

Financial Statements for the Third Quarter of Fiscal 2021

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 2021 (for the nine months ended December 31, 2021)

(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 2021	944,263	7.7	220,870	48.7	157,010	43.5
3Q Fiscal 2020	877,160	(28.0)	148,485	30.3	109,385	31.4

(Note) Comprehensive Income for 3Q Fiscal 2021 367,643 millions of Yen (64.6) % for 3Q Fiscal 2020 1,038,163 millions 170.2%

(2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
3Q Fiscal 2021	106,822,154	8,213,985	7.7
Fiscal 2020	107,647,809	7,955,581	7.4

(Ref) Net Assets – Non-controlling Interests for 3Q Fiscal 2021 8,203,854 millions of Yen for Fiscal 2020 7,943,793 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 : Yes
- ② Changes in Accounting Policies other than ① above : None
- ③ Changes in Accounting Estimates : None
- ④ Restatements : None

(Note) The details are reported in “Changes in Accounting Policies” (page 3).

2 Non-consolidated Financial Results for the Third Quarter of Fiscal 2021

(for the nine months ended December 31, 2021)

(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 2021	923,603	6.9	208,481	39.5	150,066	32.1
3Q Fiscal 2020	863,993	(28.0)	149,498	36.8	113,618	38.2

(2) Non-consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
3Q Fiscal 2021	104,130,295	8,074,287	7.8
Fiscal 2020	105,238,114	7,826,026	7.4

(Ref) Net Assets for 3Q Fiscal 2021 8,074,287 millions of Yen for Fiscal 2020 7,826,026 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.

Matters Related to Summary Information (Notes)

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

(Changes in Accounting Policies)

(Adoption of Accounting Standard for Revenue Recognition and Others)

The Norinchukin Bank (“the Bank”) and its consolidated subsidiaries (“the Group”) have adopted Accounting Standard for Revenue Recognition (The Accounting Standards Board of Japan (ASBJ) Statement No.29, issued on 31st March 2020) and others at the beginning of the first quarter of this fiscal year and recognize revenue when promised goods or services are transferred to customers, in an amount that reflects the consideration to which the Group expect to be entitled in exchange for those goods or services.

Upon the adoption of the accounting standard, the Group elected the transition method described by proviso to article 84 of the accounting standard, and have recognized a cumulative effect in case where the Group would have retrospectively elected the new accounting policy, which was adjusted to retained earnings at the beginning of the first quarter of this fiscal year, and have adopted the new accounting policy to the beginning balance of retained earnings in the fiscal year.

As a result, the impact on the consolidated financial statements in this period was immaterial.

Quarterly Consolidated Financial Statements

Consolidated Balance Sheet

(Millions of Yen)

