

# Financial Statements for the 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 Fiscal 2014 (for the fiscal year ended March 31, 2015)

### (1) Consolidated Results of Operations

(Percentage represents change from the previous fiscal year)

	Ordinary Income		Ordinary Profits		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Fiscal 2014	1,359,895	25.1	514,582	170.3	411,301	164.1
Fiscal 2013	1,086,983	9.4	190,365	85.4	155,727	29.9

(Note) Comprehensive Income for Fiscal 2014 1,403,084 millions of Yen 458.1% for Fiscal 2013 251,394 millions of Yen (73.5%)

	Net Assets Net Income Ratio		Total Assets Ordinary Profits Ratio		Ordinary Income Ordinary Profits Ratio	
		%		%		%
Fiscal 2014	6.2		0.6		37.8	
Fiscal 2013	2.7		0.2		17.5	

(Ref) Equity in Earnings of Affiliates for Fiscal 2014 9,936 millions of Yen for Fiscal 2013 8,602 millions of Yen

### (2) Consolidated Financial Conditions

	Total Assets		Total Net Assets		Net Assets Ratio (Note)	
	Millions of Yen		Millions of Yen		%	
Fiscal 2014	94,549,729		7,308,134		7.7	
Fiscal 2013	83,143,675		5,976,519		7.2	

(Ref) Net Assets - Minority Interests for Fiscal 2014 7,300,839 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).

### (3) Consolidated Cash Flows

	Cash Flows from Operating Activities		Cash Flows from Investing Activities		Cash Flows from Financing Activities		Cash and Cash Equivalents at the end of the fiscal year	
	Millions of Yen		Millions of Yen		Millions of Yen		Millions of Yen	
Fiscal 2014	2,899,695		(1,298,297)		(66,877)		6,202,122	
Fiscal 2013	(2,919,862)		4,503,549		(51,015)		4,667,602	

## ※ Notes

### (1) Changes in Significant Subsidiaries in the fiscal year

(Changes in specified subsidiaries in accordance with changes in the scope of consolidation) : None

(2) 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 “ Changes in Accounting Policies ” (page 16).

2. Non-consolidated Financial Results for the Fiscal 2014 (for the fiscal year ended March 31, 2015)

(1) Non-consolidated Results of Operations

(Percentage represents change from the previous fiscal year)

	Ordinary Income		Ordinary Profits		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Fiscal 2014	1,340,453	26.2	504,302	187.9	404,551	182.5
Fiscal 2013	1,062,315	9.4	175,161	98.8	143,197	34.0

(2) Non-consolidated Financial Conditions

	Total Assets		Total Net Assets		Net Assets Ratio (Note)	
	Millions of Yen		Millions of Yen			%
Fiscal 2014	93,618,444		7,231,802		7.7	
Fiscal 2013	82,356,280		5,921,969		7.2	

(Ref) Net Assets for Fiscal 2014 7,231,802 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 Audit Procedure

This report is out of the scope of the external auditor's audit procedure. The procedure of the audit which is implemented on a voluntary basis on the consolidated financial statements for the period and the procedure of the audit which is implemented pursuant to The Norinchukin Bank Law on the non-consolidated financial statements for the period were completed as of the disclosure date.

## Qualitative Information

### 1 Qualitative information relating to the Non-consolidated Results of Operations

With regard to the global economy, moderate growth has continued even though there are considerable differences in economic conditions among countries.

The US economy has been growing steadily due to the improvement of its labor market and for other reasons. Both Japanese and European economies showed the signs of recovery in the second half of the year, while Japan underwent the impact of consumption tax hike earlier this year and the structural difficulties of European economy such as financial disparity still remained.

In the bond market, even with the presumption that the US short-term interest rate was going to be raised in the near future, long-term interest rates declined globally in the environment marked by the strengthened monetary easing in Japan and Europe as well as the plunge of oil prices. Stock prices rose worldwide owing to robust corporate performances and accommodative monetary policies. In the foreign exchange market, the US dollar has appreciated in value due to the difference in the directions of monetary policies among countries. In the second half of the year, the Japanese yen rapidly devalued due to the additional monetary easing measures taken by the Bank of Japan.

Under such earnings environment, 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 ¥458.4 billion, up ¥186.7 billion from the previous fiscal year.

The total credit costs were ¥51.1 billion in net earnings, improved ¥51.2 billion from the previous fiscal year, mainly from the reversal of reserves 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 ¥42.6 billion from the previous fiscal year, and the expenses of provisions and impairments for price-decline of securities and other reasons increased by ¥3.0 billion to ¥1.8 billion from the previous fiscal year.

As a result, with all of the factors mentioned above, the Bank recorded ¥504.3 billion in Ordinary Profits, up ¥329.1 billion and ¥404.5 billion in Net Income, up ¥261.3 billion from the previous fiscal year, respectively. The Bank’s net operating profits stood at ¥317.4 billion.

### 2 Qualitative information relating to the Non-consolidated Financial Conditions

Total Assets of the Bank at the end of the fiscal year increased by ¥11,262.1 billion to ¥93,618.4 billion from the previous fiscal year-end. Total Net Assets at the end of the fiscal year increased by ¥1,309.8 billion to ¥7,231.8 billion from the previous fiscal year-end.

As to the balances of the major accounts on the assets side, Loans and Bills Discounted at the end of the fiscal year increased by ¥2,640.6 billion to ¥19,935.7 billion from the previous fiscal year-end, and Securities at the end of the fiscal year increased by ¥6,837.1 billion to ¥59,738.5 billion from the previous fiscal year-end. For those on the liabilities side, Deposits at the end of the fiscal year increased by ¥3,755.0 billion to ¥53,486.1 billion, and Debentures at the end of the fiscal year decreased by ¥473.2 billion to ¥3,564.3 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 fiscal year increased by ¥11,406.0 billion to ¥94,549.7 billion from the previous fiscal year-end. Consolidated Ordinary Profits were ¥514.5 billion, up ¥324.2 billion from the previous fiscal year and consolidated Net Income was ¥411.3 billion, up ¥255.5 billion from the previous fiscal year.

(Note) All the amounts shown in this document are rounded down.

## *The Bank's management policies and current issues to be addressed*

### 1 The Bank's management policies

The Bank has established its Medium-Term Management Plan for three years from fiscal 2013 to fiscal 2015.

In the Medium-Term Management Plan, the Bank employs the following slogan, "Challenge for a New Stage." Under this slogan, we will make further efforts for enhanced profitability and organizational strength. In addition, we will proactively work on efforts that will contribute to the development of the agriculture, fishery and forestry industries, which are expected to become Japan's growth industries; the sustainable development of local communities, which includes the reconstruction of disaster-affected areas; and the future strengthening of the cooperative banking business (JA Bank and JF Marine Bank), which includes the development of human resources.

We will strive to become a "Leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities."

### 2 Current issues to be addressed

Our primary focus will be centered on the following policies:

(1) Proactive efforts on new initiatives contributing to the development of the agriculture, fishery and forestry industries, food production and consumption, and revitalization of local communities

- Efforts to reconstruct disaster-affected areas centering on supports for new initiatives
- Strengthening abilities to cater to leaders who support the sustainable development of the agriculture, fishery and forestry industries
- Efforts to enhance the profitability of the agriculture, fishery and forestry industries
- New efforts to revitalize local communities through the agriculture, fishery and forestry industries
- Further cooperative relationships with corporate clients that contribute to the development of the agriculture, fishery and forestry industries and the cooperative banking business

(2) Planning and implementation of further initiatives for strengthening and expanding the cooperative banking business

- Deployment of measures that contribute to the expansion of the user base
- Further efforts for enhancement of business management arrangements and management foundation
- Development and operation of business infrastructures that support implementing business strategies
- Reinforcement of initiatives for the development of cooperative banking-related human resources who can put business strategies into practice
- Sophistication and standardization of management systems for two-tiered prefectures
- Efforts to strengthen cooperative relationships between national-level federations

(3) Strengthening of profitability through appropriate risk management

- Ensuring a solid earnings base through flexible and strategic asset allocation management and stable funding
- Pursuing new investment opportunities for increased profitability
- Continued efforts to strengthen corporate sales
- Implementation of risk management contributing to enhanced competitiveness

(4) Building up of organizational strengths through strategic use and enhancement of management resources

- Cultivation of human resources that play a key role at the Bank and the cooperative system
- Appropriate financial management taking into account market environment
- Strategic allocation of management resources
- Improvement of business infrastructures for operations of the Bank and the cooperative system
- Strengthening of compliance systems for the Bank and the cooperative system
- Strengthening of business management systems

In addition, the Bank will address issues for the future in order to increase farmers' income, expand agricultural production volume and early realize self-reform of JA Bank for the activation of local communities. Furthermore, we will establish the New Medium-Term Management Plan in consideration of progress and results of these issues.

