

# Financial Statements for the First Quarter of Fiscal 2020

Name : **The Norinchukin Bank**

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

Name of the President: OKU Kazuto President & Chief Executive Officer

The Person Responsible for Inquiries : CHIBA Yuji, 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 2020 (for the three months ended June 30, 2020)

### (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 2020	289,781	(36.3)	32,816	(57.0)	30,832	(48.5)
1Q Fiscal 2019	454,807	(8.8)	76,309	(30.8)	59,865	(26.7)

(Note) Comprehensive Income for 1Q Fiscal 2020 680,795 millions of Yen 195.5% for 1Q Fiscal 2019 230,389 millions of Yen 1,294.1%

### (2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
1Q Fiscal 2020	109,749,572	7,866,542	7.2
Fiscal 2019	105,482,009	7,261,673	6.9

(Ref) Net Assets – Non-controlling Interests for 1Q Fiscal 2020 7,855,864 millions of Yen for Fiscal 2019 7,250,536 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 2020

(for the three months ended June 30, 2020)

### (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 2020	288,256	(36.1)	40,896	(47.0)	39,877	(35.6)
1Q Fiscal 2019	451,444	(9.0)	77,090	(30.8)	61,891	(26.3)

### (2) Non-consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
1Q Fiscal 2020	107,622,614	7,788,339	7.2
Fiscal 2019	103,403,535	7,174,874	6.9

(Ref) Net Assets for 1Q Fiscal 2020 7,788,339 millions of Yen for Fiscal 2019 7,174,874 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 2020

#### (1) Qualitative information relating to Results of Operations

The Norinchukin Bank (“the Bank”)’s Consolidated Ordinary Profits for the period were ¥32.8 billion, down ¥43.4 billion on a year-over-year basis and Profit Attributable to Owners of Parent was ¥30.8 billion, down ¥29.0 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 ¥57.0 billion, up ¥6.3 billion on a year-over-year basis.

The total credit costs were ¥6.4 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 ¥5.0 billion, down ¥14.8 billion on a year-over-year basis and the expenses of provisions and impairments for price-decline of securities and other reasons increased by ¥0.4 billion to ¥0.6 billion on a year-over-year basis.

As a result, with all of the factors mentioned above, the Bank recorded ¥40.8 billion in Ordinary Profits, down ¥36.1 billion, and ¥39.8 billion in Net Income for the First quarter of fiscal 2020 down ¥22.0 billion on a year-over-year basis, respectively. The Bank’s net operating profits stood at ¥26.3 billion.

#### (2) Qualitative information relating to Financial Conditions

Consolidated Total Assets at the end of the period increased by ¥4,267.5 billion to ¥109,749.5 billion from the previous fiscal year-end.

Total Assets of the Bank at the end of the period increased by ¥4,219.0 billion to ¥107,622.6 billion from the previous fiscal year-end. Total Net Assets at the end of the period increased by ¥613.4 billion to ¥7,788.3 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 decreased by ¥88.9 billion to ¥19,739.9 billion from the previous fiscal year-end, and Securities at the end of the period increased by ¥3,123.8 billion to ¥57,818.1 billion from the previous fiscal year-end. For those on the liabilities side, Deposits at the end of the period increased by ¥797.0 billion to ¥66,453.0 billion, and Debentures at the end of the period decreased by ¥111.7 billion to ¥679.7 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, 2020	As of June 30, 2020
(Assets)		
Loans and Bills Discounted	20,058,825	19,992,141
Foreign Exchange Assets	209,889	182,457
Securities	54,533,258	57,659,836
Money Held in Trust	5,996,681	5,197,791
Trading Assets	7,862	7,180
Monetary Claims Bought	301,081	262,190
Call Loans and Bills Bought	54,330	43,092
Receivables under Resale Agreements	13,048	968,522
Cash and Due from Banks	19,505,050	20,984,751
Other Assets	2,500,911	2,075,209
Tangible Fixed Assets	123,562	114,316
Intangible Fixed Assets	53,100	60,754
Net Defined Benefit Asset	58,213	58,460
Deferred Tax Assets	2,952	2,727
Customers' Liabilities for Acceptances and Guarantees	2,115,202	2,202,943
Reserve for Possible Loan Losses	(51,587)	(62,766)
Reserve for Possible Investment Losses	(372)	(36)
<b>Total Assets</b>	<b>105,482,009</b>	<b>109,749,572</b>
(Liabilities)		
Deposits	65,639,097	66,431,816
Negotiable Certificates of Deposit	2,406,965	1,602,495
Debentures	784,446	672,992
Trading Liabilities	8,102	7,126
Borrowed Money	5,413,844	6,890,143
Payables under Repurchase Agreements	15,726,573	17,457,701
Foreign Exchange Liabilities	0	1
Short-term Entrusted Funds	792,594	1,863,806
Other Liabilities	4,824,601	4,021,857
Reserve for Bonus Payments	7,490	3,965
Net Defined Benefit Liability	38,841	38,171
Reserve for Directors' Retirement Benefits	1,425	1,300
Deferred Tax Liabilities	452,542	680,100
Deferred Tax Liabilities for Land Revaluation	8,607	8,607
Acceptances and Guarantees	2,115,202	2,202,943
<b>Total Liabilities</b>	<b>98,220,336</b>	<b>101,883,030</b>
(Net Assets)		
Paid-in Capital	4,040,198	4,040,198
Capital Surplus	24,993	24,993
Retained Earnings	2,013,599	1,969,191
<b>Total Owners' Equity</b>	<b>6,078,792</b>	<b>6,034,383</b>
Net Unrealized Gains on Other Securities	1,701,619	2,378,246
Net Deferred Losses on Hedging Instruments	(550,151)	(576,767)
Revaluation Reserve for Land	14,312	14,312
Foreign Currency Transaction Adjustments	(153)	(108)
Remeasurements of Defined Benefit Plans	6,118	5,797
<b>Total Accumulated Other Comprehensive Income</b>	<b>1,171,744</b>	<b>1,821,480</b>
Non-controlling Interests	11,136	10,678
<b>Total Net Assets</b>	<b>7,261,673</b>	<b>7,866,542</b>
<b>Total Liabilities and Net Assets</b>	<b>105,482,009</b>	<b>109,749,572</b>

