

Financial Statements for the Third 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 Third Quarter of Fiscal 2019 (for the nine months ended December 31, 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	%
3Q Fiscal 2019	1,218,720	(4.7)	113,931	26.7	83,260	13.6
3Q Fiscal 2018	1,279,461	16.2	89,930	(46.2)	73,313	(45.0)

(Note) Comprehensive Income for 3Q Fiscal 2019 384,167 millions of Yen -% for 3Q Fiscal 2018 (251,091) millions of Yen -%

(2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
3Q Fiscal 2019	109,887,615	7,756,946	7.0
Fiscal 2018	105,953,925	7,473,287	7.0

(Ref) Net Assets - Non-controlling Interests for 3Q Fiscal 2019 7,746,100 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 Third Quarter of Fiscal 2019

(for the nine months ended December 31, 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	%
3Q Fiscal 2019	1,200,787	(5.0)	109,322	29.1	82,240	15.1
3Q Fiscal 2018	1,263,343	16.6	84,699	(46.7)	71,481	(39.5)

(2) Non-consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
3Q Fiscal 2019	107,888,260	7,666,301	7.1
Fiscal 2018	104,176,806	7,381,875	7.1

(Ref) Net Assets for 3Q Fiscal 2019 7,666,301 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 Third 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 ¥113.9 billion, up ¥24.0 billion on a year-over-year basis and Profit Attributable to Owners of Parent was ¥83.2 billion, up ¥9.9 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 ¥90.4 billion, down ¥7.3 billion on a year-over-year basis.

The total credit costs were ¥2.0 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 ¥65.2 billion, up ¥45.2 billion on a year-over-year basis and the expenses of provisions and impairments for price-decline of securities and other reasons decreased by ¥0.5 billion to ¥0.4 billion on a year-over-year basis.

As a result, with all of the factors mentioned above, the Bank recorded ¥109.3 billion in Ordinary Profits, up ¥24.6 billion, and ¥82.2 billion in Net Income for the Third quarter of fiscal 2019 up ¥10.7 billion on a year-over-year basis, respectively. The Bank’s net operating profits stood at ¥47.2 billion.

(2) Qualitative information relating to Financial Conditions

Consolidated Total Assets at the end of the period increased by ¥3,933.6 billion to ¥109,887.6 billion from the previous fiscal year-end.

Total Assets of the Bank at the end of the period increased by ¥3,711.4 billion to ¥107,888.2 billion from the previous fiscal year-end. Total Net Assets at the end of the period increased by ¥284.4 billion to ¥7,666.3 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 increased by ¥1,875.4 billion to ¥20,313.4 billion from the previous fiscal year-end, and Securities at the end of the period increased by ¥90.2 billion to ¥55,841.4 billion from the previous fiscal year-end. For those on the liabilities side, Deposits at the end of the period decreased by ¥1,369.6 billion to ¥65,451.9 billion, and Debentures at the end of the period decreased by ¥358.0 billion to ¥904.1 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 December 31, 2019
(Assets)		
Loans and Bills Discounted	18,613,018	20,532,636
Foreign Exchange Assets	344,943	242,282
Securities	55,658,707	55,706,342
Money Held in Trust	8,667,392	6,818,688
Trading Assets	15,844	12,015
Monetary Claims Bought	326,079	298,687
Call Loans and Bills Bought	44,368	188,541
Receivables under Resale Agreements	10,096	-
Cash and Due from Banks	18,941,664	21,984,631
Other Assets	1,415,586	1,911,682
Tangible Fixed Assets	117,294	126,048
Intangible Fixed Assets	48,765	52,328
Net Defined Benefit Asset	57,715	58,133
Deferred Tax Assets	2,034	2,000
Customers' Liabilities for Acceptances and Guarantees	1,738,971	2,004,621
Reserve for Possible Loan Losses	(48,402)	(50,816)
Reserve for Possible Investment Losses	(154)	(208)
Total Assets	105,953,925	109,887,615
(Liabilities)		
Deposits	66,797,069	65,427,802
Negotiable Certificates of Deposit	790,599	3,104,817
Debentures	1,254,239	896,898
Trading Liabilities	7,022	7,095
Borrowed Money	4,837,392	4,923,180
Call Money and Bills Sold	-	50,000
Payables under Repurchase Agreements	15,111,297	17,187,568
Foreign Exchange Liabilities	32	45
Short-term Entrusted Funds	1,048,091	2,094,330
Other Liabilities	6,320,163	5,742,467
Reserve for Bonus Payments	7,557	3,867
Net Defined Benefit Liability	38,287	33,351
Reserve for Directors' Retirement Benefits	1,236	1,330
Deferred Tax Liabilities	520,070	644,685
Deferred Tax Liabilities for Land Revaluation	8,607	8,607
Acceptances and Guarantees	1,738,971	2,004,621
Total Liabilities	98,480,637	102,130,668
(Net Assets)		
Paid-in Capital	4,040,198	4,040,198
Capital Surplus	24,993	24,993
Retained Earnings	2,021,435	2,004,832
Total Owners' Equity	6,086,627	6,070,024
Net Unrealized Gains on Other Securities	1,501,790	1,896,569
Net Deferred Losses on Hedging Instruments	(152,678)	(245,663)
Revaluation Reserve for Land	14,312	14,312
Foreign Currency Transaction Adjustments	(67)	(86)
Remeasurements of Defined Benefit Plans	12,959	10,943
Total Accumulated Other Comprehensive Income	1,376,316	1,676,075
Non-controlling Interests	10,343	10,846
Total Net Assets	7,473,287	7,756,946
Total Liabilities and Net Assets	105,953,925	109,887,615

