

Financial Statements for the Third Quarter of Fiscal 2014

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 Third Quarter of Fiscal 2014

(for the nine months ended December 31, 2014)

(1) 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 2014	1,049,953	22.8	409,683	142.4	314,817	134.8
3Q Fiscal 2013	855,160	5.9	168,998	9.5	134,082	(4.7)

(Note) Comprehensive Income for 3Q Fiscal 2014 982,483 millions of Yen 885.3% for 3Q Fiscal 2013 99,718 millions of Yen (81.9%)

(2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
3Q Fiscal 2014	95,320,620	6,887,607	7.2
Fiscal 2013	83,143,675	5,976,519	7.2

(Ref) Net Assets – Minority Interests for 3Q Fiscal 2014 6,880,439 millions of Yen for Fiscal 2013 5,969,588 millions of Yen

(Note) Net Assets Ratio is computed by dividing (Net Assets – Minority 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 Third Quarter of Fiscal 2014
(for the nine months ended December 31, 2014)

(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 2014	1,038,892	23.8	405,981	154.1	313,487	147.4
3Q Fiscal 2013	839,093	6.0	159,746	9.9	126,734	(4.5)

(2) Non-consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
3Q Fiscal 2014	94,440,326	6,832,106	7.2
Fiscal 2013	82,356,280	5,921,969	7.2

(Ref) Net Assets for 3Q Fiscal 2014 6,832,106 millions of Yen for Fiscal 2013 5,921,969 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 Third Quarter of Fiscal 2014

(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 ¥374.4 billion, up ¥139.3 billion on a year-over-year basis.

The total credit cost were ¥28.2 billion in net earnings, improved ¥34.3 billion on a year-over-year basis, mainly from the reversal of the reserve due to the improvement of our customers’ corporate performances.

As for securities investments, net gains/losses on sales were net gains of ¥0.2 billion, up ¥34.0 billion on a year-over-year basis, and the expenses of provisions and impairments for price-decline of securities and other reasons increased by ¥2.4 billion to ¥1.3 billion on a year-over-year basis.

As a result, with all of the factors mentioned above, the Bank recorded ¥405.9 billion in Ordinary Profits, up ¥246.2 billion, and ¥313.4 billion in Net Income for the third quarter of fiscal 2014, up ¥186.7 billion on a year-over-year basis, respectively. The Bank’s net operating profits stood at ¥260.3 billion.

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

Total Assets of the Bank at the end of the period increased by ¥12,084.0 billion to ¥94,440.3 billion from the previous fiscal year-end. Total Net Assets at the end of the period increased by ¥910.1 billion to ¥6,832.1 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 increased by ¥2,817.3 billion to ¥20,112.4 billion from the previous fiscal year-end, and Securities at the end of the period increased by ¥6,189.3 billion to ¥59,090.8 billion from the previous fiscal year-end.

For those on the liabilities side, Deposits at the end of the period increased by ¥2,742.3 billion to ¥52,473.5 billion, and Debentures at the end of the period decreased by ¥346.6 billion to ¥3,690.9 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 ¥12,176.9 billion to ¥95,320.6 billion from the previous fiscal year-end. Consolidated Ordinary Profits for the period were ¥409.6 billion, up ¥240.6 billion on a year-over-year basis and consolidated Net Income for the period was ¥314.8 billion, up ¥180.7 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

(Adoption of “Accounting Standard for Retirement Benefits” and related guidance)

Effective from the beginning of the first quarter of fiscal 2014, the Bank has adopted the “Accounting

Standard for Retirement Benefits”(Accounting Standards Board of Japan(“ASBJ”) Statement No.26, issued on May 17, 2012, hereinafter, the “Accounting Standard for Retirement Benefits”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25, May 17, 2012, hereinafter, the “Guidance on Retirement Benefits”) with respect to the provisions set forth in Paragraph 35 of the Accounting Standard for Retirement Benefits and in Paragraph 67 of the Guidance on Retirement Benefits. As a result, the methods for calculating retirement benefit obligations and service costs have been revised in the following respects: The method for attributing expected retirement benefits to periods has been changed from the straight-line basis to the benefit formula basis, and the methods for determining the discount rate has been changed from a method using the discount rate based on approximate number of years of the average remaining service period of employees to a method using the single weighted-average discount rate that reflects the periods until the expected payment of retirement benefits and amount of expected retirement benefits every such period.