## List of Group Companies

(As of March 31, 2015)

Company Name	Address	Nature of Business	Date of Establishment	Capital Percentage of Voting Rights (%)
The Norinchukin Trust & Banking Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo, Japan	Trust & Banking	August 17, 1995	¥20,000 million 100.00
Norinchukin Value Investments Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo, Japan	Investment Advisory Services	October 2, 2014	¥400 million 100.00 (30.00)
Norinchukin Research Institute Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo, Japan	Research	March 25, 1986	¥300 million 100.00
Norinchukin Facilities Co., Ltd.	16-8, Sotokanda 1-chome, Chiyoda-ku, Tokyo, Japan	Building Management & Facility Management	August 6, 1956	¥197 million 100.00
Nochu Business Support Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo, Japan	Provider of various administrative services for The Norinchukin Bank	August 18, 1998	¥100 million 100.00
Norinchukin Academy Co., Ltd.	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan	Training	May 25, 1981	¥20 million 100.00
Kyodo Housing Loan Co., Ltd.	15-3, Chuochi 1-chome, Meguro-ku, Tokyo, Japan	Mortgage Loans & Housing Loan Guarantee	August 10, 1979	¥10,500 million 92.12
Nochu Information System Co., Ltd.	2-3, Toyosu 3-chome, Koto-ku, Tokyo, Japan	System Development & Maintenance	May 29, 1981	¥100 million 90.00
Norinchukin-Zenkyoren Asset Management Co., Ltd.	7-9, Hirakawacho 2-chome, Chiyoda-ku, Tokyo, Japan	Asset Management & Investment Advice	September 28, 1993	¥3,420 million 50.91
Ant Capital Partners Co., Ltd.	2-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	Private Equity Investments & Fund Management	October 23, 2000	¥3,086 million 39.61
The Cooperative Servicing Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo, Japan	Management and Collection of Non-Performing Loans	April 11, 2001	¥500 million 37.96
JA MITSUI LEASING, LTD.	10-2, Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo, Japan	Leasing Business	April 1, 2008	¥32,000 million 33.40
The Agribusiness Investment & Consultation Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo, Japan	Investment in Agricultural Corporations	October 24, 2002	¥4,070 million 19.97
Mitsubishi UFJ NICOS Co., Ltd.	14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo, Japan	Credit Card Business	June 7, 1951	¥109,312 million 15.01
Investment Limited Partnership for Renewable Energy in Agriculture, Forestry and Fisheries	13-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan	Investment in Renewable Energy Projects	April 30, 2014	¥121 million —
Daiichi Life Norinchukin Building Management Co., Ltd.	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan	Building Management	April 1, 1993	¥10 million 27.00
Norinchukin Finance (Cayman) Limited	PO Box 309, Umland House, Grand Cayman, KY1-1104, Cayman Islands	Issuances of Subordinated Bonds, Lending of Subordinated Loans	August 30, 2006	US \$50,000 100.00

(Note) The percentage of share units indirectly owned by The Norinchukin Bank.

# Consolidated Financial Statements

## Principles of Consolidated Financial Statements

### 1 Scope of Consolidation

- (1) Consolidated subsidiaries 10 companies

Names of principal companies:

The Norinchukin Trust & Banking Co., Ltd.

Kyodo Housing Loan Co., Ltd.

Newly established Norinchukin Value Investments Co., Ltd. was consolidated from the fiscal 2014.

- (2) Unconsolidated subsidiaries 0 companies

### 2 Application of the Equity Method

- (1) Affiliates which were accounted for by the equity method 6 companies

Names of principal companies:

JA MITSUI LEASING, LTD.

Mitsubishi UFJ NICOS Co., Ltd.

Newly established Investment Limited Partnership for Renewable Energy in Agriculture, Forestry and Fisheries was included in the scope of application of the equity method from the fiscal 2014.

Goodwill is amortized using the straight-line method over 20 years.

- (2) Affiliates which were not accounted for by the equity method 1 company

Name of the company:

Daiichi Life Norinchukin Building Management Co., Ltd.

The equity method was not applied to the affiliate, since the impact of the affiliate on the consolidated financial statements was not material in terms of Net Income, Retained Earnings and Accumulated Other Comprehensive Income.

### 3 The Fiscal Year of Consolidated Subsidiaries

- (1) The number of consolidated subsidiaries and their closing date of the fiscal year are as follows:

Closing date: March 31, 2015                      Number of subsidiaries: 10

- (2) Consolidated subsidiaries were consolidated based on their financial statements as of their respective closing dates.

### 4 Amortization of the Goodwill

Goodwill is charged to income when incurred, if deemed immaterial.

### 5 Appropriations of Retained Earnings

The Consolidated Statement of Capital Surplus and Retained Earnings was presented based on the appropriation of retained earnings resolved in the fiscal year.

## Consolidated Balance Sheet

(Millions of Yen)

	Fiscal 2013 (As of March 31, 2014)	Fiscal 2014 (As of March 31, 2015)
<b>(Assets)</b>		
Loans and Bills Discounted	17,395,323	20,038,143
Foreign Exchange Assets	134,353	202,946
Securities	52,883,256	59,723,905
Money Held in Trust	4,650,704	4,507,849
Trading Assets	14,055	10,099
Monetary Claims Bought	174,256	226,605
Call Loans and Bills Bought	619,386	569,902
Receivables under Resale Agreements	-	29,842
Receivables under Securities Borrowing Transactions	5,614	78,804
Cash and Due from Banks	5,981,536	7,297,692
Other Assets	498,890	881,872
<b>Tangible Fixed Assets</b>	<b>110,358</b>	<b>110,386</b>
Buildings	40,652	43,729
Land	51,498	50,827
Lease Assets	10,915	11,450
Construction in Progress	754	20
Other Tangible Fixed Assets	6,537	4,358
<b>Intangible Fixed Assets</b>	<b>25,126</b>	<b>20,947</b>
Software	20,163	12,505
Lease Assets	1,967	3,519
Other Intangible Fixed Assets	2,995	4,922
Net Defined Benefit Asset	15,171	32,559
Deferred Tax Assets	2,069	2,014
Customers' Liabilities for Acceptances and Guarantees	806,697	936,504
Reserve for Possible Loan Losses	(170,718)	(118,132)
Reserve for Possible Investment Losses	(2,407)	(2,213)
<b>Total Assets</b>	<b>83,143,675</b>	<b>94,549,729</b>
<b>(Liabilities)</b>		
Deposits	49,717,247	53,474,106
Negotiable Certificates of Deposit	2,848,086	3,674,664
Debentures	4,025,067	3,552,811
Bonds	50,000	50,000
Trading Liabilities	6,994	6,717
Borrowed Money	2,278,623	2,441,513
Call Money and Bills Sold	492,493	475,000
Payables under Repurchase Agreements	12,582,675	17,707,639
Payables under Securities Lending Transactions	132,945	74,682
Foreign Exchange Liabilities	4	35
Short-term Entrusted Funds	2,950,795	2,612,780
Other Liabilities	775,982	1,348,589
Reserve for Bonus Payments	6,830	7,326
Net Defined Benefit Liability	14,589	16,349
Reserve for Directors' Retirement Benefits	1,096	1,064
Deferred Tax Liabilities	467,297	852,175
Deferred Tax Liabilities for Land Revaluation	9,729	9,633
Acceptances and Guarantees	806,697	936,504
<b>Total Liabilities</b>	<b>77,167,156</b>	<b>87,241,595</b>
<b>(Net Assets)</b>		
Paid-in Capital	3,425,909	3,425,909
Capital Surplus	25,020	25,020
Retained Earnings	1,236,359	1,576,096
Treasury Preferred Stock	(150)	(150)
<b>Total Owners' Equity</b>	<b>4,687,139</b>	<b>5,026,876</b>
Net Unrealized Gains on Other Securities	1,302,399	2,339,436
Net Deferred Losses on Hedging Instruments	(45,419)	(104,793)
Revaluation Reserve for Land	16,606	16,984
Foreign Currency Transaction Adjustments	(6)	23
Remeasurements of Defined Benefit Plans	8,867	22,311
<b>Total Accumulated Other Comprehensive Income</b>	<b>1,282,448</b>	<b>2,273,963</b>
Minority Interests	6,930	7,294
<b>Total Net Assets</b>	<b>5,976,519</b>	<b>7,308,134</b>
<b>Total Liabilities and Net Assets</b>	<b>83,143,675</b>	<b>94,549,729</b>



