

Dedicated to sustaining all life.

Financial Summary for Fiscal Year 2019



NORINCHUKIN

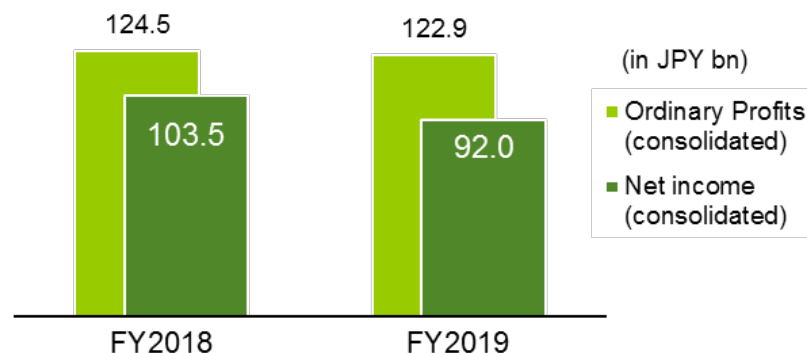
May 27, 2020

Financial Highlights for FY2019

- ~ Steady profits secured through financial management adjusting to market environment ~
- ~ The Bank continues to boast a high level of capital adequacy ratios ~

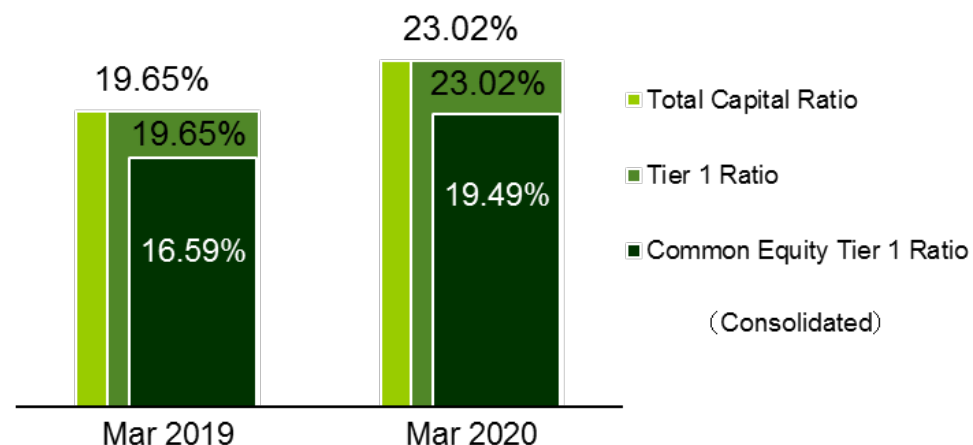
Profits

【Consolidated】	(in JPY bn)		
	FY2018	FY2019	Change
Ordinary Profits	124.5	122.9	(1.6)
Net Income	103.5	92.0	(11.5)



Capital Position (under Basel III)

【Consolidated】	Change		
	Mar 2019	Mar 2020	Change
Common Equity Tier 1 Ratio	16.59%	19.49%	2.90%
Tier 1 Ratio	19.65%	23.02%	3.37%
Total Capital Ratio	19.65%	23.02%	3.37%



Income Statement Summary

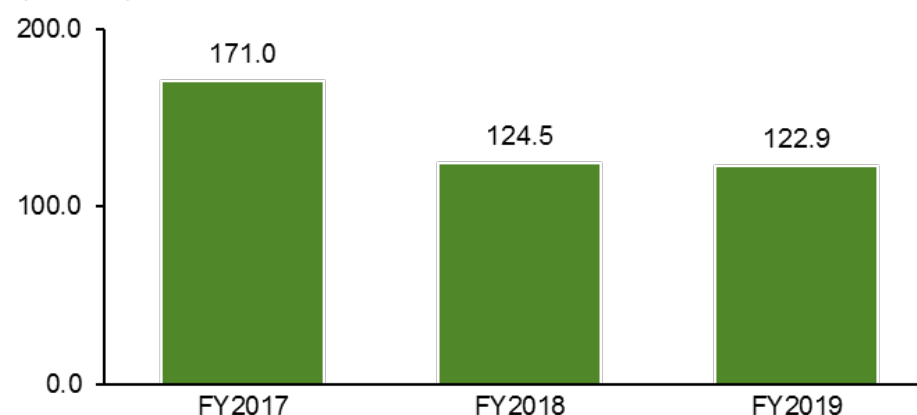
【Consolidated】

(in JPY bn)

	FY2018	FY2019	Change
1 Ordinary Income	1,732.1	1,544.5	(187.6)
2 Interest Income	1,311.2	1,246.6	(64.6)
3 <Interest and Dividends on Securities>	1,178.4	1,092.0	(86.4)
4 <Interest on Loans and Bills Discounted>	108.5	126.3	17.7
5 Ordinary Expenses	1,607.6	1,421.6	(185.9)
6 Interest Expenses	1,269.1	1,155.1	(113.9)
7 <Expenses on Funding from Members>	347.3	336.4	(10.9)
8 General and Administrative Expenses	162.0	153.3	(8.6)
9 Ordinary Profits	124.5	122.9	(1.6)
10 Income before Income Taxes	124.2	123.9	(0.2)
11 Profit Attributable to Owners of Parent	103.5	92.0	(11.5)

Ordinary Profits over Time (Consolidated)

(in JPY bn)



【Non-consolidated】

(in JPY bn)

	FY2018	FY2019	Change
12 Ordinary Profits	117.4	116.5	(0.9)
13 Net Income	100.6	89.4	(11.1)