According to the transitional treatment provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, the effect of changing the method for calculating retirement benefit obligations and service costs was recognized by adjusting retained earnings at the beginning of the nine months ended December 31, 2014.

The impacts of these changes on the financial results of the period and the financial conditions are immaterial.

3 Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2014	As of December 31, 2014
(Assets)		
Loans and Bills Discounted	17,395,323	20,214,096
Foreign Exchange Assets	134,353	224,323
Securities	52,883,256	59,074,029
Money Held in Trust	4,650,704	4,643,884
Trading Assets	14,055	8,325
Monetary Claims Bought	174,256	196,889
Call Loans and Bills Bought	619,386	562,496
Receivables under Securities Borrowing Transactions	5,614	539,255
Cash and Due from Banks	5,981,536	7,214,964
Other Assets	498,890	1,736,360
Tangible Fixed Assets	110,358	110,128
Intangible Fixed Assets	25,126	20,506
Net Defined Benefit Asset	15,171	15,050
Deferred Tax Assets	2,069	1,888
Customers' Liabilities for Acceptances and Guarantees	806,697	902,586
Reserve for Possible Loan Losses	(170,718)	(141,881)
Reserve for Possible Investment Losses	(2,407)	(2,282)
Total Assets	83,143,675	95,320,620
(Liabilities)		
Deposits	49,717,247	52,463,249
Negotiable Certificates of Deposit	2,848,086	3,230,273
Debentures	4,025,067	3,678,966
Bonds	50,000	50,000
Trading Liabilities	6,994	7,427
Borrowed Money	2,278,623	2,366,544
Call Money and Bills Sold	492,493	475,000
Payables under Repurchase Agreements	12,582,675	17,453,506
Payables under Securities Lending Transactions	132,945	132,845
Foreign Exchange Liabilities	4	177
Short-term Entrusted Funds	2,950,795	4,342,037
Other Liabilities	775,982	2,558,083
Reserve for Bonus Payments	6,830	3,709
Net Defined Benefit Liability	14,589	19,672
Reserve for Directors' Retirement Benefits	1,096	983
Deferred Tax Liabilities	467,297	738,273
Deferred Tax Liabilities for Land Revaluation	9,729	9,676
Acceptances and Guarantees	806,697	902,586
Total Liabilities	77,167,156	88,433,013
(Net Assets)		
Paid-in Capital	3,425,909	3,425,909
Capital Surplus	25,020	25,020
Retained Earnings	1,236,359	1,480,193
Treasury Preferred Stock	(150)	(150)
Total Owners' Equity	4,687,139	4,930,973
Net Unrealized Gains on Other Securities	1,302,399	2,038,774
Net Deferred Losses on Hedging Instruments	(45,419)	(113,180)
Revaluation Reserve for Land	16,606	16,405
Foreign Currency Transaction Adjustments	(6)	24
Remeasurements of Defined Benefit Plans	8,867	7,442
Total Accumulated Other Comprehensive Income	1,282,448	1,949,466
Minority Interests	6,930	7,168
Total Net Assets	5,976,519	6,887,607
Total Liabilities and Net Assets	83,143,675	95,320,620

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statement of Operations

(Millions of Yen)

	For the nine months ended December 31, 2013	For the nine months ended December 31, 2014
Ordinary Income	855,160	1,049,953
Interest Income	634,896	796,121
Interest on Loans and Bills Discounted	53,600	50,998
Interest and Dividends on Securities	567,368	728,887
Fees and Commissions	16,107	18,852
Trading Income	115	239
Other Operating Income	97,975	56,933
Other Ordinary Income	106,066	177,806
Ordinary Expenses	686,161	640,269
Interest Expenses	428,009	447,918
Interest on Deposits	24,105	22,091
Fees and Commissions	10,562	11,268
Trading Expenses	315	-
Other Operating Expenses	136,773	79,629
General and Administrative Expenses	95,534	95,638
Other Ordinary Expenses	14,965	5,813
Ordinary Profits	168,998	409,683
Extraordinary Profits	-	25
Extraordinary Losses	1,947	386
Income before Income Taxes and Minority Interests	167,050	409,322
Income Taxes - Current	1,345	77,711
Income Taxes - Deferred	31,236	16,353
Total Income Taxes	32,581	94,065
Income before Minority Interests	134,468	315,257
Minority Interests in Net Income	386	439
Net Income	134,082	314,817

