

Dedicated to sustaining all life.

Financial Summary for the 1st Half of Fiscal Year 2020



NORINCHUKIN

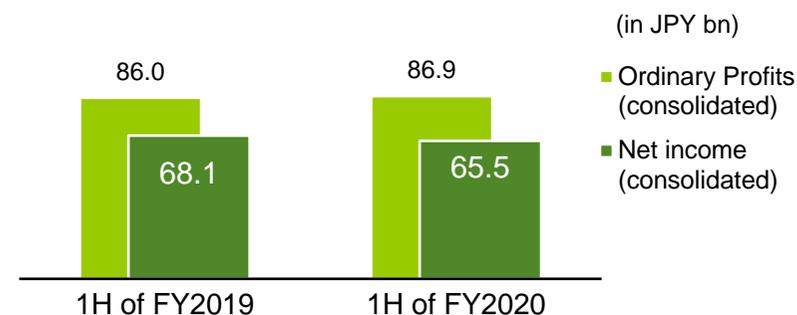
Nov 18, 2020

Financial Highlights for the 1st Half of FY2020

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

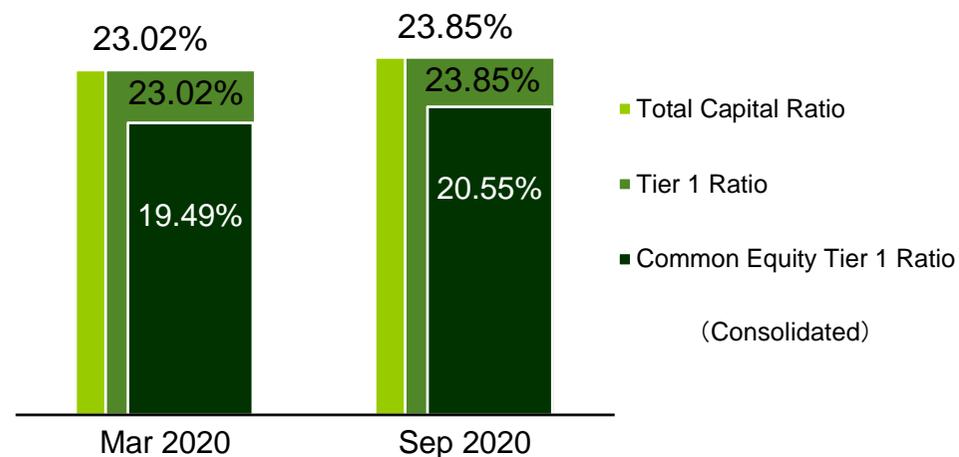
Profits

【Consolidated】	(in JPY bn)		
	1H of FY2019	1H of FY2020	Change
Ordinary Profits	86.0	86.9	0.8
Net Income	68.1	65.5	(2.6)



Capital Position (under Basel III)

【Consolidated】	Change		
	Mar 2020	Sep 2020	Change
Common Equity Tier 1 Ratio	19.49%	20.55%	1.06%
Tier 1 Ratio	23.02%	23.85%	0.83%
Total Capital Ratio	23.02%	23.85%	0.83%



Income Statement Summary

【Consolidated】 (in JPY bn)

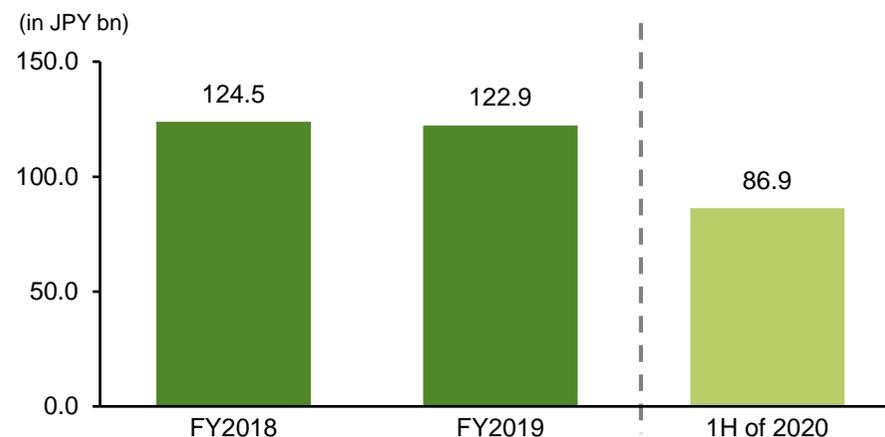
	1H of FY2019	1H of FY2020	Change
1 Ordinary Income	830.8	592.2	(238.5)
2 Interest Income	643.7	431.0	(212.7)
3 <Interest and Dividends on Securities>	565.6	371.8	(193.7)
4 <Interest on Loans and Bills Discounted>	62.9	50.9	(11.9)
5 Ordinary Expenses	744.7	505.3	(239.4)
6 Interest Expenses	622.8	342.3	(280.5)
7 <Expenses on Funding from Members>	168.7	157.4	(11.3)
8 General and Administrative Expenses	77.9	70.7	(7.2)
9 Ordinary Profits	86.0	86.9	0.8
10 Income before Income Taxes	87.5	86.7	(0.8)
11 Profit Attributable to Owners of Parent	68.1	65.5	(2.6)

【Non-consolidated】 (in JPY bn)

