. The Supervisory Board will take all stakeholders' interest into account when supervising and providing unbiased advice to the Management Board. The Supervisory Board consists of two delegated members of The Norinchukin Bank and two independent members. The Supervisory Board has sufficient experience in (Dutch) corporate governance practices and financial regulation, and its members have different focus areas depending on their professions.

The Audit and Risk Committee (hereafter "ARC") was established to support the Supervisory Board in its oversight of the policies off the Management Board, particularly with respect to the internal Risk Management Framework (hereafter "RMF") and control systems, including audit and compliance matters. The ARC also assists the Management Board by providing advice related to ensuring the integrity of NBE's Financial Statements, NBE's compliance with legal and regulatory requirements, the External Auditor's qualifications and the independence and performance of NBE's Internal Audit function and external auditor.

Professional Performance

In the period ended 31 December 2019, the Supervisory Board held two meetings and all members were either physically present or by means of video conferencing access. The Supervisory Board discussed with the Management Board on various topics including but not limited to business plan, corporate governance, risk management, compliance and audit to establish the key policies. The Supervisory Board also discussed the Remuneration Policy and approved the remuneration of the Management Board members, as well as decided on the selection of the Identified Staff.

In the period ended 31 December 2019, the ARC held two meetings and all members were either physically present or by means of video conferencing access. The ARC discussed with the Management Board with respect to the internal control framework, including risk management, audit and compliance matters.

Financial Regulation

NBE made an analysis of the regulatory landscape that applies to its activities, (for example: the Capital Requirements Directive (2013/36/EU; hereafter "CRD IV") and the Capital Requirements Regulation (575/2013; hereafter "CRR") in general, Securities Financing Transactions Regulation ("SFTR") in connection with the repo business, as well as national legislation and policies and guidelines of ECB, the Dutch Central Bank (hereafter "DNB") and other supervisory authorities), and has taken the outcome of such analysis into account for its business activities. NBE ensures that its products and services comply with applicable regulations on an ongoing basis.

Remuneration

The Supervisory Board is responsible for approving, monitoring and maintaining the Remuneration Policy and overseeing its implementation to ensure it is fully operational as intended. The Supervisory

Board determines and oversees the variable remuneration of the members of the Management Board, approves the remuneration of the Head of Internal Audit and oversees the remuneration of the senior officers in control functions, including the Risk Management and Compliance function.

The remuneration of employees other than the members of the Management Board is set by the Management Board.

The remuneration of NBE consists of two elements: fixed remuneration and variable remuneration.

Fixed remuneration

Fixed remuneration primarily reflects relevant professional experience and organizational responsibility as set out in an employee's job description as part of the terms of employment. The compensation (fixed fee) for members of the Supervisory Board will be determined on the basis of their roles and responsibilities. If a member of the Supervisory Board is also a board member or executive officer of The Norinchukin Bank, no compensation will be paid by NBE. In line with The Norinchukin Bank's rules and/or regulations, this member should only receive compensation from The Norinchukin Bank.

Variable remuneration

Variable remuneration reflects a risk adjusted performance as well as performance in excess of that required to fulfil the employee's job description as part of the terms of employment. At least 50% of the variable remuneration is based on non-financial performance criteria such as strategic goals, customer satisfaction, leadership, management skills, compliance with the Risk Management Policy of NBE, creativity and motivation. While financial performance criteria, such as NBE's financial /business results, is a part of the performance assessment, non-financial performance criteria would form a large part of the performance assessment in order to not incentivise excessive risk taking and to contribute to NBE's long term business continuity.

Bonus Cap

NBE establishes the appropriate ratios between the fixed and the variable component of the total remuneration, whereby the following principles apply:

- The variable component shall not exceed 20% of the fixed component of the total remuneration for each employee in principle.
- If the remuneration for an employee does not or not entirely follow the Collective Labor Agreement ("CLA") Banks standards, its variable component is not capped at 20% of the fixed component of the total remuneration for each employee. However, it is capped at 100% of the fixed component, provided that in any case, NBE's total variable component for employees concerned shall not exceed 20% of the total fixed component of NBE's total remuneration.

Identified Staff

NBE has Identified Staff whose professional activities have a material impact on NBE's risk profile and to whom specific requirements apply. The variable remuneration for Identified Staff is in principle capped at 20% of the fixed annual remuneration to the extent that its remuneration entirely follows CLA Banks standards. In any case, the variable remuneration for Identified Staff is capped at 100% of the fixed annual remuneration.

Lifelong Learning Program and Self-evaluation

In the period ended 31 December 2019, NBE held two lifelong learning programs with the Supervisory Board and the Management Board members as follows:

- Essential business activities of NBE: Repo business
- The Norinchukin Bank's Medium-Term Management Plan (fiscal year 2019 through fiscal year 2023)

To evaluate and assess the functioning of the Supervisory Board, its committee and its individual members, the Supervisory Board reviews its own performance annually and has its independent performance review every three years. The Supervisory Board ensures the quality of its own performance is adequate.

Financial Statements

In compliance with local laws and NBE's Articles of Association, NBE will submit the Financial Statements for the period from 21 September 2018 until 31 December 2019, together with the Report of the Management Board to the General Meeting of the Shareholder. The long book year is due to the fact that this is the first financial year of NBE after incorporation on 21 September 2018. The Financial Statements and Report of the Management Board are examined by the Supervisory Board and audited by Deloitte Accountants B.V.. The Supervisory Board proposes that the General Meeting of the Shareholder approves the Financial Statements for the period from 21 September 2018 until 31 December 2019 as submitted by the Management Board.

Closing

NBE was granted a banking license in August 2019. The Supervisory Board was established in the same month and has worked closely with the Management Board to assist the latter to prepare for the start of banking business in 2020. The Supervisory Board looks forward to this moment when NBE and its staff can service its clients and stakeholders. The Supervisory Board thanks NBE's staff and Management Board for the hard work to obtain the banking license, and prepare operational readiness to start banking business in 2020.

Amsterdam, 20 May 2020

Keito Shimbu

Idzard L. van Eeghen

Arnold J.A.M. Kuijpers

Kei Fujisaki

Report of the Management Board

Management Board

The Management Board has the ultimate and overall responsibility for realizing the organization's strategy, and is jointly responsible for managing all factors that might impede the strategy from succeeding. The Management Board is strongly engaged in establishing trustworthy banking operations and expanding NBE's business in Europe, in line with The Norinchukin Bank's strategy. NBE has three focused business areas in banking business operations: strengthen the F&A Banking business, increase its Global Investment business and secure access to the centre of liquidity of Euro denominated repo transactions.

Corporate Governance

NBE introduced the Three Lines of Defence model, an established internal control and risk management approach that helps NBE strengthen, clarify and coordinate its essential governance, internal control, and risk management roles and responsibilities. The Management Board and the Supervisory Board are responsible for the sound governance structure and compliance with the governance principles. The members of these boards establish an example to all of NBE's employees and exhibit this in their day-to-day activities.

Risk Management

NBE describes Risk Management as "taking necessary measures to adjust risks, i.e., uncertain factors involved in achieving the managerial strategies and business policies, to a permissible level". This objective is stipulated in the NBE's Risk Management Policy. The Risk Appetite Statement (hereafter "RAS") is essential to define the types and amount of risk that NBE is willing to take and considers acceptable in pursuit of its strategic objectives. The RAS identifies the risks related to the business strategy and defines the risk levels NBE is willing to expose itself to. In this manner the RAS ensures that NBE operates its business processes in a controlled manner. NBE will take the necessary steps to create appropriate values and understand attitudes about risks that could affect the mission and strategy of the organization.

Business Developments and Outlook

Japan and the EU have a historical trade relationship that dates back to the 17th century and remains strong to this day. To support both the trade relationship and the realization of Norinchukin group's strategy (to further grow the agriculture, fishery and forestry industries whilst also making stable profits), NBE intends to expand its F&A Banking business in Continental Europe.

The Norinchukin Bank expects an increase in the volume of Japanese F&A clients in Europe:

- Continental Europe is now positioned as an essential food supplier to Japanese markets. The current trade statistics of agricultural/fishery products shows a large excess of exports to Japan from the EU over imports from Japan to the EU.

