

Financial Statements for the Third Quarter of Fiscal 2018

Name : **The Norinchukin Bank**

(URL <https://www.nochubank.or.jp/>)

Name of the President: Kazuto Oku, President & Chief Executive Officer

The Person Responsible for Inquiries : Yoshihiro Ito, Executive Officer, General Manager of Financial Planning & Control Division

(Note) Amounts less than one million Yen are rounded down.

1 Consolidated Financial Results for the Third Quarter of Fiscal 2018(for the nine months ended December 31, 2018)

(1) Consolidated Results of Operations (Accumulated Period)

(Percentage represents change from the same period of the preceding year)

	Ordinary Income		Ordinary Profits		Profit Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
3Q Fiscal 2018	1,279,461	16.2	89,930	(46.2)	73,313	(45.0)
3Q Fiscal 2017	1,100,926	3.6	167,210	(28.9)	133,180	(29.5)

(Note) Comprehensive Income for 3Q Fiscal 2018 (251,091) millions of Yen -% for 3Q Fiscal 2017 270,847 millions of Yen -%

(2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
3Q Fiscal 2018	105,476,817	6,423,947	6.1
Fiscal 2017	104,927,769	6,746,088	6.4

(Ref) Net Assets - Non-controlling Interests for 3Q Fiscal 2018 6,413,979 millions of Yen for Fiscal 2017 6,736,605 millions of Yen

(Note) Net Assets Ratio is computed by dividing (Net Assets - Non-controlling Interests) by Total Assets.

Net Assets Ratio above is not the one calculated on the formula found in Notification No.4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of Management of the Norinchukin Bank).

※ Notes

(1) Changes in Significant Subsidiaries during the Period

(Changes in specified subsidiaries in accordance with changes in the scope of consolidation) : None

(2) Adoption of Specified Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements

: None

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements

- ① Changes in Accounting Policies due to revisions of Accounting Standards : None
- ② Changes in Accounting Policies other than ① above : None
- ③ Changes in Accounting Estimates : None
- ④ Restatements : None

2 Non-consolidated Financial Results for the Third Quarter of Fiscal 2018

(for the nine months ended December 31, 2018)

(1) Non-consolidated Results of Operations (Accumulated Period)

(Percentage represents change from the same period of the preceding year)

	Ordinary Income		Ordinary Profits		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
3Q Fiscal 2018	1,263,343	16.6	84,699	(46.7)	71,481	(39.5)
3Q Fiscal 2017	1,083,569	3.1	158,960	(31.2)	118,228	(36.9)

(2) Non-consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
3Q Fiscal 2018	103,768,926	6,332,861	6.1
Fiscal 2017	103,417,613	6,654,084	6.4

(Ref) Net Assets for 3Q Fiscal 2018 6,332,861 millions of Yen for Fiscal 2017 6,654,084 millions of Yen

(Note) Net Assets Ratio is computed by dividing Net Assets by Total Assets.

Net Assets Ratio above is not the one calculated on the formula found in Notification No.4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of Management of the Norinchukin Bank).

※ This report is out of the scope of the external auditor's quarterly review.

Qualitative Information and Financial Statements

1 Qualitative information relating to the Financial Results for the Third Quarter of Fiscal 2018

(1) Qualitative information relating to Results of Operations

The Norinchukin Bank (“the Bank”)’s Consolidated Ordinary Profits for the period were ¥89.9 billion, down ¥77.2 billion on a year-over-year basis and Profit Attributable to Owners of Parent was ¥73.3 billion, down ¥59.8 billion on a year-over-year basis.

The Bank has been managing operations to secure steady accumulation of interest income, and the non-consolidated interest income of the Bank totaled to ¥97.8 billion, down ¥40.0 billion on a year-over-year basis.

The total credit costs were ¥0.5 billion in net losses, mainly from the general provision of reserve for possible loan losses.

As for securities investments, net gains/losses on sales were net gains of ¥19.9 billion, down ¥21.3 billion on a year-over-year basis and the expenses of provisions and impairments for price-decline of securities and other reasons decreased by ¥0.1 billion to ¥1.0 billion on a year-over-year basis.

As a result, with all of the factors mentioned above, the Bank recorded ¥84.6 billion in Ordinary Profits, down ¥74.2 billion, and ¥71.4 billion in Net Income for the Third quarter of fiscal 2018 down ¥46.7 billion on a year-over-year basis, respectively. The Bank’s net operating losses stood at ¥18.1 billion.

(2) Qualitative information relating to Financial Conditions

Consolidated Total Assets at the end of the period increased by ¥549.0 billion to ¥105,476.8 billion from the previous fiscal year-end.