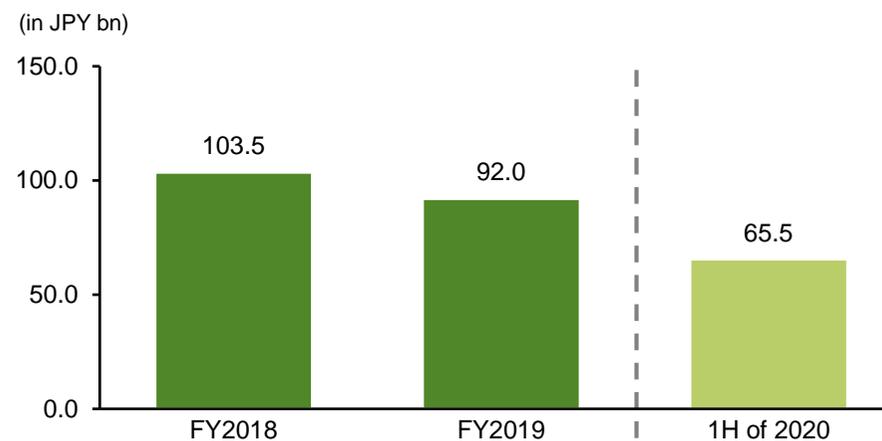
	1H of FY2019	1H of FY2020	Change
12 Ordinary Profits	84.4	91.8	7.4
13 Net Income	68.7	72.4	3.7
【Reference (Non-consolidated)】			
14 Net Gains/Losses on Sales of Securities	51.3	20.4	(30.9)
15 Credit Costs ^(Note)	0.5	46.0	45.5
16 Write-off of Securities	0.3	7.0	6.6

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

Ordinary Profits over Time (Consolidated)



Net Income over Time (Consolidated)



Balance Sheet Summary

【Consolidated】

(in JPY bn)

		Mar 2020	Sep 2020	Change
1	Loans and Bills Discounted	20,058.8	21,097.0	1,038.1
2	Securities	54,533.2	50,149.2	(4,384.0)
3	Money Held in Trust	5,996.6	10,230.1	4,233.4
4	Cash and Due from Banks	19,505.0	19,378.4	(126.5)
5	Others	5,388.1	5,891.6	503.4
6	Total Assets	105,482.0	106,746.4	1,264.4
7	Deposits ^(Note)	66,431.6	67,286.7	855.0
8	Debentures	784.4	528.0	(256.4)
9	Payables under Repurchase Agreements	15,726.5	17,514.2	1,787.6
10	Others	15,277.6	13,384.3	(1,893.2)
11	Total Liabilities	98,220.3	98,713.3	492.9
12	Total Net Assets	7,261.6	8,033.1	771.4

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

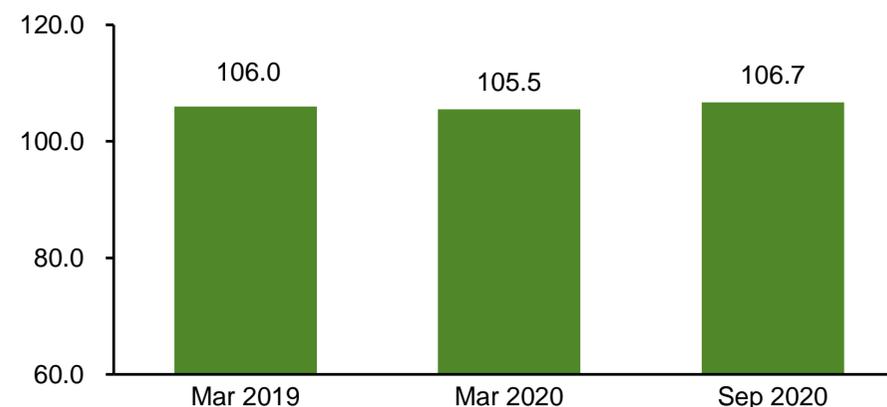
【Non-consolidated】

(in JPY bn)

		Mar 2020	Sep 2020	Change
13	Total Assets	103,403.5	104,538.0	1,134.4
14	Total Liabilities	96,228.6	96,584.8	356.1
15	Total Net Assets	7,174.8	7,953.1	778.3
16	Gains/Losses on Revaluation of Securities	2,347.1	3,404.1	1,057.0

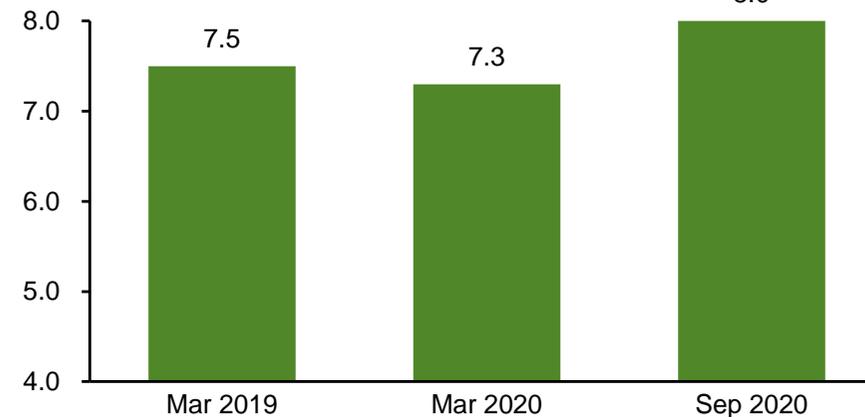
Total Assets over Time (Consolidated)

(in JPY trn)