- Japanese consumers, who are very sensitive to the safety of food, feel quite comfortable with EU food products, as they know food regulations in the EU are strict.
- Based on the conditions above, Japanese F&A related firms are becoming more active in Continental Europe. NBE expects such movements will expand further, following the EPA between the EU and Japan and other factors.

The Norinchukin Bank also expects to grasp more investment opportunities in Europe in the Global Investment business. NBE will focus on project finance business using the EU passporting rights of banking license, which allows NBE to approach more project finance transactions in Continental Europe, one of the most promising business areas.

In the Euro Funding business, The Norinchukin Bank aims to stabilize Euro funding from European repo markets. NBE is to secure access to the centre of liquidity of the EU-based repo business upon the movement of European repo clearing services to Continental Europe.

In order to fulfil the Norinchukin group's strategy, NBE will play a vital role to further develop and maintain strong representation in the EU and ensure long term access to the continental European market. NBE is steadily preparing to establish business operations which will be phased in over the course of 2020. The development of each business allows NBE and The Norinchukin group to make a further meaningful contribution to growth and diversity of European markets. To drive this growth, NBE expects to increase the number of employees in line with the business.

The coronavirus ("COVID-19") outbreak has a significant impact on public life and global economy. The impact on NBE is mainly a delay of the start date of our banking activities from Q2 2020 to the second half of 2020. As NBE does not have any financial exposure to clients yet, there is no direct or indirect impact on NBE's financial stability.

The health of NBE's staff is currently our most important concern. Therefore NBE has implemented the recommendations from the government and health authorities and continues to assess its readiness for the commencement of banking business activities.

Financial Statements

Due to the preparation of banking activities in 2019, NBE recorded the losses for the first period in accordance with the forecasted expectations and is by no means an indication for a lack of growth, but rather the costs of establishing NBE.

Considering the nature of NBE's business strategy, once NBE commences its banking operations, the Management Board expects that NBE achieves stable growth by F&A Banking business, Global Investment business and Euro Funding business. The Management Board strives to improve NBE's financial result by developing these business activities.

Closing

Although it has been an ambitious task to set up a new banking subsidiary in the Netherlands in the current uncertain circumstances, the Management Board continually strives to launch banking business operations in 2020. The Management Board would like to express its sincere appreciation to all stakeholders involved in the implementation project. The Management Board looks forward to working together to make 2020 a successful year.

Amsterdam, 20 May 2020

Atsushi Yasutake

Marcel van Wees

Hiroki Sakurada

Dutch Banking Code

The Dutch Banking Code has been drawn up by the Dutch Banking Association (“NVB”) and it came into effect on 1 January 2010. The Dutch Banking Code sets out principles that banks with a corporate seat in the Netherlands should observe in terms of corporate governance, risk management, audit and remuneration.

NBE implements corporate governance framework which complies with the principles of the Dutch Banking Code. All important issues addressed in the Dutch Banking Code and similar regulations are being discussed in relevant committee meetings including risk management, compliance, audit and remuneration.

The below overview reflects the status of NBE’s compliance with the Dutch Banking Code over the period ended 31 December 2019.

Compliance with the Banking Code

Sound and ethical operation

NBE has a medium/long-term business plan which is aligned with the Norinchukin group’s strategy and aims to make a further meaningful contribution to growth and diversity of European markets. NBE embeds the business plan in its governance structures and internal policies.

The Management Board and the Supervisory Board, with due regard for each other’s duties and powers, are responsible for a sound governance structure and compliance with the governance policies. The members of the Management Board and the Supervisory Board set example to all of the NBE’s employees.

Supervisory Board

NBE’s Supervisory Board is composed in a way that it is able to perform its tasks properly. The Supervisory Board has a total of four members, two of which are independent. The Supervisory Board elects the ARC. The members of the Supervisory Board have specific competencies and experiences to perform their supervising duties with critical and independent eyes.

The chairman of the Supervisory Board organizes a lifelong learning program for all members of the Supervisory Board with the aim of maintaining their expertise at the required level. The Supervisory Board reviews its own performance annually and has its performance review independently every three years to ensure the quality of its own performance.

The independent members of the Supervisory Board receive appropriate compensation for their work, which does not depend on NBE’s financial result. The delegated members of the Supervisory Board employed by The Norinchukin Bank do not receive compensation in accordance with the Norinchukin group policy.

Management Board

As per 31 December 2019, NBE’s Management Board consisted of three members. The Management Board is composed in a way that it is able to perform its tasks properly and each member has outstanding capabilities and knowledge to establish a new banking subsidiary in the Netherlands. In the case of vacancies, attention is given to the composition of the Management Board with respect to

professional experience, competencies and, to the extent possible in the relatively small setting, to gender, nationality, and cultural background.

Each member of the Management Board is assigned specific tasks and responsibilities based on their skills and expertise. One member (CRO) has the duty in risk-related areas and is independent from commercial areas.

The chairman of the Management Board (President & CEO) organizes a lifelong learning program for all members of the Management Board with the aim of maintaining the level of expertise and enhancing skills and knowledge. Every member of the Management Board takes part in the lifelong learning program.

Risk Policy

NBE's RMF is comprehensive and transparent and has both a short and long-term focus. The framework covers all relevant risks and takes reputational risks and non-financial risks into account.

The Management Board determines NBE's risk appetite which is then approved by the Supervisory Board. Any material changes to the risk appetite in the interim also require approval of the Supervisory Board. The Supervisory Board assesses capital and liquidity strategy based on advice from the ARC.

Audit

NBE has an internal audit division with an independent position within NBE. The Head of Internal Audit has direct access to the ARC and reports at least quarterly to the Management Board and ARC. Furthermore, the Head of Internal Audit reports administratively (i.e., day-to-day operations) to the chairman of the Management Board (President & CEO). Discussion and consultation among the internal audit division, the external auditor, the regulator and the ARC takes place periodically to discuss risk analyses, audit plans, audit reports and audit findings.

Remuneration Policy

NBE implements the remuneration policy which is in line with national and EU laws and regulations. NBE's remuneration policy has a primarily long-term focus and is in line with NBE's risk policy. The Supervisory Board is responsible for approving, monitoring and maintaining the remuneration policy and overseeing its implementation to ensure it is fully operating as intended.

Financial Statements

Statement of Financial Position

All figures are before appropriation of profit.

For the period from 21 September 2018 until 31 December 2019

Amounts in thousands of euros

| | Notes | 31 December 2019 |
|---------------------------------------------------|-------|------------------|
| Assets | | |
| Cash and bank balances | 1 | 46,584 |
| Property and equipment | 2 | 1,536 |
| Intangible assets | 3 | 261 |
| Right-of-use assets | 4 | 3,836 |
| Deferred tax assets | 5 | 5,280 |
| Other assets | 6 | 402 |
| Total Assets | | 57,899 |
| Liabilities | | |
| Lease liabilities | 7 | 3,824 |
| Other liabilities | 8 | 2,139 |
| Total liabilities | | 5,963 |
| Shareholder's equity | | |
| Issued capital | | 30,000 |
| Share premium | | 41,000 |
| Result for the period | | -19,064 |
| Total shareholder's equity | 9 | 51,936 |
| Total liabilities and shareholder's equity | | 57,899 |

Statement of Profit or Loss

For the period from 21 September 2018 until 31 December 2019

Amounts in thousands of euros

| | Notes | 2018/2019 |
|-----------------------------------------------|-------|----------------|
| Interest and similar income | | - |
| Interest and similar expense | | 136 |
| Net interest income | 10 | -136 |
| Fee and commission income | | - |
| Fee and commission expense | | 20 |
| Net fee and commission income | 11 | -20 |
| Net operating income | | -156 |
| Personnel expenses | 12 | 2,713 |
| Depreciation of property, plant and equipment | | 196 |
| Amortization of intangible assets | | 47 |
| Depreciation of right-of-use assets | | 107 |
| Other operating expenses | 13 | 21,125 |
| Total operating expenses | | 24,188 |
| Result for the period before tax | | -24,344 |
| Income tax expense | 5 | 5,280 |
| Result for the period | | -19,064 |

Statement of Comprehensive Income

For the period from 21 September 2018 until 31 December 2019

Amounts in thousands of euros

| | 2018/2019 |
|--------------------------------------------------------------|----------------|
| Result for the period | -19,064 |
| Total comprehensive income for the period, net of tax | -19,064 |

