

# Financial Statements for the Third Quarter of Fiscal 2020

Name : **The Norinchukin Bank**

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

Name of the President: OKU Kazuto, President & Chief Executive Officer

The Person Responsible for Inquiries : CHIBA Yuji, 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 2020 (for the nine months ended December 31, 2020)

### (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 2020	877,160	(28.0)	148,485	30.3	109,385	31.4
3Q Fiscal 2019	1,218,720	(4.7)	113,931	26.7	83,260	13.6

(Note) Comprehensive Income for 3Q Fiscal 2020 1,038,163 millions of Yen 170.2% for 3Q Fiscal 2019 384,167 millions —%

### (2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
3Q Fiscal 2020	107,727,210	8,223,910	7.6
Fiscal 2019	105,482,009	7,261,673	6.9

(Ref) Net Assets — Non-controlling Interests for 3Q Fiscal 2020 8,212,576 millions of Yen for Fiscal 2019 7,250,536 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 : Yes
- ④ Restatements : None

(Note) The details are reported in Qualitative Information and Financial Statements “2 Other information” (page 3).

## 2 Non-consolidated Financial Results for the Third Quarter of Fiscal 2020

(for the nine months ended December 31, 2020)

### (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 2020	863,993	(28.0)	149,498	36.8	113,618	38.2
3Q Fiscal 2019	1,200,787	(5.0)	109,322	29.1	82,240	15.1

### (2) Non-consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
3Q Fiscal 2020	105,436,272	8,141,703	7.7
Fiscal 2019	103,403,535	7,174,874	6.9

(Ref) Net Assets for 3Q Fiscal 2020 8,141,703 millions of Yen for Fiscal 2019 7,174,874 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 2020

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

The Norinchukin Bank (“the Bank”)’s Consolidated Ordinary Profits were ¥148.4 billion, up ¥34.5 billion on a year-over-year basis and Profit Attributable to Owners of Parent was ¥109.3 billion, up ¥26.1 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 ¥161.2 billion, up ¥70.8 billion on a year-over-year basis.

The total credit costs were ¥52.9 billion in net losses mainly due to the provision of general reserve for possible loan losses.

As for securities investments, net gains/losses on sales were net gains of ¥16.7 billion, down ¥48.4 billion on a year-over-year basis and the expenses of provisions and impairments for price-decline of securities and other reasons increased by ¥8.6 billion to ¥9.1 billion on a year-over-year basis.

As a result, with all of the factors mentioned above, the Bank recorded ¥149.4 billion in Ordinary Profits, up ¥40.1 billion and ¥113.6 billion in Net Income, up ¥31.3 billion on a year-over-year basis, respectively. The Bank’s net operating profits stood at ¥21.8 billion.

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

Consolidated Total Assets at the end of the period increased by ¥2,245.2 billion to ¥107,727.2 billion from the previous fiscal year-end.

Total Assets of the Bank at the end of the period increased by ¥2,032.7 billion to ¥105,436.2 billion from the previous fiscal year-end. Total Net Assets at the end of the period increased by ¥966.8 billion to ¥8,141.7 billion from the previous fiscal year-end.

As to the balances of the major accounts on the assets side, Loans and Bills Discounted at the end of the period increased by ¥2,620.3 billion to ¥22,449.2 billion from the previous fiscal year-end, and Securities at the end of the period decreased by ¥4,186.0 billion to ¥50,508.2 billion from the previous fiscal year-end. For those on the liabilities side, Deposits at the end of the period decreased by ¥91.0 billion to ¥65,564.9 billion, and Debentures at the end of the period decreased by ¥367.9 billion to ¥423.5 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

##### (Change in Accounting Estimates)

The Bank had estimated Reserve for Possible Loan Losses based on long-term averages of the historical loan-loss ratios. In accordance with “JFSA's supervisory approaches to lending business and loan loss provisioning” (Financial Services Agency, December 18th 2019), the Bank has prepared methodology and setup by which the Bank reflects the risks identified by future forecasts on estimation of Reserve for Possible Loan Losses. The Bank’s objective of the preparation is to stably

contribute to financial intermediation regardless of economic fluctuation and other factors resulting from various risks such as the expansion of COVID-19.

The Bank has changed the methodology of estimating Reserve for Possible Loan Losses since the interim consolidated accounting period of fiscal year 2020 because the Bank has been able to reasonably make an estimate which reflects the risks more properly on Reserve for Possible Loan Losses before the risks identified by future forecasts are actually recognized as loan losses.

Not only considering possibility of each scenario based upon current situation in economic cycle and an outlook for future through macroeconomic indicators highly correlated to historical records of loan losses and the Bank's outlook for economic fluctuation but referring to the historical records of loan losses, the Bank accounts Reserve for Possible Loan Losses.

According to the change in accounting estimates, Reserve for Possible Loan Losses in the consolidated accounting period increased by ¥37,984 million, and both Ordinary Profits and Income before Income Taxes in the consolidated accounting period decreased by ¥37,984 million.

