

Financial Statements for the First 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 First Quarter of Fiscal 2018 (for the three months ended June 30, 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	%
1Q Fiscal 2018	498,607	17.2	110,321	(18.2)	81,674	(21.8)
1Q Fiscal 2017	425,609	6.7	134,913	(5.0)	104,503	(1.6)

(Note) Comprehensive Income for 1Q Fiscal 2018 16,525 millions of Yen (87.9) % for 1Q Fiscal 2017 136,345 millions of Yen -%

(2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
1Q Fiscal 2018	107,678,855	6,691,564	6.2
Fiscal 2017	104,927,769	6,746,088	6.4

(Ref) Net Assets - Non-controlling Interests for 1Q Fiscal 2018 6,682,324 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 First Quarter of Fiscal 2018

(for the three months ended June 30, 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	%
1Q Fiscal 2018	496,126	18.1	111,425	(15.9)	83,985	(19.2)
1Q Fiscal 2017	420,226	5.9	132,513	(6.6)	103,886	(2.9)

(2) Non-consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
1Q Fiscal 2018	106,131,601	6,602,990	6.2
Fiscal 2017	103,417,613	6,654,084	6.4

(Ref) Net Assets for 1Q Fiscal 2018 6,602,990 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 First 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 ¥110.3 billion, down ¥24.5 billion on a year-over-year basis and Profit Attributable to Owners of Parent was ¥81.6 billion, down ¥22.8 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 ¥91.9 billion, down ¥7.4 billion on a year-over-year basis.

The total credit costs were ¥0.8 billion in net earnings, mainly from the reversal of reserves due to the improvement of our customer’s corporate performances.

As for securities investments, net gains/losses on sales were net gains of ¥25.6 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 in minor net losses, decreased by ¥0.5 billion on a year-over-year basis.

As a result, with all of the factors mentioned above, the Bank recorded ¥111.4 billion in Ordinary Profits, down ¥21.0 billion, and ¥83.9 billion in Net Income for the First quarter of fiscal 2018 down ¥19.9 billion on a year-over-year basis, respectively. The Bank’s net operating profits stood at ¥53.3 billion.

(2) Qualitative information relating to Financial Conditions

Consolidated Total Assets at the end of the period increased by ¥2,751.0 billion to ¥107,678.8 billion from the previous fiscal year-end.

Total Assets of the Bank at the end of the period increased by ¥2,713.9 billion to ¥106,131.6 billion from the previous fiscal year-end. Total Net Assets at the end of the period decreased by ¥51.0 billion to ¥6,602.9 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 ¥498.8 billion to ¥12,241.4 billion from the previous fiscal year-end, and Securities at the end of the period increased by ¥1,073.9 billion to ¥53,406.6 billion from the previous fiscal year-end. For those on the liabilities side, Deposits at the end of the period increased by ¥1,630.7 billion to ¥67,454.6 billion, and Debentures at the end of the period decreased by ¥129.6 billion to ¥1,644.8 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 June 30, 2018
(Assets)		
Loans and Bills Discounted	11,858,949	12,331,388
Foreign Exchange Assets	324,698	221,695
Securities	52,321,859	53,392,212
Money Held in Trust	7,439,710	7,881,201
Trading Assets	8,582	11,658
Monetary Claims Bought	354,872	329,705
Call Loans and Bills Bought	630,000	1,175,000
Receivables under Resale Agreements	-	458,915
Cash and Due from Banks	28,756,371	28,627,643
Other Assets	1,585,342	1,539,579
Tangible Fixed Assets	122,356	120,635
Intangible Fixed Assets	43,480	44,042
Net Defined Benefit Asset	52,510	52,888
Deferred Tax Assets	2,026	1,716
Customers' Liabilities for Acceptances and Guarantees	1,474,730	1,536,240
Reserve for Possible Loan Losses	(47,716)	(45,659)
Reserve for Possible Investment Losses	(4)	(8)
Total Assets	104,927,769	107,678,855
(Liabilities)		
Deposits	65,799,561	67,442,135
Negotiable Certificates of Deposit	2,920,656	2,434,926
Debentures	1,766,498	1,636,814
Trading Liabilities	5,034	4,915
Borrowed Money	4,641,504	4,790,285
Payables under Repurchase Agreements	15,080,638	14,251,452
Foreign Exchange Liabilities	38	3
Short-term Entrusted Funds	1,405,187	2,970,655
Other Liabilities	4,569,727	5,434,810
Reserve for Bonus Payments	7,591	3,913
Net Defined Benefit Liability	35,481	34,885
Reserve for Directors' Retirement Benefits	1,508	978
Deferred Tax Liabilities	464,915	436,665
Deferred Tax Liabilities for Land Revaluation	8,607	8,607
Acceptances and Guarantees	1,474,730	1,536,240
Total Liabilities	98,181,681	100,987,290
(Net Assets)		
Paid-in Capital	3,480,488	3,480,488
Capital Surplus	24,993	24,993
Retained Earnings	1,988,359	1,999,533
Total Owners' Equity	5,493,842	5,505,016
Net Unrealized Gains on Other Securities	1,152,861	1,088,997
Net Deferred Gains on Hedging Instruments	59,823	59,001
Revaluation Reserve for Land	14,312	14,312
Foreign Currency Transaction Adjustments	(110)	(71)
Remeasurements of Defined Benefit Plans	15,876	15,069
Total Accumulated Other Comprehensive Income	1,242,763	1,177,308
Non-controlling Interests	9,482	9,240
Total Net Assets	6,746,088	6,691,564
Total Liabilities and Net Assets	104,927,769	107,678,855