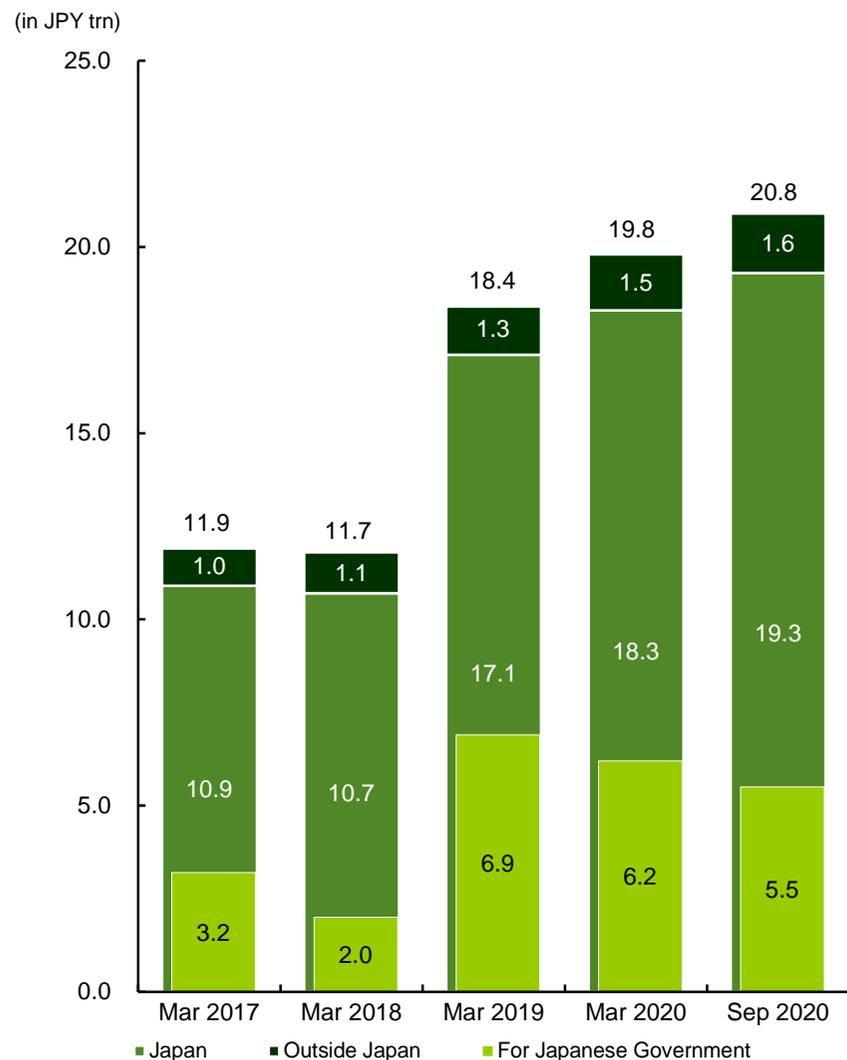
Net Assets over Time (Consolidated)

(in JPY trn)

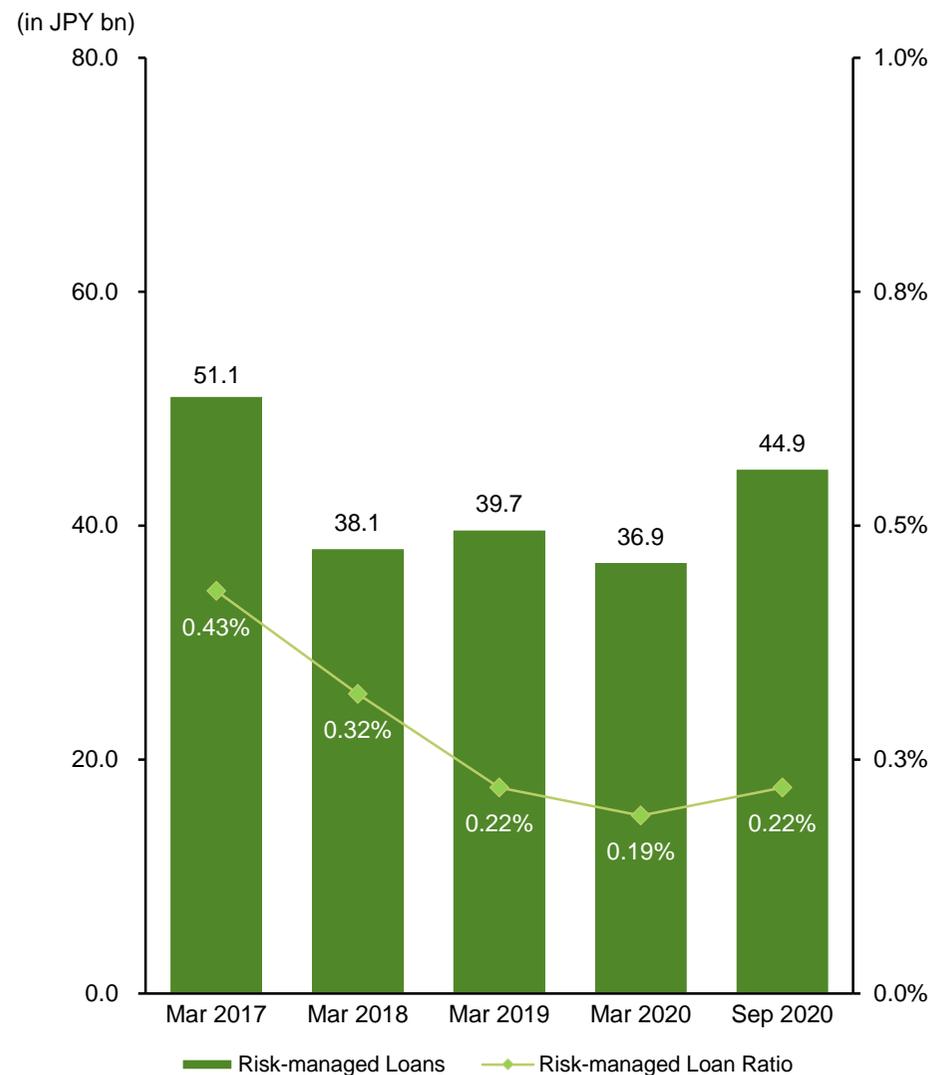


Loan and Bills Discounted (Non-consolidated)