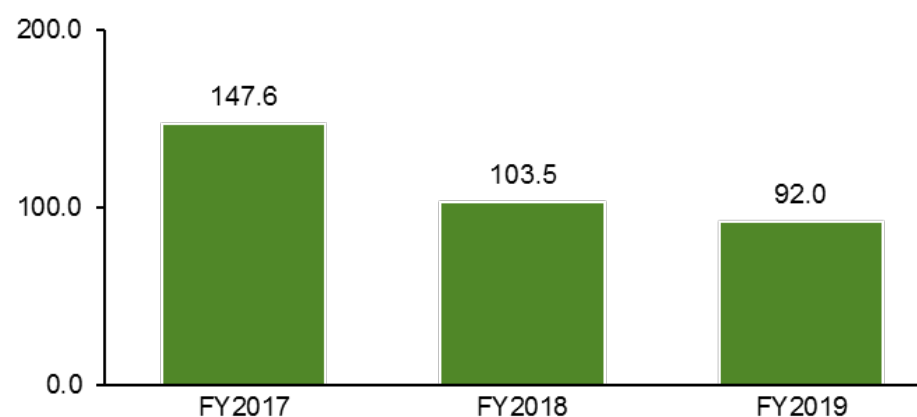
【Reference (Non-consolidated)】

14 Net Gains/Losses on Sales of Securities	66.3	67.9	1.6
15 Credit Costs ^(Note)	1.9	2.4	0.5
16 Write-off of Securities	0.4	1.8	1.4

(Note) Negative numbers for credit-related expenses indicate reversals

Net Income over Time (Consolidated)

(in JPY bn)



Balance Sheet Summary

【Consolidated】

(in JPY bn)

	Mar 2019	Mar 2020	Change
1 Loans and Bills Discounted	18,613.0	20,058.8	1,445.8
2 Securities	55,658.7	54,533.2	(1,125.4)
3 Money Held in Trust	8,667.3	5,996.6	(2,670.7)
4 Cash and Due from Banks	18,941.6	19,505.0	563.3
5 Others	4,073.1	5,388.1	1,315.0
6 Total Assets	105,953.9	105,482.0	(471.9)
7 Deposits ^(Note)	67,845.1	66,431.6	(1,413.4)
8 Debentures	1,254.2	784.4	(469.7)
9 Payables under Repurchase Agreements	15,111.2	15,726.5	615.2
10 Others	14,269.9	15,277.6	1,007.6
11 Total Liabilities	98,480.6	98,220.3	(260.3)
12 Total Net Assets	7,473.2	7,261.6	(211.6)

(Note) Deposits include deposits and entrusted funds (the majority are short-term funds received from members) for accounting purpose.

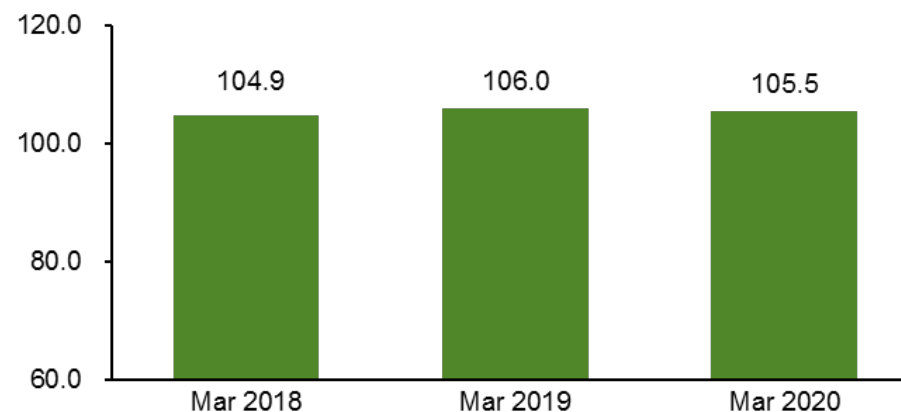
【Non-consolidated】

(in JPY bn)

	Mar 2019	Mar 2020	Change
13 Total Assets	104,176.8	103,403.5	(773.2)
14 Total Liabilities	96,794.9	96,228.6	(566.2)
15 Total Net Assets	7,381.8	7,174.8	(207.0)
16 Gains/Losses on Revaluation of Securities	2,069.9	2,347.1	277.1

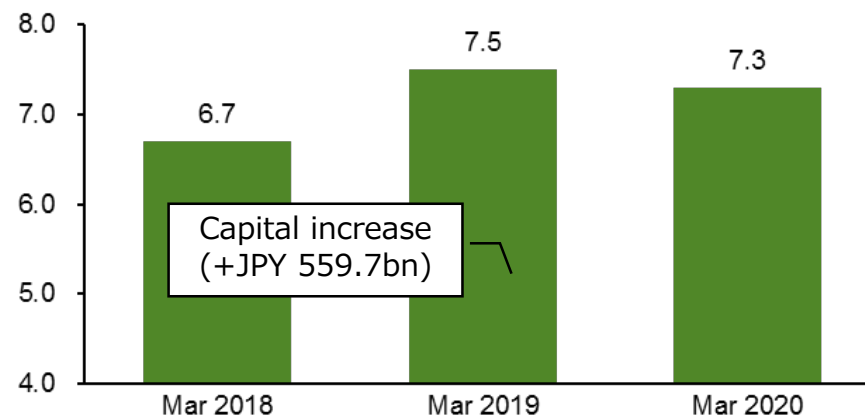
Total Assets over Time (Consolidated)

(in JPY tm)