## (2) Consolidated Statements of Operations and Comprehensive Income

### Consolidated Statement of Operations

(Millions of Yen)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
<b>Ordinary Income</b>	<b>454,807</b>	<b>289,781</b>
Interest Income	349,257	235,707
Interest on Loans and Bills Discounted	31,402	27,266
Interest and Dividends on Securities	309,657	204,415
Fees and Commissions	8,327	7,908
Trading Income	123	318
Other Operating Income	30,153	17,513
Other Ordinary Income	66,944	28,334
<b>Ordinary Expenses</b>	<b>378,498</b>	<b>256,964</b>
Interest Expenses	317,829	190,102
Interest on Deposits	35,472	13,991
Fees and Commissions	4,398	4,086
Trading Expenses	103	0
Other Operating Expenses	11,487	11,704
General and Administrative Expenses	37,512	35,836
Other Ordinary Expenses	7,167	15,234
<b>Ordinary Profits</b>	<b>76,309</b>	<b>32,816</b>
<b>Extraordinary Profits</b>	<b>1,796</b>	<b>-</b>
<b>Extraordinary Losses</b>	<b>26</b>	<b>140</b>
<b>Income before Income Taxes</b>	<b>78,079</b>	<b>32,676</b>
<b>Income Taxes - Current</b>	<b>23,107</b>	<b>23,088</b>
<b>Income Taxes - Deferred</b>	<b>(5,226)</b>	<b>(21,461)</b>
<b>Total Income Taxes</b>	<b>17,880</b>	<b>1,627</b>
<b>Profit</b>	<b>60,198</b>	<b>31,049</b>
<b>Profit Attributable to Non-controlling Interests</b>	<b>333</b>	<b>216</b>
<b>Profit Attributable to Owners of Parent</b>	<b>59,865</b>	<b>30,832</b>

## Consolidated Statement of Comprehensive Income

(Millions of Yen)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
<b>Profit</b>	<b>60,198</b>	<b>31,049</b>
<b>Other Comprehensive Income</b>	<b>170,190</b>	<b>649,745</b>
Net Unrealized Gains (Losses) on Other Securities	304,476	675,634
Net Deferred Gains (Losses) on Hedging Instruments	(133,472)	(26,614)
Foreign Currency Transaction Adjustments	(4)	51
Remeasurements of Defined Benefit Plans	(678)	(334)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	(129)	1,008
<b>Total Comprehensive Income</b>	<b>230,389</b>	<b>680,795</b>
Attributable to:		
Owners of Parent	230,057	680,568
Non-controlling Interests	332	226

### (3) Note on the Quarterly Consolidated Financial Statements

#### (Significant Subsequent Events)

#### (Resolution on Acquisition of Other Securities)

When ITOCHU Corporation (“ITOCHU”) commences privatizing transactions including TOB for FamilyMart Co.,Ltd (the “Target Company”) with the Bank and National Federation of Agricultural Cooperative Associations (“ZEN-NOH”) through ITOCHU’s subsidiary, the Bank resolved in the Board of Directors on July 6<sup>th</sup> 2020 that, on condition of the completion of the transaction, the Bank and ZEN-NOH join in the capital participation (acquire a part of the shares for the Target Company) and that the Bank establishes business alliance with ZEN-NOH, ITOCHU and the Target Company. Then the Bank concluded the general contract with ITOCHU on July 8<sup>th</sup> 2020.

If the TOB is concluded, the Bank will acquire the share for the Target Company in the third or fourth quarter of this consolidated fiscal year. If not, however, the Bank won’t do that.

#### 1 The Objective of This Acquisition

Through acquiring of the share for the Target Company, the Bank aims for enhancing JA group’s strengths and ITOCHU’s ones mutually by building the cooperative relationship between JA group supporting the base of agricultural production in our country and lives of people in regions and ITOCHU group possessing large distribution and marketing channel. Then the Bank aims for expanding consumption and raising income earned by farming through the construction of new distribution and marketing channel for domestic agricultural products.

