

Financial Statements for the Third 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 Third Quarter of Fiscal 2016 (for the nine months ended December 31, 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	%
3Q Fiscal 2016	1,062,487	3.5	235,049	(23.7)	189,019	(23.6)
3Q Fiscal 2015	1,026,525	(2.2)	308,043	(24.8)	247,528	(21.3)

(Note) Comprehensive Income for 3Q Fiscal 2016 (68,323) millions of Yen -% for 3Q Fiscal 2015 (222,786) millions of Yen -%

(2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
3Q Fiscal 2016	114,439,944	7,049,771	6.2
Fiscal 2015	101,182,920	7,186,790	7.1

(Ref) Net Assets - Non-controlling Interests for 3Q Fiscal 2016 7,041,403 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 Third Quarter of Fiscal 2016

(for the nine months ended December 31, 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	%
3Q Fiscal 2016	1,050,698	3.8	231,191	(23.4)	187,439	(23.1)
3Q Fiscal 2015	1,012,425	(2.5)	301,766	(25.7)	243,667	(22.3)

(2) Non-consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
3Q Fiscal 2016	113,242,879	6,994,119	6.2
Fiscal 2015	100,130,096	7,133,639	7.1

(Ref) Net Assets for 3Q Fiscal 2016 6,994,119 millions of Yen for Fiscal 2015 7,133,639 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 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 ¥221.2 billion, down ¥103.1 billion on a year-over-year basis.

The total credit costs were ¥13.9 billion in net earnings, mainly from the reversal of the reserve due to redemption of reserved loans.

As for securities investments, net gains/losses on sales were net gains of ¥62.2 billion, up ¥45.1 billion on a year-over-year basis and the expenses of provisions and impairments for price-decline of securities and other reasons increased by ¥0.9 billion to ¥0.0 billion on a year-over-year basis.

As a result, with all of the factors mentioned above, the Bank recorded ¥231.1 billion in Ordinary Profits, down ¥70.5 billion, and ¥187.4 billion in Net Income for the third quarter of fiscal 2016, down ¥56.2 billion on a year-over-year basis, respectively. The Bank’s net operating profits stood at ¥147.7 billion.

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

Total Assets of the Bank at the end of the period increased by ¥13,112.7 billion to ¥113,242.8 billion from the previous fiscal year-end. Total Net Assets at the end of the period decreased by ¥139.5 billion to ¥6,994.1 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 ¥5,643.4 billion to ¥12,272.4 billion from the previous fiscal year-end, and Securities at the end of the period increased by ¥5,863.6 billion to ¥64,193.3 billion from the previous fiscal year-end. For those on the liabilities side, Deposits at the end of the period increased by ¥4,624.3 billion to ¥63,462.8 billion, and Debentures at the end of the period decreased by ¥531.5 billion to ¥2,601.5 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 ¥13,257.0 billion to ¥114,439.9 billion from the previous fiscal year-end. Consolidated Ordinary Profits for the period were ¥235.0 billion, down ¥72.9 billion on a year-over-year basis and Profit Attributable to Owners of Parent for the period was ¥189.0 billion, down ¥58.5 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 the Practical Solution on a change in depreciation method due to Tax Reform 2016)