Loans and Bills Discounted over Time

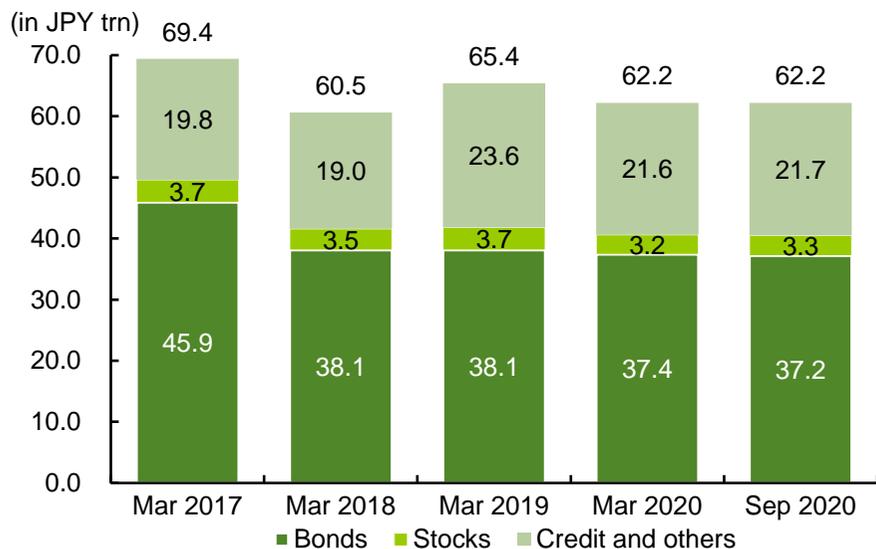


Risk-managed Loans over Time



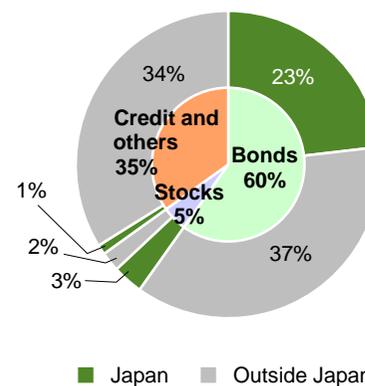
Market Investment Portfolio (Non-consolidated)

Market Investment Portfolio over Time

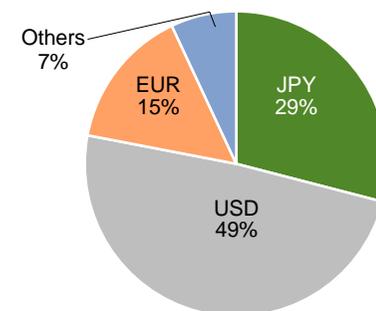


Market Investment Portfolio (Sep 2020)

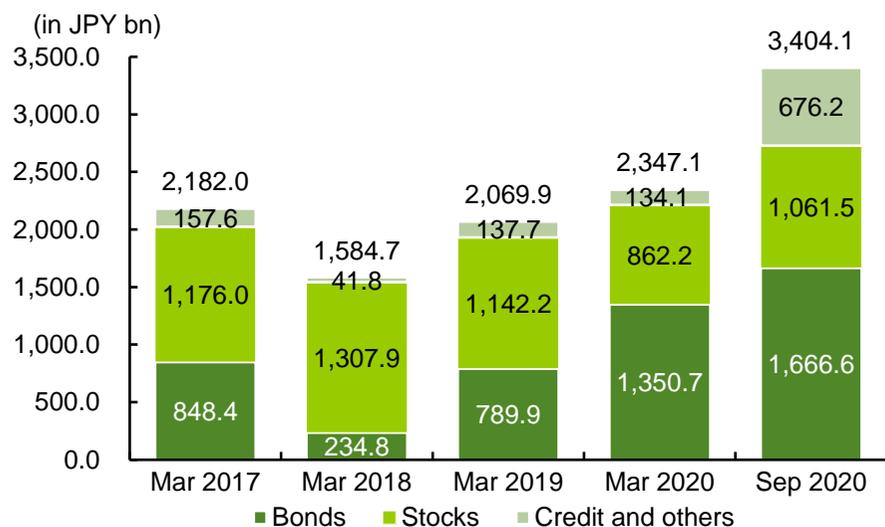
Market Investment Portfolio by Risk



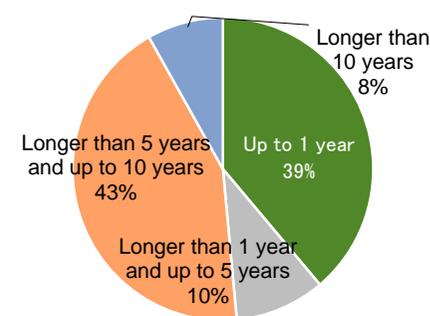
Market Investment Portfolio by Currency



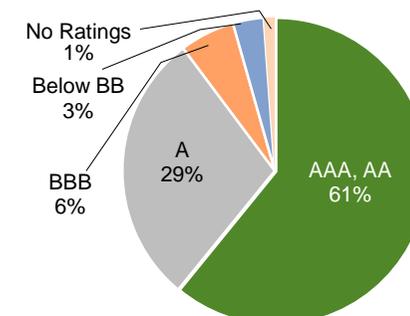
Net Unrealized Gains and Losses over Time



