

Financial Statements for the First Quarter of Fiscal 2015

Name : **The Norinchukin Bank**

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

Name of the President: Yoshio Kono, President & Chief Executive Officer

The Person Responsible for Inquiries : Shigeo Miyachi, General Manager of Financial Planning & Control Division

(Note) Amounts less than one million Yen are rounded down.

1 Consolidated Financial Results for the First Quarter of Fiscal 2015 (for the three months ended June 30, 2015)

(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	%
1Q Fiscal 2015	383,170	7.2	159,270	12.2	114,511	4.2
1Q Fiscal 2014	357,293	(0.3)	141,941	6.6	109,889	6.9

(Note) Comprehensive Income for 1Q Fiscal 2015 (37,132) millions of Yen -% for 1Q Fiscal 2014 383,655 millions of Yen -%

(2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
1Q Fiscal 2015	100,247,783	7,193,245	7.2
Fiscal 2014	94,549,729	7,308,134	7.7

(Ref) Net Assets – Non-controlling Interests for 1Q Fiscal 2015 7,185,992 millions of Yen for Fiscal 2014 7,300,839 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 Qualitative Information and Financial Statements “2 Other information” (Page 3).

2 Non-consolidated Financial Results for the First Quarter of Fiscal 2015 (for the three months ended June 30, 2015)

(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	%
1Q Fiscal 2015	381,025	6.4	159,645	10.0	115,662	1.8
1Q Fiscal 2014	358,031	1.3	145,098	10.7	113,647	12.2

(2) Non-consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
1Q Fiscal 2015	99,283,609	7,118,960	7.2
Fiscal 2014	93,618,444	7,231,802	7.7

(Ref) Net Assets for 1Q Fiscal 2015 7,118,960 millions of Yen for Fiscal 2014 7,231,802 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).

Note on the implementation status of the Quarterly Review Procedure

This report is out of the scope of the external auditor's quarterly review procedure which is implemented on a voluntary basis on the consolidated financial statements for the period. The quarterly review process has not been completed yet, as of the disclosure date.

Qualitative Information and Financial Statements

1 Qualitative information relating to the Financial Results for the First Quarter of Fiscal 2015

(1) Qualitative information relating to Non-consolidated Results of Operations

The Norinchukin Bank ("the Bank") has been managing operations to secure steady accumulation of interest income, and the non-consolidated interest income of the Bank totaled to ¥156.7 billion, up ¥21.3 billion on a year-over-year basis.

The total credit costs were ¥4.0 billion in net losses, increased by ¥4.0 billion on a year-over-year basis, mainly from additional reserve for possible loan losses in foreign currencies due to the depreciation of yen.

As for securities investments, net gains/losses on sales were net gains of ¥13.7 billion, improved ¥16.1 billion on a year-over-year basis, and the expenses of provisions and impairments for price-decline of securities and other reasons increased by ¥1.3 billion to ¥1.3 billion on a year-over-year basis.

As a result, with all of the factors mentioned above, the Bank recorded ¥159.6 billion in Ordinary Profits, up ¥14.5 billion, and ¥115.6 billion in Net Income for the first quarter of fiscal 2015, up ¥2.0 billion on a year-over-year basis, respectively. The Bank's net operating profits stood at ¥137.1 billion.

(2) Qualitative information relating to Non-consolidated Financial Conditions

Total Assets of the Bank at the end of the period increased by ¥5,665.1 billion to ¥99,283.6 billion from the previous fiscal year-end. Total Net Assets at the end of the period decreased by ¥112.8 billion to ¥7,118.9 billion from the previous fiscal year-end.

As to the balances of major accounts on the assets side, Loans and Bills Discounted at the end of the period decreased by ¥383.0 billion to ¥19,552.6 billion from the previous fiscal year-end, and Securities at the end of the period increased by ¥1,663.5 billion to ¥61,402.0 billion from the previous fiscal year-end.

For those on the liabilities side, Deposits at the end of the period increased by ¥1,026.5 billion to ¥54,512.7 billion, and Debentures at the end of the period decreased by ¥93.5 billion to ¥3,470.7 billion from the previous fiscal year-end, respectively.

The Bank's shares in the consolidated financial statements are very high.

Consolidated Total Assets at the end of the period increased by ¥5,698.0 billion to ¥100,247.7 billion from the previous fiscal year-end. Consolidated Ordinary Profits for the period were ¥159.2 billion, up ¥17.3 billion on a year-over-year basis and Profit Attributable to Owners of Parent for the period was ¥114.5 billion, up ¥4.6 billion on a year-over-year basis.

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

Changes in Accounting Policies

Effective from the beginning of the first quarter of fiscal 2015, the Bank has adopted the "Revised Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ)

Statement No.21, issued on September 13, 2013, hereinafter, the "Accounting Standard for Business Combinations"), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, issued on September 13, 2013, hereinafter, the "Accounting Standard for Consolidation") and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, issued on September 13, 2013, hereinafter, the "Accounting Standard for Business Divestitures").

