

# Financial Statements for the Third Quarter of Fiscal 2017

Name : **The Norinchukin Bank**

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

Name of the President: Yoshio Kono, President & Chief Executive Officer

The Person Responsible for Inquiries : Shigeo Miyachi, 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 2017 (for the nine months ended December 31, 2017)

### (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 2017	1,100,926	3.6	167,210	(28.9)	133,180	(29.5)
3Q Fiscal 2016	1,062,487	3.5	235,049	(23.7)	189,019	(23.6)

(Note) Comprehensive Income for 3Q Fiscal 2017 270,847 millions of Yen -% for 3Q Fiscal 2016 (68,323) millions of Yen -%

### (2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
3Q Fiscal 2017	113,421,258	7,209,928	6.3
Fiscal 2016	107,062,747	7,008,813	6.5

(Ref) Net Assets - Non-controlling Interests for 3Q Fiscal 2017 7,200,893 millions of Yen for Fiscal 2016 7,000,219 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 2017

(for the nine months ended December 31, 2017)

### (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 2017	1,083,569	3.1	158,960	(31.2)	118,228	(36.9)
3Q Fiscal 2016	1,050,698	3.8	231,191	(23.4)	187,439	(23.1)

### (2) Non-consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
3Q Fiscal 2017	111,975,006	7,125,487	6.4
Fiscal 2016	105,812,432	6,939,055	6.6

(Ref) Net Assets for 3Q Fiscal 2017 7,125,487 millions of Yen for Fiscal 2016 6,939,055 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 2017

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

The Norinchukin Bank (“the Bank”)’s Consolidated Ordinary Profits for the period were ¥167.2 billion, down ¥67.8 billion on a year-over-year basis and Profit Attributable to Owners of Parent was ¥133.1 billion, down ¥55.8 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 ¥137.8 billion, down ¥83.4 billion on a year-over-year basis.

The total credit costs were ¥2.1 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 ¥41.3 billion, down ¥20.8 billion on a year-over-year basis and the expenses of provisions and impairments for price-decline of securities and other reasons increased by ¥1.1 billion to ¥1.1 billion on a year-over-year basis.

As a result, with all of the factors mentioned above, the Bank recorded ¥158.9 billion in Ordinary Profits, down ¥72.2 billion, and ¥118.2 billion in Net Income for the Third quarter of fiscal 2017 down ¥69.2 billion on a year-over-year basis, respectively. The Bank’s net operating profits stood at ¥62.8 billion.

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

Consolidated Total Assets at the end of the period increased by ¥6,358.5 billion to ¥113,421.2 billion from the previous fiscal year-end.