Considering the outlook including the effect of COVID-19, the Bank sets the main scenario that the economic activity would be gradually recovering in and after the latter of 2020. Although the Bank's assumptions for Reserve for Possible Loan Losses are the best estimates at the moment, the assumptions would be still remain uncertain.

Due to this uncertainty, Reserve for Possible Loan Losses from the consolidated fiscal year 2020 could vary depending on the situation on COVID-19.

### 3 Quarterly Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2020	As of December 31, 2020
(Assets)		
Loans and Bills Discounted	20,058,825	22,717,028
Foreign Exchange Assets	209,889	266,393
Securities	54,533,258	50,093,236
Money Held in Trust	5,996,681	10,268,060
Trading Assets	7,862	6,752
Monetary Claims Bought	301,081	138,562
Call Loans and Bills Bought	54,330	98,344
Receivables under Resale Agreements	13,048	-
Cash and Due from Banks	19,505,050	19,278,233
Other Assets	2,500,911	2,382,050
Tangible Fixed Assets	123,562	110,707
Intangible Fixed Assets	53,100	59,490
Net Defined Benefit Asset	58,213	58,752
Deferred Tax Assets	2,952	3,261
Customers' Liabilities for Acceptances and Guarantees	2,115,202	2,351,662
Reserve for Possible Loan Losses	(51,587)	(105,148)
Reserve for Possible Investment Losses	(372)	(177)
<b>Total Assets</b>	<b>105,482,009</b>	<b>107,727,210</b>
(Liabilities)		
Deposits	65,639,097	65,546,708
Negotiable Certificates of Deposit	2,406,965	2,028,886
Debentures	784,446	417,256
Trading Liabilities	8,102	6,597
Borrowed Money	5,413,844	4,549,482
Payables under Repurchase Agreements	15,726,573	17,651,678
Foreign Exchange Liabilities	0	30
Short-term Entrusted Funds	792,594	2,071,408
Other Liabilities	4,824,601	4,181,499
Reserve for Bonus Payments	7,490	3,927
Net Defined Benefit Liability	38,841	37,932
Reserve for Directors' Retirement Benefits	1,425	1,416
Deferred Tax Liabilities	452,542	646,204
Deferred Tax Liabilities for Land Revaluation	8,607	8,607
Acceptances and Guarantees	2,115,202	2,351,662
<b>Total Liabilities</b>	<b>98,220,336</b>	<b>99,503,300</b>
(Net Assets)		
Paid-in Capital	4,040,198	4,040,198
Capital Surplus	24,993	24,993
Retained Earnings	2,013,599	2,047,743
<b>Total Owners' Equity</b>	<b>6,078,792</b>	<b>6,112,936</b>
Net Unrealized Gains on Other Securities	1,701,619	2,540,116
Net Deferred Losses on Hedging Instruments	(550,151)	(459,759)
Revaluation Reserve for Land	14,312	14,312
Foreign Currency Transaction Adjustments	(153)	(177)
Remeasurements of Defined Benefit Plans	6,118	5,148
<b>Total Accumulated Other Comprehensive Income</b>	<b>1,171,744</b>	<b>2,099,639</b>
Non-controlling Interests	11,136	11,333
<b>Total Net Assets</b>	<b>7,261,673</b>	<b>8,223,910</b>
<b>Total Liabilities and Net Assets</b>	<b>105,482,009</b>	<b>107,727,210</b>

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

### Consolidated Statement of Operations

(Millions of Yen)

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020
<b>Ordinary Income</b>	<b>1,218,720</b>	<b>877,160</b>
Interest Income	958,410	614,294
Interest on Loans and Bills Discounted	95,462	73,347
Interest and Dividends on Securities	839,658	528,575
Fees and Commissions	27,321	23,246
Trading Income	18	483
Other Operating Income	114,513	61,126
Other Ordinary Income	118,456	178,009
<b>Ordinary Expenses</b>	<b>1,104,788</b>	<b>728,675</b>
Interest Expenses	906,373	489,074
Interest on Deposits	97,187	24,872
Fees and Commissions	13,684	13,385
Trading Expenses	27	1
Other Operating Expenses	51,955	53,734
General and Administrative Expenses	114,383	107,866
Other Ordinary Expenses	18,364	64,612
<b>Ordinary Profits</b>	<b>113,931</b>	<b>148,485</b>
<b>Extraordinary Profits</b>	<b>1,796</b>	<b>-</b>
<b>Extraordinary Losses</b>	<b>410</b>	<b>250</b>
<b>Income before Income Taxes</b>	<b>115,317</b>	<b>148,234</b>
<b>Income Taxes - Current</b>	<b>21,124</b>	<b>198,940</b>
<b>Income Taxes - Deferred</b>	<b>9,794</b>	<b>(160,951)</b>
<b>Total Income Taxes</b>	<b>30,918</b>	<b>37,988</b>
<b>Profit</b>	<b>84,399</b>	<b>110,245</b>
<b>Profit Attributable to Non-controlling Interests</b>	<b>1,138</b>	<b>860</b>
<b>Profit Attributable to Owners of Parent</b>	<b>83,260</b>	<b>109,385</b>

## Consolidated Statement of Comprehensive Income

(Millions of Yen)

