

Financial Statements for the First Quarter of Fiscal 2017

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, Executive Officer, 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 2017 (for the three months ended June 30, 2017)

(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 2017	425,609	6.7	134,913	(5.0)	104,503	(1.6)
1Q Fiscal 2016	399,063	4.1	141,979	(10.9)	106,149	(7.3)

(Note) Comprehensive Income for 1Q Fiscal 2017 136,345 millions of Yen -% for 1Q Fiscal 2016 (38,370) millions of Yen -%

(2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
1Q Fiscal 2017	112,302,355	7,075,230	6.3
Fiscal 2016	107,062,747	7,008,813	6.5

(Ref) Net Assets - Non-controlling Interests for 1Q Fiscal 2017 7,066,837 millions of Yen for Fiscal 2016 7,000,219 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 : None
- ② Changes in Accounting Policies other than ① above : None
- ③ Changes in Accounting Estimates : None
- ④ Restatements : None

2 Non-consolidated Financial Results for the First Quarter of Fiscal 2017

(for the three months ended June 30, 2017)

(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 2017	420,226	5.9	132,513	(6.6)	103,886	(2.9)
1Q Fiscal 2016	396,638	4.1	141,929	(11.1)	106,945	(7.5)

(2) Non-consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
1Q Fiscal 2017	111,003,041	7,005,568	6.3
Fiscal 2016	105,812,432	6,939,055	6.6

(Ref) Net Assets for 1Q Fiscal 2017 7,005,568 millions of Yen for Fiscal 2016 6,939,055 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).

※ This report is out of the scope of the external auditor's quarterly review.

Qualitative Information and Financial Statements

1 Qualitative information relating to the Financial Results for the First Quarter of Fiscal 2017

(1) Qualitative information relating to Results of Operations

The Norinchukin Bank (“the Bank”)’s Consolidated Ordinary Profits for the period were ¥134.9 billion, down ¥7.0 billion on a year-over-year basis and Profit Attributable to Owners of Parent was ¥104.5 billion, down ¥1.6 billion on a year-over-year basis.

The Bank has been managing operations to secure steady accumulation of interest income, and the non-consolidated interest income of the Bank totaled to ¥99.4 billion, up ¥23.8 billion on a year-over-year basis.

The total credit costs were ¥2.7 billion in net earnings, mainly from the reversal of reserve for possible loan losses due to the decrease of credit risk assets.

As for securities investments, net gains/losses on sales were net gains of ¥31.3 billion, down ¥28.7 billion on a year-over-year basis and the expenses of provisions and impairments for price-decline of securities and other reasons increased by ¥0.3 billion to ¥0.6 billion on a year-over-year basis.

As a result, with all of the factors mentioned above, the Bank recorded ¥132.5 billion in Ordinary Profits, down ¥9.4 billion, and ¥103.8 billion in Net Income for the First quarter of fiscal 2017 down ¥3.0 billion on a year-over-year basis, respectively. The Bank’s net operating profits stood at ¥97.4 billion.

(2) Qualitative information relating to Financial Conditions

Consolidated Total Assets at the end of the period increased by ¥5,239.6 billion to ¥112,302.3 billion from the previous fiscal year-end.

Total Assets of the Bank at the end of the period increased by ¥5,190.6 billion to ¥111,003.0 billion from the previous fiscal year-end. Total Net Assets at the end of the period increased by ¥66.5 billion to ¥7,005.5 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 ¥606.9 billion to ¥11,341.6 billion from the previous fiscal year-end, and Securities at the end of the period increased by ¥771.3 billion to ¥62,879.5 billion from the previous fiscal year-end. For those on the liabilities side, Deposits at the end of the period increased by ¥2,511.7 billion to ¥64,415.9 billion, and Debentures at the end of the period decreased by ¥162.6 billion to ¥2,261.1 billion from the previous fiscal year-end, respectively.