Bond and Credit Portfolio By Rate Reset Maturity

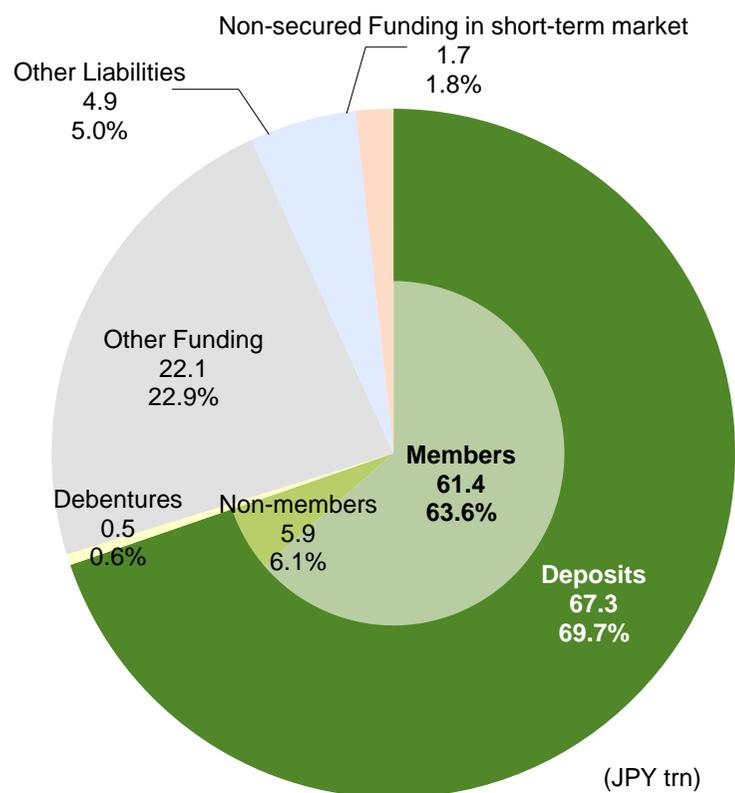


Market Investment Portfolio by Rating



Funding (Non-consolidated)

Breakdown of Funding

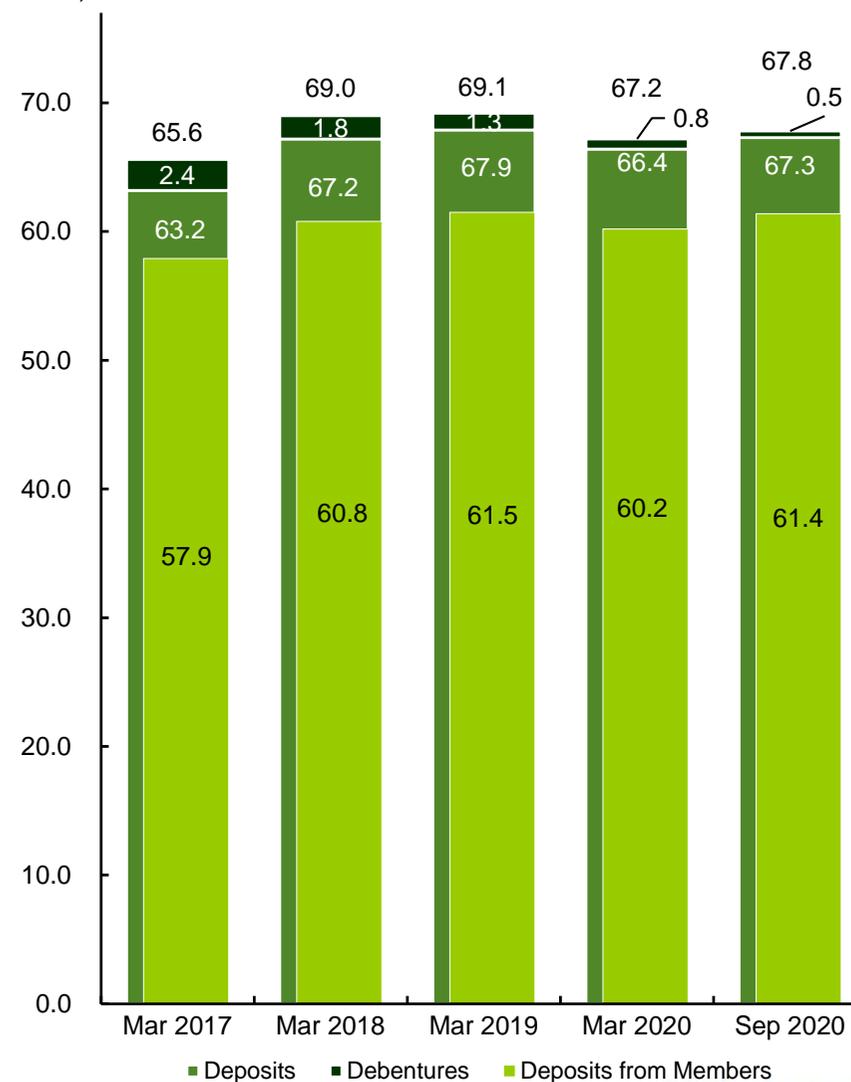


Total Liabilities: JPY 96.5 trn

(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 acceptances & guarantees and reserves. Short-term unsecured funding from markets include trading liabilities, negotiable certificates of deposit, and unsecured call money.