## Consolidated Statements of Operations and Comprehensive Income

### (1) Consolidated Statement of Operations

(Millions of Yen)

	Fiscal 2013 (Year ended March 31, 2014)	Fiscal 2014 (Year ended March 31, 2015)
<b>Ordinary Income</b>	<b>1,086,983</b>	<b>1,359,895</b>
Interest Income	803,254	1,029,543
Interest on Loans and Bills Discounted	70,463	67,356
Interest and Dividends on Securities	715,366	943,873
Interest on Call Loans and Bills Bought	885	916
Interest on Receivables under Resale Agreements	34	50
Interest on Receivables under Securities Borrowing Transactions	91	160
Interest on Due from Banks	10,125	12,579
Other Interest Income	6,287	4,606
Fees and Commissions	22,264	25,348
Trading Income	147	134
Other Operating Income	110,007	71,000
Other Ordinary Income	151,308	233,868
Reversal of Reserve for Possible Loan Losses	875	51,362
Recoveries of Written-off Claims	784	302
Other Ordinary Income	149,648	182,203
<b>Ordinary Expenses</b>	<b>896,617</b>	<b>845,313</b>
Interest Expenses	566,646	603,454
Interest on Deposits	30,911	29,711
Interest on Negotiable Certificates of Deposit	6,990	7,012
Interest on Debentures	30,517	18,744
Interest on Borrowed Money	79,774	79,292
Interest on Call Money and Bills Sold	396	414
Interest on Payables under Repurchase Agreements	13,100	17,973
Interest on Payables under Securities Lending Transactions	17	54
Interest on Bonds	1,169	1,194
Other Interest Expenses	403,767	449,057
Fees and Commissions	13,810	15,067
Trading Expenses	355	-
Other Operating Expenses	147,128	87,450
General and Administrative Expenses	128,276	129,424
Other Ordinary Expenses	40,399	9,916
Other Ordinary Expenses	40,399	9,916
<b>Ordinary Profits</b>	<b>190,365</b>	<b>514,582</b>
<b>Extraordinary Profits</b>	<b>-</b>	<b>128</b>
Gains on Disposal of Fixed Assets	-	72
Gains on Negative Goodwill Incurred	-	56
<b>Extraordinary Losses</b>	<b>3,244</b>	<b>1,767</b>
Losses on Disposal of Fixed Assets	673	462
Losses on Impairment of Fixed Assets	2,570	1,305
<b>Income before Income Taxes and Minority Interests</b>	<b>187,121</b>	<b>512,942</b>
<b>Income Taxes - Current</b>	<b>2,205</b>	<b>94,446</b>
<b>Income Taxes - Deferred</b>	<b>28,616</b>	<b>6,551</b>
<b>Total Income Taxes</b>	<b>30,821</b>	<b>100,998</b>
<b>Income before Minority Interests</b>	<b>156,300</b>	<b>411,944</b>
<b>Minority Interests in Net Income</b>	<b>572</b>	<b>643</b>
<b>Net Income</b>	<b>155,727</b>	<b>411,301</b>

## (2) Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Fiscal 2013 (Year ended March 31, 2014)	Fiscal 2014 (Year ended March 31, 2015)
<b>Income before Minority Interests</b>	<b>156,300</b>	<b>411,944</b>
<b>Other Comprehensive Income</b>	<b>95,093</b>	<b>991,139</b>
Net Unrealized Gains (Losses) on Other Securities	34,560	1,035,947
Net Deferred Gains (Losses) on Hedging Instruments	60,208	(59,431)
Revaluation Reserve for Land	0	(17)
Foreign Currency Transaction Adjustments	14	29
Remeasurements of Defined Benefit Plans	-	13,348
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	309	1,263
<b>Total Comprehensive Income</b>	<b>251,394</b>	<b>1,403,084</b>
Attributable to:		
Owners of the Parent	250,815	1,402,420
Minority Interests	579	664

## Consolidated Statement of Capital Surplus and Retained Earnings

(Millions of Yen)

	Fiscal 2013 (Year ended March 31, 2014)	Fiscal 2014 (Year ended March 31, 2015)
<b>(Capital Surplus)</b>		
<b>Balance at the Beginning of the Fiscal Year</b>	25,020	25,020
<b>Additions:</b>	-	-
<b>Deductions:</b>	-	-
<b>Balance at the End of the Fiscal Year</b>	25,020	25,020
<b>(Retained Earnings)</b>		
<b>Balance at the Beginning of the Fiscal Year</b>	1,130,521	1,236,359
Cumulative Effects of Changes in Accounting Policies	-	(4,455)
<b>Restated Balance</b>	1,130,521	1,231,904
<b>Additions:</b>	156,844	411,301
Net Income for the Fiscal Year	155,727	411,301
Transfer from Revaluation Reserve for Land	1,117	-
<b>Deductions:</b>	51,006	67,108
Dividends	51,006	66,712
Transfer from Revaluation Reserve for Land	-	395
<b>Balance at the End of the Fiscal Year</b>	1,236,359	1,576,096

## Consolidated Statement of Cash Flows

(Millions of Yen)