In applying these revised accounting standards, the accounting method was changed to record differences arising from changes in ownership interest in subsidiaries over which the Bank continues to control as Capital Surplus, and acquisition-related costs are recognized as expenses for the fiscal year in which incurred. Regarding a business combination occurring after the beginning of the first quarter of fiscal 2015, provisional amounts were retrospectively adjusted to reflect completion of the accounting for a business combination in the consolidated financial statements of the fiscal year in which the business combination occurred. In addition, the definition of Net Income was changed to include "Profit attributable to non-controlling interest" and "Minority Interests" was renamed "Non-controlling Interests". To reflect these changes in presentation, the quarterly consolidated financial statements and consolidated financial statements in the previous fiscal year have been reclassified.

Concerning the application of the Accounting Standard for Business Combinations and others, based on the provisional treatment set forth in Paragraph 58-2(4) of the Accounting Standard for Business Combinations, in Paragraph 44-5(4) of the Accounting Standard for Consolidation and in Paragraph 57-4(4) of the Accounting Standard for Business Divestiture, these changes are effective from the beginning of the first quarter of fiscal 2015.

These changes have no impact on the quarterly consolidated financial statements for the first quarter of fiscal 2015 except for the changes in presentation.

3 Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2015	As of June 30, 2015
(Assets)		
Loans and Bills Discounted	20,038,143	19,655,950
Foreign Exchange Assets	202,946	179,486
Securities	59,723,905	61,387,415
Money Held in Trust	4,507,849	4,351,053
Trading Assets	10,099	7,658
Monetary Claims Bought	226,605	218,526
Call Loans and Bills Bought	569,902	510,668
Receivables under Resale Agreements	29,842	-
Receivables under Securities Borrowing Transactions	78,804	74,036
Cash and Due from Banks	7,297,692	11,725,809
Other Assets	881,872	1,121,765
Tangible Fixed Assets	110,386	109,862
Intangible Fixed Assets	20,947	20,027
Net Defined Benefit Asset	32,559	32,864
Deferred Tax Assets	2,014	1,824
Customers' Liabilities for Acceptances and Guarantees	936,504	974,248
Reserve for Possible Loan Losses	(118,132)	(121,341)
Reserve for Possible Investment Losses	(2,213)	(2,071)
Total Assets	94,549,729	100,247,783
(Liabilities)		
Deposits	53,474,106	54,501,637
Negotiable Certificates of Deposit	3,674,664	3,987,515
Debentures	3,552,811	3,459,778
Bonds	50,000	50,000
Trading Liabilities	6,717	6,291
Borrowed Money	2,441,513	2,474,776
Call Money and Bills Sold	475,000	629,449
Payables under Repurchase Agreements	17,707,639	21,018,664
Payables under Securities Lending Transactions	74,682	74,054
Foreign Exchange Liabilities	35	0
Short-term Entrusted Funds	2,612,780	3,689,803
Other Liabilities	1,348,589	1,355,296
Reserve for Bonus Payments	7,326	3,734
Net Defined Benefit Liability	16,349	15,905
Reserve for Directors' Retirement Benefits	1,064	970
Deferred Tax Liabilities	852,175	802,776
Deferred Tax Liabilities for Land Revaluation	9,633	9,633
Acceptances and Guarantees	936,504	974,248
Total Liabilities	87,241,595	93,054,538
(Net Assets)		
Paid-in Capital	3,425,909	3,425,909
Capital Surplus	25,020	25,020
Retained Earnings	1,576,096	1,613,097
Treasury Preferred Stock	(150)	(150)
Total Owners' Equity	5,026,876	5,063,877
Net Unrealized Gains on Other Securities	2,339,436	2,148,770
Net Deferred Losses on Hedging Instruments	(104,793)	(64,863)
Revaluation Reserve for Land	16,984	16,984
Foreign Currency Transaction Adjustments	23	52
Remeasurements of Defined Benefit Plans	22,311	21,169
Total Accumulated Other Comprehensive Income	2,273,963	2,122,114
Non-controlling Interests	7,294	7,253
Total Net Assets	7,308,134	7,193,245
Total Liabilities and Net Assets	94,549,729	100,247,783

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statement of Operations

(Millions of Yen)

	For the three months ended June 30, 2014	For the three months ended June 30, 2015
Ordinary Income	357,293	383,170
Interest Income	262,347	310,435
Interest on Loans and Bills Discounted	16,715	16,365
Interest and Dividends on Securities	241,468	290,357
Fees and Commissions	5,667	6,123
Trading Income	62	67
Other Operating Income	27,350	23,185
Other Ordinary Income	61,865	43,358
Ordinary Expenses	215,351	223,899
Interest Expenses	141,081	165,402
Interest on Deposits	7,134	8,381
Fees and Commissions	3,259	3,749
Trading Expenses	18	99
Other Operating Expenses	37,652	11,399
General and Administrative Expenses	31,915	32,863
Other Ordinary Expenses	1,424	10,385
Ordinary Profits	141,941	159,270
Extraordinary Losses	229	679
Income before Income Taxes	141,712	158,591
Income Taxes - Current	19,624	34,085
Income Taxes - Deferred	12,092	9,794
Total Income Taxes	31,716	43,880
Profit	109,996	114,711
Profit Attributable to Non-controlling Interests	106	199
Profit Attributable to Owners of Parent	109,889	114,511