Deposits and Debtentures over Time

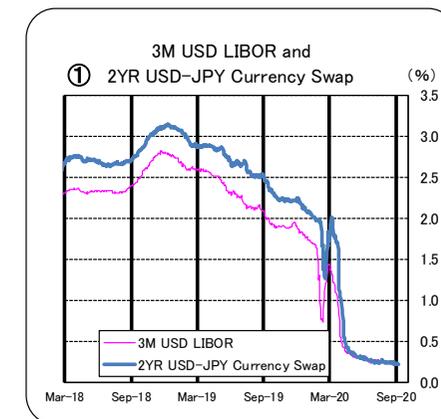
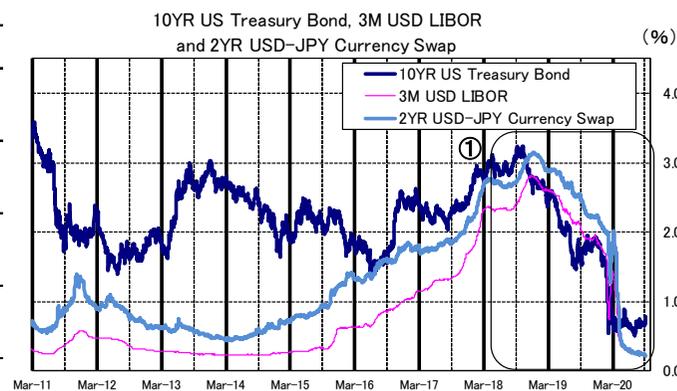
(in JPY trn)



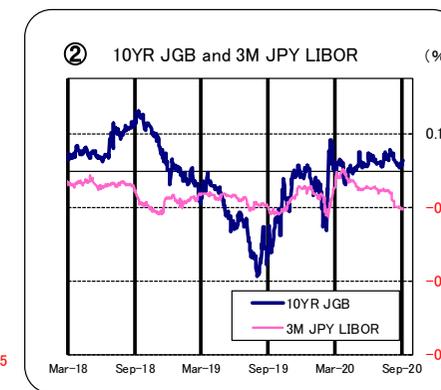
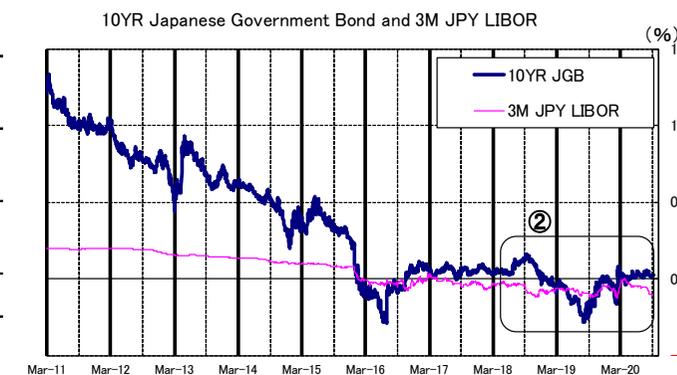
Earning Yields (Non-consolidated)

	Average (in JPY trn)		Earnings (in JPY bn)		Yield	
	1H of FY2020	YOY Change	1H of FY2020	YOY Change	1H of FY2020	YOY Change
【Investment】						
1 Loans and Bills Discounted	19.7	1.0	44.4	(13.7)	0.45%	(0.18%)
2 Securities	56.1	(0.3)	493.0	(215.3)	1.75%	(0.76%)
3 Yen-denominated Securities (including Net Gains/Losses on Sales)	18.0	1.7	41.7	(13.5)	0.46%	(0.22%)
4 Foreign Currency-denominated Securities (including Net Gains/Losses on Sales)	38.1	(2.1)	451.2	(201.7)	2.36%	(0.89%)
5 Short-term Investment Assets	1.5	0.0	0.2	(6.3)	0.03%	(0.87%)
【Funding】						
6 From Member Banks	60.0	(1.2)	157.4	(11.3)	0.52%	(0.03%)
7 Debentures	0.6	(0.4)	0.4	(0.5)	0.14%	(0.04%)
8 Funding from Markets	32.0	2.4	56.0	(143.4)	0.35%	(1.00%)
9 From the Yen Market	3.8	(0.3)	(0.5)	(0.1)	(0.03%)	(0.01%)
10 From Foreign Currencies Markets	24.7	2.9	38.1	(143.1)	0.31%	(1.35%)
(Reference)						
11 Foreign Currencies Funding (Including Currency Swaps, etc.)	42.8	0.2	116.6	(307.0)	0.54%	(1.45%)