	Fiscal 2013 (Year ended March 31, 2014)	Fiscal 2014 (Year ended March 31, 2015)
<b>I Cash Flows from Operating Activities:</b>		
Income before Income Taxes and Minority Interests	187,121	512,942
Depreciation	20,089	20,713
Losses on Impairment of Fixed Assets	2,570	1,305
Gains on Negative Goodwill Incurred	-	(56)
Equity in Losses (Earnings) of Affiliates	(8,602)	(9,936)
Net Increase (Decrease) in Reserve for Possible Loan Losses	(5,240)	(52,586)
Net Increase (Decrease) in Reserve for Possible Investment Losses	(3,658)	(194)
Net Increase (Decrease) in Reserve for Bonus Payments	82	496
Net Increase (Decrease) in Net Defined Benefit Asset	-	(2,571)
Net Increase (Decrease) in Net Defined Benefit Liability	379	1,834
Net Increase (Decrease) in Reserve for Directors' Retirement Benefits	63	(32)
Interest Income	(803,254)	(1,029,543)
Interest Expenses	566,646	603,454
Losses (Gains) on Securities	231,071	26,496
Losses (Gains) on Money Held in Trust	(19,097)	(6,943)
Foreign Exchange Losses (Gains)	(3,913,985)	(3,922,992)
Losses (Gains) on Disposal of Fixed Assets	673	390
Net Decrease (Increase) in Trading Assets	22,546	3,989
Net Increase (Decrease) in Trading Liabilities	(3,145)	(311)
Net Decrease (Increase) in Loans and Bills Discounted	(1,148,281)	(2,642,804)
Net Increase (Decrease) in Deposits	870,090	3,757,139
Net Increase (Decrease) in Negotiable Certificates of Deposit	450,795	826,577
Net Increase (Decrease) in Debentures	(581,872)	(472,256)
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowed Money)	499,516	162,890
Net Decrease (Increase) in Interest-bearing Due from Banks	(29,798)	218,359
Net Decrease (Increase) in Call Loans and Bills Bought and Other	912,021	(32,838)
Net Decrease (Increase) in Receivable under Securities Borrowing Transactions	(5,614)	(73,190)
Net Increase (Decrease) in Call Money and Bills Sold and Other	273,208	5,107,471
Net Increase (Decrease) in Short-term Entrusted Funds	(1,284,329)	(338,014)
Net Increase (Decrease) in Payables under Securities Lending Transactions	126,816	(58,263)
Net Decrease (Increase) in Foreign Exchange Assets	134,396	(68,592)
Net Increase (Decrease) in Foreign Exchange Liabilities	(73)	31
Interest Received	846,722	1,118,690
Interest Paid	(569,860)	(602,514)
Other, Net	315,291	(139,675)
Subtotal	(2,916,708)	2,909,465
Income Taxes Paid	(3,154)	(9,770)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(2,919,862)</b>	<b>2,899,695</b>
<b>II Cash Flows from Investing Activities:</b>		
Purchases of Securities	(11,719,415)	(9,547,640)
Proceeds from Sales of Securities	3,969,239	1,706,930
Proceeds from Redemption of Securities	8,444,537	5,927,819
Increase in Money Held in Trust	(137,486)	(1,200,166)
Decrease in Money Held in Trust	2,581,624	1,826,545
Purchases of Tangible Fixed Assets	(10,055)	(8,303)
Purchases of Intangible Fixed Assets	(7,150)	(6,207)
Proceeds from Sales of Tangible Fixed Assets	255	2,797
Proceeds from Sales of Intangible Fixed Assets	-	7
Purchase of Stocks of Subsidiaries (Not Affecting the Scope of Consolidation)	-	(80)
Proceeds from Business Transfer	1,381,999	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>4,503,549</b>	<b>(1,298,297)</b>
<b>III Cash Flows from Financing Activities:</b>		
Proceeds from Issuance of Subordinated Borrowed Money	1,387,791	-
Repayments of Subordinated Borrowed Money	(1,387,791)	-
Dividends Paid	(51,006)	(66,712)
Dividends Paid to Minority Shareholders	(9)	(164)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(51,015)</b>	<b>(66,877)</b>
<b>IV Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,532,670</b>	<b>1,534,520</b>
<b>V Cash and Cash Equivalents at the Beginning of the Fiscal Year</b>	<b>3,134,931</b>	<b>4,667,602</b>
<b>VI Cash and Cash Equivalents at the End of the Fiscal Year</b>	<b>4,667,602</b>	<b>6,202,122</b>

## Notes to Consolidated Financial Statements

Amounts less than one million yen are rounded down.

### Standards of Accounting Method

#### (1) Trading Assets / Liabilities and Trading Income / Expenses

Transactions for trading purposes are those seeking gains arising from short-term market movements or from the arbitrage opportunities in interest rates, foreign exchange rates and other market related indices. Such transactions are reported as Trading Assets or Trading Liabilities in the consolidated balance sheet on a trade date basis. Gains and losses arising from transactions for trading purposes are recorded in Trading Income and Trading Expenses on the consolidated statement of operations.

Securities, monetary claims and certain other instruments held for trading purposes are valued at fair value prevailing at the end of the period. Derivatives held for trading purposes, such as swaps, futures and options, are valued on the assumption that they were settled at the end of the period.

Trading Income and Trading Expenses include interest received and paid in the period, gains or losses resulting from any change in the fair value of securities and monetary claims from the end of the previous fiscal year and gains or losses of derivatives resulting from any change in the fair value, which is determined assuming they were settled at the end of the period, from the end of the previous fiscal year.

#### (2) Securities

a. Held-to-maturity debt securities are valued at amortized cost (straight-line method), as determined by the moving average method. Investments in unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are valued at cost, as determined by the moving average method. In principle, other securities are valued at fair value, which is determined at the quoted market price if available, or other reasonable value at the consolidated balance sheet date (the cost of securities sold is calculated primarily by the moving average method). Other securities which are extremely difficult to determine the fair value are valued at cost determined by the moving average method or are valued at amortized cost.

Net Unrealized Gains or Losses on Other Securities, net-of-taxes, are reported separately in Net Assets.

b. Securities included in Money Held in Trust are valued using the same methods described in (1) and (2) a. above.

#### (3) Derivatives

Derivative transactions (other than transactions for trading purposes) are recorded at fair value.

#### (4) Depreciation

##### a. Tangible Fixed Assets (other than Lease Assets)

Depreciation of Tangible Fixed Assets of the Bank is calculated using the declining-balance method. However, depreciation on buildings acquired on or after April 1, 1998 (excluding annex facilities of buildings) is calculated using the straight-line method.

The useful lives of major Tangible Fixed Assets are as follows :

Buildings:	15 years to 50 years
Others:	5 years to 15 years

Depreciation of Tangible Fixed Assets of the consolidated subsidiaries is primarily calculated using the declining-balance method over their estimated economic useful lives.

b. Intangible Fixed Assets (other than Lease Assets)

Depreciation of Intangible Fixed Assets is calculated using the straight-line method. The costs of software developed or obtained for internal use are capitalized and amortized over an estimated useful life of 5 years.

c. Lease Assets

Depreciation of Lease Assets in Tangible Fixed Assets and Intangible Fixed Assets which are finance leases where the ownership of assets is not transferred to the lessees is calculated using the straight-line method over the lease term with zero residual value unless residual value is guaranteed by the corresponding lease contracts.

(5) Reserve for Possible Loan Losses

Reserve for loans to debtors who are legally or substantially bankrupt under the Bankruptcy Law, Special Liquidation under the Company Law or other similar laws is provided based on the remaining book value of the loans after the direct write-off described below and the deduction of the amount expected to be collected through the disposals of collateral or the execution of guarantees. Reserve for loans to debtors who are not currently bankrupt, but are likely to become bankrupt (“doubtful debtors”), is determined after taking into account a comprehensively evaluated repayment ability of debtors after deducting the amount expected to be collected through the disposals of collateral or the execution of guarantees.

Reserve for loans to debtors with restructured loans (see Note 5. to Consolidated Balance Sheet below) is provided based on the Discounted Cash Flow method if the loan balance exceeds a specific amount and the future cash flows of the principal and interest of the loan can be reasonably estimated. Under the Discounted Cash Flow method, reserve is measured as the difference between the book value of the loan and its present value of expected future cash flows, discounted by the contractual interest rate before the terms of the loan were restructured.

Reserve for loans other than those indicated above, is provided primarily at the amount calculated using the default rates which the Bank has calculated based on actual defaults experienced in the past. Specific reserve for loans to certain countries with financial difficulties is provided based on the expected amount of losses taking into account the political, economic and other conditions in each country.

All claims are assessed by the Business Units based on the Bank’s internal rules for the self-assessment of asset quality. The Asset Audit Department, which is independent from the Business Units, audits these self-assessments. Reserves described above are determined based on the results of these self-assessments.

With respect to loans to borrowers who are legally or substantially bankrupt and that are secured by collateral or guarantees, the remaining book value of the loan, after the deduction of the amount of collateral or the execution of guarantees, is directly written off. Direct write-offs were ¥15,265 million for the fiscal year ended March 31, 2015.

Reserve for Possible Loan Losses for receivables of the Bank’s consolidated subsidiaries is provided at the amount determined as necessary using the past default ratio. Reserve for Possible Loan Losses for problem receivables of the Bank’s consolidated subsidiaries is provided by taking into account their recoverability and an estimate of uncollectible amount.

