

Financial Statements for the First Quarter of Fiscal 2019

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 First Quarter of Fiscal 2019 (for the three months ended June 30, 2019)

(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	%
1Q Fiscal 2019	454,807	(8.8)	76,309	(30.8)	59,865	(26.7)
1Q Fiscal 2018	498,607	17.2	110,321	(18.2)	81,674	(21.8)

(Note) Comprehensive Income for 1Q Fiscal 2019 230,389 millions of Yen 1,294.1 % for 1Q Fiscal 2018 16,525 millions of Yen (87.9) %

(2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
1Q Fiscal 2019	108,616,591	7,603,164	7.0
Fiscal 2018	105,953,925	7,473,287	7.0

(Ref) Net Assets – Non-controlling Interests for 1Q Fiscal 2019 7,593,131 millions of Yen for Fiscal 2018 7,462,944 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 First Quarter of Fiscal 2019

(for the three months ended June 30, 2019)

(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	%
1Q Fiscal 2019	451,444	(9.0)	77,090	(30.8)	61,891	(26.3)
1Q Fiscal 2018	496,126	18.1	111,425	(15.9)	83,985	(19.2)

(2) Non-consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
1Q Fiscal 2019	106,833,350	7,515,190	7.0
Fiscal 2018	104,176,806	7,381,875	7.1

(Ref) Net Assets for 1Q Fiscal 2019 7,515,190 millions of Yen for Fiscal 2018 7,381,875 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 First Quarter of Fiscal 2019

(1) Qualitative information relating to Results of Operations

The Norinchukin Bank (“the Bank”)’s Consolidated Ordinary Profits for the period were ¥76.3 billion, down ¥34.0 billion on a year-over-year basis and Profit Attributable to Owners of Parent was ¥59.8 billion, down ¥21.8 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 ¥50.6 billion, down ¥41.2 billion on a year-over-year basis.

The total credit costs were ¥2.4 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 ¥19.8 billion, down ¥5.7 billion on a year-over-year basis and the expenses of provisions and impairments for price-decline of securities and other reasons were increased by ¥0.1 billion to on ¥0.1 billion on a year-over-year basis.

As a result, with all of the factors mentioned above, the Bank recorded ¥77.0 billion in Ordinary Profits, down ¥34.3 billion, and ¥61.8 billion in Net Income for the First quarter of fiscal 2019 down ¥22.0 billion on a year-over-year basis, respectively. The Bank’s net operating profits stood at ¥32.4 billion.

(2) Qualitative information relating to Financial Conditions

Consolidated Total Assets at the end of the period increased by ¥2,662.6 billion to ¥108,616.5 billion from the previous fiscal year-end.

Total Assets of the Bank at the end of the period increased by ¥2,656.5 billion to ¥106,833.3 billion from the previous fiscal year-end. Total Net Assets at the end of the period increased by ¥133.3 billion to ¥7,515.1 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 ¥27.2 billion to ¥18,465.2 billion from the previous fiscal year-end, and Securities at the end of the period decreased by ¥467.0 billion to ¥55,284.1 billion from the previous fiscal year-end. For those on the liabilities side, Deposits at the end of the period increased by ¥460.9 billion to ¥67,282.5 billion, and Debentures at the end of the period decreased by ¥135.6 billion to ¥1,126.5 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, 2019	As of June 30, 2019
(Assets)		
Loans and Bills Discounted	18,613,018	18,659,715
Foreign Exchange Assets	344,943	218,028
Securities	55,658,707	55,177,900
Money Held in Trust	8,667,392	7,621,001
Trading Assets	15,844	17,960
Monetary Claims Bought	326,079	311,976
Call Loans and Bills Bought	44,368	1,221,829
Receivables under Resale Agreements	10,096	-
Cash and Due from Banks	18,941,664	21,626,905
Other Assets	1,415,586	1,836,005
Tangible Fixed Assets	117,294	115,346
Intangible Fixed Assets	48,765	49,572
Net Defined Benefit Asset	57,715	57,883
Deferred Tax Assets	2,034	1,889
Customers' Liabilities for Acceptances and Guarantees	1,738,971	1,751,495
Reserve for Possible Loan Losses	(48,402)	(50,910)
Reserve for Possible Investment Losses	(154)	(7)
Total Assets	105,953,925	108,616,591
(Liabilities)		
Deposits	66,797,069	67,261,306
Negotiable Certificates of Deposit	790,599	2,240,884
Debentures	1,254,239	1,118,808
Trading Liabilities	7,022	8,171
Borrowed Money	4,837,392	4,969,280
Payables under Repurchase Agreements	15,111,297	14,795,351
Foreign Exchange Liabilities	32	13
Short-term Entrusted Funds	1,048,091	2,482,750
Other Liabilities	6,320,163	5,753,594
Reserve for Bonus Payments	7,557	3,891
Net Defined Benefit Liability	38,287	37,606
Reserve for Directors' Retirement Benefits	1,236	1,177
Deferred Tax Liabilities	520,070	580,488
Deferred Tax Liabilities for Land Revaluation	8,607	8,607
Acceptances and Guarantees	1,738,971	1,751,495
Total Liabilities	98,480,637	101,013,427
(Net Assets)		
Paid-in Capital	4,040,198	4,040,198
Capital Surplus	24,993	24,993
Retained Earnings	2,021,435	1,981,430
Total Owners' Equity	6,086,627	6,046,623
Net Unrealized Gains on Other Securities	1,501,790	1,806,150
Net Deferred Losses on Hedging Instruments	(152,678)	(286,150)
Revaluation Reserve for Land	14,312	14,312
Foreign Currency Transaction Adjustments	(67)	(95)
Remeasurements of Defined Benefit Plans	12,959	12,292
Total Accumulated Other Comprehensive Income	1,376,316	1,546,508
Non-controlling Interests	10,343	10,032
Total Net Assets	7,473,287	7,603,164
Total Liabilities and Net Assets	105,953,925	108,616,591