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020
<b>Profit</b>	<b>84,399</b>	<b>110,245</b>
<b>Other Comprehensive Income</b>	<b>299,768</b>	<b>927,917</b>
Net Unrealized Gains (Losses) on Other Securities	393,311	835,744
Net Deferred Gains (Losses) on Hedging Instruments	(92,993)	90,388
Foreign Currency Transaction Adjustments	(2)	13
Remeasurements of Defined Benefit Plans	(2,049)	(1,011)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	1,502	2,781
<b>Total Comprehensive Income</b>	<b>384,167</b>	<b>1,038,163</b>
Attributable to:		
Owners of Parent	383,025	1,037,280
Non-controlling Interests	1,141	882

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

(Millions of Yen)

	As of March 31, 2020	As of December 31, 2020
<b>(Assets)</b>		
Loans and Bills Discounted	19,828,858	22,449,241
Foreign Exchange Assets	189,851	251,682
Securities	54,694,312	50,508,224
Money Held in Trust	5,996,009	10,267,115
Trading Assets	7,862	6,752
Monetary Claims Bought	301,081	138,562
Call Loans	54,330	98,344
Receivables under Resale Agreements	13,048	-
Cash and Due from Banks	19,458,993	19,001,702
Other Assets	2,475,961	2,373,054
Tangible Fixed Assets	122,233	109,488
Intangible Fixed Assets	49,375	56,174
Prepaid Pension Cost	35,568	39,622
Customers' Liabilities for Acceptances and Guarantees	226,965	239,510
Reserve for Possible Loan Losses	(49,181)	(101,471)
Reserve for Possible Investment Losses	(1,734)	(1,730)
<b>Total Assets</b>	<b>103,403,535</b>	<b>105,436,272</b>
<b>(Liabilities)</b>		
Deposits	65,656,007	65,564,995
Negotiable Certificates of Deposit	2,406,965	2,028,886
Debentures	791,446	423,506
Trading Liabilities	8,102	6,597
Borrowed Money	5,357,344	4,492,983
Payables under Repurchase Agreements	15,726,573	17,651,678
Foreign Exchange Liabilities	0	30
Short-term Entrusted Funds	792,594	2,071,408
Other Liabilities	4,773,113	4,132,352
Reserve for Bonus Payments	5,877	3,007
Reserve for Retirement Benefits	23,124	24,366
Reserve for Directors' Retirement Benefits	925	951
Deferred Tax Liabilities	451,012	645,686
Deferred Tax Liabilities for Land Revaluation	8,607	8,607
Acceptances and Guarantees	226,965	239,510
<b>Total Liabilities</b>	<b>96,228,661</b>	<b>97,294,568</b>
<b>(Net Assets)</b>		
Paid-in Capital	4,040,198	4,040,198
Capital Surplus	25,020	25,020
Retained Earnings	1,942,649	1,981,026
<b>Total Owners' Equity</b>	<b>6,007,868</b>	<b>6,046,245</b>
Net Unrealized Gains on Other Securities, net of taxes	1,700,265	2,535,958
Net Deferred Losses on Hedging Instruments, net of taxes	(547,571)	(454,812)
Revaluation Reserve for Land, net of taxes	14,312	14,312
<b>Total Valuation and Translation Adjustments</b>	<b>1,167,005</b>	<b>2,095,458</b>
<b>Total Net Assets</b>	<b>7,174,874</b>	<b>8,141,703</b>
<b>Total Liabilities and Net Assets</b>	<b>103,403,535</b>	<b>105,436,272</b>



## (2) Non-consolidated Statement of Operations

(Millions of Yen)

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020
<b>Ordinary Income</b>	<b>1,200,787</b>	<b>863,993</b>
Interest Income	959,664	619,953
Interest on Loans and Bills Discounted	87,796	63,385
Interest and Dividends on Securities	848,634	544,202
Fees and Commissions	15,392	11,214
Trading Income	18	483
Other Operating Income	110,873	57,399
Other Ordinary Income	114,837	174,942
<b>Ordinary Expenses</b>	<b>1,091,465</b>	<b>714,495</b>
Interest Expenses	906,263	489,904
Interest on Deposits	97,187	24,872
Fees and Commissions	11,453	11,942
Trading Expenses	27	1
Other Operating Expenses	51,480	53,260
General and Administrative Expenses	104,519	96,305
Other Ordinary Expenses	17,721	63,080
<b>Ordinary Profits</b>	<b>109,322</b>	<b>149,498</b>
<b>Extraordinary Profits</b>	<b>1,796</b>	<b>-</b>
<b>Extraordinary Losses</b>	<b>371</b>	<b>234</b>
<b>Income before Income Taxes</b>	<b>110,747</b>	<b>149,263</b>
<b>Income Taxes - Current</b>	<b>18,900</b>	<b>196,590</b>
<b>Income Taxes - Deferred</b>	<b>9,606</b>	<b>(160,944)</b>
<b>Total Income Taxes</b>	<b>28,506</b>	<b>35,645</b>
<b>Net Income</b>	<b>82,240</b>	<b>113,618</b>