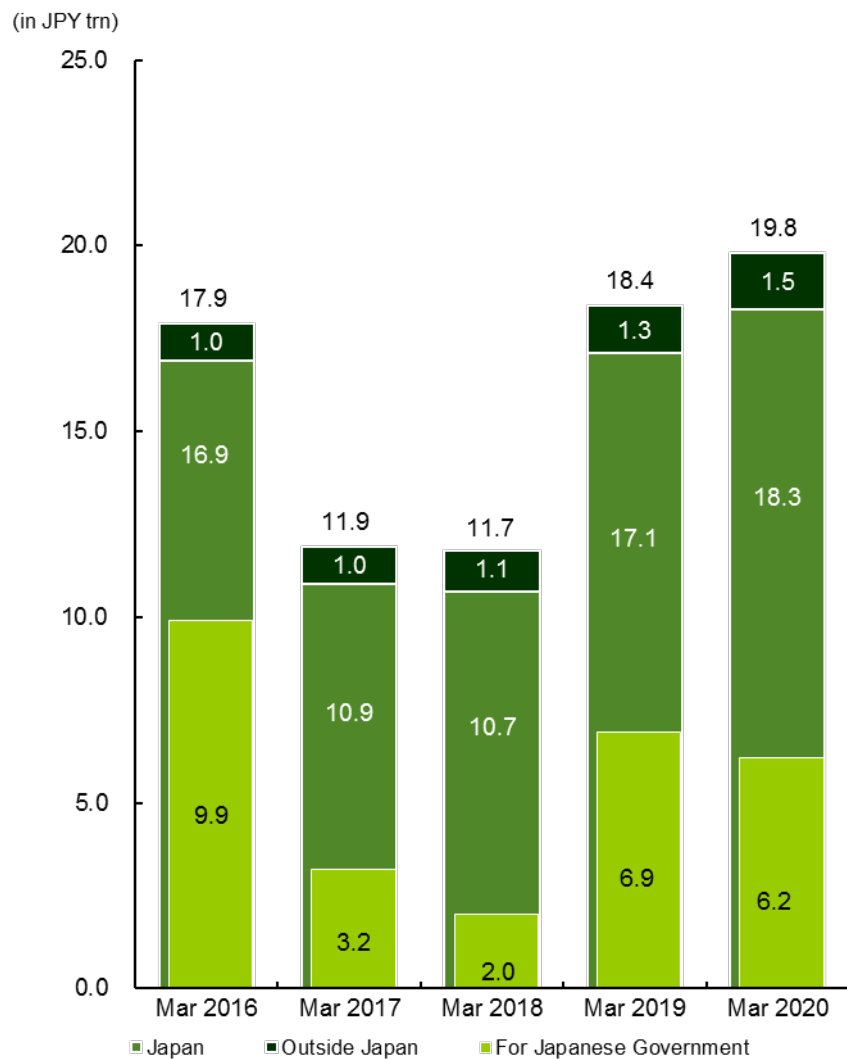
Net Assets over Time (Consolidated)

(in JPY tm)

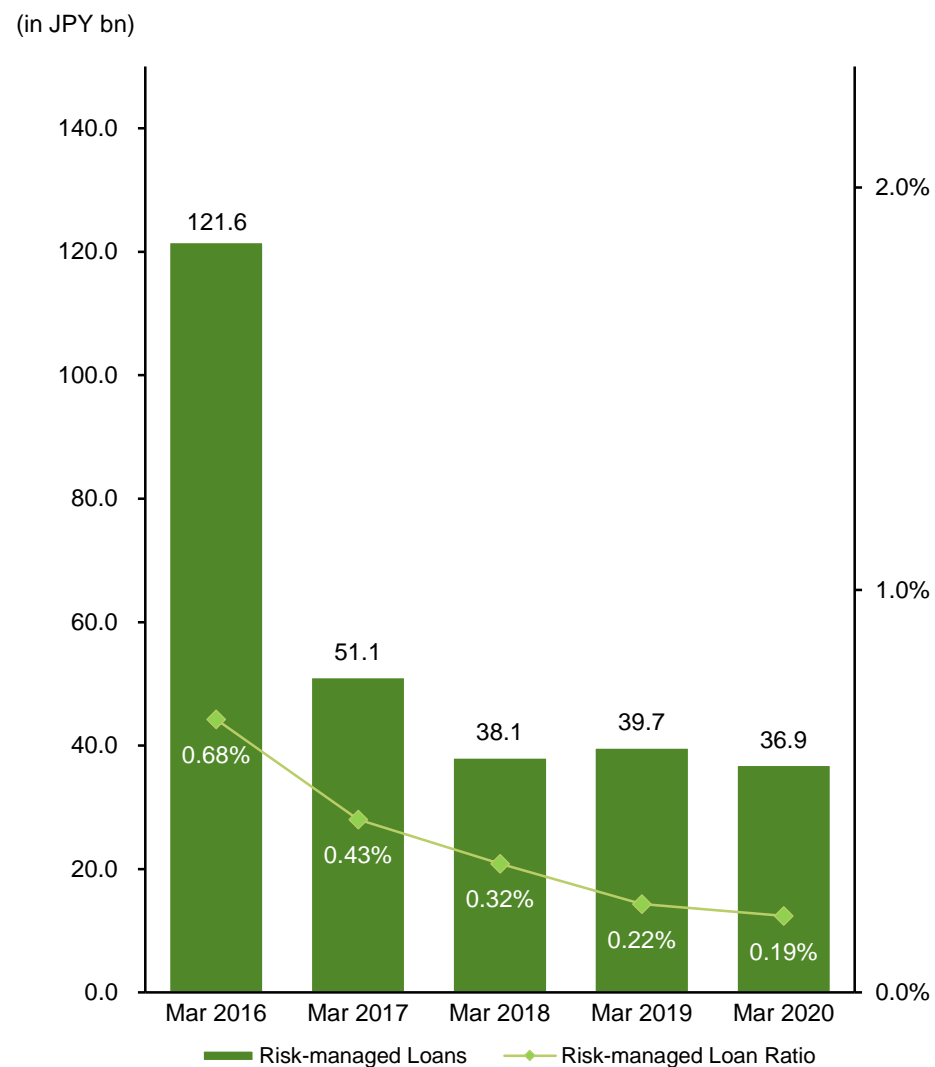


Loan and Bills Discounted (Non-consolidated)