Total Assets of the Bank at the end of the period increased by ¥6,162.5 billion to ¥111,975.0 billion from the previous fiscal year-end. Total Net Assets at the end of the period increased by ¥186.4 billion to ¥7,125.4 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 ¥135.9 billion to ¥11,812.6 billion from the previous fiscal year-end, and Securities at the end of the period decreased by ¥2,741.9 billion to ¥59,366.3 billion from the previous fiscal year-end. For those on the liabilities side, Deposits at the end of the period increased by ¥4,105.3 billion to ¥66,009.5 billion, and Debentures at the end of the period decreased by ¥486.5 billion to ¥1,937.2 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, 2017	As of December 31, 2017
(Assets)		
Loans and Bills Discounted	12,058,289	11,925,801
Foreign Exchange Assets	224,101	296,797
Securities	62,079,090	59,359,790
Money Held in Trust	6,983,612	8,439,174
Trading Assets	10,715	13,580
Monetary Claims Bought	257,888	315,549
Call Loans and Bills Bought	146,220	1,335,000
Receivables under Securities Borrowing Transactions	1,173	372,969
Cash and Due from Banks	22,939,086	28,401,821
Other Assets	1,001,888	1,394,539
Tangible Fixed Assets	117,791	123,647
Intangible Fixed Assets	31,141	40,796
Net Defined Benefit Asset	45,596	46,378
Deferred Tax Assets	7,010	2,266
Customers' Liabilities for Acceptances and Guarantees	1,215,882	1,408,749
Reserve for Possible Loan Losses	(56,730)	(55,601)
Reserve for Possible Investment Losses	(10)	(2)
<b>Total Assets</b>	<b>107,062,747</b>	<b>113,421,258</b>
(Liabilities)		
Deposits	61,886,185	65,989,293
Negotiable Certificates of Deposit	3,689,270	3,408,074
Debentures	2,412,824	1,929,231
Trading Liabilities	6,150	5,261
Borrowed Money	4,371,611	4,642,828
Call Money and Bills Sold	3,365	-
Payables under Repurchase Agreements	19,645,010	19,802,324
Payables under Securities Lending Transactions	1,013	-
Foreign Exchange Liabilities	2	120
Short-term Entrusted Funds	1,257,432	2,498,641
Other Liabilities	4,929,423	5,822,818
Reserve for Bonus Payments	7,894	3,898
Net Defined Benefit Liability	38,624	37,760
Reserve for Directors' Retirement Benefits	1,286	1,410
Reserve for Agriculture, Fishery and Forestry		
Industry Subsidies	523	6
Deferred Tax Liabilities	578,827	652,302
Deferred Tax Liabilities for Land Revaluation	8,607	8,607
Acceptances and Guarantees	1,215,882	1,408,749
<b>Total Liabilities</b>	<b>100,053,934</b>	<b>106,211,329</b>
(Net Assets)		
Paid-in Capital	3,480,488	3,480,488
Capital Surplus	24,993	24,993
Retained Earnings	1,910,262	1,973,936
Treasury Preferred Stock	(150)	-
<b>Total Owners' Equity</b>	<b>5,415,594</b>	<b>5,479,418</b>
Net Unrealized Gains on Other Securities	1,584,281	1,708,753
Net Deferred Losses on Hedging Instruments	(26,550)	(12,260)
Revaluation Reserve for Land	14,312	14,312
Foreign Currency Transaction Adjustments	(53)	(46)
Remeasurements of Defined Benefit Plans	12,635	10,715
<b>Total Accumulated Other Comprehensive Income</b>	<b>1,584,624</b>	<b>1,721,475</b>
Non-controlling Interests	8,594	9,034
<b>Total Net Assets</b>	<b>7,008,813</b>	<b>7,209,928</b>
<b>Total Liabilities and Net Assets</b>	<b>107,062,747</b>	<b>113,421,258</b>

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

### Consolidated Statement of Operations

(Millions of Yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
<b>Ordinary Income</b>	<b>1,062,487</b>	<b>1,100,926</b>
Interest Income	835,177	861,292
Interest on Loans and Bills Discounted	46,621	58,609
Interest and Dividends on Securities	770,555	788,743
Fees and Commissions	21,923	21,778
Trading Income	34	-
Other Operating Income	66,845	78,777
Other Ordinary Income	138,505	139,077
<b>Ordinary Expenses</b>	<b>827,437</b>	<b>933,715</b>
Interest Expenses	633,723	758,012
Interest on Deposits	38,279	60,965
Fees and Commissions	11,919	12,717
Trading Expenses	17	162
Other Operating Expenses	28,824	35,546
General and Administrative Expenses	117,373	118,370
Other Ordinary Expenses	35,579	8,907
<b>Ordinary Profits</b>	<b>235,049</b>	<b>167,210</b>
<b>Extraordinary Profits</b>	<b>5,903</b>	<b>14,272</b>
<b>Extraordinary Losses</b>	<b>785</b>	<b>1,295</b>
<b>Income before Income Taxes</b>	<b>240,167</b>	<b>180,187</b>
<b>Income Taxes - Current</b>	<b>44,613</b>	<b>20,026</b>
<b>Income Taxes - Deferred</b>	<b>5,873</b>	<b>26,174</b>
<b>Total Income Taxes</b>	<b>50,487</b>	<b>46,201</b>
<b>Profit</b>	<b>189,680</b>	<b>133,985</b>
<b>Profit Attributable to Non-controlling Interests</b>	<b>660</b>	<b>804</b>
<b>Profit Attributable to Owners of Parent</b>	<b>189,019</b>	<b>133,180</b>

## Consolidated Statement of Comprehensive Income

(Millions of Yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
<b>Profit</b>	<b>189,680</b>	<b>133,985</b>
<b>Other Comprehensive Income</b>	<b>(258,004)</b>	<b>136,861</b>
Net Unrealized Gains (Losses) on Other Securities	(497,456)	123,559
Net Deferred Gains (Losses) on Hedging Instruments	238,877	14,128
Foreign Currency Transaction Adjustments	7	1
Remeasurements of Defined Benefit Plans	(31)	(1,999)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	599	1,171
<b>Total Comprehensive Income</b>	<b>(68,323)</b>	<b>270,847</b>
Attributable to:		
Owners of Parent	(68,999)	270,031
Non-controlling Interests	675	815

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

(Millions of Yen)