Statement of Changes in Equity

For the period from 21 September 2018 until 31 December 2019

Amounts in thousands of euros

| | Issued Capital | Share premium | Result for the period | Total equity |
|---------------------------------------------|----------------|---------------|-----------------------|---------------|
| Balance at incorporation 21 Sep 2018 | 30,000 | - | - | 30,000 |
| Other comprehensive income | - | - | -19,064 | -19,064 |
| Issue of share capital | - | - | - | - |
| Share premium issuance | - | 41,000 | - | 41,000 |
| Dividends | - | - | - | - |
| Balance at 31 December 2019 | 30,000 | 41,000 | -19,064 | 51,936 |

Statement of Cash Flows

For the period from 21 September 2018 until 31 December 2019

Amounts in thousands of euros

| | 2018/2019 |
|-----------------------------------------------------------|------------------|
| Result for the period before tax | -24,344 |
| Amortization and depreciation | 243 |
| Changes in other assets | -402 |
| Changes in other liabilities | 2,139 |
| Movement of right-of-use assets and lease liabilities | -12 |
| Net Cash flows from operating activities | -22,376 |
| Cash flows from investing activities | |
| Investments in: | |
| Property and equipment | -1,732 |
| Intangible assets | -308 |
| Net Cash flows from investing activities | -2,040 |
| Proceeds from share capital | 71,000 |
| Cash flows from financing activities | 71,000 |
| Net Cash flows | 46,584 |
| Cash and cash equivalents at the end of the period | 46,584 |

General information

NBE was established on 21 September 2018 and is a 100% subsidiary of The Norinchukin Bank, one of the top 30 banks in the world (total assets as per the end of March 2019 of USD 955 billion). The Norinchukin Bank is the direct as well as the ultimate parent of NBE.

The Norinchukin Bank defined the F&A Banking business as one of the main business pillars. It aims to further grow the agriculture, fishery and forestry industries and to exert stronger international presence on 'food'. NBE intends to provide more financial support to Japanese firms in the F&A Banking business in Continental Europe, where various value chains are expected to move to the finalized EPA between the EU and Japan.

NBE has three main business areas: F&A Banking business, Global Investment business, and Euro Funding business. The F&A Banking business will provide a range of financial solutions to its target client base. In the Global Investment business, NBE supports The Norinchukin Bank's globally diversified investment strategy. The aim of the Euro Funding business is to provide access to the centre of liquidity of the EU-based repo business in complex business environments.

Significant Accounting Policies

The primary accounting policies used in preparing these Financial Statements are set out below.

Basis of preparation

The annual accounts are prepared in accordance with International Financial Reporting Standards (hereafter "IFRS") as endorsed by the European Union and with Part 9 of Book 2 of the Dutch Civil Code for the financial period from 21 September 2018 until 31 December 2019. This is a longer period than a year for the first year of operations, as stated in the Articles of Association at incorporation of NBE. A regular fiscal year is from 1 January to 31 December of each year.

The Financial Statements have been prepared on a historical cost basis, unless it is stated otherwise in the corresponding paragraphs relating to the Financial Statements. The Financial Statements are presented in Euros and all values are rounded to €1,000, except when otherwise indicated.

In addition, NBE adopted applicable IFRS standards in this first Financial Statement, including IFRS 9 and IFRS 16.

Going concern

The annual accounts are prepared on an ongoing basis. The losses in the first period for NBE are in accordance with the forecasted expectations and is by no means an indication for a lack of going concern, but rather the costs of establishing NBE in Amsterdam.

Foreign currency translation

The functional and presentational currency is Euro (€). Transactions in foreign currencies are initially recorded in the functional currency with exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency at the spot rate of exchange at the reporting date.

Non-monetary items (e.g. intangible assets) that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. All differences arising from

currency translations on non-monetary items (difference between exchange rate on purchase date and recognition date) are taken to other operating income/expense in statement of profit or loss.

Significant judgements and estimates

The preparation of the annual accounts requires management to apply judgements with respect to estimates and assumptions. These estimates and assumptions affect the amounts for assets, liabilities and the contingent liabilities. Furthermore the estimates and assumptions affect the reported income and expenses. The actual outcome may differ from these estimates. The process of determining assumptions is based on diligent assessments of current circumstances and expected developments and is subject to internal control procedures and approvals.

Due to the limited business of NBE in 2019, the accounting judgements and estimates relate to the depreciation of tangible and intangible assets, the incremental borrowing rate for leases, and the deferred tax.

Financial instruments – initial recognition and subsequent measurement

Date of recognition

Financial assets and liabilities are initially recognized on the settlement date, i.e., the date on which a contract is settled by delivery of the assets that are the subject of the agreement.

Classification and measurement of financial assets

NBE applies the following measurement categories for financial assets:

- Debt instruments at amortized cost (“AC”)
- Debt instruments at fair value through other comprehensive income with cumulative gains and losses reclassified to profit or loss upon derecognition (“FVOCI”)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (“FVPL”)
- Equity instruments designated as measured at fair value through other comprehensive income with gains and losses remaining in other comprehensive income, i.e. without recycling to profit or loss upon de-recognition

For the debt instruments the classification is depending on both NBE’s business model (“BM”) and the contractual cash flow characteristics of the financial assets. To allow measurement at amortized costs, the cash flows of the debt instrument must relate solely to payments of principal and Interest (“SPPI”) and the business model in which the financial instrument is held must be “hold-to-collect”.

As per 31 December 2019, NBE only had financial instruments at amortized cost, which are nostro account balances.

Classification and measurement of financial liabilities

Financial liabilities are measured either at FVPL or at AC. Financial liabilities are measured at FVPL when they meet the definition of held for trading, or when they are designated as such on initial recognition. Designation at FVPL is permitted when either:

- a) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an “accounting mismatch”).
- b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and information is provided internally on that basis to NBEs key management personnel; or

c) a financial liability contains one or more embedded derivatives that meet certain conditions.

As per 31 December 2019, NBE had only financial instruments at amortized cost.

Derecognition of financial assets and liabilities

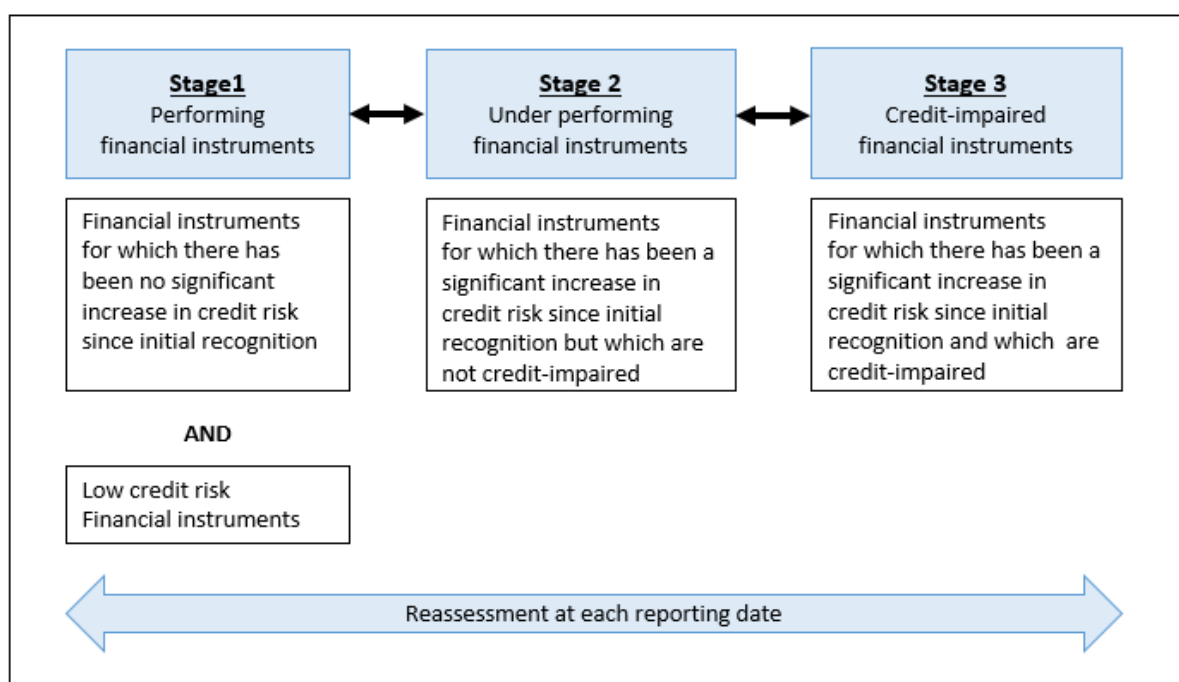
Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired. Financial liabilities are derecognized when the obligations under the liabilities are discharged, cancelled or expired.

