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# Financial Summary for the 3<sup>rd</sup> Quarter of Fiscal Year 2019



**NORINCHUKIN**

**February 4, 2020**

# Income Statement Summary

【Consolidated】 (in JPY bn)

	FY2018 Apr-Dec	FY2019 Apr-Dec	Change
1 Ordinary Income	1,279.4	1,218.7	(60.7)
2 Interest Income	979.3	958.4	(20.9)
3 <Interest and Dividends on Securities>	883.6	839.6	(44.0)
4 <Interest on Loans and Bills Discounted>	78.9	95.4	16.4
5 Ordinary Expenses	1,189.5	1,104.7	(84.7)
6 Interest Expenses	933.1	906.3	(26.7)
7 <Expenses on Funding from Members>	262.1	254.1	(8.0)
8 General and Administrative Expenses	121.0	114.3	(6.6)
9 Ordinary Profits	89.9	113.9	24.0
10 Income before Income Taxes	89.7	115.3	25.5
11 Profit Attributable to Owners of Parent	73.3	83.2	9.9

【Non-consolidated】 (in JPY bn)

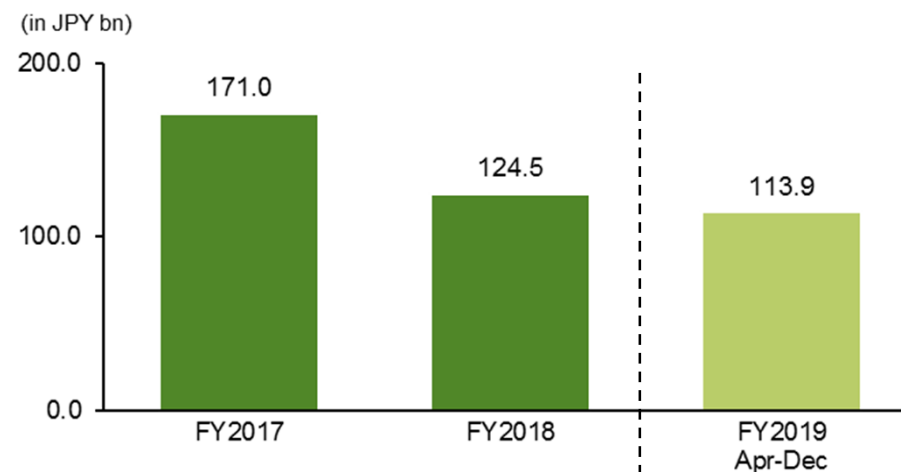
	FY2018 Apr-Dec	FY2019 Apr-Dec	Change
12 Ordinary Profits	84.6	109.3	24.6
13 Net Income	71.4	82.2	10.7

【Reference (Non-consolidated)】

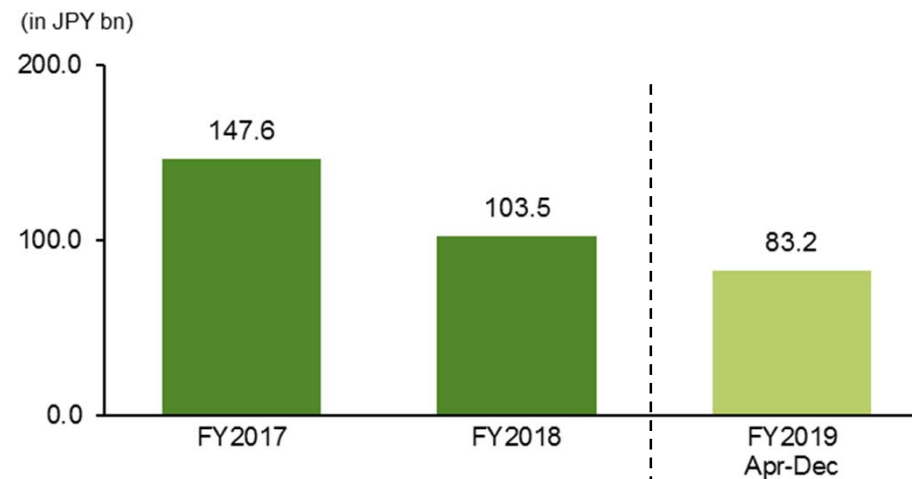
14 Net Gains/Losses on Sales of Securities	19.9	65.2	45.2
15 Credit Costs <sup>(Note)</sup>	0.5	2.0	1.5
16 Write-off of Securities	0.3	0.4	0.0