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 December 31, 2016
(Assets)		
Loans and Bills Discounted	18,022,160	12,381,903
Foreign Exchange Assets	237,332	263,249
Securities	58,306,391	64,168,774
Money Held in Trust	4,922,923	8,286,834
Trading Assets	14,284	10,250
Monetary Claims Bought	244,023	246,299
Call Loans and Bills Bought	139,877	565,098
Receivables under Securities Borrowing Transactions	2,049,052	1,107
Cash and Due from Banks	15,057,960	25,060,690
Other Assets	1,037,001	2,163,630
Tangible Fixed Assets	108,304	108,102
Intangible Fixed Assets	20,362	24,945
Net Defined Benefit Asset	27,969	28,482
Deferred Tax Assets	1,999	2,066
Customers' Liabilities for Acceptances and Guarantees	1,087,130	1,168,630
Reserve for Possible Loan Losses	(93,854)	(40,112)
Reserve for Possible Investment Losses	-	(11)
Total Assets	101,182,920	114,439,944
(Liabilities)		
Deposits	58,823,374	63,449,687
Negotiable Certificates of Deposit	3,598,338	3,039,338
Debentures	3,122,077	2,590,500
Bonds	50,000	-
Trading Liabilities	8,476	7,065
Borrowed Money	3,090,120	3,756,103
Call Money and Bills Sold	4,276	2,330
Payables under Repurchase Agreements	18,488,218	22,895,594
Payables under Securities Lending Transactions	903,887	32,279
Foreign Exchange Liabilities	17	35
Short-term Entrusted Funds	1,397,731	2,487,886
Other Liabilities	2,645,958	7,294,106
Reserve for Bonus Payments	7,711	4,061
Net Defined Benefit Liability	39,756	38,839
Reserve for Directors' Retirement Benefits	1,179	1,208
Reserve for Agriculture, Fishery and Forestry		
Industry Subsidies	12,684	1,783
Deferred Tax Liabilities	705,928	612,002
Deferred Tax Liabilities for Land Revaluation	9,263	8,718
Acceptances and Guarantees	1,087,130	1,168,630
Total Liabilities	93,996,130	107,390,172
(Net Assets)		
Paid-in Capital	3,480,488	3,480,488
Capital Surplus	25,020	24,993
Retained Earnings	1,770,832	1,892,884
Treasury Preferred Stock	(150)	(150)
Total Owners' Equity	5,276,191	5,398,216
Net Unrealized Gains on Other Securities	2,118,533	1,621,479
Net Deferred Gains (Losses) on Hedging Instruments	(231,632)	7,354
Revaluation Reserve for Land	16,020	14,600
Foreign Currency Transaction Adjustments	(48)	(11)
Remeasurements of Defined Benefit Plans	(246)	(236)
Total Accumulated Other Comprehensive Income	1,902,626	1,643,186
Non-controlling Interests	7,972	8,367
Total Net Assets	7,186,790	7,049,771
Total Liabilities and Net Assets	101,182,920	114,439,944

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statement of Operations

(Millions of Yen)

	For the nine months ended December 31, 2015	For the nine months ended December 31, 2016
Ordinary Income	1,026,525	1,062,487
Interest Income	826,100	835,177
Interest on Loans and Bills Discounted	48,747	46,621
Interest and Dividends on Securities	763,072	770,555
Fees and Commissions	19,573	21,923
Trading Income	138	34
Other Operating Income	69,576	66,845
Other Ordinary Income	111,135	138,505
Ordinary Expenses	718,481	827,437
Interest Expenses	525,224	633,723
Interest on Deposits	26,622	38,279
Fees and Commissions	11,136	11,919
Trading Expenses	152	17
Other Operating Expenses	55,340	28,824
General and Administrative Expenses	117,044	117,373
Other Ordinary Expenses	9,583	35,579
Ordinary Profits	308,043	235,049
Extraordinary Profits	76	5,903
Extraordinary Losses	1,278	785
Income before Income Taxes	306,841	240,167
Income Taxes - Current	61,615	44,613
Income Taxes - Deferred	(3,002)	5,873
Total Income Taxes	58,612	50,487
Profit	248,228	189,680
Profit Attributable to Non-controlling Interests	699	660
Profit Attributable to Owners of Parent	247,528	189,019

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	For the nine months ended December 31, 2015	For the nine months ended December 31, 2016
Profit	248,228	189,680
Other Comprehensive Income	(471,015)	(258,004)
Net Unrealized Gains (Losses) on Other Securities	(477,249)	(497,456)
Net Deferred Gains (Losses) on Hedging Instruments	9,883	238,877
Foreign Currency Transaction Adjustments	0	7
Remeasurements of Defined Benefit Plans	(3,441)	(31)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	(207)	599
Total Comprehensive Income	(222,786)	(68,323)
Attributable to:		
Owners of Parent	(223,471)	(68,999)
Non-controlling Interests	685	675