Loans and Bills Discounted over Time

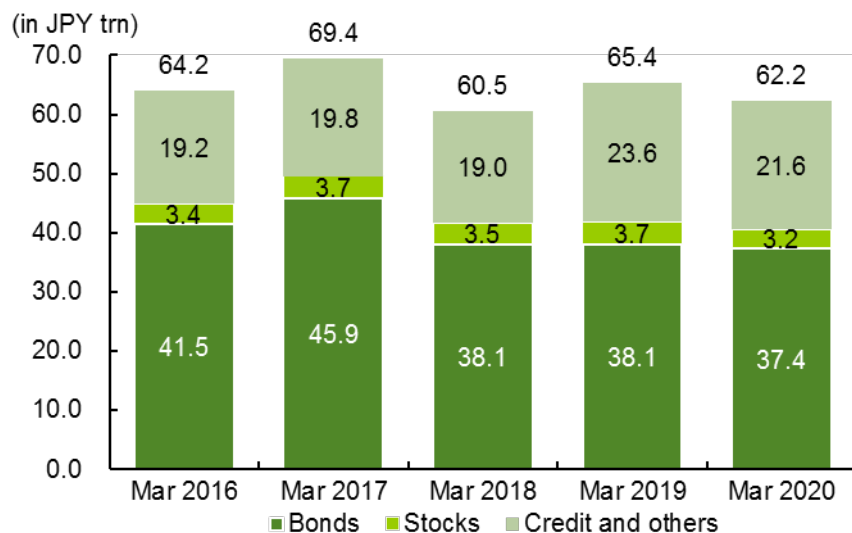


Risk-managed Loans over Time



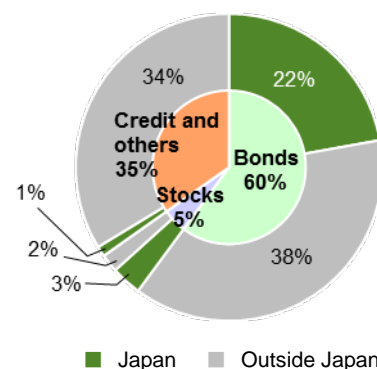
Market Investment Portfolio (Non-consolidated)

Market Investment Portfolio over Time

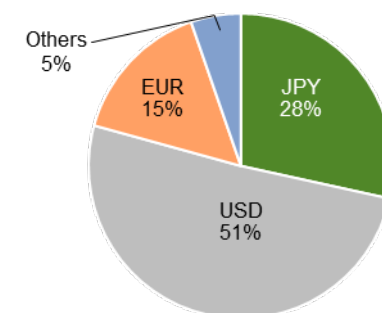


Market Investment Portfolio (Mar 2020)

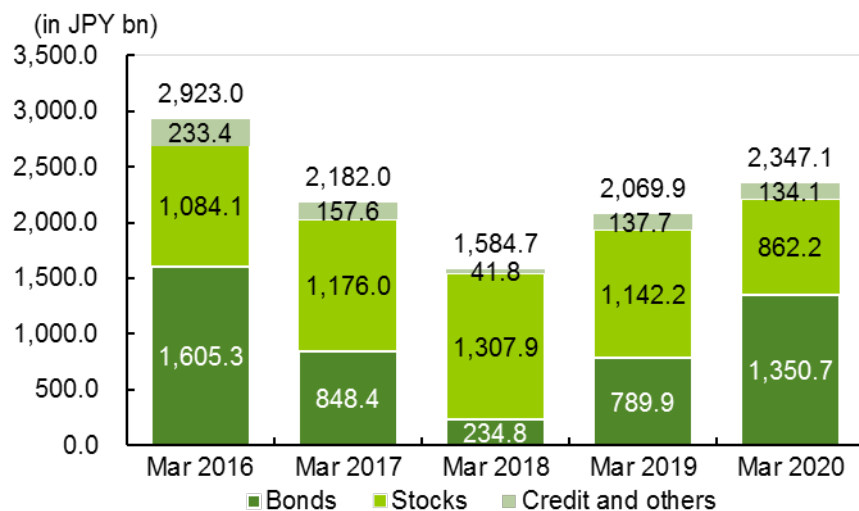
Market Investment Portfolio by Risk



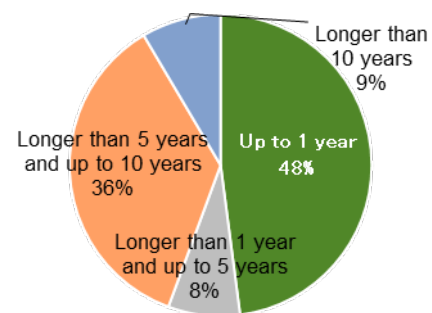
Market Investment Portfolio by Currency



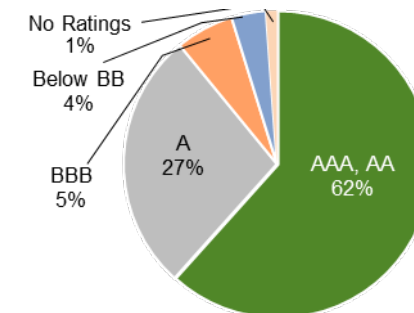
Net Unrealized Gains and Losses over Time