(6) Reserve for Possible Investment Losses

Reserve for Possible Investment Losses represents an amount determined to be necessary to cover the estimated loss from the investments, taking into account the financial condition and other factors of the issuer of the securities.

(7) Reserve for Bonus Payments

Reserve for Bonus Payments represents estimated cost of payment of employees' bonuses attributable to the fiscal year.

(8) Reserve for Directors' Retirement Benefits

Reserve for Directors' Retirement Benefits for the payments of retirement benefits for directors and corporate auditors is recognized as the required amount accrued at the end of the fiscal year.

(9) Accounting Method for Retirement Benefits

In calculating retirement benefit obligations, the benefit formula basis is used for attributing expected retirement benefits to periods through March 31, 2015.

Unrecognized prior service cost is amortized over a certain period (10 years) within the employees' average remaining service period using the straight-line method beginning in the fiscal year in which the difference has arisen.

Unrecognized actuarial differences are amortized over a certain period (10 years) within the employees' average remaining service period using the declining-balance method beginning in the fiscal year after the difference has arisen.

Some of the Bank's consolidated subsidiaries, in calculating Net Defined Benefit Liability and retirement benefit cost, adopt the simplified method whereby the retirement benefit obligations are calculated at an amount that would be paid if all eligible employees voluntarily retired at the consolidated balance sheet date.

(10) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies, and accounts of overseas branches are translated into Japanese yen primarily using the exchange rates in effect at the consolidated balance sheet date.

Assets and liabilities of the consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen using the respective exchange rates in effect at the balance sheet date.

(11) Hedge Accounting

a. Hedge of Interest Rate Risk

The Bank applies the deferral method of hedge accounting to hedge transactions to manage interest rate risk associated with various financial assets and liabilities, which is described in "Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks," issued by the Japanese Institute of Certified Public Accountants ("JICPA"), (JICPA Industry Audit Committee Report No. 24). Hedge effectiveness of a fair value hedge is assessed by identified groups of hedged items, such as loans and deposits, and the corresponding groups of hedging instruments, such as interest rate swaps within the same maturity bucket. Hedge effectiveness of a cash flow hedge is assessed based on the correlation of the interest rate risk indicators of the hedged items and that of the hedging instruments.

#### b. Hedge of Foreign Exchange Rate Risk

The Bank applies the deferral method of hedge accounting to the hedge transactions to manage foreign exchange rate risk arising from various financial assets and liabilities denominated in foreign currencies, which is described in “Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry” (JICPA Industry Audit Committee Report No. 25). Hedge effectiveness is assessed by reviewing whether the amount of the hedged items, such as financial monetary assets and liabilities denominated in foreign currencies, exceeds that of the hedging instruments, such as currency swap or foreign exchange swap transactions, entered into to mitigate the foreign exchange rate risk arising from the hedged items.

The deferral method or the fair value method of hedge accounting is applied to the portfolio hedges of foreign exchange rate risks associated with securities denominated in foreign currencies (other than debt securities), provided that (1) the securities denominated in foreign currencies are identified as hedged items in advance, and (2) foreign currency amounts of spot and forward liabilities exceeds those of the acquisition costs of the foreign currency securities designated as hedged items.

#### c. Internal Derivative Transactions

Internal derivative transactions between trading accounts and banking accounts or inter-division transactions, which are designated as hedges, are not eliminated. The related gains and losses are recognized in the consolidated statement of operations or are deferred in the consolidated balance sheet in accordance with the hedge accounting rules, because the internal interest rate swap and currency swap transactions, that are designated as hedging instruments, are traded in a non-discretionary manner and are appropriately and ultimately covered by third party transactions, which are conducted in accordance with the standards stipulated in the JICPA Industry Audit Committee Report No.24 and No.25.

For certain other assets or liabilities, the Bank applies the deferral method or the accrual method of hedge accounting, as specifically permitted for certain interest rate swaps. Under the deferral method, the recognition of income or expenses associated with a hedging instrument is deferred to the period when the income or expense arising from the hedged item is recognized.

#### (12) Scope of “Cash and Cash Equivalents” in Consolidated Statements of Cash Flows

“Cash and Cash Equivalents” in the consolidated statements of cash flows represents cash and non-interest bearing due from banks in Cash and Due from Banks on the consolidated balance sheets.

Non-interest bearing due from banks includes due from the Bank of Japan for which interest is paid on excess reserve balance based on a temporary measure introduced by the Bank of Japan.

#### (13) Consumption Taxes

Consumption tax and local consumption tax incurred on taxable transactions are excluded from these transaction amounts.

#### (Changes in accounting policies)

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

Effective from the beginning of the 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, March 26, 2015, 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 fiscal 2014.

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

(Notes to Consolidated Balance Sheet)

1. Stocks and investments in affiliates ¥117,532 million
  
2. Securities include securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) of ¥163,462 million as of March 31, 2015.  
Securities borrowed under unsecured borrowing agreements (Saiken Taishaku Torihiki) and securities purchased under resale agreements and cash-collateralized borrowing agreements, which can be sold or re-pledged by the Bank, include securities re-pledged of ¥30,069 million and securities held without re-pledge of ¥788,494 million as of March 31, 2015, respectively. No such securities are re-loaned to the third parties.
  
3. Loans and Bills Discounted include loans to borrowers under bankruptcy proceedings of ¥383 million and delinquent loans of ¥121,170 million.  
Loans to borrowers under bankruptcy proceedings are loans (excluding the parts written-off for possible loan losses) stipulated in Article 96-1-3, 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No.97, 1965) on which interest is placed on an non-accrual status (hereinafter referred to as “Non-accrual Loans”) since the loan principals and/or their pertaining interests are determined to be uncollectible considering the period of time past due and other reasons.  
Delinquent loans are also non-accrual loans other than loans to borrowers under bankruptcy proceedings or loans whereby payments of interests are deferred in order to support the borrowers’ rehabilitation.
  
4. Loans and Bills Discounted include those past-due for three months or more of ¥55 million.  
Loans past-due for three months or more are loans whose principal or interest is past-due for three months or more, other than loans to borrowers under bankruptcy proceedings and delinquent loans.
  
5. Loans and Bills Discounted include restructured loans of ¥33,793 million.  
Restructured loans are loans whereby its terms are modified in favor of the borrowers by reducing the interest rate, deferral of payments of interest or principal, waiving principal repayments, etc., in order to support the borrowers’ rehabilitation and facilitate the collection of the loan, except for the loans pertaining to 3 and 4 above.

6. The total amount of loans to borrowers under bankruptcy proceedings, delinquent loans, loans past-due for three months or more and restructured loans was ¥155,402 million.

The amounts of loans indicated in 3. to 6. above are amounts before deducting the reserves for possible loan losses.

7. Bills Discounted are treated as finance transactions based on JICPA Industry Audit Committee Report No.24. Based on the Report, the Bank has the right to appropriate freely deposited banker's acceptances, commercial notes, documentary bills, and purchased foreign exchange through sales or collateralization. The face value of the total Bills Discounted was ¥3,231 million.

8. Assets pledged as collateral consist of the followings:

Assets Pledged

Loans and Bills Discounted	¥12,215,467 million
Securities	¥20,456,510 million

Liabilities secured by the above assets are as follows:

Borrowed Money	¥850,070 million
Call Money	¥475,000 million
Payables under Repurchase Agreements	¥17,707,639 million
Payables under Securities Lending Transactions	¥74,682 million

In addition, Securities (including transactions of Money Held in Trust) of ¥7,181,415 million were pledged as collateral for settlement of exchange and derivative transactions or as margins of futures transactions.

Initial margins of futures markets of ¥1,105 million, cash collateral paid for financial instruments of ¥469,946 million and guarantee deposits of ¥17,032 million were included in Other Assets.