Determination of fair value for financial instruments

As per 31 December 2019, financial instruments of NBE are limited to nostro account balances, which are all measured at amortized cost. The fair value is best estimated at the nominal amount, which is the current balance sheet amount.

Impairment

For all assets (debt instruments) measured at AC or FVOCI, NBE recognizes an expected credit loss (hereafter “ECL”) using Expected Credit Risk models and macro-economic scenarios. The determination of the ECL depends on the performance of the instruments. If there is no significant increase in credit risk (stage 1), a 12 months ECL is determined. If the credit risk has increased significantly (stage 2) or the instrument is credit impaired (stage 3), a lifetime ECL is determined. The outline below depicts the stages.



Leases

Classification and initial measurement

At inception of a contract NBE assesses whether the contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for considerations. If the contract can be classified as a lease, a right-of-use assets are recognized on the commencement date at cost.

The cost consists of the following:

- The amount of the initial measurement of the lease liabilities plus
- Any lease payments made at or before the commence date, less any lease incentives received
- Any initial direct costs incurred by NBE; and
- An estimate of costs to be incurred by NBE in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

At the commencement date, the lease liabilities are measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in the lease. If this is not readily determined, the incremental borrowing rate can be used.

The lease payments for the measurement of the lease liabilities, not paid at commencement date, consists of:

- Fixed payments, less any incentives;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by NBE under residual value guarantees;
- The exercise price of a purchase option if NBE is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects NBE exercising an option to terminate the lease.

Lease for which the underlying value is of low value (smaller than €5,000) and leases with a lease term shorter than 1 year are not recognized as lease. The lease payments for these types of leases are recognized as an expense on an straight-line basis over the lease term.

Subsequent measurement

Right-of-use assets

After initial measurement, NBE applies the cost model to measure the right-of-use assets.

The right-of-use assets consist of the following:

- Right-of-use assets as per the beginning of the period
- Less any accumulated depreciation, the depreciation charge is based on the straight line depreciation method over the lease term.
- Accumulated impairment losses; and
- Adjusted for the re-measurement of the lease liabilities.

Lease liabilities

After the commencement date the lease liabilities are measured as:

- Increase the carrying amount to reflect interest on the lease liabilities which are recognized as expense in the statement of profit or loss;
- Reducing the carrying amount to reflect the lease payments made; and

- Re-measuring the carrying amount to reflect any reassessment or lease modifications specified, or to reflect revised in-substance fixed lease payments.

Determining the lease term

When determining the lease term, extension options and termination options are taken into account. If NBE is reasonably certain that it will exercise an option the lease term is adjusted accordingly. If NBE is not reasonably certain that it will exercise the option, the lease term is determined as the non-cancellable period of the lease.

Interest rate used to discount the lease payments

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined NBE uses its incremental borrowing rate.

Property and equipment

NBE recognizes an item as property and equipment only if it is probable that future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Property and equipment qualifying will be initially measured at cost, which contains:

- (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;

Subsequently, NBE measures property and equipment as the cost less any accumulated depreciation and less any accumulated impairment losses. The depreciation is charged over the estimated useful lives, using straight-line method. The estimated useful life for equipment related to the office building is around 8 years and for other equipment 5 years.

Intangible assets

NBE will recognize an item as an intangible asset only if it is probable that future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Intangible assets are initially measured at cost and subsequently at cost less any accumulated depreciation and less any accumulated impairment losses. The depreciation is charged over the estimated useful lives, using straight-line method. The estimated useful live is 5 years.

Retirement benefits

NBE provides all employees with a retirement benefit plan which qualifies as a defined contribution plan. NBE pays a fixed contribution to a separate entity with no further legal or constructive obligation in the case that the fund has insufficient assets to settle its obligation to the participants. The payments for fixed contributions are recognized as personnel expenses.

Employees that are seconded to NBE by The Norinchukin Bank participate in the pension plan from The Norinchukin Bank. NBE has no legal or constructive obligation towards the pension plan of seconded employees.

Interest income and expenses

Interest income and expenses are recognized in the statement of profit or loss using the effective interest method for all interest bearing instruments. The interest income and expenses include amortized discounts, premiums and fees that are part of the effective interest.

Fee and commission income and expenses

Fee income relates to fees for servicing financial instruments for clients and The Norinchukin Bank. Fee and commission expenses relates to expenses that NBE pays for nostro accounts.

Taxation

Corporate income tax is based on the applicable Dutch tax laws. Income tax consists of current and deferred tax and is recognized in the statement of profit or loss or in equity if it relates to items that are recognized in equity.

Deferred tax assets are reassessed at the reporting date and recognized to the extent that it is probable that future taxable profit will be available against which this deferred asset can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the asset is realized or the liability is settled.

New and revised standards issued by the International Accounting Standards Board (IAS) but not yet endorsed by the European Union

Amendments to IFRS 3 Definition of a Business

The IASB has issued the amendments to IFRS 3 to improve the definition of a company. As a result, companies will be better able to determine whether they have acquired a company or a group of assets. The changes are effective from 1 January 2020. It is expected that these changes will not impact NBE.

Definition of Material – Amendments to IAS 1 and IAS 8

To help prepare the financial statement, the IASB has refined the definition of "material", issued practical guidelines for applying the concept of materiality and made proposals aimed at applying materiality to the disclosure of accounting policies. The changes are effective from 1 January 2020. The changes may have a limited impact on NBE.

The Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, but can be used as a general guide for transactions and events for which no specific IFRS standards are available. The Conceptual Framework covers all aspects of standard setting, from the purpose of financial reporting to presentation and disclosure. The amended Conceptual Framework is effective from 1 January 2020. It is expected to have a limited impact on NBE.

IFRS 17 Insurance Contracts

In May 2017, IASB issued IFRS 17, an extensive new standard for insurance contracts with regard to recognition and measurement, presentation and disclosure. IFRS 17 will replace IFRS 4 Insurance contracts. IFRS 17 applies to all types of insurance contracts (such as life insurance, non-life

insurance, direct insurance and reinsurance). IFRS 17 is applicable from 1 January 2021. IFRS17 is not expected to have any impact on NBE.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

When a parent company loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidelines for consolidation and equity accounting. In response to this conflict and the resulting diversity in practice, the IASB issued sale or contribution of assets between an investor and its associate or joint venture on 11 September 2014 (amendments to IFRS 10 and IAS 28). The effective date of the changes is currently unknown. The changes will not have an impact on NBE.

Amendments to IFRS 9, IAS 39 and IFRS 7, IBOR reform phase 1

On 26 September 2019, the IASB issued 'Reform of the interest benchmark (amendments to IFRS 9, IAS 39 and IFRS 7)' as a first response to the possible effects of the IBOR reform on financial reporting. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The changes are effective from 1 January 2020 and will have no impact on NBE.

Notes to the Financial Statements

Amounts in thousands of euros unless otherwise stated

1. Cash and bank balances

Cash and bank balances relate to nostro account balances. Currently NBE has two bank accounts, one with The Norinchukin Bank and one with Rabobank (NL), with which funds are immediately available. As per 31 December 2019 NBE had no balances with central banks.

2. Property and equipment

Property and equipment consist of operations equipment and equipment related to the office building.

| | 31 December 2019 |
|------------------------|-------------------------|
| Opening balance | - |
| Investments | 1,732 |
| Disposals | - |
| Depreciation | -196 |
| Closing balance | 1,536 |

3. Intangible assets

Intangible assets consist of only software.

| | 31 December 2019 |
|------------------------|-------------------------|
| Opening balance | - |
| Investments | 308 |
| Disposals | - |
| Depreciation | -47 |
| Closing balance | 261 |

4. Right-of-use assets

The right-of-use assets relate to the lease of office building (€3,698) and lease of housing for NBE's expat staff (€138).