Bond and Credit Portfolio By Rate Reset Maturity

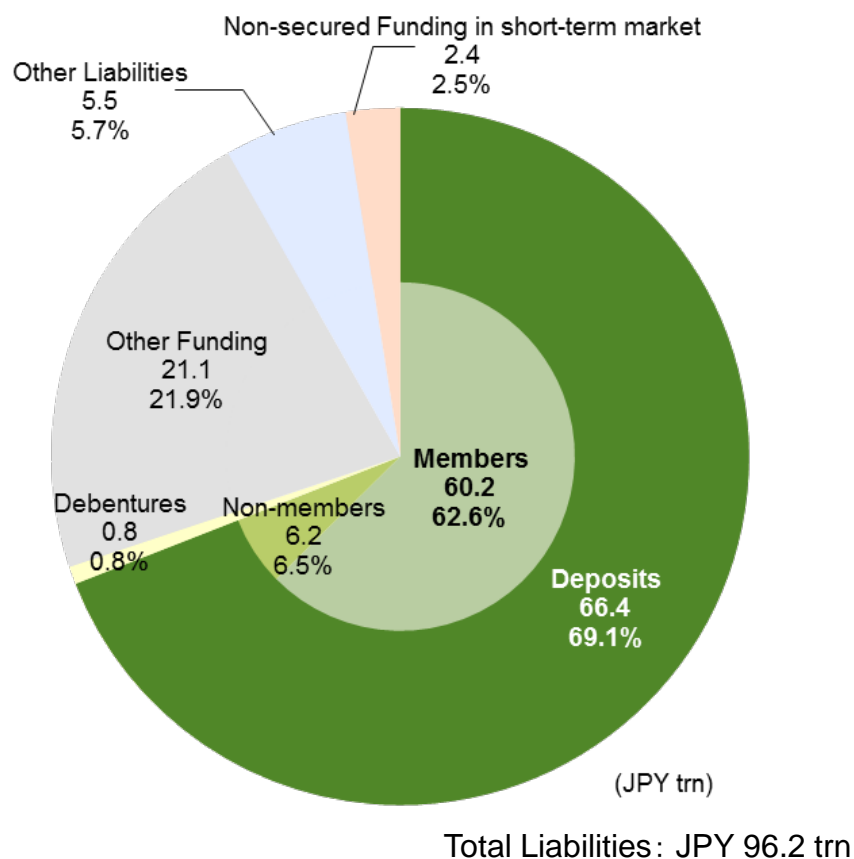


Market Investment Portfolio by Rating



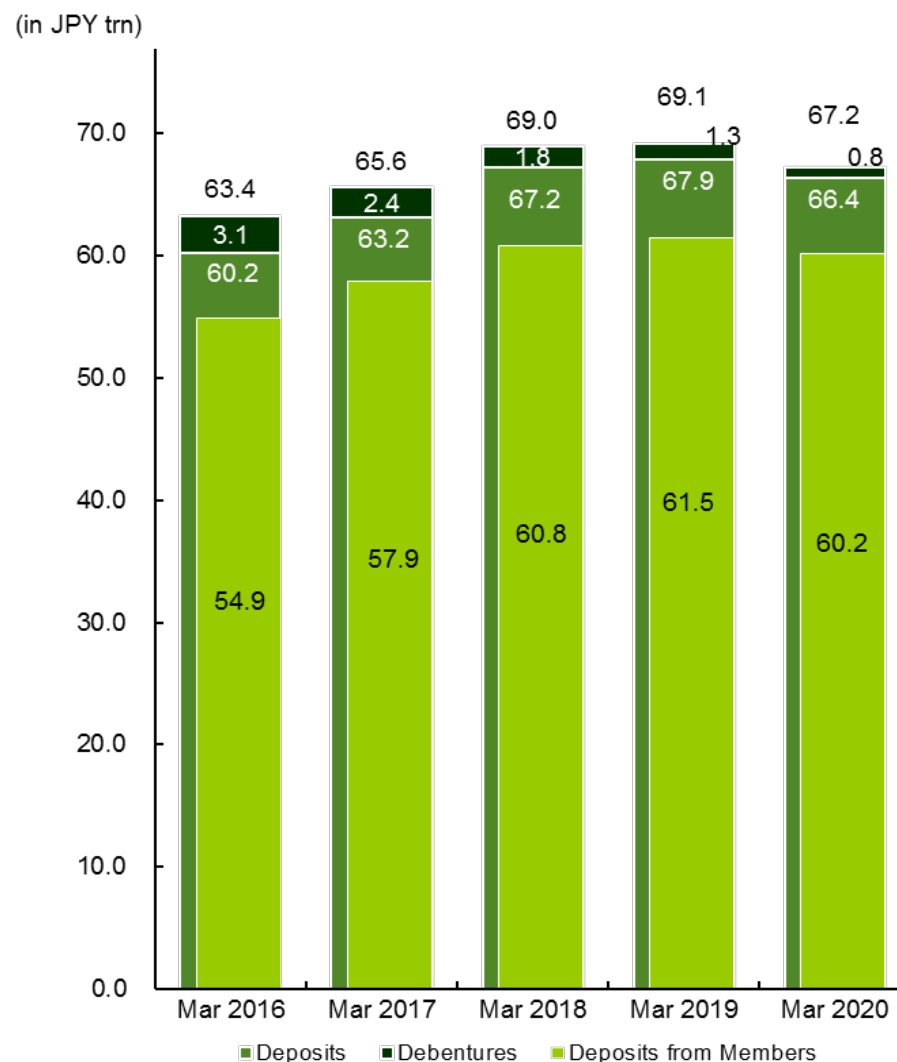
Funding (Non-consolidated)

Breakdown of Funding



(Note) Deposits include deposits and entrusted funds (the majority are short-term funds received from members) for accounting purpose. Other funding includes borrowed money (secured and subordinated loans) such as payables under repurchase agreements and payables under securities lending transactions. Other liabilities include acceptance & guarantees and reserves. Short-term unsecured funding from markets include trading liabilities, negotiable certificates of deposits, and unsecured call money.