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statement of Operations

(Millions of Yen)

	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Ordinary Income	425,609	498,607
Interest Income	320,657	365,968
Interest on Loans and Bills Discounted	17,988	25,130
Interest and Dividends on Securities	298,334	336,428
Fees and Commissions	7,346	7,160
Trading Income	6	44
Other Operating Income	45,629	47,883
Other Ordinary Income	51,968	77,551
Ordinary Expenses	290,695	388,286
Interest Expenses	233,546	294,001
Interest on Deposits	15,784	29,706
Fees and Commissions	3,884	4,227
Trading Expenses	140	133
Other Operating Expenses	11,457	50,516
General and Administrative Expenses	38,184	37,463
Other Ordinary Expenses	3,481	1,943
Ordinary Profits	134,913	110,321
Extraordinary Losses	107	46
Income before Income Taxes	134,806	110,274
Income Taxes - Current	14,857	31,453
Income Taxes - Deferred	15,227	(3,166)
Total Income Taxes	30,084	28,286
Profit	104,721	81,988
Profit Attributable to Non-controlling Interests	217	314
Profit Attributable to Owners of Parent	104,503	81,674

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Profit	104,721	81,988
Other Comprehensive Income	31,623	(65,462)
Net Unrealized Gains (Losses) on Other Securities	71,419	(63,839)
Net Deferred Gains (Losses) on Hedging Instruments	(39,314)	(826)
Foreign Currency Transaction Adjustments	(0)	7
Remeasurements of Defined Benefit Plans	(661)	(816)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	180	11
Total Comprehensive Income	136,345	16,525
Attributable to:		
Owners of Parent	136,125	16,219
Non-controlling Interests	219	306

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

(Millions of Yen)

	As of March 31, 2018	As of June 30, 2018
(Assets)		
Loans and Bills Discounted	11,742,630	12,241,486
Foreign Exchange Assets	324,698	221,695
Securities	52,332,765	53,406,678
Money Held in Trust	7,438,320	7,880,647
Trading Assets	8,582	11,658
Monetary Claims Bought	354,872	329,705
Call Loans	630,000	1,175,000
Receivables under Resale Agreements	-	458,915
Cash and Due from Banks	28,729,996	28,590,105
Other Assets	1,580,600	1,533,677
Tangible Fixed Assets	120,920	119,264
Intangible Fixed Assets	40,043	40,690
Prepaid Pension Cost	20,821	22,805
Customers' Liabilities for Acceptances and Guarantees	141,073	145,056
Reserve for Possible Loan Losses	(46,681)	(44,755)
Reserve for Possible Investment Losses	(1,032)	(1,028)
Total Assets	103,417,613	106,131,601
(Liabilities)		
Deposits	65,823,858	67,454,633
Negotiable Certificates of Deposit	2,920,656	2,434,926
Debentures	1,774,498	1,644,814
Trading Liabilities	5,034	4,915
Borrowed Money	4,585,004	4,733,785
Payables under Repurchase Agreements	15,080,638	14,251,452
Foreign Exchange Liabilities	38	3
Short-term Entrusted Funds	1,405,187	2,970,655
Other Liabilities	4,528,441	5,420,817
Reserve for Bonus Payments	6,022	3,030
Reserve for Retirement Benefits	24,614	24,486
Reserve for Directors' Retirement Benefits	1,121	602
Deferred Tax Liabilities	458,731	430,822
Deferred Tax Liabilities for Land Revaluation	8,607	8,607
Acceptances and Guarantees	141,073	145,056
Total Liabilities	96,763,528	99,528,610
(Net Assets)		
Paid-in Capital	3,480,488	3,480,488
Capital Surplus	25,020	25,020
Retained Earnings	1,922,906	1,936,391
Total Owners' Equity	5,428,416	5,441,900
Net Unrealized Gains on Other Securities, net of taxes	1,151,642	1,087,819
Net Deferred Gains on Hedging Instruments, net of taxes	59,713	58,958
Revaluation Reserve for Land, net of taxes	14,312	14,312
Total Valuation and Translation Adjustments	1,225,668	1,161,089
Total Net Assets	6,654,084	6,602,990
Total Liabilities and Net Assets	103,417,613	106,131,601

(2) Non-consolidated Statement of Operations

(Millions of Yen)

	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Ordinary Income	420,226	496,126
Interest Income	323,676	369,983
Interest on Loans and Bills Discounted	17,167	24,215
Interest and Dividends on Securities	302,174	341,376
Fees and Commissions	3,650	3,410
Trading Income	6	44
Other Operating Income	45,059	46,833
Other Ordinary Income	47,833	75,854
Ordinary Expenses	287,713	384,701
Interest Expenses	233,526	293,961
Interest on Deposits	15,784	29,707
Fees and Commissions	3,251	3,564
Trading Expenses	140	133
Other Operating Expenses	11,452	50,365
General and Administrative Expenses	35,861	34,803
Other Ordinary Expenses	3,481	1,872
Ordinary Profits	132,513	111,425
Extraordinary Losses	107	46
Income before Income Taxes	132,405	111,378
Income Taxes - Current	14,429	30,865
Income Taxes - Deferred	14,089	(3,471)
Total Income Taxes	28,519	27,393
Net Income	103,886	83,985