As per 31 December 2019 NBE had 7 lease contracts in total under scope of IFRS 16, of which 1 contract relates to the lease of office building and 6 for expats housing. Among these leases, 5 of the expats housing contracts will expire within 2020 and one will expire in 2021, while the office building contract will expire after 8 years in 2028.

31 December 2019

| | |
|------------------------|--------------|
| Opening balance | - |
| Investments | 3,943 |
| Disposals | - |
| Depreciation* | -107 |
| Closing balance | 3,836 |

*The depreciation amount relates completely to expats housing, as the commencement date of office lease started from 31 December 2019.

5. Deferred tax assets & Income tax expense

The deferred tax amounts to €5,280 which is based on the result for the period before tax (€24,344). The deferred tax amount is estimated applying the expected tax rate of 21.7%, and based on the forecast of profit or loss for the coming years. NBE has no tax-exempted income.

Deferred tax assets (€5,280) are recognized for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized, and are unlikely to be recovered within one year.

6. Other assets

Other assets include rental deposit fee for the office building (€310) and for the houses NBE rent for expats (€39), plus prepaid expenses (€53).

7. Lease liabilities

Lease liabilities relate to the lease of office building and lease of housing for NBE's expats. NBE has used the incremental borrowing rates to discount the lease payments because the interest rates implicit in the leases are not available. NBE's incremental borrowing rates are based on the borrowing rates obtained from The Norinchukin Bank.

31 December 2019

| | |
|------------------------|--------------|
| Opening balance | - |
| Investments | 3,943 |
| Interest expenses | - |
| Payments | -119 |
| Closing balance | 3,824 |

| | Less than 1 year | 1-5 years | Over 5 years | Total |
|------------------------|------------------|-----------|--------------|--------------|
| Office building | | | | |
| Lease payment | 446 | 1,870 | 1,487 | 3,803 |
| Present value | 445 | 1,831 | 1,422 | 3,698 |
| Expat housing | | | | |
| Lease payment | 106 | 20 | - | 126 |
| Present value | 106 | 20 | - | 126 |

8. Other liabilities

The other liabilities were composed by three parts, accrued operational expenses of €1,676, accrued personnel expenses of €98, and wage tax of €65. Among the accrued operational expenses, €496 was amount payable to The Norinchukin Bank (including its London Branch), €360 was amount payable to external suppliers, and €21 was VAT payable associated.

9. Total shareholder's equity

All shares of NBE are held by The Norinchukin Bank. Result for the period represents the losses incurred during the preparation of NBE's banking activities in Europe.

The authorized capital amounts to €30 million. According to the Articles of Association the shares are subdivided into 30 thousand ordinary shares, of which all shares have been issued and fully paid up. All of these instruments/shares have a par value of €1 thousand.

10. Net interest income

The interest relates to the interest paid (negative interest) on the balances of nostro accounts. The interest on the lease liabilities rendered from expat housing amounts to zero due to 0% incremental borrowing rate.

11. Net fee and commission income

Net fee and commission income is negative since currently NBE only has fee and commission expense, which was rendered from payment services of nostro accounts.

12. Personnel expenses

As per 31 December 2019 the number of FTEs was 29.85, total headcount was 30. Next to that there were 7 external staff active.

| | 2018/ 2019 |
|-------------------------------------------|-------------------|
| Salaries | 2,087 |
| Social security costs | 129 |
| Pension costs (defined contribution plan) | 99 |
| Other staff costs | 398 |
| Total personnel expenses | 2,713 |

13. Other operating expenses

Other operating expenses relate to the costs incurred in setting up NBE in the Netherlands including acquiring NBE's banking license from ECB.

| | 2018/ 2019 |
|-----------------------------------------|-------------------|
| External advisory costs | 13,010 |
| VAT | 3,953 |
| Office rent costs | 2,536 |
| Others | 1,626 |
| Total other operational expenses | 21,125 |

*This VAT expense is unlikely to be recovered.

Cost of External Independent Audit

Expenses for services provided by the external auditor, Deloitte Accountants B.V., are presented in the table below.

| Audit | 2018/2019 |
|-----------------------------------|------------------|
| Audit of the Financial Statements | 32 |
| Total | 32 |

14. Related Parties (including remuneration of SB and MB)

Related parties are parties that have the ability to exercise control or exercise significant influence over the other party in making financial and/or operational decisions. NBE has identified The Norinchukin Bank, the Supervisory Board and the Management Board as related parties.

Transactions with key managements

As per 31 December 2019, NBE had no loans or other balances with the members of the Supervisory Board and/or the Management Board. Members of the Supervisory Board and the Management Board had no shares in NBE or The Norinchukin Bank.

Transactions with related parties

Transactions with The Norinchukin Bank include expenses rendered from operational costs and some personnel costs, such as pensions of expats, that The Norinchukin Bank has paid for NBE which NBE then reimbursed to The Norinchukin Bank (€125). Furthermore NBE has also recorded expenses amounting to €3,449 for IT services provide by The Norinchukin Bank, of which €2,954 was already paid before 31 December 2019 and €495 was accounted as liability.

Remuneration of the Supervisory Board*

The total remuneration for the Supervisory Board amounts to €45 in 2019.

Remuneration of the Management Board*

The fixed remuneration of the Management Board amounts to €587 in 2019. In total variable remuneration for the Management Board amounts to €14 in 2019.

* In 2019 NBE had no employees or executives earning more than one million Euro.

15. Off-balance sheet information

As per 31 December 2019 NBE had only insignificant off-balance sheet items. These are payment commitments related to leases which are exempted from capitalization under IFRS 16.

16. Notes to the Statement of Cash Flows

NBE has used the indirect method to prepare the statement of cash flows. NBE has classified cash flows as cash flows from operating, investing and financing activities. In the net cash flows from operating activities NBE has taken the result for the period before tax into account and adjusted it for items of the statement of profit and loss and statement of financial position that do not generate actual cash in or outflows.

17. Subsequent events

The coronavirus (“COVID-19”) outbreak has a significant impact on public life and global economy. The impact on NBE is mainly a delay of the start date of our banking activities from Q2 2020 to the second half of 2020. As NBE does not have any financial exposure to clients yet, there is no direct or indirect impact on NBE’s financial stability.

The health of NBE’s staff is currently our most important concern. Therefore NBE has implemented the recommendations from the government and health authorities and continues to assess its readiness for the commencement of banking business activities.

In March 2020 The Norinchukin Bank increased the equity position of NBE with €100,000 via a cash distribution and converted the existing share premium to issued capital, which brought the total issued capital to €71,000.

18. Proposed profit appropriation

The allocation of the net profit is based on article 24 of the Articles of Association. The loss for the period ended 31 December 2019 amounts to €19,064 NBE proposes to the General Meeting of the Shareholder to transfer this loss to the retained earnings.

Risk Management

Introduction

NBE faces a wide range of uncertainties which need to be understood and managed so that NBE can achieve its objectives.

All activities of NBE involve risk: each decision made or action taken incorporates some element of risk and has an impact on NBE's performance (whether safety, financial, operational or reputational). The successful management of this risk, across all divisions and levels, specific functions, projects and activities increases the likelihood that NBE will achieve its strategic objectives.

Risk is defined as 'possible occurrence of any event which may produce a negative result to the management of operations (causing some kind of losses)', this definition is aligned with The Norinchukin Bank's definition as defined in the Basic Policies of Risk Management. Uncertainty involving upside (positive) influence must also be included in risk, as per NBE's Risk Management Policy.

The purpose of risk management is described as taking necessary measures to adjust risks to a permissible level. For risk management to be effective, NBE is committed to apply the following principles:

- Every employee at NBE is responsible for the effective management of risk.
- Risk management creates and protects value, and is an essential element of the overall governance of NBE.
- NBE applies risk management consistently and on a systematic basis in all divisions and functions.
- NBE adequately allocates resources to risk management activities.
- NBE ensures that all employees have necessary training, skills and assistance to undertake effective risk management.
- NBE uses the best available information to regularly monitor and report on the status of risk it faces.
- NBE is dynamic, iterative and responsive in its approach to change.
- NBE implements a clear IT infrastructure based on a sound and prudent data quality framework in order to ensure the accuracy and reliability of risk data.