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	For the three months ended June 30, 2014	For the three months ended June 30, 2015
Profit	109,996	114,711
Other Comprehensive Income	273,659	(151,843)
Net Unrealized Gains (Losses) on Other Securities	294,670	(190,891)
Net Deferred Gains (Losses) on Hedging Instruments	(20,580)	39,909
Foreign Currency Transaction Adjustments	(2)	3
Remeasurements of defined benefit plans	(462)	(1,138)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	34	273
Total Comprehensive Income	383,655	(37,132)
Attributable to:		
Owners of the Parent	383,544	(37,336)
Non-controlling Interests	111	204

4 Quarterly Non-Consolidated Financial Statements

(1) Non-consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2015	As of June 30, 2015
(Assets)		
Loans and Bills Discounted	19,935,726	19,552,671
Foreign Exchange Assets	202,946	179,486
Securities	59,738,559	61,402,090
Money Held in Trust	4,506,018	4,350,362
Trading Assets	10,099	7,658
Monetary Claims Bought	226,605	218,526
Call Loans	569,902	510,668
Receivables under Resale Agreements	29,842	-
Receivables under Securities Borrowing Transactions	78,804	74,036
Cash and Due from Banks	7,278,611	11,703,697
Other Assets	877,757	1,117,347
Tangible Fixed Assets	108,474	107,979
Intangible Fixed Assets	19,443	18,499
Prepaid Pension Cost	1,698	3,580
Customers' Liabilities for Acceptances and Guarantees	151,587	157,702
Reserve for Possible Loan Losses	(114,920)	(118,014)
Reserve for Possible Investment Losses	(2,714)	(2,683)
Total Assets	93,618,444	99,283,609
(Liabilities)		
Deposits	53,486,188	54,512,750
Negotiable Certificates of Deposit	3,674,664	3,987,515
Debentures	3,564,315	3,470,780
Trading Liabilities	6,717	6,291
Borrowed Money	2,436,513	2,469,776
Call Money	475,000	629,449
Payables under Repurchase Agreements	17,707,639	21,018,664
Payables under Securities Lending Transactions	74,682	74,054
Foreign Exchange Liabilities	35	0
Short-term Entrusted Funds	2,612,780	3,689,803
Other Liabilities	1,321,639	1,325,450
Reserve for Bonus Payments	5,917	2,948
Reserve for Retirement Benefits	14,947	14,493
Reserve for Directors' Retirement Benefits	766	681
Deferred Tax Liabilities	843,611	794,650
Deferred Tax Liabilities for Land Revaluation	9,633	9,633
Acceptances and Guarantees	151,587	157,702
Total Liabilities	86,386,642	92,164,649
(Net Assets)		
Paid-in Capital	3,425,909	3,425,909
Capital Surplus	25,020	25,020
Retained Earnings	1,530,683	1,568,835
Total Owners' Equity	4,981,614	5,019,765
Net Unrealized Gains on Other Securities, net of taxes	2,338,046	2,147,143
Net Deferred Losses on Hedging Instruments, net of taxes	(104,843)	(64,933)
Revaluation Reserve for Land, net of taxes	16,984	16,984
Total Valuation and Translation Adjustments	2,250,187	2,099,194
Total Net Assets	7,231,802	7,118,960
Total Liabilities and Net Assets	93,618,444	99,283,609

(2) Non-consolidated Statement of Operations

(Millions of Yen)

	For the three months ended June 30, 2014	For the three months ended June 30, 2015
Ordinary Income	358,031	381,025
Interest Income	269,328	315,164
Interest on Loans and Bills Discounted	15,803	15,479
Interest and Dividends on Securities	249,363	295,974
Fees and Commissions	3,186	3,216
Trading Income	62	67
Other Operating Income	26,939	22,650
Other Ordinary Income	58,515	39,926
Ordinary Expenses	212,933	221,380
Interest Expenses	141,068	165,363
Interest on Deposits	7,134	8,381
Fees and Commissions	2,865	3,123
Trading Expenses	18	99
Other Operating Expenses	37,652	11,395
General and Administrative Expenses	30,054	31,163
Other Ordinary Expenses	1,273	10,235
Ordinary Profits	145,098	159,645
Extraordinary Losses	227	679
Income before Income Taxes	144,871	158,966
Income Taxes - Current	19,382	33,693
Income Taxes - Deferred	11,840	9,609
Total Income Taxes	31,223	43,303
Net Income	113,647	115,662