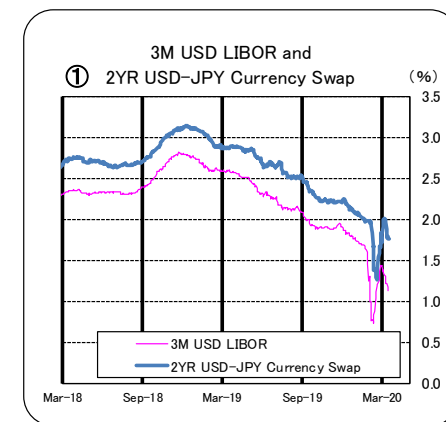
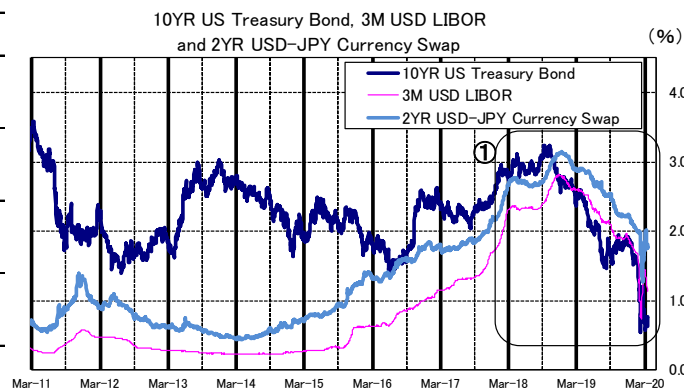
Deposits and Debtentures over Time



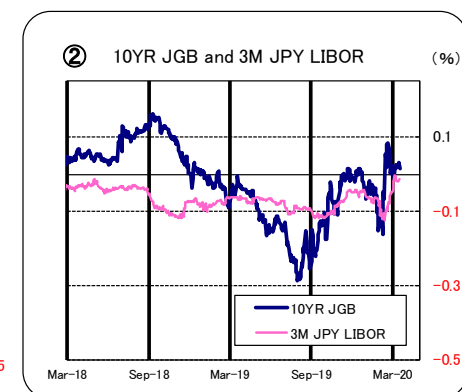
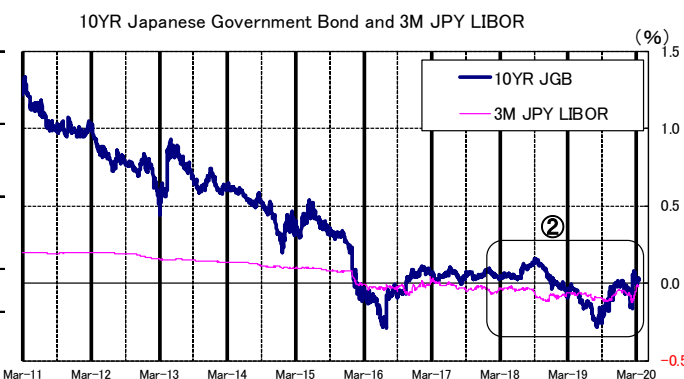
Earning Yields (Non-consolidated)

	Average (in JPY trn)		Earnings (in JPY bn)		Yield	
	FY2019	YOY Change	FY2019	YOY Change	FY2019	YOY Change
【Investment】						
1 Loans and Bills Discounted	19.1	5.0	115.8	11.9	0.60%	(0.13%)
2 Securities	56.1	0.1	1,277.0	(137.4)	2.28%	(0.25%)
3 Yen-denominated Securities (including Net Gains/Losses on Sales)	16.6	0.7	(18.1)	(254.1)	(0.11%)	(1.59%)
4 Foreign Currency-denominated Securities (including Net Gains/Losses on Sales)	39.4	(0.5)	1,295.2	116.7	3.28%	0.34%
5 Short-term Investment Assets	1.3	(1.5)	11.0	(0.3)	0.80%	0.41%
【Funding】						
6 From Member Banks	60.8	(0.8)	336.4	(10.9)	0.55%	(0.01%)
7 Debentures	1.0	(0.4)	1.8	(1.6)	0.18%	(0.05%)
8 Funding from Markets	26.8	1.8	338.2	9.9	1.26%	(0.06%)
9 From the Yen Market	4.1	0.8	(0.8)	(0.6)	(0.02%)	(0.01%)
10 From Foreign Currencies Markets	22.7	1.0	339.1	10.5	1.49%	(0.02%)
(Reference)						
11 Foreign Currencies Funding (Including Currency Swaps, etc.)	42.3	0.0	750.1	(74.9)	1.77%	(0.18%)