9. Commitments related to overdrafts and loans represent agreements to extend overdrafts or loans up to the pre-agreed amount at the customer's request as long as no violation of the conditions stipulated in the commitment agreement exists. The amount of undrawn commitments in relation to such agreements was ¥2,893,278 million as of March 31, 2015. The amount of undrawn commitments, which the Bank and its consolidated subsidiaries could cancel at any time without cause, was ¥1,970,605 million as of March 31, 2015.

The amount of undrawn commitments does not necessarily affect the future cash flow of the Bank and its consolidated subsidiaries because the majority of such agreements are terminated without being exercised. Most of these agreements have provisions which stipulate that the Bank and its consolidated subsidiaries may not extend the loan or may decrease the commitment when there are certain changes in the overall financial conditions, certain issues relating to collateral and other reasons. At the time of extending loans to customers, the Bank and its consolidated subsidiaries are able to request collateral in the form of premises or securities as necessary. After extending loans, the Bank periodically checks the financial condition of its customers based on predefined policies and procedures and acts to secure loans as necessary.

10. In accordance with the Law Concerning the Revaluation of Land, effective as of March 31, 1998, land used for business purposes was revaluated. Unrealized gains arising from revaluation, net of deferred tax, are disclosed as Revaluation Reserve for Land, net of taxes and included in Net Assets on the consolidated balance sheet. The related deferred tax liability is recorded as Deferred Tax Liabilities for Land Revaluation.

Date of Revaluation	March 31, 1998
Revaluation Method	Reasonably calculated in accordance with the Appraisal methods stipulated in Article 2-5 of the enforcement ordinance for the Law Concerning the Revaluation of Land (No.119 effective as of March 31, 1998)

11. Accumulated Depreciation Deducted from Tangible Fixed Assets ¥95,997 million

12. Accumulated Amount of Tax Basis Adjustments Deducted from Tangible Fixed Assets ¥4,042 million

13. Borrowed Money includes subordinated borrowings of ¥1,486,007 million which have a special agreement that requires the fulfillment of the payment obligations of such borrowing to be subordinated to other general liabilities. Above subordinated borrowing includes ¥1,387,791 million qualifying Tier 2 capital stipulated 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) issued in 2006.

14. Bonds are subordinated bonds of ¥50,000 million.

15. The amount of guaranteed obligations for corporate bonds acquired through private offerings (as in Article 2-3 Financial Instruments and Exchange Law) among those classified as corporate bonds in Securities was ¥3,300 million.

16. Total Monetary Credits to Directors, Supervisory Committee and the Auditors of the Bank ¥97 million

(Notes to Consolidated Statement of Operations)

1. Other Ordinary Income includes Gains on Sales of Stocks of ¥19,245 million and Gains on Money Held in Trust of ¥150,447 million.

2. The following Losses on Impairment of Fixed Assets were recognized in the fiscal year.

(Millions of Yen)

Purpose of Use	Type	Area	Impairment Losses
Operating assets	Land and Buildings	Nagano prf, others	939
Idle assets	Land and Buildings	Gunma prf, others	346

As for operating assets, the Bank aggregates the head office and all branches as one unit, taking into consideration mutually complementary relationship of the cash flows. Idle assets (including assets held for sale) were assessed individually by asset.

For the idle assets and the operating assets held for sale upon relocation, the Bank reduced the book values to their recoverable amounts and recognized the relevant losses as Losses on Impairment of Fixed Assets, which were included in Extraordinary Losses in the fiscal year.

The recoverable amounts are the net realizable value, which is calculated based on the appraisal value and other.

For the consolidated subsidiaries, assets of each individual subsidiary are grouped as one unit. Consolidated subsidiaries record impairment losses of ¥19 millions on fixed assets.

(Note to Consolidated Statement of Comprehensive Income)

Reclassification adjustments and income tax effects on the Other Comprehensive Income for the fiscal year ended March 31, 2015

Net Unrealized Gains (Losses) on Other Securities:

Gains (Losses) arising during the fiscal year	¥1,444,495 million
Reclassification adjustments to profit or loss	<u>¥(10,838)million</u>
Amounts before income tax effects	¥1,433,656 million
Income tax effects	<u>¥(397,709)million</u>
Total	<u>¥1,035,947 million</u>

Net Deferred Gains (Losses) on Hedging Instruments:

Gains (Losses) arising during the fiscal year	¥(224,296)million
Reclassification adjustments to profit or loss	<u>¥141,996 million</u>
Amounts before income tax effects	¥(82,300)million
Income tax effects	<u>¥22,869 million</u>
Total	<u>¥(59,431)million</u>

Revaluation Reserve for Land:

Gains (Losses) arising during the fiscal year	¥— million
Reclassification adjustments to profit or loss	<u>¥— million</u>
Amounts before income tax effects	¥— million
Income tax effects	<u>¥(17)million</u>
Total	<u>¥(17)million</u>

Foreign Currency Transaction Adjustments:

Gains (Losses) arising during the fiscal year	¥29 million
Reclassification adjustments to profit or loss	<u>¥— million</u>
Amounts before income tax effects	¥29 million
Income tax effects	<u>¥— million</u>
Total	<u>¥29 million</u>

Remeasurements of Defined Benefit Plans :

Gains (Losses) arising during the fiscal year	¥21,049 million
Reclassification adjustments to profit or loss	<u>¥(2,565)million</u>
Amounts before income tax effects	¥18,484 million
Income tax effects	<u>¥(5,135)million</u>
Total	<u>¥13,348 million</u>

Share of Other Comprehensive Income of Affiliates accounted for  
by the equity method:

Gains (Losses) during the fiscal year	¥1,272 million
Reclassification Adjustments to profit or loss	<u>¥(8)million</u>
Total	¥1,263 million
Total Other Comprehensive Income	<u>¥991,139 million</u>

(Notes to Consolidated Statement of Cash Flows)

The reconciliation of Cash and Due from Banks in the consolidated balance sheet to “Cash and Cash Equivalents” at the end of the fiscal year is as follows:

Cash and Due from Banks	¥7,297,692 million
<u>Less: Interest-bearing Due from Banks</u>	<u>¥(1,095,569)million</u>
Cash and Cash Equivalents at the end of the fiscal year	¥6,202,122 million

(Financial Instruments)

#### 1. Particulars of Financial Instruments

##### (1) Policy on Financial Instruments

The Bank is a financial institution which takes as its foundation the Japanese agricultural, forestry, and fisheries industry cooperatives. The Bank mainly raises procurement funds from its cooperative members' deposits (mainly 1 year), issuance of debentures (term 5 years), various financial markets, and invests these funds mainly in loans and securities. The Bank oversees the management of its securities based on the fundamental concept “globally diversified investment.” In terms of geographical area, the Bank invests in Japan, the United States, Europe, and other regions. The Bank classifies its assets as bonds, equities, credit assets, and alternative investments, depending on the investment allocation. The Bank possesses various financial assets and liabilities, and its integrated risk management framework is conducted in concert with its financial management framework (asset and liability management (“ALM”), market portfolio management, credit portfolio management and others). In addition, these include derivative instruments. It is also important to note that in the management of foreign currency assets, the Bank takes steps to limit the foreign exchange rate risk in most of these investments by employing various tools, such as cross-currency swaps.

Some of the Bank's consolidated subsidiaries conduct banking business, mortgage loan business and other business.

##### (2) Contents and Risk of Financial Instruments

The main financial assets of the Bank and its consolidated subsidiaries consist of Loans and Bills Discounted, Securities and Money Held in Trust.

Loans and Bills Discounted are exposed to credit risk. Securities and Money Held in Trust mainly consist of bonds, equities, credit and alternative assets, which are held for held-to-maturity, available for sale, and trading purposes. These securities are exposed to the market risk arising from interest rates, currency exchange rates and price fluctuations, as well as the credit risk and liquidity risk.

The main financial liabilities of the Bank consist of Deposits from members, Debentures, Borrowed Money, Call Money and Payables under Repurchase Agreements. These financial liabilities are exposed to market risk arising from interest rates and currency exchange rates. Procurement fund from the financial markets is exposed to liquidity risk

arising from market crashes and other forms of liquidity risk.