(Reference) US Dollar Interest Rates over Time



(Reference) Yen Interest Rates over Time



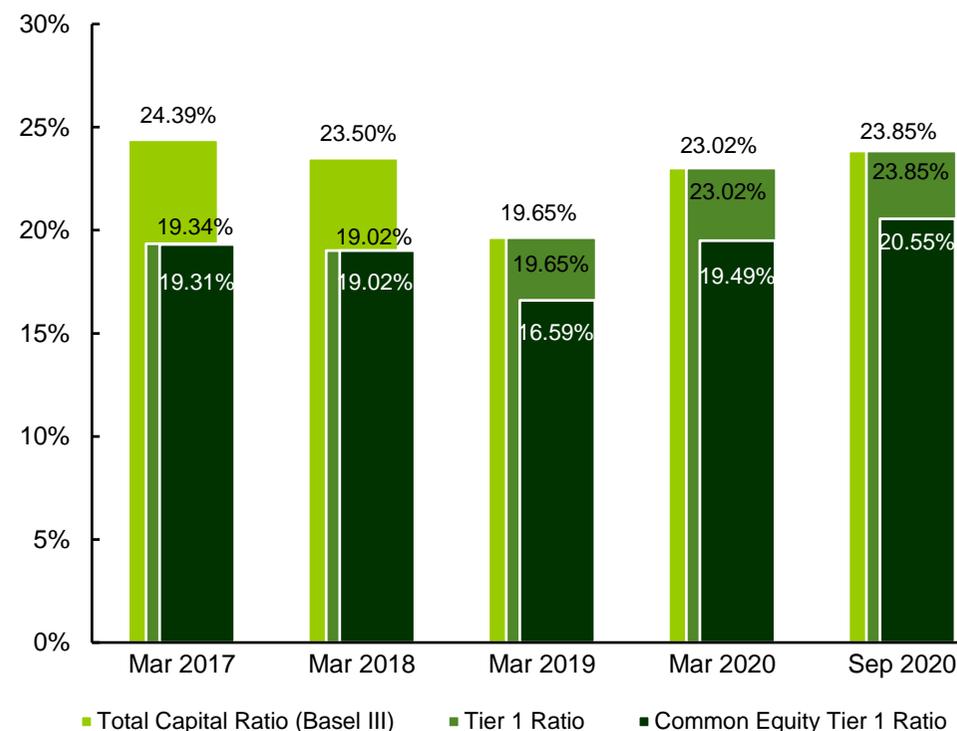
Capital Position

【Consolidated】

(in JPY bn)

	Mar 2020	Sep 2020	Change
1 Tier 1 Capital	8,599.0	9,517.5	918.4
2 Common Equity Tier 1 Capital (CET1)	7,280.7	8,199.1	918.4
3 Capital Stock and Capital Surplus	4,015.2	4,015.2	-
4 Earned Surplus	1,938.3	2,003.8	65.5
5 Unrealized Gains on Other Securities	1,701.6	2,466.3	764.7
6 Additional Tier 1 Capital	1,318.3	1,318.3	-
7 Tier 2 Capital	1.2	1.1	(0.1)
8 Subordinated Bonds and Loans	0.9	0.9	-
9 Total Capital	8,600.3	9,518.6	918.2
10 Risk-weighted Assets	37,344.9	39,898.5	2,553.6
11 Common Equity Tier 1 Ratio	19.49%	20.55%	1.06%
12 Tier 1 Ratio	23.02%	23.85%	0.83%
13 Total Capital Ratio	23.02%	23.85%	0.83%

Capital Ratios over Time (Consolidated)



Leverage Ratio (Consolidated)

【Consolidated】

	Mar 2020	Sep 2020
14 Leverage Ratio	8.04%	10.66%

Liquidity Coverage Ratio (Consolidated)

【Consolidated】

	FY2020	1Q	2Q	3Q	4Q
15 Liquidity Coverage Ratio (Note)		325%	347%		

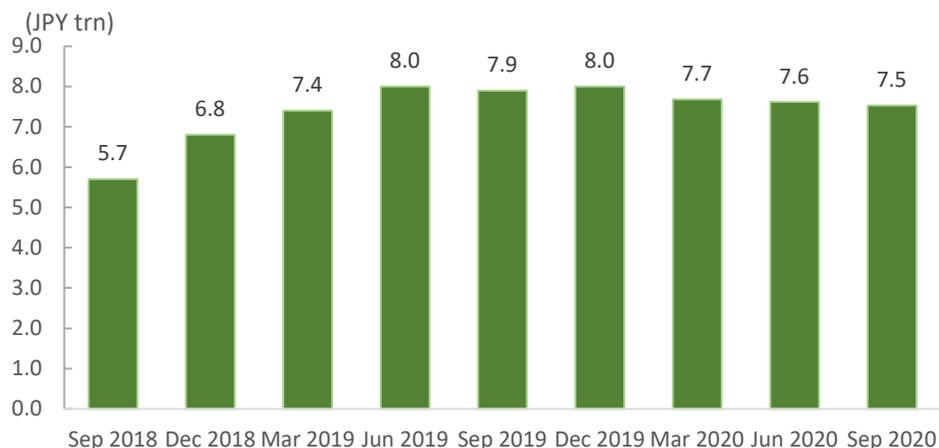
(Note) Item 15: simple averages of observations over the previous quarter

Appendix

Bank's Investment in CLOs

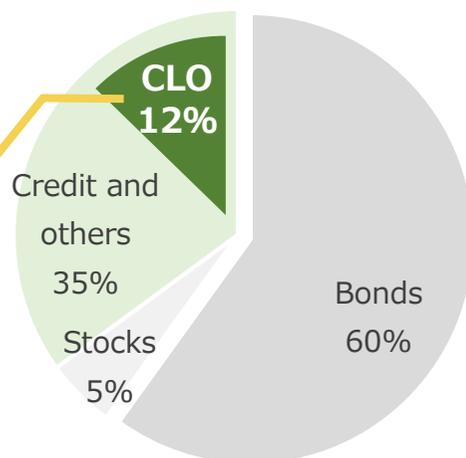
- The Bank applies a consistent approach to robust due diligence and disciplined risk management in CLO investments