(Reference) US Dollar Interest Rates over Time



(Reference) Yen Interest Rates over Time



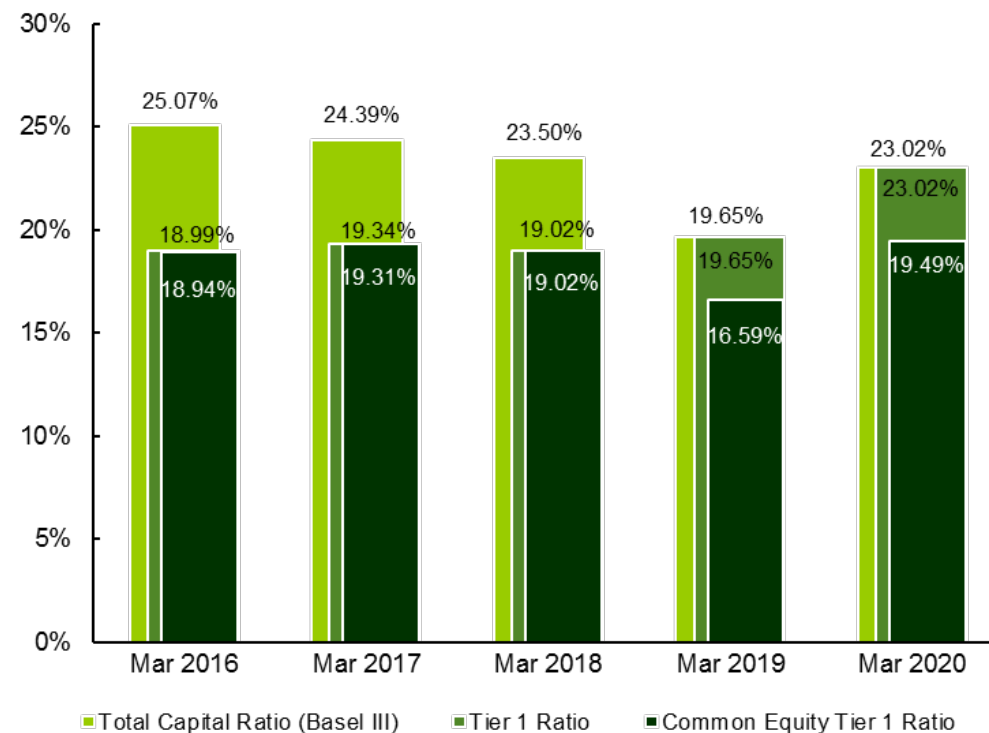
Capital Position

【Consolidated】

(in JPY bn)

	Mar 2019	Mar 2020	Change
1 Tier 1 Capital	8,489.8	8,599.0	109.2
2 Common Equity Tier 1 Capital (CET1)	7,170.5	7,280.7	110.2
3 Capital Stock and Capital Surplus	4,015.2	4,015.2	-
4 Earned Surplus	1,921.5	1,938.3	16.7
5 Unrealized Gains on Other Securities	1,501.7	1,701.6	199.8
6 Additional Tier 1 Capital	1,319.3	1,318.3	(0.9)
7 Tier 2 Capital	1.1	1.2	0.0
8 Subordinated Bonds and Loans	0.9	0.9	-
9 Total Capital	8,491.0	8,600.3	109.3
10 Risk-weighted Assets	43,200.2	37,344.9	(5,855.2)
11 Common Equity Tier 1 Ratio	16.59%	19.49%	2.90%
12 Tier 1 Ratio	19.65%	23.02%	3.37%
13 Total Capital Ratio	19.65%	23.02%	3.37%

Capital Ratios over Time (Consolidated)



Leverage Ratio (Consolidated)

【Consolidated】

	Mar 2019	Mar 2020
14 Leverage Ratio	7.87%	8.04%

Liquidity Coverage Ratio (Consolidated)

【Consolidated】

	FY2019	1Q	2Q	3Q	4Q
15 Liquidity Coverage Ratio (Note)	320%	402%	378%	383%	383%

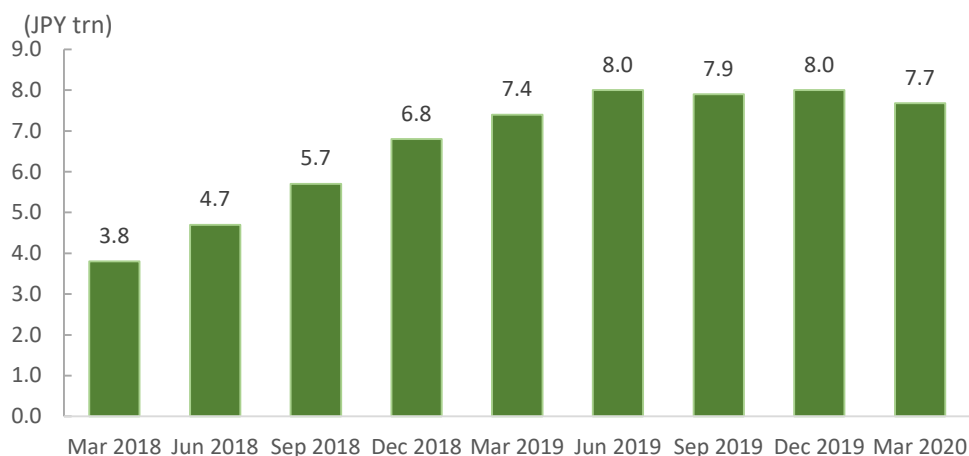
(Note) Item 15: simple averages of observations over the previous quarter

Appendix

Bank's Investment in CLOs

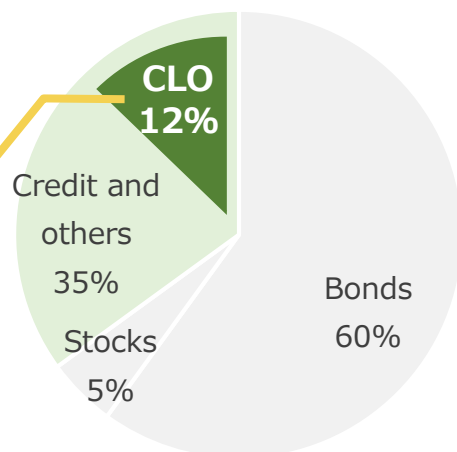
- The Bank applies a consistent approach to robust due diligence and disciplined risk management in CLO investments

Bank's CLO Holdings over Time



Market Investment Portfolio

- 12% of investment portfolio
- Only triple-A rated and held-to-maturity securities



Due Diligence and Risk Management

Investment Guidelines

- Solely on the most senior, triple-A rated tranche
- Strict requirements on stipulations and underlying assets
- Bank-original, rigorous stress-test scenarios

Investment Process

- Credit review process on each transaction by the Credit Risk Management Division in addition to the analysis by the investment team