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statement of Operations

(Millions of Yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
Ordinary Income	498,607	454,807
Interest Income	365,968	349,257
Interest on Loans and Bills Discounted	25,130	31,402
Interest and Dividends on Securities	336,428	309,657
Fees and Commissions	7,160	8,327
Trading Income	44	123
Other Operating Income	47,883	30,153
Other Ordinary Income	77,551	66,944
Ordinary Expenses	388,286	378,498
Interest Expenses	294,001	317,829
Interest on Deposits	29,706	35,472
Fees and Commissions	4,227	4,398
Trading Expenses	133	103
Other Operating Expenses	50,516	11,487
General and Administrative Expenses	37,463	37,512
Other Ordinary Expenses	1,943	7,167
Ordinary Profits	110,321	76,309
Extraordinary Profits	-	1,796
Extraordinary Losses	46	26
Income before Income Taxes	110,274	78,079
Income Taxes - Current	31,453	23,107
Income Taxes - Deferred	(3,166)	(5,226)
Total Income Taxes	28,286	17,880
Profit	81,988	60,198
Profit Attributable to Non-controlling Interests	314	333
Profit Attributable to Owners of Parent	81,674	59,865

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
Profit	81,988	60,198
Other Comprehensive Income	(65,462)	170,190
Net Unrealized Gains (Losses) on Other Securities	(63,839)	304,476
Net Deferred Gains (Losses) on Hedging Instruments	(826)	(133,472)
Foreign Currency Transaction Adjustments	7	(4)
Remeasurements of Defined Benefit Plans	(816)	(678)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	11	(129)
Total Comprehensive Income	16,525	230,389
Attributable to:		
Owners of Parent	16,219	230,057
Non-controlling Interests	306	332

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

(Millions of Yen)

	As of March 31, 2019	As of June 30, 2019
(Assets)		
Loans and Bills Discounted	18,438,032	18,465,253
Foreign Exchange Assets	327,003	212,609
Securities	55,751,186	55,284,138
Money Held in Trust	8,666,524	7,620,492
Trading Assets	15,844	17,960
Monetary Claims Bought	326,079	311,976
Call Loans	44,368	1,221,829
Receivables under Resale Agreements	10,096	-
Cash and Due from Banks	18,906,686	21,589,591
Other Assets	1,409,538	1,829,650
Tangible Fixed Assets	115,914	113,910
Intangible Fixed Assets	45,435	46,642
Prepaid Pension Cost	28,574	30,231
Customers' Liabilities for Acceptances and Guarantees	140,063	139,982
Reserve for Possible Loan Losses	(46,861)	(49,234)
Reserve for Possible Investment Losses	(1,680)	(1,685)
Total Assets	104,176,806	106,833,350
(Liabilities)		
Deposits	66,821,541	67,282,505
Negotiable Certificates of Deposit	790,599	2,240,884
Debentures	1,262,239	1,126,558
Trading Liabilities	7,022	8,171
Borrowed Money	4,780,892	4,912,781
Payables under Repurchase Agreements	15,111,297	14,795,351
Foreign Exchange Liabilities	32	13
Short-term Entrusted Funds	1,048,091	2,482,750
Other Liabilities	6,276,796	5,715,279
Reserve for Bonus Payments	5,947	3,003
Reserve for Retirement Benefits	25,617	25,457
Reserve for Directors' Retirement Benefits	782	751
Deferred Tax Liabilities	515,400	576,061
Deferred Tax Liabilities for Land Revaluation	8,607	8,607
Acceptances and Guarantees	140,063	139,982
Total Liabilities	96,794,930	99,318,159
(Net Assets)		
Paid-in Capital	4,040,198	4,040,198
Capital Surplus	25,020	25,020
Retained Earnings	1,953,053	1,915,075
Total Owners' Equity	6,018,273	5,980,294
Net Unrealized Gains on Other Securities, net of taxes	1,501,099	1,805,578
Net Deferred Losses on Hedging Instruments, net of taxes	(151,808)	(284,995)
Revaluation Reserve for Land, net of taxes	14,312	14,312
Total Valuation and Translation Adjustments	1,363,602	1,534,895
Total Net Assets	7,381,875	7,515,190
Total Liabilities and Net Assets	104,176,806	106,833,350

(2) Non-consolidated Statement of Operations

(Millions of Yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
Ordinary Income	496,126	451,444
Interest Income	369,983	352,945
Interest on Loans and Bills Discounted	24,215	29,120
Interest and Dividends on Securities	341,376	315,653
Fees and Commissions	3,410	4,362
Trading Income	44	123
Other Operating Income	46,833	29,022
Other Ordinary Income	75,854	64,990
Ordinary Expenses	384,701	374,354
Interest Expenses	293,961	317,793
Interest on Deposits	29,707	35,472
Fees and Commissions	3,564	3,766
Trading Expenses	133	103
Other Operating Expenses	50,365	11,335
General and Administrative Expenses	34,803	34,418
Other Ordinary Expenses	1,872	6,937
Ordinary Profits	111,425	77,090
Extraordinary Profits	-	1,796
Extraordinary Losses	46	4
Income before Income Taxes	111,378	78,883
Income Taxes - Current	30,865	22,487
Income Taxes - Deferred	(3,471)	(5,495)
Total Income Taxes	27,393	16,991
Net Income	83,985	61,891