Additionally, the objective of this acquisition is to improve accessibility and services of regional bases in JA group and to approach sustainable cooperation for invigorating regions as well.

#### 2 Number of the Acquisition of the Share, Acquisition Cost and Others

Number of the Acquisition of the Share: 20,451,470 shares

Acquisition Cost: ¥47,038 million

Proportion of Holding the Share: 4.04%

#### 3 The Impact on Our Consolidated Performance

The impact of this acquisition on the Bank’s performance in this consolidated fiscal year would be immaterial since the Target Company is not applicable to our consolidated subsidiary or affiliate.

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

(Millions of Yen)

	As of March 31, 2020	As of June 30, 2020
<b>(Assets)</b>		
Loans and Bills Discounted	19,828,858	19,739,944
Foreign Exchange Assets	189,851	182,128
Securities	54,694,312	57,818,146
Money Held in Trust	5,996,009	5,197,265
Trading Assets	7,862	7,180
Monetary Claims Bought	301,081	262,190
Call Loans	54,330	43,092
Receivables under Resale Agreements	13,048	968,522
Cash and Due from Banks	19,458,993	20,937,998
Other Assets	2,475,961	2,067,397
Tangible Fixed Assets	122,233	113,067
Intangible Fixed Assets	49,375	57,268
Prepaid Pension Cost	35,568	36,978
Customers' Liabilities for Acceptances and Guarantees	226,965	248,825
Reserve for Possible Loan Losses	(49,181)	(55,659)
Reserve for Possible Investment Losses	(1,734)	(1,734)
<b>Total Assets</b>	<b>103,403,535</b>	<b>107,622,614</b>
<b>(Liabilities)</b>		
Deposits	65,656,007	66,453,022
Negotiable Certificates of Deposit	2,406,965	1,602,495
Debentures	791,446	679,743
Trading Liabilities	8,102	7,126
Borrowed Money	5,357,344	6,833,644
Payables under Repurchase Agreements	15,726,573	17,457,701
Foreign Exchange Liabilities	0	1
Short-term Entrusted Funds	792,594	1,863,806
Other Liabilities	4,773,113	3,973,591
Reserve for Bonus Payments	5,877	3,034
Reserve for Retirement Benefits	23,124	23,214
Reserve for Directors' Retirement Benefits	925	838
Deferred Tax Liabilities	451,012	678,621
Deferred Tax Liabilities for Land Revaluation	8,607	8,607
Acceptances and Guarantees	226,965	248,825
<b>Total Liabilities</b>	<b>96,228,661</b>	<b>99,834,275</b>
<b>(Net Assets)</b>		
Paid-in Capital	4,040,198	4,040,198
Capital Surplus	25,020	25,020
Retained Earnings	1,942,649	1,907,285
<b>Total Owners' Equity</b>	<b>6,007,868</b>	<b>5,972,505</b>
Net Unrealized Gains on Other Securities, net of taxes	1,700,265	2,375,875
Net Deferred Losses on Hedging Instruments, net of taxes	(547,571)	(574,353)
Revaluation Reserve for Land, net of taxes	14,312	14,312
<b>Total Valuation and Translation Adjustments</b>	<b>1,167,005</b>	<b>1,815,834</b>
<b>Total Net Assets</b>	<b>7,174,874</b>	<b>7,788,339</b>
<b>Total Liabilities and Net Assets</b>	<b>103,403,535</b>	<b>107,622,614</b>

## (2) Non-consolidated Statement of Operations

(Millions of Yen)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
<b>Ordinary Income</b>	<b>451,444</b>	<b>288,256</b>
Interest Income	352,945	241,200
Interest on Loans and Bills Discounted	29,120	23,994
Interest and Dividends on Securities	315,653	213,183
Fees and Commissions	4,362	4,167
Trading Income	123	318
Other Operating Income	29,022	16,181
Other Ordinary Income	64,990	26,388
<b>Ordinary Expenses</b>	<b>374,354</b>	<b>247,360</b>
Interest Expenses	317,793	190,060
Interest on Deposits	35,472	13,991
Fees and Commissions	3,766	3,579
Trading Expenses	103	0
Other Operating Expenses	11,335	11,550
General and Administrative Expenses	34,418	31,696
Other Ordinary Expenses	6,937	10,472
<b>Ordinary Profits</b>	<b>77,090</b>	<b>40,896</b>
<b>Extraordinary Profits</b>	<b>1,796</b>	<b>-</b>
<b>Extraordinary Losses</b>	<b>4</b>	<b>139</b>
<b>Income before Income Taxes</b>	<b>78,883</b>	<b>40,756</b>
<b>Income Taxes - Current</b>	<b>22,487</b>	<b>22,565</b>
<b>Income Taxes - Deferred</b>	<b>(5,495)</b>	<b>(21,686)</b>
<b>Total Income Taxes</b>	<b>16,991</b>	<b>879</b>
<b>Net Income</b>	<b>61,891</b>	<b>39,877</b>