Managers

- Collateral managers only with good track-records and disciplined investment style

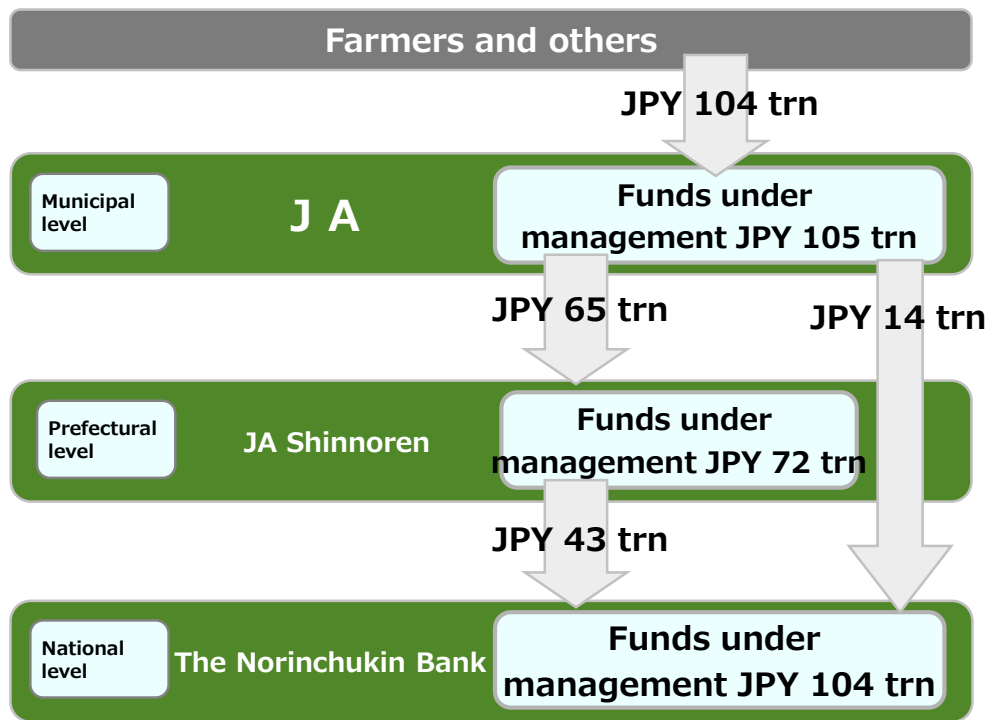
Monitoring

- Periodical review on the compliance status of tests and underlying asset quality
- Frequent communication with the managers

Business Base of JA Bank

JA Bank = JA + JA Shinnoren + The Norinchukin Bank

Flow of Funds in JA Bank (As of Mar. 31, 2020)

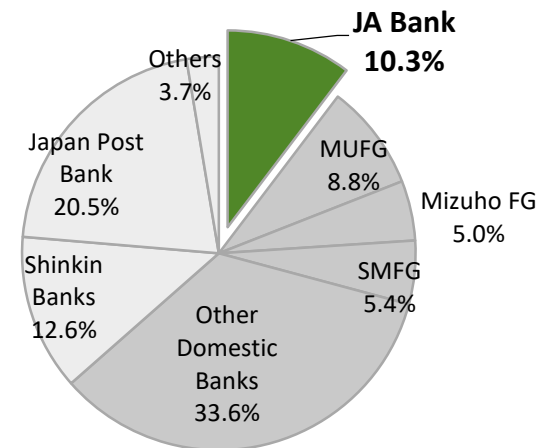


Total funds under management of JA Bank* JPY 158 trn

* Total funds under management =
Funds under management - Deposits

JA Bank accounts for 10% of the total amount of retail deposits and savings in the Japan.

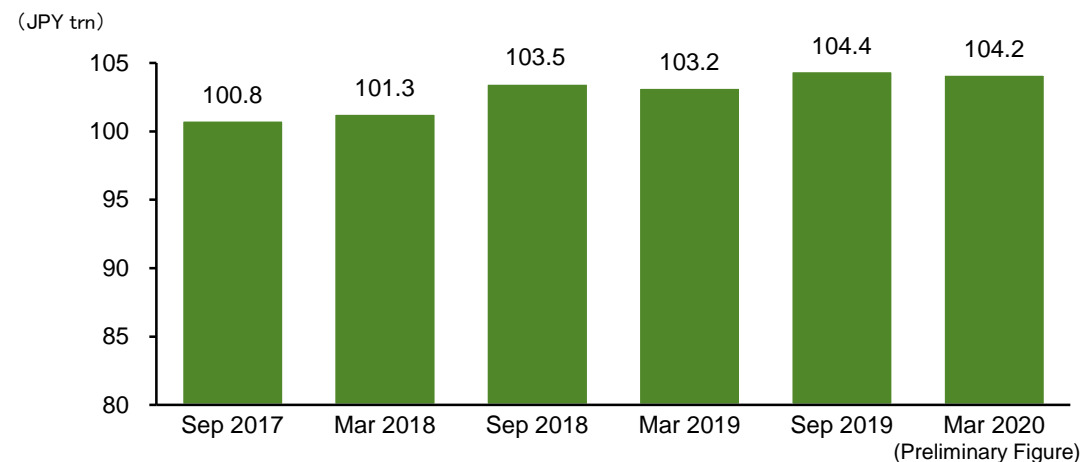
Retail Deposits and Savings in Japan (As of Sep. 30, 2019)



Total: JPY 886 trn

Prepared by The Norinchukin Bank based on materials of the Bank of Japan and financial summaries of other financial institutions. Retail deposit and saving balances for JA Bank, domestic banks and Shinkin Banks and only saving balance for Japan Post Bank.

JA Bank Deposits and Savings (JPY trillion)



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