	Fiscal 2020 (As of March 31, 2021)	Third Quarter of Fiscal 2021 (As of December 31, 2021)
(Assets)		
Loans and Bills Discounted	22,102,545	23,069,621
Foreign Exchange Assets	290,017	268,812
Securities	48,093,847	45,152,046
Money Held in Trust	10,638,598	10,338,287
Trading Assets	7,310	4,791
Monetary Claims Bought	302,918	277,431
Call Loans and Bills Bought	60,890	1,626,004
Receivables under Resale Agreements	548,061	602,650
Cash and Due from Banks	20,066,967	20,405,962
Other Assets	2,885,756	2,039,797
Tangible Fixed Assets	165,914	166,409
Intangible Fixed Assets	57,724	52,685
Net Defined Benefit Asset	112,151	112,598
Deferred Tax Assets	3,771	4,219
Customers' Liabilities for Acceptances and Guarantees	2,446,587	2,819,059
Reserve for Possible Loan Losses	(134,983)	(118,223)
Reserve for Possible Investment Losses	(270)	-
Total Assets	107,647,809	106,822,154
(Liabilities)		
Deposits	65,652,162	65,450,979
Negotiable Certificates of Deposit	3,100,259	2,598,183
Debentures	355,479	382,170
Trading Liabilities	5,137	4,225
Borrowed Money	5,092,464	5,026,956
Payables under Repurchase Agreements	17,073,926	16,923,391
Foreign Exchange Liabilities	0	110
Short-term Entrusted Funds	877,743	1,744,145
Other Liabilities	4,543,028	2,987,624
Reserve for Bonus Payments	7,552	3,959
Net Defined Benefit Liability	29,486	18,566
Reserve for Directors' Retirement Benefits	1,459	977
Deferred Tax Liabilities	498,333	643,027
Deferred Tax Liabilities for Land Revaluation	8,607	4,790
Acceptances and Guarantees	2,446,587	2,819,059
Total Liabilities	99,692,228	98,608,169
(Net Assets)		
Paid-in Capital	4,040,198	4,040,198
Capital Surplus	24,993	23,399
Retained Earnings	2,146,592	2,200,400
Total Owners' Equity	6,211,784	6,263,998
Net Unrealized Gains on Other Securities	1,948,587	2,043,396
Net Deferred Losses on Hedging Instruments	(280,135)	(160,128)
Revaluation Reserve for Land	14,312	14,538
Foreign Currency Transaction Adjustments	(16)	433
Remeasurements of Defined Benefit Plans	49,260	41,616
Total Accumulated Other Comprehensive Income	1,732,008	1,939,856
Non-controlling Interests	11,787	10,130
Total Net Assets	7,955,581	8,213,985
Total Liabilities and Net Assets	107,647,809	106,822,154

Consolidated Statements of Operations and Comprehensive Income

(1) Consolidated Statement of Operations

(Millions of Yen)

	Third Quarter of Fiscal 2020 (Nine Months ended December 31, 2020)	Third Quarter of Fiscal 2021 (Nine Months ended December 31, 2021)
Ordinary Income	877,160	944,263
Interest Income	614,294	495,545
Interest on Loans and Bills Discounted	73,347	70,870
Interest and Dividends on Securities	528,575	413,287
Fees and Commissions	23,246	21,799
Trading Income	483	20
Other Operating Income	61,126	82,615
Other Ordinary Income	178,009	344,282
Ordinary Expenses	728,675	723,393
Interest Expenses	489,074	383,318
Interest on Deposits	24,872	8,084
Fees and Commissions	13,385	12,619
Trading Expenses	1	234
Other Operating Expenses	53,734	213,882
General and Administrative Expenses	107,866	104,318
Other Ordinary Expenses	64,612	9,018
Ordinary Profits	148,485	220,870
Extraordinary Profits	-	584
Extraordinary Losses	250	612
Income before Income Taxes	148,234	220,841
Income Taxes - Current	198,940	3,382
Income Taxes - Deferred	(160,951)	59,687
Total Income Taxes	37,988	63,069
Profit	110,245	157,771
Profit Attributable to Non-controlling Interests	860	760
Profit Attributable to Owners of Parent	109,385	157,010

(2) Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Third Quarter of Fiscal 2020 (Nine Months ended December 31, 2020)	Third Quarter of Fiscal 2021 (Nine Months ended December 31, 2021)
Profit	110,245	157,771
Other Comprehensive Income	927,917	209,872
Net Unrealized Gains (Losses) on Other Securities	835,744	94,554
Net Deferred Gains (Losses) on Hedging Instruments	90,388	119,980
Revaluation Reserve for Land	-	2,247
Foreign Currency Transaction Adjustments	13	414
Remeasurements of Defined Benefit Plans	(1,011)	(7,678)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	2,781	354
Total Comprehensive Income	1,038,163	367,643
Attributable to:		
Owners of Parent	1,037,280	366,879
Non-controlling Interests	882	764

Quarterly Non-Consolidated Financial Statements

Non-consolidated Balance Sheet

(Millions of Yen)