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

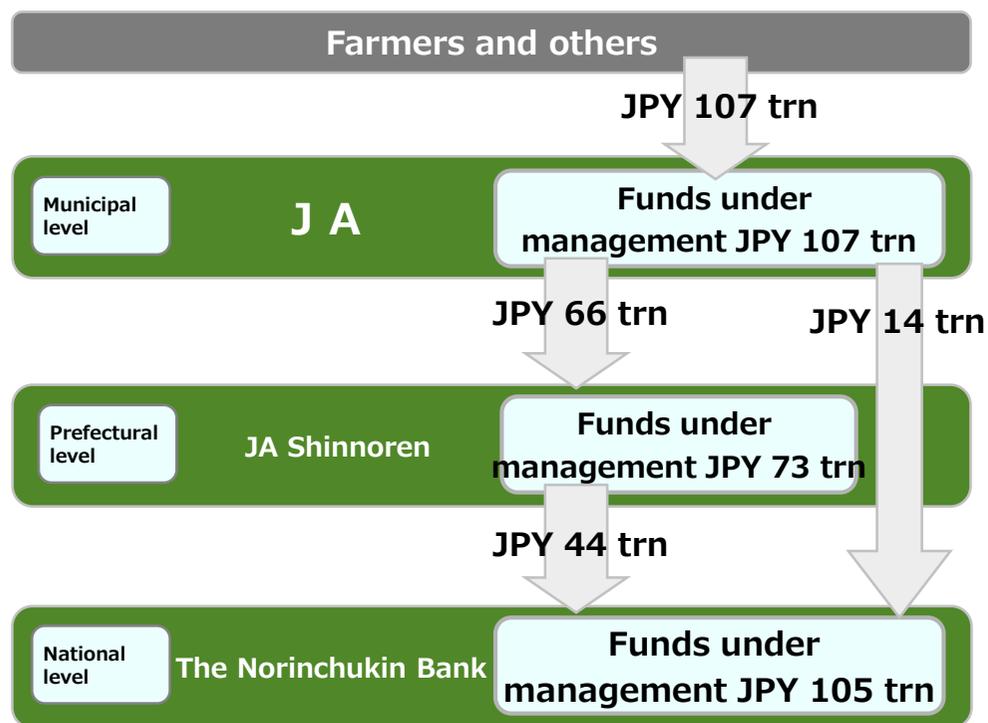
Monitoring

- 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 Sep. 30, 2020)

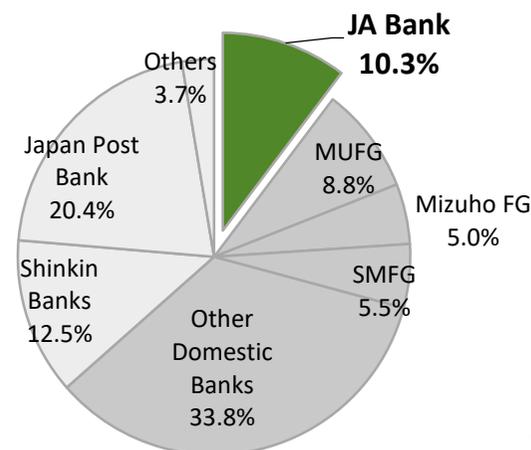


Total funds under management of JA Bank* JPY 161 trn

* 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.

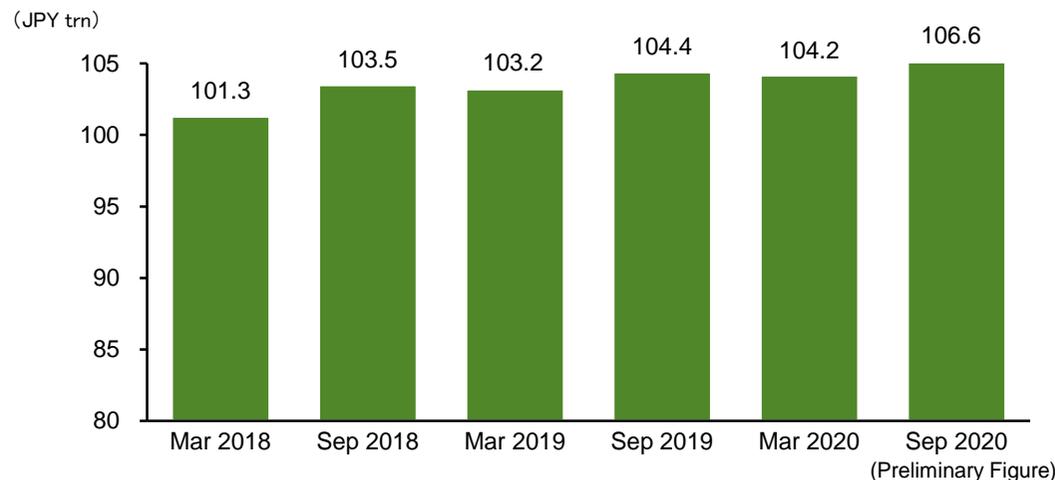
Retail Deposits and Savings in Japan (As of Mar. 31, 2020)



Total: JPY 899 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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