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

None

3 Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2017	As of June 30, 2017
(Assets)		
Loans and Bills Discounted	12,058,289	11,451,675
Foreign Exchange Assets	224,101	217,079
Securities	62,079,090	62,853,287
Money Held in Trust	6,983,612	7,936,089
Trading Assets	10,715	9,143
Monetary Claims Bought	257,888	270,594
Call Loans and Bills Bought	146,220	120,000
Receivables under Securities Borrowing Transactions	1,173	-
Cash and Due from Banks	22,939,086	26,629,334
Other Assets	1,001,888	1,392,316
Tangible Fixed Assets	117,791	118,144
Intangible Fixed Assets	31,141	35,401
Net Defined Benefit Asset	45,596	46,150
Deferred Tax Assets	7,010	5,885
Customers' Liabilities for Acceptances and Guarantees	1,215,882	1,268,250
Reserve for Possible Loan Losses	(56,730)	(50,984)
Reserve for Possible Investment Losses	(10)	(13)
Total Assets	107,062,747	112,302,355
(Liabilities)		
Deposits	61,886,185	64,400,915
Negotiable Certificates of Deposit	3,689,270	3,529,061
Debentures	2,412,824	2,250,192
Trading Liabilities	6,150	5,938
Borrowed Money	4,371,611	4,635,621
Call Money and Bills Sold	3,365	1,679
Payables under Repurchase Agreements	19,645,010	20,298,253
Payables under Securities Lending Transactions	1,013	-
Foreign Exchange Liabilities	2	23
Short-term Entrusted Funds	1,257,432	2,523,720
Other Liabilities	4,929,423	5,656,720
Reserve for Bonus Payments	7,894	3,928
Net Defined Benefit Liability	38,624	38,043
Reserve for Directors' Retirement Benefits	1,286	1,257
Reserve for Agriculture, Fishery and Forestry		
Industry Subsidies	523	120
Deferred Tax Liabilities	578,827	604,789
Deferred Tax Liabilities for Land Revaluation	8,607	8,607
Acceptances and Guarantees	1,215,882	1,268,250
Total Liabilities	100,053,934	105,227,124
(Net Assets)		
Paid-in Capital	3,480,488	3,480,488
Capital Surplus	24,993	24,993
Retained Earnings	1,910,262	1,945,258
Treasury Preferred Stock	(150)	(150)
Total Owners' Equity	5,415,594	5,450,591
Net Unrealized Gains on Other Securities	1,584,281	1,655,785
Net Deferred Losses on Hedging Instruments	(26,550)	(65,789)
Revaluation Reserve for Land	14,312	14,312
Foreign Currency Transaction Adjustments	(53)	(55)
Remeasurements of Defined Benefit Plans	12,635	11,995
Total Accumulated Other Comprehensive Income	1,584,624	1,616,246
Non-controlling Interests	8,594	8,393
Total Net Assets	7,008,813	7,075,230
Total Liabilities and Net Assets	107,062,747	112,302,355

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statement of Operations

(Millions of Yen)

	For the three months ended June 30, 2016	For the three months ended June 30, 2017
Ordinary Income	399,063	425,609
Interest Income	258,839	320,657
Interest on Loans and Bills Discounted	15,223	17,988
Interest and Dividends on Securities	239,590	298,334
Fees and Commissions	7,262	7,346
Trading Income	34	6
Other Operating Income	49,226	45,629
Other Ordinary Income	83,700	51,968
Ordinary Expenses	257,083	290,695
Interest Expenses	192,709	233,546
Interest on Deposits	10,498	15,784
Fees and Commissions	3,656	3,884
Trading Expenses	5	140
Other Operating Expenses	13,184	11,457
General and Administrative Expenses	43,509	38,184
Other Ordinary Expenses	4,019	3,481
Ordinary Profits	141,979	134,913
Extraordinary Losses	78	107
Income before Income Taxes	141,901	134,806
Income Taxes - Current	27,557	14,857
Income Taxes - Deferred	7,995	15,227
Total Income Taxes	35,553	30,084
Profit	106,348	104,721
Profit Attributable to Non-controlling Interests	198	217
Profit Attributable to Owners of Parent	106,149	104,503