	Fiscal 2020 (As of March 31, 2021)	Third Quarter of Fiscal 2021 (As of December 31, 2021)
(Assets)		
Loans and Bills Discounted	21,824,004	22,702,793
Foreign Exchange Assets	271,190	268,812
Securities	48,491,498	45,473,238
Money Held in Trust	10,637,717	10,335,267
Trading Assets	7,310	4,791
Monetary Claims Bought	302,918	277,431
Call Loans	60,890	1,626,004
Receivables under Resale Agreements	547,931	602,448
Cash and Due from Banks	19,820,208	20,276,859
Other Assets	2,877,505	2,029,225
Tangible Fixed Assets	164,657	164,518
Intangible Fixed Assets	54,299	50,044
Prepaid Pension Cost	41,641	53,032
Customers' Liabilities for Acceptances and Guarantees	269,647	383,140
Reserve for Possible Loan Losses	(131,577)	(115,830)
Reserve for Possible Investment Losses	(1,730)	(1,481)
Total Assets	105,238,114	104,130,295
(Liabilities)		
Deposits	65,675,444	65,464,758
Negotiable Certificates of Deposit	3,100,259	2,598,183
Debentures	361,479	386,420
Trading Liabilities	5,137	4,225
Borrowed Money	5,035,964	4,970,457
Payables under Repurchase Agreements	17,073,926	16,923,391
Foreign Exchange Liabilities	0	110
Short-term Entrusted Funds	877,743	1,744,145
Other Liabilities	4,491,742	2,935,702
Reserve for Bonus Payments	5,901	2,891
Reserve for Retirement Benefits	25,394	14,672
Reserve for Directors' Retirement Benefits	1,015	674
Deferred Tax Liabilities	479,825	622,443
Deferred Tax Liabilities for Land Revaluation	8,607	4,790
Acceptances and Guarantees	269,647	383,140
Total Liabilities	97,412,087	96,056,008
(Net Assets)		
Paid-in Capital	4,040,198	4,040,198
Capital Surplus	25,020	25,020
Retained Earnings	2,079,491	2,126,355
Total Owners' Equity	6,144,710	6,191,574
Net Unrealized Gains on Other Securities, net of taxes	1,944,952	2,039,494
Net Deferred Losses on Hedging Instruments, net of taxes	(277,948)	(171,320)
Revaluation Reserve for Land, net of taxes	14,312	14,538
Total Valuation and Translation Adjustments	1,681,316	1,882,712
Total Net Assets	7,826,026	8,074,287
Total Liabilities and Net Assets	105,238,114	104,130,295

Non-consolidated Statement of Operations

(Millions of Yen)

	Third Quarter of Fiscal 2020 (Nine Months ended December 31, 2020)	Third Quarter of Fiscal 2021 (Nine Months ended December 31, 2021)
Ordinary Income	863,993	923,603
Interest Income	619,953	498,428
Interest on Loans and Bills Discounted	63,385	56,109
Interest and Dividends on Securities	544,202	430,486
Fees and Commissions	11,214	9,059
Trading Income	483	20
Other Operating Income	57,399	78,547
Other Ordinary Income	174,942	337,546
Ordinary Expenses	714,495	715,121
Interest Expenses	489,904	384,389
Interest on Deposits	24,872	7,969
Fees and Commissions	11,942	16,012
Trading Expenses	1	234
Other Operating Expenses	53,260	213,266
General and Administrative Expenses	96,305	92,212
Other Ordinary Expenses	63,080	9,005
Ordinary Profits	149,498	208,481
Extraordinary Profits	-	584
Extraordinary Losses	234	284
Income before Income Taxes	149,263	208,781
Income Taxes - Current	196,590	(1,534)
Income Taxes - Deferred	(160,944)	60,249
Total Income Taxes	35,645	58,714
Net Income	113,618	150,066

(Ref) Summary of Performance (Non-Consolidated)

(100 millions of yen)

