

Financial Statements for the First Quarter of Fiscal 2016

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 2016 (for the three months ended June 30, 2016)

(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 2016	399,063	4.1	141,979	(10.9)	106,149	(7.3)
1Q Fiscal 2015	383,170	7.2	159,270	12.2	114,511	4.2

(Note) Comprehensive Income for 1Q Fiscal 2016 (38,370) millions of Yen -% for 1Q Fiscal 2015 (37,132) millions of Yen -%

(2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
1Q Fiscal 2016	102,739,200	7,079,626	6.9
Fiscal 2015	101,182,920	7,186,790	7.1

(Ref) Net Assets - Non-controlling Interests for 1Q Fiscal 2016 7,071,875 millions of Yen for Fiscal 2015 7,178,817 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 2016

(for the three months ended June 30, 2016)

(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 2016	396,638	4.1	141,929	(11.1)	106,945	(7.5)
1Q Fiscal 2015	381,025	6.4	159,645	10.0	115,662	1.8

(2) Non-consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
1Q Fiscal 2016	101,661,708	7,027,881	6.9
Fiscal 2015	100,130,096	7,133,639	7.1

(Ref) Net Assets for 1Q Fiscal 2016 7,027,881 millions of Yen for Fiscal 2015 7,133,639 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 First Quarter of Fiscal 2016

(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 ¥75.5 billion, down ¥81.2 billion on a year-over-year basis.

The total credit costs were ¥4.4 billion in net earnings, mainly from the decrease of the reserve for possible loan losses in foreign currencies due to the appreciation of yen.

As for securities investments, net gains/losses on sales were net gains of ¥60.1 billion, up ¥46.3 billion on a year-over-year basis and the expenses of provisions and impairments for price-decline of securities and other reasons decreased by ¥1.0 billion to ¥0.3 billion on a year-over-year basis.

As a result, with all of the factors mentioned above, the Bank recorded ¥141.9 billion in Ordinary Profits, down ¥17.7 billion, and ¥106.9 billion in Net Income for the first quarter of fiscal 2016, down ¥8.7 billion on a year-over-year basis, respectively. The Bank’s net operating profits stood at ¥70.3 billion.

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

Total Assets of the Bank at the end of the period increased by ¥1,531.6 billion to ¥101,661.7 billion from the previous fiscal year-end. Total Net Assets at the end of the period decreased by ¥105.7 billion to ¥7,027.8 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 ¥3,929.2 billion to ¥13,986.6 billion from the previous fiscal year-end, and Securities at the end of the period decreased by ¥1,884.0 billion to ¥56,445.7 billion from the previous fiscal year-end. For those on the liabilities side, Deposits at the end of the period increased by ¥2,429.7 billion to ¥61,268.2 billion, and Debentures at the end of the period decreased by ¥177.6 billion to ¥2,955.4 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 ¥1,556.2 billion to ¥102,739.2 billion from the previous fiscal year-end. Consolidated Ordinary Profits for the period were ¥141.9 billion, down ¥17.2 billion on a year-over-year basis and Profit Attributable to Owners of Parent for the period was ¥106.1 billion, down ¥8.3 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 2016, in accordance with the revision to the Corporation Tax Act, the Bank and its domestic consolidated subsidiaries have adopted the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (Accounting Standards Board of

Japan (“ASBJ”) Practical Issues Task Force No. 32, issued on June 17, 2016) and changed the depreciation method for buildings and accompanying facilities and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

Effects of this change to Ordinary Profits and Income before Income Taxes for the period are immaterial.

(4) Additional Information

(Adoption of the Implementation Guidance on Recoverability of Deferred Tax Assets)

Effective from the beginning of the first quarter of fiscal 2016, the Bank and its consolidated subsidiaries have adopted “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, issued on March 28, 2016).