Derivative instruments include the transactions accounted for as hedge transactions, as part of our ALM. A portion of interest-related derivative instruments and currency-related derivative instruments are not accounted for as hedge transactions, and are exposed to the market risk arising from interest rates and currency exchange rates.

Ref: Standards of Accounting Method (11) Hedge Accounting for hedged items and hedging instruments related to hedge accounting, hedge policy and hedge effectiveness

### (3) Risk Management for Financial Instruments

#### a. Integrated Risk Management

The Bank, under its “Basic Policies for Risk Management,” focuses on comprehensive risk management, where risks it faces in conducting business are identified and managed taking into account their respective natures, and its overall risk measured using quantitative methods is managed in comparison with its capital, the Bank’s financial strength. To implement integrated risk management, the Bank has established the Integrated Risk Management Committee. The Committee also ensures that the total amount of risk undertaken is kept within the Bank’s financial strength. The Bank has also established a number of committees which are categorized according to the type of risk they handle, e.g. the Market Portfolio Management Committee (market risk, liquidity risk), the Credit Portfolio Management Committee (credit risk), and Other, to enable the top management to discuss risk management policies, including planned risk-taking. The framework also requires the integrated risk management situation to be regularly reported to the Board of Directors.

The Bank’s consolidated subsidiaries have managed to align each risk management framework in accordance with the Bank’s “Management and Operation Policy for Group Companies,” taking account of the Bank’s “Basic Policies for Risk Management” as well as the nature of its own business activities and the risk profile.

#### b. Credit Risk Management

The Bank has established its “Policies and Procedures for Credit Risk Management” and other rules for credit risk, and manages to align the credit risk management framework with the Bank’s internal rating, credit risk analysis, credit ceiling, credit management and others. Specifically, as for the credit risk assets, which consist of loans and various products for the item, area and business, the Bank comprehensively manages credit risk on an entire credit portfolio basis as well as individual credit basis for whole credit risk assets.

The Bank’s credit risk management framework is comprised of several committees (Including the Integrated Risk Management Committee, the Credit Portfolio Management Committee and other committees), which determine the credit risk management framework as well as credit investment policy. Front sections execute loan transactions and credit investments in accordance with the credit policy and within the credit limits approved by the committees. Middle sections, which are segregated from the front sections, monitor changes in the credit risk portfolio and report them to the committees. Those reports are used for upgrading the risk management framework and for future credit investment planning.

The Bank performs specialized analysis for all outstanding credit according to borrower type, such as cooperatives, corporates, public entities, financial institutions, overseas borrowers and securitized products.

To mitigate credit over-concentration risk, the Bank has established credit ceiling systems. Total credit exposure for each ceiling category is monitored on a regular basis and controlled to avoid any over-concentration on credit exposure.

### c. Market Risk Management

The Bank has established its “Policies and Procedures for Market Risk Management” and other rules for market risk, and align its market risk management framework with other relevant frameworks, policies and procedures.

Specifically, through the investment execution process, the Bank ensures the segregation of duties among divisions in charge for decisions (planning) on allocation policy, execution of individual transactions, and monitoring of risk positions. The Market Portfolio Management Committee sets market portfolio allocation policy, the front sections execute the transactions in accordance with the allocation policy, and the middle sections conduct monitoring.

The risk balance of the market portfolio is managed by analyzing and understanding market portfolio conditions based on the degree of market risk measured by the middle sections, including the amount of aggregate risk, risk indicators such as Value at Risk (VaR) and Basis Point Value, and correlation among asset classes. In principle, market risk measurements cover all financial assets and liabilities in the Bank’s portfolio and make use of the Internal Model for the calculation of VaR.

From a risk management perspective, the front sections executing trades for the trading accounts are explicitly separated from the front sections executing trades for the banking accounts. Targets for profits, and position and loss limits are revised semi-annually. Progress in achieving profit targets within approved limits is monitored on a daily basis. When positions or losses exceed approved limits, the middle sections alert the front sections to take appropriate action, which includes preparing corrective measures, reducing trading volumes, or suspending trading altogether.

The Bank adopts the variance-covariance method to measure the VaR of the trading securities within Trading Assets and certain interest-related, bond-related or other derivative transactions within Derivative Instruments, which are accounted for as trading operations. The market risk (the estimate of the potential loss) of the Bank’s trading operations as of March 31, 2015, the end of fiscal 2014, summed up to ¥22 million in total under the variance-covariance method with the holding period of one business day, a 99% confidence interval, and the observation period of 1,000 business days.

In order to measure the VaR of the financial assets and liabilities from the banking operations (the operations other than trading operations), the Bank adopts the historical simulation method. The market risk (the estimate of the potential net loss) of the Bank from the banking operations totaled ¥ 2,422,196 million as of March 31, 2015, the end of fiscal 2014, under the historical simulation method with holding period of 1 year , a 99.5% confidence interval, and the observation period from fiscal year 1995 to recent day. Since the Bank adopts mid- to long-term investment policies, as to the impact of the short-term market volatilities, the variance-covariance method VaR and others are separately calculated while market risks are basically measured by using the historical simulation method VaR as mentioned above.

The Bank also performs a back-testing to compare the model-measured VaR with the actual profits and losses. From the back test for the fiscal year 2014 actual results, the Bank had only one exception where the actual loss exceeded VaR and concludes that the adopted measurement method provides a sufficient accuracy of the market risk measurement. VaR, however, is designed to measure the market risk under the certain occurrence probability hypothesis based on the statistical calculation of the historical market movements. Therefore, VaR may not cover the risks in extremely volatile market conditions. The Bank measures losses under various scenarios (stress test) to complement the said limits and weakness of the model.

#### d. Liquidity Risk Management

The Bank manages liquidity risk in accordance with its “Policies and Procedures for Liquidity Risk Management.” Considering the profiles of the Bank’s ALM together with the relatively less liquid assets that it holds, the Bank takes initiatives to diversify and enhance the varieties of funding instruments, placing an emphasis on the stability of cash flows. Cash flow management is conducted on an aggregate basis at the head office in collaboration with relevant branches, and various limits for each currency, funding tool and funding base are established by the Risk Management Committee. The cash flow management plan, which sets out specific cash flow policy, is approved by the Market Portfolio Management Committee.

#### (4) Supplementary Explanations for the Fair Value of Financial Instruments and Other Items

The fair value of financial instruments is based on the quoted market price or a reasonably estimated amount, if the quoted market price is not available. As the reasonably estimated amounts are calculated based on certain assumptions, these estimates could be significantly affected by different assumptions.



## 2. Disclosures Regarding the Fair Value of Financial Instruments and Other Items

“Consolidated Balance Sheet Amount,” “Fair Value” and “Difference” as of March 31, 2015 are as follows:

Unlisted stocks and other financial instruments, the fair value of which is extremely difficult to determine, are excluded from the table below. (ref. Note 2)

	(Millions of Yen)		
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Loans and Bills Discounted	20,038,143		
Reserve for Possible Loan Losses(※1)	(114,891)		
	19,923,251	19,956,340	33,089
(2) Securities			
Held-to-Maturity Debt Securities	18,004,075	18,195,275	191,200
Other Securities	41,163,771	41,163,771	—
(3) Money Held in Trust(※1)			
Money Held in Trust for Trading Purposes	6,812	6,812	—
Other Money Held in Trust	4,500,650	4,510,023	9,372
(4) Trading Assets(※2)			
Trading Securities	2,572	2,572	—
(5) Monetary Claims Bought	226,605	226,788	182
(6) Call Loans and Bills Bought	569,902	569,902	—
(7) Cash and Due from Banks	7,297,692	7,297,692	—
Total Assets	91,695,334	91,929,179	233,845
(1) Deposits	53,474,106	53,474,112	5
(2) Negotiable Certificates of Deposit	3,674,664	3,674,664	—
(3) Debentures	3,552,811	3,563,767	10,956
(4) Borrowed Money	2,441,513	2,441,513	—
(5) Call Money and Bills Sold	475,000	475,000	—
(6) Payables under Repurchase Agreements	17,707,639	17,707,639	—
(7) Short-term Entrusted Funds	2,612,780	2,612,780	—
Total Liabilities	83,938,516	83,949,478	10,962
Derivative Instruments (※3)			
Transactions not Accounted for as Hedge Transactions	(4,025)	(4,025)	—
Transactions Accounted for as Hedge Transactions	(439,249)	(439,249)	—
Total Derivative Instruments	(443,275)	(443,275)	—

- (※) 1 Loans and Bills Discounted and Money Held in Trust are net of Reserve for Possible Loan Losses. Money Held in Trust is presented by net on the consolidated balance sheet as the reserve amounts are immaterial.
- 2 Derivative Instruments are excluded from Trading Assets.
- 3 Derivative Instruments within Trading Assets, Trading Liabilities, Other Assets and Other Liabilities are shown by net position. Receivables and payables which arise from Derivative Instruments are shown on a net basis.