		Third Quarter of Fiscal 2020 (A)	Third Quarter of Fiscal 2021 (B)	Difference (B)-(A)
Gross Operating Profit (Loss)	1	1,651	31	(1,619)
Net Interest Income	2	1,612	1,450	(162)
Net Fees and Commissions Income (Loss)	3	(7)	(69)	(62)
Net Trading Income (Loss)	4	4	(2)	(6)
Net Other Operating Income (Loss)	5	41	(1,347)	(1,388)
General and Administrative Expenses	6	(963)	(922)	40
Operating Profit (Loss) (before Provision of General Reserve for Possible Loan Losses) (※1)	7	688	(890)	(1,578)
Gains (Losses) on Bond-Related Transactions	8	(48)	(1,401)	(1,353)
Core Net Operating Profit (Loss) (※2)	9	736	511	(225)
Excluding Gains (Losses) from Redemption of Investment Trusts (※3)	10	748	1,307	558
Provision of General Reserve for Possible Loan Losses	11	(469)	-	469
Net Operating Profit (Loss) (※4)	12	218	(890)	(1,109)
Non-Recurring Gains (Losses)	13	1,276	2,975	1,698
Gains (Losses) on Stock-Related Transactions	14	123	1,077	953
Gains (Losses) on Money Held in Trust-Related Transactions	15	1,211	1,797	586
Gains on Reversal of Reserves for Possible Loan Losses, and Others	16	(60)	144	204
Other	17	1	(44)	(46)
Ordinary Profits	18	1,494	2,084	589
Credit-Related Costs (※5)	19	(529)	144	674

(※1) Operating Profit (Loss) (before Provision of General Reserve for Possible Loan Losses) [7] = Gross Operating Profit (Loss) [1] + General and Administrative Expenses [6]

(※2) Core Net Operating Profit (Loss) [9] = Operating Profit (Loss) (before Provision of General Reserve for Possible Loan Losses) [7] - Gains (Losses) on Bond-Related Transactions [8]

(※3) “Excluding Gains (Losses) from Redemption of Investment Trusts”[10] = Core Net Operating Profit (Loss) [9] - “Gains (Losses) from Redemption of Investment Trusts”

(※4) Net Operating Profits (Loss) [12] = Operating Profit (Loss) (before Provision of General Reserve for Possible Loan Losses) [7] + Provision of General Reserve for Possible Loan Losses [11]

(※5) Credit-Related Costs [19] = Provision of General Reserve for Possible Loan Losses[11] + Gains on Reversal of Reserves for Possible Loan Losses, and Others [16]

Net Operating Profit (Loss) including Gains (Losses) on Money Held in Trust-Related Transactions

The Bank invests in securities utilizing Money Held in Trust on a large scale. Therefore, the Bank discloses gross operating profit (loss) and net operating profit (loss) below including gains (losses) on Money Held in Trust-related transactions, which are substantially the same as investment in securities.

(100 millions of yen)

		Third Quarter of Fiscal 2020 (A)	Third Quarter of Fiscal 2021 (B)	Difference (B)-(A)
Gross Operating Profit (Loss)	20	2,862	1,829	(1,033)
Operating Profit (Loss) (before Provision of General Reserve for Possible Loan Losses) (※1)	21	1,899	907	(992)
Net Operating Profit (Loss)	22	1,429	907	(522)
Core Net Operating Profit (Loss)	23	1,948	2,309	360
Core Net Operating Profit (Loss) (Excluding Gains (Losses) from Redemption of Investment Trusts and from Sales of Assets included in Money Held in Trust) (※6)	24	1,826	3,031	1,204

(※6) Core Net Operating Profit (Loss) (Excluding Gains (Losses) from Redemption of Investment Trusts and from Sales of Assets included in Money Held in Trust) [24] = Core Net Operating Profit (Loss) [23] - “Gains (Losses) from Redemption of Investment Trusts and from Sales of Assets included in Money Held in Trust”