

Financial Statements for the Third 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 Third Quarter of Fiscal 2015 (for the nine months ended December 31, 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	%
3Q Fiscal 2015	1,026,525	(2.2)	308,043	(24.8)	247,528	(21.3)
3Q Fiscal 2014	1,049,953	22.8	409,683	142.4	314,817	134.8

(Note) Comprehensive Income for 3Q Fiscal 2015 (222,786) millions of Yen (122.6)% for 3Q Fiscal 2014 982,483 millions of Yen 885.3%

(2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
3Q Fiscal 2015	103,027,248	7,062,161	6.8
Fiscal 2014	94,549,729	7,308,134	7.7

(Ref) Net Assets – Non-controlling Interests for 3Q Fiscal 2015 7,054,436 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 Third Quarter of Fiscal 2015

(for the nine months ended December 31, 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	%
3Q Fiscal 2015	1,012,425	(2.5)	301,766	(25.7)	243,667	(22.3)
3Q Fiscal 2014	1,038,892	23.8	405,981	154.1	313,487	147.4

(2) Non-consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
3Q Fiscal 2015	101,993,874	6,985,193	6.8
Fiscal 2014	93,618,444	7,231,802	7.7

(Ref) Net Assets for 3Q Fiscal 2015 6,985,193 millions of Yen for Fiscal 2014 7,231,802 millions of Yen

(Note) Net Assets Ratio is computed by dividing the Net Assets by the 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 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 ¥324.4 billion, down ¥50.0 billion on a year-over-year basis.

The total credit costs were ¥8.2 billion in net earnings, 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 ¥17.0 billion, up ¥16.7 billion on a year-over-year basis and the expenses of provisions and impairments for price-decline of securities and other reasons improved by ¥2.2 billion to ¥0.9 billion in net earnings on a year-over-year basis.

As a result, with all of the factors mentioned above, the Bank recorded ¥301.7 billion in Ordinary Profits, down ¥104.2 billion, and ¥243.6 billion in Net Income for the third quarter of fiscal 2015, down ¥69.8 billion on a year-over-year basis, respectively. The Bank's net operating profits stood at ¥226.4 billion.

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

Total Assets of the Bank at the end of the period increased by ¥8,375.4 billion to ¥101,993.8 billion from the previous fiscal year-end. Total Net Assets at the end of the period decreased by ¥246.6 billion to ¥6,985.1 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 decreased by ¥332.2 billion to ¥19,603.4 billion from the previous fiscal year-end, and Securities at the end of the period increased by ¥253.5 billion to ¥59,992.1 billion from the previous fiscal year-end. For those on the liabilities side, Deposits at the end of the period increased by ¥2,350.6 billion to ¥55,836.8 billion, and Debentures at the end of the period decreased by ¥285.6 billion to ¥3,278.6 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 ¥8,477.5 billion to ¥103,027.2 billion from the previous fiscal year-end. Consolidated Ordinary Profits for the period were ¥308.0 billion, down ¥101.6 billion on a year-over-year basis and Profit Attributable to Owners of Parent for the period was ¥247.5 billion, down ¥67.2 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 numerical impact on the quarterly consolidated financial statements for the third quarter of fiscal 2015 except for the changes in presentation.

(4) Additional Information

Reserve for Agriculture, Fishery and Forestry Industry Subsidies

From the period ended December 31, 2015, Reserve for Agriculture, Fishery and Forestry Industry Subsidies is provided at the amount determined to be necessary to cover the estimated subsidies likely to be granted under "Support Program for Increasing Agricultural Income and Revitalizing Local Communities".