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statement of Operations

(Millions of Yen)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Ordinary Income	1,279,461	1,218,720
Interest Income	979,310	958,410
Interest on Loans and Bills Discounted	78,980	95,462
Interest and Dividends on Securities	883,660	839,658
Fees and Commissions	22,478	27,321
Trading Income	245	18
Other Operating Income	116,569	114,513
Other Ordinary Income	160,856	118,456
Ordinary Expenses	1,189,531	1,104,788
Interest Expenses	933,121	906,373
Interest on Deposits	98,836	97,187
Fees and Commissions	13,294	13,684
Trading Expenses	448	27
Other Operating Expenses	116,333	51,955
General and Administrative Expenses	121,021	114,383
Other Ordinary Expenses	5,312	18,364
Ordinary Profits	89,930	113,931
Extraordinary Profits	0	1,796
Extraordinary Losses	163	410
Income before Income Taxes	89,766	115,317
Income Taxes - Current	13,043	21,124
Income Taxes - Deferred	2,349	9,794
Total Income Taxes	15,392	30,918
Profit	74,373	84,399
Profit Attributable to Non-controlling Interests	1,059	1,138
Profit Attributable to Owners of Parent	73,313	83,260

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Profit	74,373	84,399
Other Comprehensive Income	(325,465)	299,768
Net Unrealized Gains (Losses) on Other Securities	(221,636)	393,311
Net Deferred Gains (Losses) on Hedging Instruments	(100,902)	(92,993)
Foreign Currency Transaction Adjustments	39	(2)
Remeasurements of Defined Benefit Plans	(2,466)	(2,049)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	(498)	1,502
Total Comprehensive Income	(251,091)	384,167
Attributable to:		
Owners of Parent	(252,125)	383,025
Non-controlling Interests	1,033	1,141

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

(Millions of Yen)

As of March 31, 2019 As of December 31, 2019

(Assets)		
Loans and Bills Discounted	18,438,032	20,313,497
Foreign Exchange Assets	327,003	229,575
Securities	55,751,186	55,841,436
Money Held in Trust	8,666,524	6,818,049
Trading Assets	15,844	12,015
Monetary Claims Bought	326,079	298,687
Call Loans	44,368	188,541
Receivables under Resale Agreements	10,096	-
Cash and Due from Banks	18,906,686	21,942,314
Other Assets	1,409,538	1,902,606
Tangible Fixed Assets	115,914	124,661
Intangible Fixed Assets	45,435	48,611
Prepaid Pension Cost	28,574	33,492
Customers' Liabilities for Acceptances and Guarantees	140,063	185,341
Reserve for Possible Loan Losses	(46,861)	(48,833)
Reserve for Possible Investment Losses	(1,680)	(1,736)
Total Assets	104,176,806	107,888,260
(Liabilities)		
Deposits	66,821,541	65,451,919
Negotiable Certificates of Deposit	790,599	3,104,817
Debentures	1,262,239	904,148
Trading Liabilities	7,022	7,095
Borrowed Money	4,780,892	4,866,680
Call Money	-	50,000
Payables under Repurchase Agreements	15,111,297	17,187,568
Foreign Exchange Liabilities	32	45
Short-term Entrusted Funds	1,048,091	2,094,330
Other Liabilities	6,276,796	5,693,979
Reserve for Bonus Payments	5,947	2,981
Reserve for Retirement Benefits	25,617	22,269
Reserve for Directors' Retirement Benefits	782	857
Deferred Tax Liabilities	515,400	641,315
Deferred Tax Liabilities for Land Revaluation	8,607	8,607
Acceptances and Guarantees	140,063	185,341
Total Liabilities	96,794,930	100,221,958
(Net Assets)		
Paid-in Capital	4,040,198	4,040,198
Capital Surplus	25,020	25,020
Retained Earnings	1,953,053	1,935,424
Total Owners' Equity	6,018,273	6,000,643
Net Unrealized Gains on Other Securities, net of taxes	1,501,099	1,894,420
Net Deferred Losses on Hedging Instruments, net of taxes	(151,808)	(243,074)
Revaluation Reserve for Land, net of taxes	14,312	14,312
Total Valuation and Translation Adjustments	1,363,602	1,665,658
Total Net Assets	7,381,875	7,666,301
Total Liabilities and Net Assets	104,176,806	107,888,260

(2) Non-consolidated Statement of Operations

(Millions of Yen)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Ordinary Income	1,263,343	1,200,787
Interest Income	981,263	959,664
Interest on Loans and Bills Discounted	76,060	87,796
Interest and Dividends on Securities	888,584	848,634
Fees and Commissions	11,436	15,392
Trading Income	245	18
Other Operating Income	113,311	110,873
Other Ordinary Income	157,087	114,837
Ordinary Expenses	1,178,644	1,091,465
Interest Expenses	933,023	906,263
Interest on Deposits	98,836	97,187
Fees and Commissions	11,493	11,453
Trading Expenses	448	27
Other Operating Expenses	115,878	51,480
General and Administrative Expenses	112,115	104,519
Other Ordinary Expenses	5,683	17,721
Ordinary Profits	84,699	109,322
Extraordinary Profits	0	1,796
Extraordinary Losses	163	371
Income before Income Taxes	84,535	110,747
Income Taxes - Current	10,915	18,900
Income Taxes - Deferred	2,138	9,606
Total Income Taxes	13,054	28,506
Net Income	71,481	82,240