Total Assets of the Bank at the end of the period increased by ¥351.3 billion to ¥103,768.9 billion from the previous fiscal year-end. Total Net Assets at the end of the period decreased by ¥321.2 billion to ¥6,332.8 billion from the previous fiscal year-end.

As to the balances of major accounts on the assets side, Loans and Bills Discounted at the end of the period increased by ¥4,236.9 billion to ¥15,979.5 billion from the previous fiscal year-end, and Securities at the end of the period increased by ¥1,187.6 billion to ¥53,520.4 billion from the previous fiscal year-end. For those on the liabilities side, Deposits at the end of the period increased by ¥802.5 billion to ¥66,626.4 billion, and Debentures at the end of the period decreased by ¥387.6 billion to ¥1,386.8 billion from the previous fiscal year-end, respectively.

2 Other information

(1) Changes in Significant Subsidiaries during the Period

None

(2) Adoption of Specified Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements

None

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements of Quarterly Consolidated Financial Statements

None

3 Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2018	As of December 31, 2018
(Assets)		
Loans and Bills Discounted	11,858,949	16,104,785
Foreign Exchange Assets	324,698	234,555
Securities	52,321,859	53,505,561
Money Held in Trust	7,439,710	8,056,970
Trading Assets	8,582	13,051
Monetary Claims Bought	354,872	252,500
Call Loans and Bills Bought	630,000	610,000
Receivables under Resale Agreements	-	442,725
Cash and Due from Banks	28,756,371	22,871,930
Other Assets	1,585,342	1,551,242
Tangible Fixed Assets	122,356	117,687
Intangible Fixed Assets	43,480	47,745
Net Defined Benefit Asset	52,510	53,194
Deferred Tax Assets	2,026	1,759
Customers' Liabilities for Acceptances and Guarantees	1,474,730	1,659,699
Reserve for Possible Loan Losses	(47,716)	(46,448)
Reserve for Possible Investment Losses	(4)	(144)
Total Assets	104,927,769	105,476,817
(Liabilities)		
Deposits	65,799,561	66,606,805
Negotiable Certificates of Deposit	2,920,656	1,262,216
Debentures	1,766,498	1,378,808
Trading Liabilities	5,034	5,639
Borrowed Money	4,641,504	5,006,162
Payables under Repurchase Agreements	15,080,638	14,002,622
Foreign Exchange Liabilities	38	28
Short-term Entrusted Funds	1,405,187	2,816,556
Other Liabilities	4,569,727	5,922,030
Reserve for Bonus Payments	7,591	3,891
Net Defined Benefit Liability	35,481	34,586
Reserve for Directors' Retirement Benefits	1,508	1,128
Deferred Tax Liabilities	464,915	344,087
Deferred Tax Liabilities for Land Revaluation	8,607	8,607
Acceptances and Guarantees	1,474,730	1,659,699
Total Liabilities	98,181,681	99,052,870
(Net Assets)		
Paid-in Capital	3,480,488	3,480,488
Capital Surplus	24,993	24,993
Retained Earnings	1,988,359	1,991,173
Total Owners' Equity	5,493,842	5,496,655
Net Unrealized Gains on Other Securities	1,152,861	930,675
Net Deferred Gains (Losses) on Hedging Instruments	59,823	(41,068)
Revaluation Reserve for Land	14,312	14,312
Foreign Currency Transaction Adjustments	(110)	(36)
Remeasurements of Defined Benefit Plans	15,876	13,441
Total Accumulated Other Comprehensive Income	1,242,763	917,324
Non-controlling Interests	9,482	9,967
Total Net Assets	6,746,088	6,423,947
Total Liabilities and Net Assets	104,927,769	105,476,817

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statement of Operations

(Millions of Yen)

	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018
Ordinary Income	1,100,926	1,279,461
Interest Income	861,292	979,310
Interest on Loans and Bills Discounted	58,609	78,980
Interest and Dividends on Securities	788,743	883,660
Fees and Commissions	21,778	22,478
Trading Income	–	245
Other Operating Income	78,777	116,569
Other Ordinary Income	139,077	160,856
Ordinary Expenses	933,715	1,189,531
Interest Expenses	758,012	933,121
Interest on Deposits	60,965	98,836
Fees and Commissions	12,717	13,294
Trading Expenses	162	448
Other Operating Expenses	35,546	116,333
General and Administrative Expenses	118,370	121,021
Other Ordinary Expenses	8,907	5,312
Ordinary Profits	167,210	89,930
Extraordinary Profits	14,272	0
Extraordinary Losses	1,295	163
Income before Income Taxes	180,187	89,766
Income Taxes - Current	20,026	13,043
Income Taxes - Deferred	26,174	2,349
Total Income Taxes	46,201	15,392
Profit	133,985	74,373
Profit Attributable to Non-controlling Interests	804	1,059
Profit Attributable to Owners of Parent	133,180	73,313