3 Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2016	As of June 30, 2016
(Assets)		
Loans and Bills Discounted	18,022,160	14,092,986
Foreign Exchange Assets	237,332	504,972
Securities	58,306,391	56,421,481
Money Held in Trust	4,922,923	4,286,422
Trading Assets	14,284	25,739
Monetary Claims Bought	244,023	252,301
Call Loans and Bills Bought	139,877	65,283
Receivables under Securities Borrowing Transactions	2,049,052	84,237
Cash and Due from Banks	15,057,960	24,192,012
Other Assets	1,037,001	1,637,059
Tangible Fixed Assets	108,304	108,732
Intangible Fixed Assets	20,362	20,962
Net Defined Benefit Asset	27,969	28,318
Deferred Tax Assets	1,999	1,769
Customers' Liabilities for Acceptances and Guarantees	1,087,130	1,105,738
Reserve for Possible Loan Losses	(93,854)	(88,815)
Reserve for Possible Investment Losses	-	(2)
Total Assets	101,182,920	102,739,200
(Liabilities)		
Deposits	58,823,374	61,255,746
Negotiable Certificates of Deposit	3,598,338	3,114,189
Debentures	3,122,077	2,944,464
Bonds	50,000	50,000
Trading Liabilities	8,476	9,417
Borrowed Money	3,090,120	3,330,736
Call Money and Bills Sold	4,276	6,986
Payables under Repurchase Agreements	18,488,218	16,869,594
Payables under Securities Lending Transactions	903,887	2,932
Foreign Exchange Liabilities	17	5
Short-term Entrusted Funds	1,397,731	2,665,090
Other Liabilities	2,645,958	3,579,072
Reserve for Bonus Payments	7,711	4,021
Net Defined Benefit Liability	39,756	39,156
Reserve for Directors' Retirement Benefits	1,179	1,124
Reserve for Agriculture, Fishery and Forestry		
Industry Subsidies	12,684	11,762
Deferred Tax Liabilities	705,928	660,270
Deferred Tax Liabilities for Land Revaluation	9,263	9,263
Acceptances and Guarantees	1,087,130	1,105,738
Total Liabilities	93,996,130	95,659,574
(Net Assets)		
Paid-in Capital	3,480,488	3,480,488
Capital Surplus	25,020	25,020
Retained Earnings	1,770,832	1,808,594
Treasury Preferred Stock	(150)	(150)
Total Owners' Equity	5,276,191	5,313,953
Net Unrealized Gains on Other Securities	2,118,533	2,030,919
Net Deferred Losses on Hedging Instruments	(231,632)	(288,629)
Revaluation Reserve for Land	16,020	16,020
Foreign Currency Transaction Adjustments	(48)	(144)
Remeasurements of Defined Benefit Plans	(246)	(243)
Total Accumulated Other Comprehensive Income	1,902,626	1,757,922
Non-controlling Interests	7,972	7,750
Total Net Assets	7,186,790	7,079,626
Total Liabilities and Net Assets	101,182,920	102,739,200

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statement of Operations

(Millions of Yen)

	For the three months ended June 30, 2015	For the three months ended June 30, 2016
Ordinary Income	383,170	399,063
Interest Income	310,435	258,839
Interest on Loans and Bills Discounted	16,365	15,223
Interest and Dividends on Securities	290,357	239,590
Fees and Commissions	6,123	7,262
Trading Income	67	34
Other Operating Income	23,185	49,226
Other Ordinary Income	43,358	83,700
Ordinary Expenses	223,899	257,083
Interest Expenses	165,402	192,709
Interest on Deposits	8,381	10,498
Fees and Commissions	3,749	3,656
Trading Expenses	99	5
Other Operating Expenses	11,399	13,184
General and Administrative Expenses	32,863	43,509
Other Ordinary Expenses	10,385	4,019
Ordinary Profits	159,270	141,979
Extraordinary Losses	679	78
Income before Income Taxes	158,591	141,901
Income Taxes - Current	34,085	27,557
Income Taxes - Deferred	9,794	7,995
Total Income Taxes	43,880	35,553
Profit	114,711	106,348
Profit Attributable to Non-controlling Interests	199	198
Profit Attributable to Owners of Parent	114,511	106,149

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	For the three months ended June 30, 2015	For the three months ended June 30, 2016
Profit	114,711	106,348
Other Comprehensive Income	(151,843)	(144,719)
Net Unrealized Gains (Losses) on Other Securities	(190,891)	(87,350)
Net Deferred Gains (Losses) on Hedging Instruments	39,909	(56,989)
Foreign Currency Transaction Adjustments	3	(18)
Remeasurements of Defined Benefit Plans	(1,138)	(10)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	273	(349)
Total Comprehensive Income	(37,132)	(38,370)
Attributable to:		
Owners of Parent	(37,336)	(38,554)
Non-controlling Interests	204	183