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	For the nine months ended December 31, 2013	For the nine months ended December 31, 2014
Income before Minority Interests	134,468	315,257
Other Comprehensive Income	(34,750)	667,225
Net Unrealized Gains (Losses) on Other Securities	(107,492)	735,648
Net Deferred Gains (Losses) on Hedging Instruments	71,979	(67,722)
Revaluation Reserve for Land	-	(17)
Foreign Currency Transaction Adjustments	18	30
Remeasurements of defined benefit plans	-	(1,402)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	742	689
Total Comprehensive Income	99,718	982,483
Attributable to:		
Owners of the Parent	99,312	982,019
Minority Interests	406	464

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

(Millions of Yen)

As of March 31, 2014 As of December 31, 2014

(Assets)		
Loans and Bills Discounted	17,295,089	20,112,438
Foreign Exchange Assets	134,353	224,323
Securities	52,901,442	59,090,815
Money Held in Trust	4,649,907	4,642,906
Trading Assets	14,055	8,325
Monetary Claims Bought	174,256	196,889
Call Loans	619,386	562,496
Receivables under Securities Borrowing Transactions	5,614	539,255
Cash and Due from Banks	5,967,497	7,201,931
Other Assets	495,370	1,730,452
Tangible Fixed Assets	108,316	108,100
Intangible Fixed Assets	23,900	18,997
Prepaid Pension Cost	-	714
Customers' Liabilities for Acceptances and Guarantees	137,056	143,932
Reserve for Possible Loan Losses	(167,110)	(138,394)
Reserve for Possible Investment Losses	(2,855)	(2,855)
Total Assets	82,356,280	94,440,326
(Liabilities)		
Deposits	49,731,175	52,473,554
Negotiable Certificates of Deposit	2,848,086	3,230,273
Debentures	4,037,577	3,690,975
Trading Liabilities	6,994	7,427
Borrowed Money	2,272,623	2,361,544
Call Money	492,493	475,000
Payables under Repurchase Agreements	12,582,675	17,453,506
Payables under Securities Lending Transactions	132,945	132,845
Foreign Exchange Liabilities	4	177
Short-term Entrusted Funds	2,950,795	4,342,037
Other Liabilities	751,547	2,533,844
Reserve for Bonus Payments	5,457	2,944
Reserve for Retirement Benefits	10,476	14,392
Reserve for Directors' Retirement Benefits	803	714
Deferred Tax Liabilities	463,869	735,375
Deferred Tax Liabilities for Land Revaluation	9,729	9,676
Acceptances and Guarantees	137,056	143,932
Total Liabilities	76,434,310	87,608,220
(Net Assets)		
Paid-in Capital	3,425,909	3,425,909
Capital Surplus	25,020	25,020
Retained Earnings	1,197,694	1,440,199
Total Owners' Equity	4,648,624	4,891,129
Net Unrealized Gains on Other Securities, net of taxes	1,302,149	2,037,706
Net Deferred Losses on Hedging Instruments, net of taxes	(45,412)	(113,135)
Revaluation Reserve for Land, net of taxes	16,606	16,405
Total Valuation and Translation Adjustments	1,273,344	1,940,976
Total Net Assets	5,921,969	6,832,106
Total Liabilities and Net Assets	82,356,280	94,440,326

(2) Non-consolidated Statement of Operations

(Millions of Yen)

	For the nine months ended December 31, 2013	For the nine months ended December 31, 2014
Ordinary Income	839,093	1,038,892
Interest Income	633,433	801,253
Interest on Loans and Bills Discounted	50,767	48,288
Interest and Dividends on Securities	568,746	736,736
Fees and Commissions	9,698	9,614
Trading Income	115	239
Other Operating Income	96,521	55,446
Other Ordinary Income	99,324	172,337
Ordinary Expenses	679,347	632,911
Interest Expenses	427,975	447,882
Interest on Deposits	24,106	22,093
Fees and Commissions	9,052	8,773
Trading Expenses	315	-
Other Operating Expenses	136,753	79,597
General and Administrative Expenses	90,026	90,971
Other Ordinary Expenses	15,224	5,685
Ordinary Profits	159,746	405,981
Extraordinary Losses	1,944	364
Income before Income Taxes	157,802	405,616
Income Taxes - Current	206	75,911
Income Taxes - Deferred	30,861	16,218
Total Income Taxes	31,067	92,129
Net Income	126,734	313,487