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018
Profit	133,985	74,373
Other Comprehensive Income	136,861	(325,465)
Net Unrealized Gains (Losses) on Other Securities	123,559	(221,636)
Net Deferred Gains (Losses) on Hedging Instruments	14,128	(100,902)
Foreign Currency Transaction Adjustments	1	39
Remeasurements of Defined Benefit Plans	(1,999)	(2,466)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	1,171	(498)
Total Comprehensive Income	270,847	(251,091)
Attributable to:		
Owners of Parent	270,031	(252,125)
Non-controlling Interests	815	1,033

4 Quarterly Non-Consolidated Financial Statements
 (1) Non-consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2018	As of December 31, 2018
(Assets)		
Loans and Bills Discounted	11,742,630	15,979,598
Foreign Exchange Assets	324,698	234,555
Securities	52,332,765	53,520,442
Money Held in Trust	7,438,320	8,056,163
Trading Assets	8,582	13,051
Monetary Claims Bought	354,872	252,500
Call Loans	630,000	610,000
Receivables under Resale Agreements	-	442,725
Cash and Due from Banks	28,729,996	22,843,930
Other Assets	1,580,600	1,544,548
Tangible Fixed Assets	120,920	116,422
Intangible Fixed Assets	40,043	44,609
Prepaid Pension Cost	20,821	26,360
Customers' Liabilities for Acceptances and Guarantees	141,073	131,169
Reserve for Possible Loan Losses	(46,681)	(45,468)
Reserve for Possible Investment Losses	(1,032)	(1,683)
Total Assets	103,417,613	103,768,926
(Liabilities)		
Deposits	65,823,858	66,626,439
Negotiable Certificates of Deposit	2,920,656	1,262,216
Debentures	1,774,498	1,386,808
Trading Liabilities	5,034	5,639
Borrowed Money	4,585,004	4,949,662
Payables under Repurchase Agreements	15,080,638	14,002,622
Foreign Exchange Liabilities	38	28
Short-term Entrusted Funds	1,405,187	2,816,556
Other Liabilities	4,528,441	5,878,520
Reserve for Bonus Payments	6,022	3,021
Reserve for Retirement Benefits	24,614	25,066
Reserve for Directors' Retirement Benefits	1,121	725
Deferred Tax Liabilities	458,731	338,979
Deferred Tax Liabilities for Land Revaluation	8,607	8,607
Acceptances and Guarantees	141,073	131,169
Total Liabilities	96,763,528	97,436,064
(Net Assets)		
Paid-in Capital	3,480,488	3,480,488
Capital Surplus	25,020	25,020
Retained Earnings	1,922,906	1,923,888
Total Owners' Equity	5,428,416	5,429,397
Net Unrealized Gains on Other Securities, net of taxes	1,151,642	930,061
Net Deferred Gains(Losses) on Hedging Instruments, net of taxes	59,713	(40,909)
Revaluation Reserve for Land, net of taxes	14,312	14,312
Total Valuation and Translation Adjustments	1,225,668	903,464
Total Net Assets	6,654,084	6,332,861
Total Liabilities and Net Assets	103,417,613	103,768,926

(2) Non-consolidated Statement of Operations

(Millions of Yen)

	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018
Ordinary Income	1,083,569	1,263,343
Interest Income	862,615	981,263
Interest on Loans and Bills Discounted	56,137	76,060
Interest and Dividends on Securities	792,547	888,584
Fees and Commissions	11,492	11,436
Trading Income	-	245
Other Operating Income	76,959	113,311
Other Ordinary Income	132,502	157,087
Ordinary Expenses	924,608	1,178,644
Interest Expenses	757,944	933,023
Interest on Deposits	60,966	98,836
Fees and Commissions	10,915	11,493
Trading Expenses	162	448
Other Operating Expenses	35,542	115,878
General and Administrative Expenses	111,487	112,115
Other Ordinary Expenses	8,556	5,683
Ordinary Profits	158,960	84,699
Extraordinary Profits	92	0
Extraordinary Losses	1,275	163
Income before Income Taxes	157,777	84,535
Income Taxes - Current	18,129	10,915
Income Taxes - Deferred	21,419	2,138
Total Income Taxes	39,548	13,054
Net Income	118,228	71,481