Risk management framework and governance

The RMF is established to meet the objective of Risk Management stated above. The RMF is defined as "a set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization".

The RMF provides a robust and consistent approach to risk management across NBE's organization in order to manage its risk profile in line with its Risk Appetite. It stipulates individual and collective accountabilities for risk management and risk oversight and establishes a common risk language to assign the risks to which NBE is exposed to.

The RMF of NBE is implemented through a "Three Lines of Defence" model in line with industry standards. The model defines clear responsibilities and accountabilities and ensures that effective

independent assurance activities take place covering key decisions. For each Line of Defence, NBE applies a systematic approach to assessing risk.

First Line of Defence

The business, the First Line of Defence, has the primary responsibility for risk decisions, assessing and controlling the risks within their areas of accountability. They are required to establish effective governance and control frameworks for their business to comply with requirements of this policy, to maintain appropriate risk management skills, mechanisms and toolkits and to act within NBE's Risk Appetite parameters.

Second Line of Defence

The Risk Management function, a Second Line of Defence section, is a function providing oversight and independent challenge to the effectiveness of risk decisions taken by the business. Additionally, it provides advice and guidance by reviewing, challenging and periodic reporting on the risk profile of NBE.

The Compliance Function is also considered a Second Line of Defence section and is responsible for defining NBE's policy in line with global and local laws and regulations and oversight and challenge to assure that policies are adhered to.

Other functions that are considered second line of defence are: IT security in the IT & Operations Division, and parts of the Finance & Tax Division.

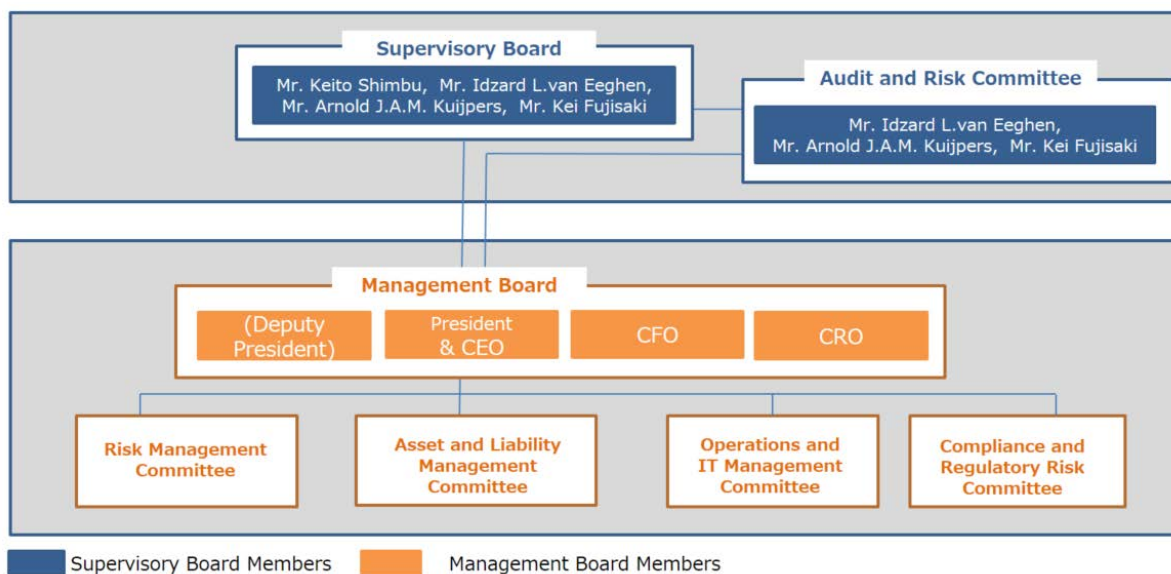
Third Line of Defence

The Internal Audit function, the Third Line of Defence, provides independent and objective assurance of the organization's corporate governance, internal controls, compliance and risk management systems. This assurance task covers all elements of the organization's internal control and risk management system: i.e. risk identification, risk assessment and response to communication of risk related information and thus includes the effectiveness and efficiency of the internal controls in the processes created and performed in the First and Second Line of Defence.

The Second Line of Defence and the Third Line of Defence have direct access to the ARC of NBE.

Risk Management Committees

To assist the Supervisory Board to fulfil its responsibilities, the ARC was established. For the Management Board to fulfil its responsibilities, four risk management committees were established to ensure the adequate risk management, namely the Risk Management Committee, the Asset and Liability Management Committee, the Operations and IT Management Committee, and the Compliance and Regulatory Risk Committee. The outline below depicts the committee structure.



Supervisory Board

The Supervisory Board reviews, evaluates and approves the design and calibration of the RAS at least annually, or more frequently in the event of significant changes in the internal or external environment. The Supervisory Board holds the CEO and other senior management accountable for the RAS. The Supervisory Board ensures that the risk appetite remains consistent with NBE's long-term strategy and that the annual business plans are in line with the approved risk appetite.

Audit and Risk Committee

It is the purpose of the ARC to support the Supervisory Board in its oversight of the policies of the Management Board, particularly with respect to the RMF and control systems, including audit and compliance matters. To that effect it shall prepare the discussion and decision making within the Supervisory Board with respect to these items. The ARC will also assist the Management Board by providing advice related to ensuring the integrity of NBE's Financial Statements, NBE's compliance with legal and regulatory requirements, the external auditor's qualifications and independence and the performance of NBE's Internal Audit function and external auditor.

Management Board

The Management Board is accountable for NBE's Risk Appetite. The Management Board manages the Risk Appetite and the associated RMF & tools and ensures that those tools are embedded into the key business processes. Moreover, the Management Board monitors the evolution of NBE's risk profile to ensure that it remains in line with the RAS that is approved by the Supervisory Board.

Risk Management Committee

This committee has, as its sole and exclusive function, responsibility for the risk management policies of NBE's operations and oversight of the operation of NBE's RMF. This includes the responsibility

for credit and operational risk(s). The committee will assist the Management Board in fulfilling its oversight responsibilities with regard to the Risk Appetite of NBE, the risk management and compliance framework and the governance structure that supports it. The Risk Management Committee is chaired by the CRO, and composed by the Management Board members and heads of relevant divisions.

Asset and Liability Management Committee

This committee is mandated to take decisions on the interest rate risk in NBE's banking book, currency, liquidity and funding risk profile of NBE within the parameters set by the Management Board. The committee will assist the Management Board by preparing advice on decisions that have impact on the liquidity and funding risk profile of NBE. The committee will advise the Management Board on appropriate measures. The Asset and Liability Management Committee is chaired by the Deputy President, and composed by the Management Board members and heads of relevant divisions.

Operations and IT Management Committee

This committee is mandated to take decisions on operation and IT matters. Responsibilities amongst others are to advise the Management Board on the management of the outsourcing risk, the review of the Business Continuity Plan ("BCP") and the monitoring of operational risk incidents. The Operations and IT Management Committee is chaired by the CFO, and composed by the Management Board members and heads of relevant divisions.

Compliance and Regulatory Risk Committee

This committee will assist the Management Board in its oversight of regulatory, compliance, policy, legal matters and related risks. The committee assists the Management Board and discusses the changes in the regulatory landscape, reviews periodically the Systematic Integrity Risk Analysis ("SIRA") and monitors the progress of the Compliance year plan. The Compliance and Regulatory Risk Committee is chaired by the head of Legal and Compliance Division, and composed by the Management Board members and heads of relevant divisions.

Risk Appetite

NBE aims to maintain a robust financial base in order to ensure stable Euro funding by constraining its risk-taking activities.