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

(Millions of Yen)

As of March 31, 2016 As of December 31, 2016

(Assets)		
Loans and Bills Discounted	17,915,833	12,272,416
Foreign Exchange Assets	237,332	263,249
Securities	58,329,733	64,193,366
Money Held in Trust	4,922,102	8,286,010
Trading Assets	14,284	10,250
Monetary Claims Bought	244,023	246,299
Call Loans	139,877	565,098
Receivables under Securities Borrowing Transactions	2,049,052	1,107
Cash and Due from Banks	15,031,730	25,032,493
Other Assets	1,032,564	2,156,189
Tangible Fixed Assets	106,405	106,192
Intangible Fixed Assets	18,597	22,566
Prepaid Pension Cost	8,111	11,678
Customers' Liabilities for Acceptances and Guarantees	173,161	114,819
Reserve for Possible Loan Losses	(91,370)	(37,515)
Reserve for Possible Investment Losses	(1,344)	(1,344)
Total Assets	100,130,096	113,242,879
(Liabilities)		
Deposits	58,838,558	63,462,873
Negotiable Certificates of Deposit	3,598,338	3,039,338
Debentures	3,133,079	2,601,504
Trading Liabilities	8,476	7,065
Borrowed Money	3,085,120	3,699,603
Call Money	4,276	2,330
Payables under Repurchase Agreements	18,488,218	22,895,594
Payables under Securities Lending Transactions	903,887	32,279
Foreign Exchange Liabilities	17	35
Short-term Entrusted Funds	1,397,731	2,487,886
Other Liabilities	2,611,934	7,258,125
Reserve for Bonus Payments	6,227	3,174
Reserve for Retirement Benefits	18,846	20,877
Reserve for Directors' Retirement Benefits	850	882
Reserve for Agriculture, Fishery and Forestry Industry Subsidies	12,684	1,783
Deferred Tax Liabilities	705,782	611,868
Deferred Tax Liabilities for Land Revaluation	9,263	8,718
Acceptances and Guarantees	173,161	114,819
Total Liabilities	92,996,456	106,248,760
(Net Assets)		
Paid-in Capital	3,480,488	3,480,488
Capital Surplus	25,020	25,020
Retained Earnings	1,725,717	1,846,189
Total Owners' Equity	5,231,226	5,351,698
Net Unrealized Gains on Other Securities, net of taxes	2,118,027	1,620,577
Net Deferred Gains (Losses) on Hedging Instruments, net of taxes	(231,634)	7,242
Revaluation Reserve for Land, net of taxes	16,020	14,600
Total Valuation and Translation Adjustments	1,902,413	1,642,420
Total Net Assets	7,133,639	6,994,119
Total Liabilities and Net Assets	100,130,096	113,242,879

(2) Non-consolidated Statement of Operations

(Millions of Yen)

	For the nine months ended December 31, 2015	For the nine months ended December 31, 2016
Ordinary Income	1,012,425	1,050,698
Interest Income	829,079	836,950
Interest on Loans and Bills Discounted	46,176	44,104
Interest and Dividends on Securities	768,632	774,847
Fees and Commissions	9,985	11,589
Trading Income	138	34
Other Operating Income	67,980	65,395
Other Ordinary Income	105,240	136,728
Ordinary Expenses	710,659	819,507
Interest Expenses	525,168	633,706
Interest on Deposits	26,624	38,280
Fees and Commissions	9,370	10,325
Trading Expenses	152	17
Other Operating Expenses	55,325	28,818
General and Administrative Expenses	111,203	111,424
Other Ordinary Expenses	9,439	35,216
Ordinary Profits	301,766	231,191
Extraordinary Profits	76	5,900
Extraordinary Losses	1,271	678
Income before Income Taxes	300,571	236,412
Income Taxes - Current	60,075	43,034
Income Taxes - Deferred	(3,171)	5,938
Total Income Taxes	56,904	48,973
Net Income	243,667	187,439