(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 2019	Dec 2019	Change
1 Loans and Bills Discounted	18,613.0	20,532.6	1,919.6
2 Securities	55,658.7	55,706.3	47.6
3 Money Held in Trust	8,667.3	6,818.6	(1,848.7)
4 Cash and Due from Banks	18,941.6	21,984.6	3,042.9
5 Others	4,073.1	4,845.3	772.1
6 <b>Total Assets</b>	<b>105,953.9</b>	<b>109,887.6</b>	<b>3,933.6</b>
7 Deposits <sup>(Note)</sup>	67,845.1	67,522.1	(323.0)
8 Debentures	1,254.2	896.8	(357.3)
9 Payables under Repurchase Agreements	15,111.2	17,187.5	2,076.2
10 Others	14,269.9	16,524.0	2,254.1
11 <b>Total Liabilities</b>	<b>98,480.6</b>	<b>102,130.6</b>	<b>3,650.0</b>
12 <b>Total Net Assets</b>	<b>7,473.2</b>	<b>7,756.9</b>	<b>283.6</b>

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

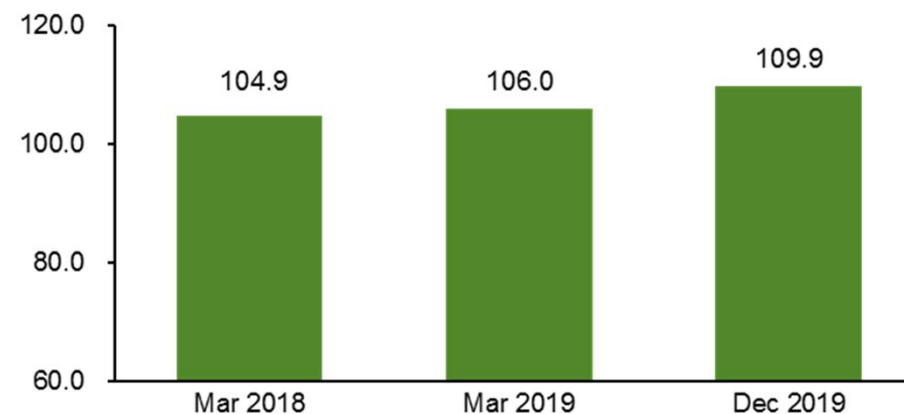
【Non-consolidated】

(in JPY bn)

	Mar 2019	Dec 2019	Change
13 <b>Total Assets</b>	<b>104,176.8</b>	<b>107,888.2</b>	<b>3,711.4</b>
14 <b>Total Liabilities</b>	<b>96,794.9</b>	<b>100,221.9</b>	<b>3,427.0</b>
15 <b>Total Net Assets</b>	<b>7,381.8</b>	<b>7,666.3</b>	<b>284.4</b>
16 Gains/Losses on Revaluation of Securities	2,069.9	2,614.6	544.6