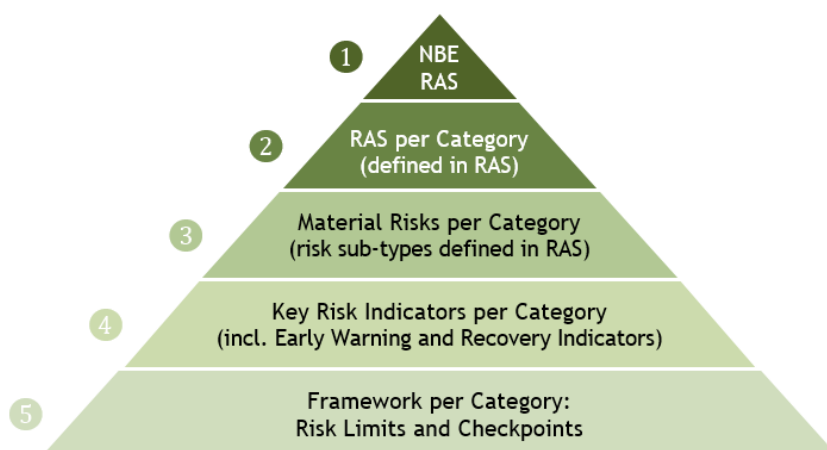
The RAS is essential to define the types and amount of risk that NBE is willing to take and considers acceptable in pursuit of its strategic objectives. The RAS describes the consistent approach to risk management. It identifies the risks related to the business strategy and defines the level of risk NBE is willing to expose itself to. In this manner RAS clarifies NBE to operate its business processes in a controlled environment.

The RAS defines in a qualitative and quantitative manner the level of risk that NBE is willing to take. Therefore the statement includes limit-setting and determines thresholds on the quantitative indicators. The risks are managed in accordance with the limits and thresholds set.

The Risk Management Division monitors the risk positions of NBE against its risk appetite and reports on a periodic basis to the Risk Management Committee. NBE periodically reviews and updates its RAS.

The figure below represents the conceptual framework of the RAS. First, the overarching risk appetite for NBE is defined (Dimension 1), followed by RAS for each risk category defined in NBE’s Risk Universe (Dimension 2). Statements for each category specify the level of risk that NBE is willing to take.

NBE defines a set of material risk types with corresponding Key Risk Indicators for each risk category (Dimension 3). Key Risk Indicators are measures indicating the development of a certain material risk (Dimension 4). To ensure that the RAS is adhered to, the framework which supports RAS is established (Dimension 5).



As stated above, the RAS is based upon all risk categories in the risk universe. Risk universe is defined as the collection of material risks which could affect NBE achieving its business objectives. In view of its business activities, NBE has identified the following risks as relevant risks in its foreseeable banking operations which will be phased in over the course of 2020:

| Risk Universe | | | | | | | | |
|---------------------------------------------|-------------------------------------|------------------------------------|----------------------------------------|-----------------------|-------------------------|----------------------------------------|--------------------------|------------------|
| Category 1 Capital, Credit & Market Risk | | | Category 2 Liquidity & Funding Risk | | | Category 3 Non-Financial Risk | | |
| Strategic Risk | Risk of Insufficient Capitalization | Risk of Excessive Leverage | Cash Flow Risk | Market Liquidity Risk | Intraday Liquidity Risk | Operational Risk | Business Continuity Risk | Outsourcing Risk |
| Credit Risk | Credit Concentration Risk | Risk of Insufficient Profitability | | | | Regulatory Compliance & Integrity Risk | | |
| Interest Rate Risk in the Banking Book | | | | | | | | |

The risk of not achieving overarching goals and/or profitability targets is considered to remain within appetite as the progress for setting up the banking operations is satisfactory.

Category 1 – Capital, Credit & Market Risk

In accordance with the risk profile of NBE, the risks identified as material risks in the Capital, Credit and Market Risks Category are listed below:

- *Risk of Excessive Leverage*; risk resulting from the vulnerability due to leverage or contingent leverage that may require unintended corrective measures to its business plan, including distressed selling of assets which might result in losses or in valuation adjustments to its remaining assets.
- *Risk of Insufficient Capitalization*; risk of not being able to have enough capital to meet regulatory requirements and to continue the business at forecast levels.
- *Strategic Risk*; risk that overarching goals, aligned with and supporting the organization's mission are not achieved. Financially, this may entail that volumes decline or margins may shrink, with no opportunity to offset the revenue declines with a reduction in costs.
- *Risk of Insufficient Profitability*; risk of not being able to generate a positive net profit.
- *Credit Risk*; risk of losses caused by a decrease in or loss of value of assets (including off-balance-sheet assets) due to the deterioration in financial position of borrowers.
- *Credit Concentration Risk*; risk stemming from a large single exposure or group of exposures that are adversely impacted by similar variations in conditions, events, or circumstances.
- *Interest Rate Risk in NBE's Banking Book*; risk arising from maturity differences between bank assets and liabilities in NBE's Banking Book by differing interest rates used for pricing and differing repricing points.

For the period ended 31 December 2019, the risk profile of NBE was limited as it had no banking activities during the period. As the organisation has been primarily engaged with setting up and preparations for starting banking activities, exposure to risk bearing positions was minimal.

In particular, credit and credit concentration risk consisted of purely positions of cash and bank balances.

Category 2 – Liquidity & Funding Risk

Liquidity & Funding Risks consist of the following material risks:

- *Cash Flow Risk*; risk of having difficulties securing necessary funds due to a mismatch between investment and funding durations or unexpected cash outflows, the risk of incurring losses by being forced to raise funds at significantly higher funding costs than normal.
- *Market Liquidity Risk*; risk of experiencing losses by not being able to trade in the financial markets due to market turmoil or by being forced to trade under significantly less favourable conditions than normal.
- *Intraday Liquidity Risk*; the risk arising from short-term liquidity risk within a day from payment/settlement activities.

For the period ended 31 December 2019, similar to category 1 risks, the risk profile of NBE was limited as it had no banking activities during the period. All exposures were denominated in Euro. Therefore currency risk was non-existent and not included in the risk universe.

The lack of fixed term financial assets meant that cash flow risk was not present, as no mismatch in durations could occur. Since all exposures to cash and bank balances were funded by equity, liquidity and funding risks were also very limited.

Category 3 – Non-Financial Risk

The non-financial risk category is broadly defined as those risks not categorized in the Category 1 or the Category 2 and consists of the following material risks:

- *Operational Risk*; risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal and data protection risk.
- *Business Continuity Risk*; risk of loss arising from disruption of business or system failures.
- *Outsourcing Risk*; risk of loss from the authorized entity's use of a third party (the "outsourcing service provider") to perform activities that would normally be undertaken by the authorised entity, now or in the future. The supplier may itself be an authorised or unauthorised entity.
- *Cyber Security Risk*; risk of loss related to technical infrastructure or the use of technology within an organization.
- *Regulatory Compliance & Integrity Risk*; threat of damage to reputation, existing or future equity or results of an institution as a result of inadequate compliance with legal requirements covering a broad range of Compliance and Integrity risk topics.

For the period ended 31 December 2019, similar to category 1 risks, the risk profile of the NBE was limited as it had no banking activities during the period. In particular, exposure to business continuity risk is limited due to such operation status.

It should be noted that, while "reputation risk" is not listed in a material risk category, reputational concerns were taken into consideration when the Risk Universe was constructed. NBE regards reputation damage as a potential secondary effect in the case that any risk materialises. Managing potential reputational effects are therefore considered to be interweaved throughout the RMF.

Other information

Articles of Association - Profits and distributions

Article 24

24.1 The allocation of profits accrued in a financial year shall be determined by the General Meeting.

24.2 Distribution of profits shall be made after adoption of the annual accounts if permissible under the laws of the Netherlands given the contents of the annual accounts.

24.3 The General Meeting may resolve to make interim distributions and/or to make distributions at the expense of any reserve of the Company.

24.4 Any distribution shall be made to the Shareholders in proportion to the aggregate paid up part of the nominal value of the Shares held by each.

24.5 Distributions on Shares may be made only up to an amount which does not exceed the amount of the Distributable Equity. If it concerns an interim distribution, the compliance with this requirement must be evidenced by an interim statement of assets and liabilities as referred to in Section 2:105, subsection 4, of the Dutch Civil Code. The Company shall deposit the statement of assets and liabilities at the Dutch Trade Register within eight days after the day on which the resolution to make the distribution is published.

24.6 A claim of a Shareholder for payment of a distribution on Shares shall be barred after five years have elapsed.

24.7 No distributions shall be made on Shares held by the Company in its own capital, unless these Shares have been pledged or a usufruct has been created in these Shares and the authority to collect distributions or the right to receive distributions respectively accrues to the pledgee or the usufructuary respectively. For the computation of distributions, the Shares on which no distributions shall be made pursuant to this article 24.7, shall not be taken into account.