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

(Millions of Yen)

	As of March 31, 2016	As of June 30, 2016
(Assets)		
Loans and Bills Discounted	17,915,833	13,986,603
Foreign Exchange Assets	237,332	504,972
Securities	58,329,733	56,445,726
Money Held in Trust	4,922,102	4,285,804
Trading Assets	14,284	25,739
Monetary Claims Bought	244,023	252,301
Call Loans	139,877	65,283
Receivables under Securities Borrowing Transactions	2,049,052	84,237
Cash and Due from Banks	15,031,730	24,163,999
Other Assets	1,032,564	1,631,786
Tangible Fixed Assets	106,405	106,858
Intangible Fixed Assets	18,597	19,061
Prepaid Pension Cost	8,111	9,471
Customers' Liabilities for Acceptances and Guarantees	173,161	167,561
Reserve for Possible Loan Losses	(91,370)	(86,355)
Reserve for Possible Investment Losses	(1,344)	(1,344)
Total Assets	100,130,096	101,661,708
(Liabilities)		
Deposits	58,838,558	61,268,266
Negotiable Certificates of Deposit	3,598,338	3,114,189
Debentures	3,133,079	2,955,459
Trading Liabilities	8,476	9,417
Borrowed Money	3,085,120	3,325,736
Call Money	4,276	6,986
Payables under Repurchase Agreements	18,488,218	16,869,594
Payables under Securities Lending Transactions	903,887	2,932
Foreign Exchange Liabilities	17	5
Short-term Entrusted Funds	1,397,731	2,665,090
Other Liabilities	2,611,934	3,544,254
Reserve for Bonus Payments	6,227	3,169
Reserve for Retirement Benefits	18,846	19,225
Reserve for Directors' Retirement Benefits	850	781
Reserve for Agriculture, Fishery and Forestry Industry Subsidies	12,684	11,762
Deferred Tax Liabilities	705,782	660,128
Deferred Tax Liabilities for Land Revaluation	9,263	9,263
Acceptances and Guarantees	173,161	167,561
Total Liabilities	92,996,456	94,633,827
(Net Assets)		
Paid-in Capital	3,480,488	3,480,488
Capital Surplus	25,020	25,020
Retained Earnings	1,725,717	1,764,275
Total Owners' Equity	5,231,226	5,269,784
Net Unrealized Gains on Other Securities, net of taxes	2,118,027	2,030,700
Net Deferred Losses on Hedging Instruments, net of taxes	(231,634)	(288,624)
Revaluation Reserve for Land, net of taxes	16,020	16,020
Total Valuation and Translation Adjustments	1,902,413	1,758,096
Total Net Assets	7,133,639	7,027,881
Total Liabilities and Net Assets	100,130,096	101,661,708

(2) Non-consolidated Statement of Operations

(Millions of Yen)

	For the three months ended June 30, 2015	For the three months ended June 30, 2016
Ordinary Income	381,025	396,638
Interest Income	315,164	262,313
Interest on Loans and Bills Discounted	15,479	14,381
Interest and Dividends on Securities	295,974	243,906
Fees and Commissions	3,216	3,983
Trading Income	67	34
Other Operating Income	22,650	48,744
Other Ordinary Income	39,926	81,563
Ordinary Expenses	221,380	254,708
Interest Expenses	165,363	192,702
Interest on Deposits	8,381	10,498
Fees and Commissions	3,123	3,075
Trading Expenses	99	5
Other Operating Expenses	11,395	13,183
General and Administrative Expenses	31,163	41,746
Other Ordinary Expenses	10,235	3,994
Ordinary Profits	159,645	141,929
Extraordinary Losses	679	78
Income before Income Taxes	158,966	141,851
Income Taxes - Current	33,693	27,143
Income Taxes - Deferred	9,609	7,763
Total Income Taxes	43,303	34,906
Net Income	115,662	106,945