3 Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2015	As of December 31, 2015
(Assets)		
Loans and Bills Discounted	20,038,143	19,708,646
Foreign Exchange Assets	202,946	197,369
Securities	59,723,905	59,976,243
Money Held in Trust	4,507,849	5,061,323
Trading Assets	10,099	14,089
Monetary Claims Bought	226,605	265,150
Call Loans and Bills Bought	569,902	597,671
Receivables under Resale Agreements	29,842	-
Receivables under Securities Borrowing Transactions	78,804	4,070
Cash and Due from Banks	7,297,692	15,228,623
Other Assets	881,872	866,952
Tangible Fixed Assets	110,386	108,723
Intangible Fixed Assets	20,947	20,283
Net Defined Benefit Asset	32,559	32,631
Deferred Tax Assets	2,014	1,856
Customers' Liabilities for Acceptances and Guarantees	936,504	1,051,294
Reserve for Possible Loan Losses	(118,132)	(106,384)
Reserve for Possible Investment Losses	(2,213)	(1,297)
Total Assets	94,549,729	103,027,248
(Liabilities)		
Deposits	53,474,106	55,826,735
Negotiable Certificates of Deposit	3,674,664	4,306,624
Debentures	3,552,811	3,267,641
Bonds	50,000	50,000
Trading Liabilities	6,717	6,770
Borrowed Money	2,441,513	2,773,998
Call Money and Bills Sold	475,000	478,014
Payables under Repurchase Agreements	17,707,639	20,843,666
Payables under Securities Lending Transactions	74,682	3,949
Foreign Exchange Liabilities	35	34
Short-term Entrusted Funds	2,612,780	4,163,680
Other Liabilities	1,348,589	2,476,792
Reserve for Bonus Payments	7,326	3,884
Net Defined Benefit Liability	16,349	15,386
Reserve for Directors' Retirement Benefits	1,064	1,103
Reserve for Agriculture, Fishery and Forestry	-	17,239
Industry Subsidies	-	17,239
Deferred Tax Liabilities	852,175	669,005
Deferred Tax Liabilities for Land Revaluation	9,633	9,263
Acceptances and Guarantees	936,504	1,051,294
Total Liabilities	87,241,595	95,965,086
(Net Assets)		
Paid-in Capital	3,425,909	3,480,488
Capital Surplus	25,020	25,020
Retained Earnings	1,576,096	1,747,079
Treasury Preferred Stock	(150)	(150)
Total Owners' Equity	5,026,876	5,252,438
Net Unrealized Gains on Other Securities	2,339,436	1,861,977
Net Deferred Losses on Hedging Instruments	(104,793)	(94,892)
Revaluation Reserve for Land	16,984	16,020
Foreign Currency Transaction Adjustments	23	30
Remeasurements of Defined Benefit Plans	22,311	18,861
Total Accumulated Other Comprehensive Income	2,273,963	1,801,997
Non-controlling Interests	7,294	7,725
Total Net Assets	7,308,134	7,062,161
Total Liabilities and Net Assets	94,549,729	103,027,248

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statement of Operations

(Millions of Yen)

	For the nine months ended December 31, 2014	For the nine months ended December 31, 2015
Ordinary Income	1,049,953	1,026,525
Interest Income	796,121	826,100
Interest on Loans and Bills Discounted	50,998	48,747
Interest and Dividends on Securities	728,887	763,072
Fees and Commissions	18,852	19,573
Trading Income	239	138
Other Operating Income	56,933	69,576
Other Ordinary Income	177,806	111,135
Ordinary Expenses	640,269	718,481
Interest Expenses	447,918	525,224
Interest on Deposits	22,091	26,622
Fees and Commissions	11,268	11,136
Trading Expenses	–	152
Other Operating Expenses	79,629	55,340
General and Administrative Expenses	95,638	117,044
Other Ordinary Expenses	5,813	9,583
Ordinary Profits	409,683	308,043
Extraordinary Profits	25	76
Extraordinary Losses	386	1,278
Income before Income Taxes	409,322	306,841
Income Taxes - Current	77,711	61,615
Income Taxes - Deferred	16,353	(3,002)
Total Income Taxes	94,065	58,612
Profit	315,257	248,228
Profit Attributable to Non-controlling Interests	439	699
Profit Attributable to Owners of Parent	314,817	247,528

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	For the nine months ended December 31, 2014	For the nine months ended December 31, 2015
Profit	315,257	248,228
Other Comprehensive Income	667,225	(471,015)
Net Unrealized Gains (Losses) on Other Securities	735,648	(477,249)
Net Deferred Gains (Losses) on Hedging Instruments	(67,722)	9,883
Revaluation Reserve for Land	(17)	-
Foreign Currency Transaction Adjustments	30	0
Remeasurements of defined benefit plans	(1,402)	(3,441)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	689	(207)
Total Comprehensive Income	982,483	(222,786)
Attributable to:		
Owners of the Parent	982,019	(223,471)
Non-controlling Interests	464	685