Pillar 3 Disclosures

The CRR/CRDIV regulations define three pillars;

- *Pillar I*; capital requirements
- *Pillar II*; assessment of capital and liquidity and supervisory review
- *Pillar III*; market disclosure

As part of Pillar 3, this section provides information on the risk position of NBE. As stated in the earlier section the NBE had not started its banking operation as per 31 December 2019, it resulted in a limited risk profile, consequently this section covers key information, in particular prudential ratios such as capital adequacy and liquidity ratios.

Governance of risk management

The risk management structure is described in the section “Risk Management”. That section also includes the risk taxonomy and associated definitions. A policy framework is in place that documents the overall governance of NBE and how its risk profile is managed. NBE uses following measurement method for capital adequacy.

- The standardized approach to calculate the capital requirements for credit risk and market risk,
- For operational risk, NBE used the basic indicator approach to calculate capital requirements.

Risk Exposures and Risk Weighted Assets

As per 31 December 2019, the Risk Weighted Assets (“RWA”) of NBE originated solely from credit risk related to the amounts cash and bank balances, and operational risk. Consequently, the effects of a change in the Present Value of a Basis Point (“PV01”) and change in Net Interest Income (“Delta NII”) were negligible. Two large credit exposures in excess of 10% of NBE’s capital existed. These were positions with The Norinchukin Bank and Rabobank.

Capital position

The capital structure of NBE consists entirely of Common Equity Tier 1 (“CET1”) capital. Applicable capital ratios (CET1-ratio, T1-ratio, total capital ratio and Basel III leverage ratio) were all well above regulatory requirements.

Liquidity and funding position

As per 31 December 2019, the Liquidity Coverage Ratio (“LCR”) and Net Stable Funding Ratio (“NSFR”) were well above the regulatory requirement of 100%.

Remuneration Policy

The remuneration of NBE consists of two elements: fixed remuneration and variable remuneration. The Supervisory Board is responsible for approving, monitoring and maintaining the Remuneration Policy and overseeing its implementation to ensure it is fully operational as intended. Details of the management of remuneration are provided in the Report of the Supervisory Board.

Independent auditor's report

To the shareholder and the Supervisory Board of Norinchukin Bank Europe N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2019 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the accompanying financial statements 2019 of Norinchukin Bank Europe N.V. ("the company"), based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Norinchukin Bank Europe N.V. as at 31 December 2019, and of its result for the period September 21, 2018 till December 31, 2019 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The statement of financial position as at 31 December 2019.
2. The following statements for 2019: the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Norinchukin Bank Europe N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

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

Emphasis of the impact of the coronavirus

The coronavirus also impacts Norinchukin Bank Europe N.V. Management's plans to deal with these events or circumstances are included in the notes on page 32 of the financial statements. Management also indicates that it is currently not possible for them to properly estimate the impact of the coronavirus on the banking business operations. Our opinion is not modified in respect of this matter.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 500,000. The materiality is based on 1% of total shareholder's equity. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of EUR 25,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of fraud and non-compliance with laws and regulations

In accordance with Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the auditing standards. Also, we are not responsible for preventing and cannot be expected to detect non-compliance with all laws and regulations.

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. Our audit procedures differ from those performed as part of a specific forensic investigation, which often has a more in-depth scope.

In determining the audit procedures, we made use of the evaluation of management in relation to management's fraud risk assessment respectively the risk of non-compliance with laws and regulation (prevention, detection and response) including ethical standards that contribute to a culture of honesty.

We have exercised professional judgement and have maintained professional skepticism throughout our audit in identifying and assessing the risks of material misstatement of the financial statements due to fraud or non-compliance, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Consideration of fraud

In identifying fraud risks, we assessed fraud risk factors, which we discussed with the Management Board and the Supervisory Board. Fraud risk factors are events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Based on the auditing standards, we considered the presumed fraud risk in relation to management override of controls relevant to our audit.

We have not identified and addressed any other fraud risks which could have a material impact on the financial statements.

As part of audit procedures to respond to fraud risks, we evaluated the internal controls relevant to mitigate these fraud risks and performed supplementary substantive audit procedures, including detailed testing of journal entries and supporting documentation in relation to post-closing adjustments.

Consideration of laws and regulations

We assessed factors related to the risks of non-compliance with law and regulations that could reasonably be expected to have a material effect on the financial statements taken as a whole. From our general and industry experience, through discussions with management and by the inspection of selected documents regarding compliance with law and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the company is subject to laws and regulations that directly affect the financial statements including corporate tax law, financial reporting regulations and requirements under Part 9 of Book 2 of the Dutch Civil Code. We assessed the compliance with these laws and regulations as part of our procedures on the related financial statements.

Secondly, Norinchukin Bank Europe N.V. is subject to many other (sector specific and country specific) laws and regulations where the consequences of non-compliance with these laws could have a material effect on amounts and/or disclosures in the financial statements, for instance through imposing fines or litigation.

As required by auditing standards, we performed audit procedures that address the risk of non-compliance with these laws and regulations, including inquiries of the Management Board and the Supervisory Board, inspecting (board) minutes and correspondence with the regulators. We also remained alert to indications of (suspected) non-compliance throughout the audit. Furthermore, we performed corroborative inquiry with the Head of Internal Audit, the Management Board and the Supervisory Board. Finally, we obtained written representations that all known instances of (suspected) non-compliance with laws and regulations have been disclosed to us.

Our key audit matters

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

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

| Key audit matters | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Management Override of Controls</p> <p>Description We presume a risk of material misstatement due to fraud related to management override of controls. This risk is considered a key audit matter due to the pervasive impact on the bank's financial statements. Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> | <p>How the key audit matter was addressed in the audit As part of our substantive audit procedures, we evaluated the internal controls relevant to mitigate these fraud risks and performed supplementary substantive audit procedures, including detailed testing of journal entries and supporting documentation in relation to post-closing adjustments. For the selected items, we inspected the underlying documentation and approvals. In addition, we assessed and evaluated the internal accounting policies for compliance with the Dutch Accounting Standards.</p> <p>Our observation The scope and nature of the procedures performed were appropriate and sufficient to address the key audit matter. Our procedures performed did not result in any reportable matters.</p> |

| Key audit matters | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Deferred tax asset</p> <p>Description Norinchukin Bank Europe N.V. has recorded a Deferred tax asset in the amount of EUR 5.2 million which is based on the result (loss) for the period before tax of (EUR 24.3 million).</p> <p>The Deferred tax asset might not be appropriately recognized or utilized against future taxable profits (“carry forward”) as the company might not be able to realize these profits within the applicable term of six years.</p> <p>Because the recognition of the Deferred tax assets is based on management estimates and might be subject to management bias, we consider the Deferred tax asset a key audit matter.</p> | <p>How the key audit matter was addressed in the audit The Deferred tax assets results from tax losses carried forward. These losses can be carried forward for a period up to 6 years in the Netherlands from the moment the losses were incurred (2019). Based on the business plan management concluded that the 2019 loss should be recoverable within this set period. We considered the appropriateness of management’s assumption and estimates in relation to the Deferred tax position.</p> <p>We have determined that the Deferred tax position is based on the company’s business plan. Because the company has only been incorporated recently, we have evaluated the reasonability that the company will be able to realize their business plan. We have held corroborative inquiries with management and evaluated (financial) reports of the parent company (“The Norinchukin Bank”) evidencing their intention and ability to financially and operationally assist Norinchukin Bank Europe N.V. in realizing their planned activities.</p> <p>For more information on the deferred tax position reference is made to note 5 on page 29 of the Annual Report.</p> <p>Our observation The scope and nature of the procedures performed were appropriate and sufficient to address the key audit matter. Our procedures performed on the Deferred tax assets did not result in any reportable matters.</p> |

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the Annual Report contains other information that consists of:

- About Norinchukin Bank Europe N.V.
- Report of the Supervisory Board.
- Report of the Management Board.
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by the Management Board as auditor of Norinchukin Bank Europe N.V. on 8 November 2018 as of the audit for the period September 21, 2018 till December 31, 2019.

No prohibited non-audit services

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

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on

the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

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

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

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

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

Amsterdam, 20 May 2020

Deloitte Accountants B.V.

Initials for identification purposes

A. den Hertog