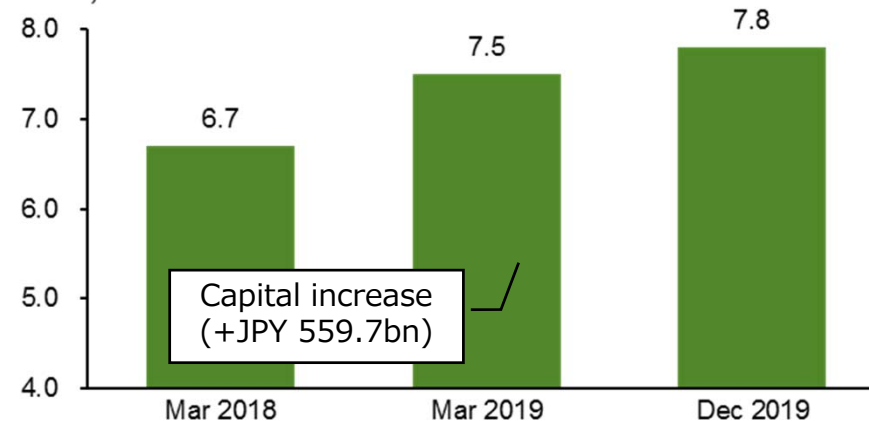
## Total Assets over Time (Consolidated)

(in JPY trn)



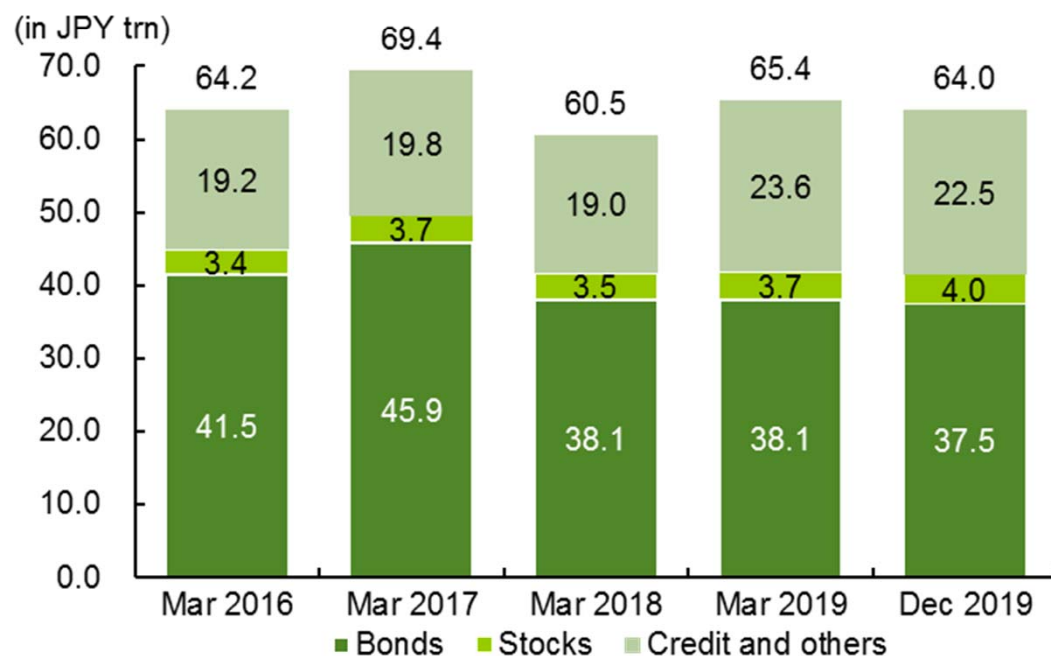
## Net Assets over Time (Consolidated)

(in JPY trn)