4 Quarterly Non-Consolidated Financial Statements

(1) Non-consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2015	As of December 31, 2015
(Assets)		
Loans and Bills Discounted	19,935,726	19,603,490
Foreign Exchange Assets	202,946	197,369
Securities	59,738,559	59,992,107
Money Held in Trust	4,506,018	5,060,401
Trading Assets	10,099	14,089
Monetary Claims Bought	226,605	265,150
Call Loans	569,902	597,671
Receivables under Resale Agreements	29,842	-
Receivables under Securities Borrowing Transactions	78,804	4,070
Cash and Due from Banks	7,278,611	15,207,684
Other Assets	877,757	860,384
Tangible Fixed Assets	108,474	106,824
Intangible Fixed Assets	19,443	18,699
Prepaid Pension Cost	1,698	6,533
Customers' Liabilities for Acceptances and Guarantees	151,587	164,549
Reserve for Possible Loan Losses	(114,920)	(103,362)
Reserve for Possible Investment Losses	(2,714)	(1,790)
Total Assets	93,618,444	101,993,874
(Liabilities)		
Deposits	53,486,188	55,836,828
Negotiable Certificates of Deposit	3,674,664	4,306,624
Debentures	3,564,315	3,278,644
Trading Liabilities	6,717	6,770
Borrowed Money	2,436,513	2,768,998
Call Money	475,000	478,014
Payables under Repurchase Agreements	17,707,639	20,843,666
Payables under Securities Lending Transactions	74,682	3,949
Foreign Exchange Liabilities	35	34
Short-term Entrusted Funds	2,612,780	4,163,680
Other Liabilities	1,321,639	2,450,868
Reserve for Bonus Payments	5,917	3,087
Reserve for Retirement Benefits	14,947	13,901
Reserve for Directors' Retirement Benefits	766	793
Reserve for Agriculture, Fishery and Forestry Industry Subsidies	-	17,239
Deferred Tax Liabilities	843,611	661,763
Deferred Tax Liabilities for Land Revaluation	9,633	9,263
Acceptances and Guarantees	151,587	164,549
Total Liabilities	86,386,642	95,008,680
(Net Assets)		
Paid-in Capital	3,425,909	3,480,488
Capital Surplus	25,020	25,020
Retained Earnings	1,530,683	1,697,804
Total Owners' Equity	4,981,614	5,203,313
Net Unrealized Gains on Other Securities, net of taxes	2,338,046	1,860,819
Net Deferred Losses on Hedging Instruments, net of taxes	(104,843)	(94,960)
Revaluation Reserve for Land, net of taxes	16,984	16,020
Total Valuation and Translation Adjustments	2,250,187	1,781,880
Total Net Assets	7,231,802	6,985,193
Total Liabilities and Net Assets	93,618,444	101,993,874

(2) Non-consolidated Statement of Operations

(Millions of Yen)

	For the nine months ended December 31, 2014	For the nine months ended December 31, 2015
Ordinary Income	1,038,892	1,012,425
Interest Income	801,253	829,079
Interest on Loans and Bills Discounted	48,288	46,176
Interest and Dividends on Securities	736,736	768,632
Fees and Commissions	9,614	9,985
Trading Income	239	138
Other Operating Income	55,446	67,980
Other Ordinary Income	172,337	105,240
Ordinary Expenses	632,911	710,659
Interest Expenses	447,882	525,168
Interest on Deposits	22,093	26,624
Fees and Commissions	8,773	9,370
Trading Expenses	–	152
Other Operating Expenses	79,597	55,325
General and Administrative Expenses	90,971	111,203
Other Ordinary Expenses	5,685	9,439
Ordinary Profits	405,981	301,766
Extraordinary Profits	–	76
Extraordinary Losses	364	1,271
Income before Income Taxes	405,616	300,571
Income Taxes - Current	75,911	60,075
Income Taxes - Deferred	16,218	(3,171)
Total Income Taxes	92,129	56,904
Net Income	313,487	243,667