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	For the three months ended June 30, 2016	For the three months ended June 30, 2017
Profit	106,348	104,721
Other Comprehensive Income	(144,719)	31,623
Net Unrealized Gains (Losses) on Other Securities	(87,350)	71,419
Net Deferred Gains (Losses) on Hedging Instruments	(56,989)	(39,314)
Foreign Currency Transaction Adjustments	(18)	(0)
Remeasurements of Defined Benefit Plans	(10)	(661)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	(349)	180
Total Comprehensive Income	(38,370)	136,345
Attributable to:		
Owners of Parent	(38,554)	136,125
Non-controlling Interests	183	219

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

(Millions of Yen)

	As of March 31, 2017	As of June 30, 2017
(Assets)		
Loans and Bills Discounted	11,948,542	11,341,618
Foreign Exchange Assets	224,101	217,079
Securities	62,108,251	62,879,579
Money Held in Trust	6,982,774	7,935,531
Trading Assets	10,715	9,143
Monetary Claims Bought	257,888	270,594
Call Loans	146,220	120,000
Receivables under Securities Borrowing Transactions	1,173	-
Cash and Due from Banks	22,912,982	26,603,554
Other Assets	997,741	1,386,975
Tangible Fixed Assets	115,392	115,671
Intangible Fixed Assets	28,425	32,582
Prepaid Pension Cost	12,903	15,122
Customers' Liabilities for Acceptances and Guarantees	120,867	125,371
Reserve for Possible Loan Losses	(54,203)	(48,437)
Reserve for Possible Investment Losses	(1,344)	(1,344)
Total Assets	105,812,432	111,003,041
(Liabilities)		
Deposits	61,904,218	64,415,957
Negotiable Certificates of Deposit	3,689,270	3,529,061
Debentures	2,423,827	2,261,194
Trading Liabilities	6,150	5,938
Borrowed Money	4,315,111	4,579,121
Call Money	3,365	1,679
Payables under Repurchase Agreements	19,645,010	20,298,253
Payables under Securities Lending Transactions	1,013	-
Foreign Exchange Liabilities	2	23
Short-term Entrusted Funds	1,257,432	2,523,720
Other Liabilities	4,894,665	5,622,060
Reserve for Bonus Payments	6,302	3,062
Reserve for Retirement Benefits	22,301	22,412
Reserve for Directors' Retirement Benefits	938	903
Reserve for Agriculture, Fishery and Forestry Industry Subsidies	523	120
Deferred Tax Liabilities	573,768	599,985
Deferred Tax Liabilities for Land Revaluation	8,607	8,607
Acceptances and Guarantees	120,867	125,371
Total Liabilities	98,873,376	103,997,473
(Net Assets)		
Paid-in Capital	3,480,488	3,480,488
Capital Surplus	25,020	25,020
Retained Earnings	1,862,453	1,896,832
Total Owners' Equity	5,367,962	5,402,341
Net Unrealized Gains on Other Securities, net of taxes	1,583,476	1,654,925
Net Deferred Losses on Hedging Instruments, net of taxes	(26,695)	(66,010)
Revaluation Reserve for Land, net of taxes	14,312	14,312
Total Valuation and Translation Adjustments	1,571,093	1,603,226
Total Net Assets	6,939,055	7,005,568
Total Liabilities and Net Assets	105,812,432	111,003,041

(2) Non-consolidated Statement of Operations

(Millions of Yen)

	For the three months ended June 30, 2016	For the three months ended June 30, 2017
Ordinary Income	396,638	420,226
Interest Income	262,313	323,676
Interest on Loans and Bills Discounted	14,381	17,167
Interest and Dividends on Securities	243,906	302,174
Fees and Commissions	3,983	3,650
Trading Income	34	6
Other Operating Income	48,744	45,059
Other Ordinary Income	81,563	47,833
Ordinary Expenses	254,708	287,713
Interest Expenses	192,702	233,526
Interest on Deposits	10,498	15,784
Fees and Commissions	3,075	3,251
Trading Expenses	5	140
Other Operating Expenses	13,183	11,452
General and Administrative Expenses	41,746	35,861
Other Ordinary Expenses	3,994	3,481
Ordinary Profits	141,929	132,513
Extraordinary Losses	78	107
Income before Income Taxes	141,851	132,405
Income Taxes - Current	27,143	14,429
Income Taxes - Deferred	7,763	14,089
Total Income Taxes	34,906	28,519
Net Income	106,945	103,886