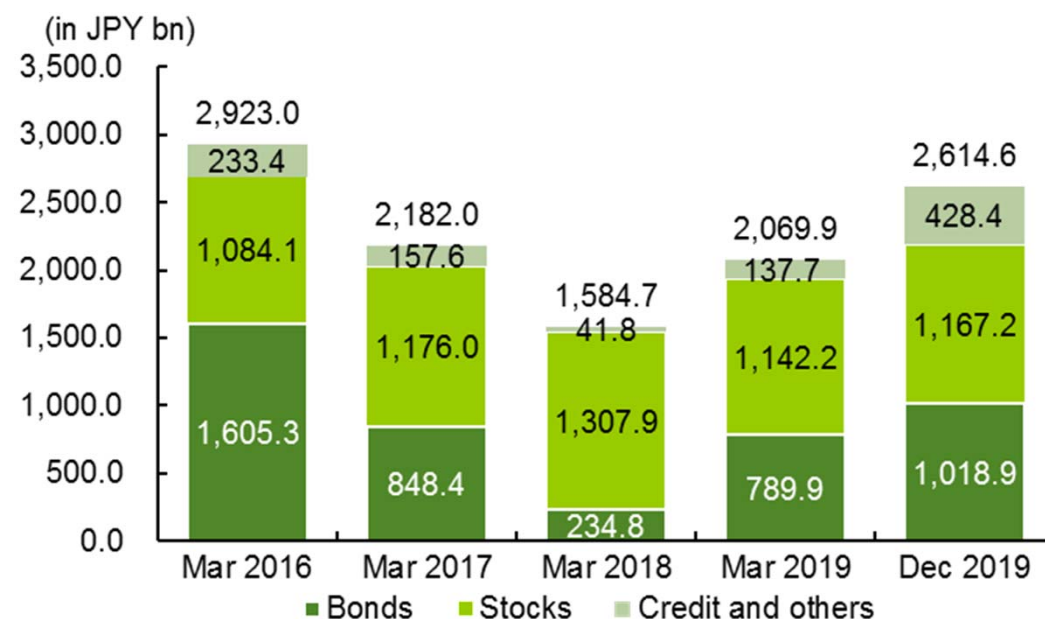


# Market Investment Portfolio (Non-consolidated)

## Market Investment Portfolio over Time



## Net Unrealized Gains and Losses over Time

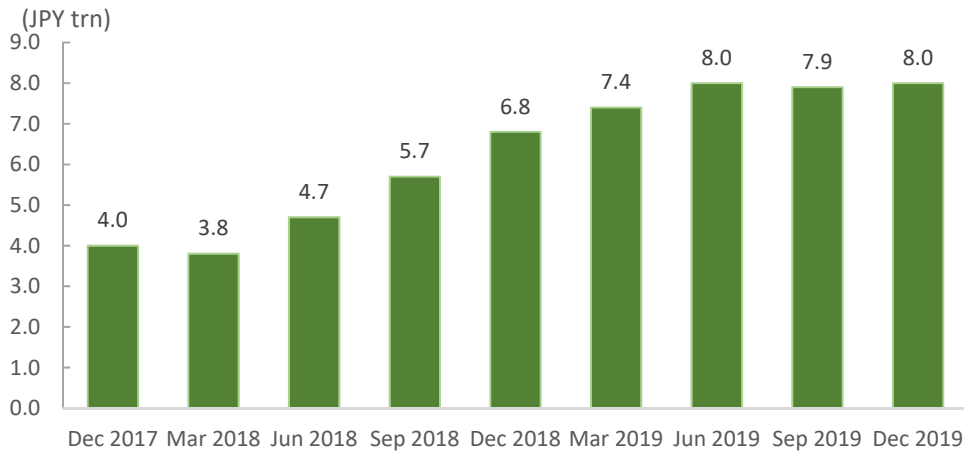


# Appendix

# Bank's Investment in CLOs

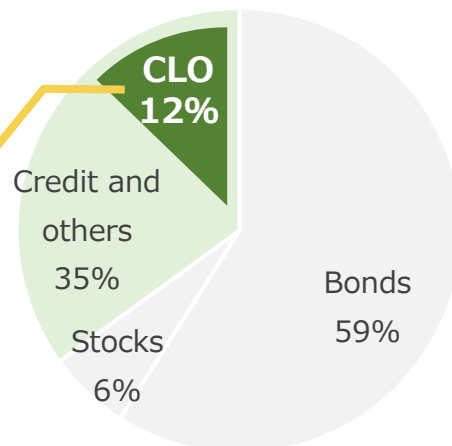
- The Bank applies a consistent approach to robust due diligence and disciplined risk management in CLO investments

## 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

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