As of March 31, 2017 As of December 31, 2017

(Assets)		
Loans and Bills Discounted	11,948,542	11,812,635
Foreign Exchange Assets	224,101	296,797
Securities	62,108,251	59,366,321
Money Held in Trust	6,982,774	8,438,328
Trading Assets	10,715	13,580
Monetary Claims Bought	257,888	315,549
Call Loans	146,220	1,335,000
Receivables under Securities Borrowing Transactions	1,173	372,969
Cash and Due from Banks	22,912,982	28,372,841
Other Assets	997,741	1,388,108
Tangible Fixed Assets	115,392	121,332
Intangible Fixed Assets	28,425	37,461
Prepaid Pension Cost	12,903	18,715
Customers' Liabilities for Acceptances and Guarantees	120,867	139,610
Reserve for Possible Loan Losses	(54,203)	(52,916)
Reserve for Possible Investment Losses	(1,344)	(1,327)
<b>Total Assets</b>	<b>105,812,432</b>	<b>111,975,006</b>
(Liabilities)		
Deposits	61,904,218	66,009,541
Negotiable Certificates of Deposit	3,689,270	3,408,074
Debentures	2,423,827	1,937,232
Trading Liabilities	6,150	5,261
Borrowed Money	4,315,111	4,586,328
Call Money	3,365	-
Payables under Repurchase Agreements	19,645,010	19,802,324
Payables under Securities Lending Transactions	1,013	-
Foreign Exchange Liabilities	2	120
Short-term Entrusted Funds	1,257,432	2,498,641
Other Liabilities	4,894,665	5,778,071
Reserve for Bonus Payments	6,302	3,041
Reserve for Retirement Benefits	22,301	23,597
Reserve for Directors' Retirement Benefits	938	1,048
Reserve for Agriculture, Fishery and Forestry Industry Subsidies	523	6
Deferred Tax Liabilities	573,768	648,011
Deferred Tax Liabilities for Land Revaluation	8,607	8,607
Acceptances and Guarantees	120,867	139,610
<b>Total Liabilities</b>	<b>98,873,376</b>	<b>104,849,518</b>
(Net Assets)		
Paid-in Capital	3,480,488	3,480,488
Capital Surplus	25,020	25,020
Retained Earnings	1,862,453	1,911,174
<b>Total Owners' Equity</b>	<b>5,367,962</b>	<b>5,416,683</b>
Net Unrealized Gains on Other Securities, net of taxes	1,583,476	1,707,070
Net Deferred Losses on Hedging Instruments, net of taxes	(26,695)	(12,578)
Revaluation Reserve for Land, net of taxes	14,312	14,312
<b>Total Valuation and Translation Adjustments</b>	<b>1,571,093</b>	<b>1,708,804</b>
<b>Total Net Assets</b>	<b>6,939,055</b>	<b>7,125,487</b>
<b>Total Liabilities and Net Assets</b>	<b>105,812,432</b>	<b>111,975,006</b>

## (2) Non-consolidated Statement of Operations

(Millions of Yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
<b>Ordinary Income</b>	<b>1,050,698</b>	<b>1,083,569</b>
Interest Income	836,950	862,615
Interest on Loans and Bills Discounted	44,104	56,137
Interest and Dividends on Securities	774,847	792,547
Fees and Commissions	11,589	11,492
Trading Income	34	-
Other Operating Income	65,395	76,959
Other Ordinary Income	136,728	132,502
<b>Ordinary Expenses</b>	<b>819,507</b>	<b>924,608</b>
Interest Expenses	633,706	757,944
Interest on Deposits	38,280	60,966
Fees and Commissions	10,325	10,915
Trading Expenses	17	162
Other Operating Expenses	28,818	35,542
General and Administrative Expenses	111,424	111,487
Other Ordinary Expenses	35,216	8,556
<b>Ordinary Profits</b>	<b>231,191</b>	<b>158,960</b>
<b>Extraordinary Profits</b>	<b>5,900</b>	<b>92</b>
<b>Extraordinary Losses</b>	<b>678</b>	<b>1,275</b>
<b>Income before Income Taxes</b>	<b>236,412</b>	<b>157,777</b>
<b>Income Taxes - Current</b>	<b>43,034</b>	<b>18,129</b>
<b>Income Taxes - Deferred</b>	<b>5,938</b>	<b>21,419</b>
<b>Total Income Taxes</b>	<b>48,973</b>	<b>39,548</b>
<b>Net Income</b>	<b>187,439</b>	<b>118,228</b>