(Note 1) Calculation Methods for the Fair Value of Financial Instruments are as follows:

### Assets

#### (1) Loans and Bills Discounted

The carrying value of Loans and Bills Discounted with floating rates approximates the fair value since they are repriced reflecting market interest fluctuations within a short period, unless the creditworthiness of the debtors

has been revised. Accordingly, the carrying value is deemed to be the fair value. As for Loans and Bills Discounted with fixed rates, the fair value is calculated according to the Discounted Cash Flow method. The price-determining variables include the default rates based on each credit rating, recovery rates, and other variables. As for mortgages, the fair value is calculated according to the Discounted Cash Flow method. The price-determining variables include the default rates, recovery rates, pre-payment rates and other variables.

As for Loans and Bills Discounted to doubtful debtors and others, the reserves for those assets are provided by the amount not expected to be recovered based on the present value of expected future cash flows or the recovery amount of collateral and guarantee. Accordingly, the carrying values net of the reserve approximate the fair value.

As for Loans and Bills Discounted without stated maturity for which credit is extended up to the value of the collateral assets, the carrying value is deemed to approximate the fair value, taking into account expected maturities, interest rates and other terms.

## (2) Securities

Regarding the valuation of stocks, fair value is based on the closing price at the exchange. With respect to investment trusts, fair value is based on the net asset value (“NAV”) published or the quoted prices provided by brokers or venders. As for bonds, fair value is based on the quoted market price if available, reasonably estimated amounts (using the Discounted Cash Flow method and other methods of valuation), or the quoted prices provided by brokers or venders.

As for corporate bonds issued through private offerings, the fair value is based on reasonably estimated amounts which are calculated according to the Discounted Cash Flow method. The price-determining variables include the default rates based on each credit rating, recovery rates and other variables. The estimates for the valuations of some securitized products are calculated according to the prices calculated by the Discounted Cash Flow method, using variables such as default rates, recovery rates, pre-payment rates, discount rates and other variables, or the quoted prices provided by brokers or venders, or both.

Concerning floating-rate Japanese government bonds which are rarely traded in the current market, the Bank continues to determine that market prices are not deemed as fair value, and that the fair value of these bonds is based on reasonably estimated amounts at the end of the fiscal year, which are calculated according to the Discounted Cash Flow method. The price-determining variables include the yield of Japanese government bonds, swaption volatilities and other variables.

As for investments for “Partnership” and “Limited Partnership” (“Investments in Partnership and Others”), fair value is based on the share of NAV which is valued assets of “Partnership” or “Limited Partnership,” if available. Relevant notes about the fair value of securities of each classification are described in following “Securities.”

## (3) Money Held in Trust

Loans and Bills Discounted and Securities included in Money Held in Trust are valued according to the same methods described in (1) and (2) above.

Relevant notes concerning the fair value of Money Held in Trust of each classification are described in following “Money Held in Trust.”

## (4) Trading Assets

Trading Securities are valued based on the closing price at the exchange or quoted price provided by the corresponding financial institutions.

#### (5) Monetary Claims Bought

Monetary Claims Bought are valued based on the quoted prices provided by brokers or venders.

#### (6) Call Loans and Bills Bought

These contractual terms are short-term (1 year or less), and fair value approximates the carrying value.

#### (7) Cash and Due from Banks

For Due from Banks without stated maturity, fair value approximates the carrying value. For Due from Banks with stated maturity, as the contractual terms are short-term (1 year or less), fair value approximates the carrying value. Concerning negotiable certificates of deposit, fair value is determined based on reasonably estimated amounts at the end of the fiscal year. The reasonably estimated amounts of negotiable certificates of deposit are calculated according to the Discounted Cash Flow method. The price-determining variable is the over-the-counter rate, etc.

### Liabilities

#### (1) Deposits

With respect to demand deposits, the amounts payable on demand as of the consolidated balance sheet date (the carrying value) are estimated at fair value. The carrying value of Time Deposits with floating rates approximates the fair value since it is repriced reflecting market interest rate fluctuations within a short period (1 year or less), unless the creditworthiness of the Bank and its consolidated subsidiaries has changed. Accordingly, the carrying value is deemed to be the fair value. As for Time Deposits with fixed rates, are calculated according to the Discounted Cash Flow method, and these discount rates are the currently-applied deposit rates. Some contractual terms are short-term (1 year or less), and fair value approximates the carrying value.

#### (2) Negotiable Certificates of Deposit

These contractual terms are short-term (1 year or less), and fair value approximates the carrying value.

#### (3) Debentures

As for Debentures, fair value is based on the quoted market price if available, or calculated according to the Discounted Cash Flow method. The price-determining variable of this method is the rate which would be applied if a similar debenture was issued.

#### (4) Borrowed Money

The carrying value of Borrowed Money with floating rates approximates the fair value since it is repriced reflecting market interest rate fluctuations within a short period (1 year or less), unless the creditworthiness of the Bank and its consolidated subsidiaries has changed. Accordingly, the carrying value is deemed to be the fair value. As for Borrowed Money with fixed rates, the fair value is calculated according to the Discounted Cash Flow method. The price-determining variable of this method is the rate which would be applied to a similar Borrowed Money. The fair value of the Borrowed Money with a short-term (1 year or less), approximates the carrying value.

#### (5) Call Money and Bills Sold, (6) Payables under Repurchase Agreements, (7) Short-term Entrusted Funds

These contractual terms are short-term (1 year or less), and the fair value approximates the carrying value.

### Derivative Instruments

Derivative instruments include interest rate-related derivative instruments (interest rate swaps and others) and

currency-related derivative instruments (currency swaps and others). The fair value is based on the closing price at the exchange, a discounted net present value model, an option pricing model or other models as appropriate. The accrual method of hedge accounting, as specifically permitted for certain interest rate swaps, is valued with the valuation of hedged items, so that the fair value is included in the fair value of Loans and Bills Discounted and other items.

(Note 2) The following table lists Consolidated Balance Sheet Amount of financial instruments, the fair value of which is extremely difficult to determine:

“Assets (2) Other Securities” in Disclosures Regarding the Fair Value of Financial Instruments and Other Items excludes these financial instruments.

(Millions of Yen)

Instruments	Consolidated Balance Sheet Amount
Unlisted Stocks and Others(※1)(※2)	281,951
Investments in Partnership and Others (※3)	274,105
Total	556,057

(※) 1 Unlisted Stocks and Others are excluded from “Disclosures Regarding the Fair Value of Financial Instruments and Other Items,” since there are no market prices and their fair value is extremely difficult to determine.

2 The amount of revaluation losses for the fiscal year was ¥1,874 million on Unlisted Stocks and Others.

3 Out of Investments in Partnership and Others, certain “Partnership” or “Limited Partnership” whose fair value is extremely difficult to determine are excluded from “Disclosures Regarding the Fair Value of Financial Instruments and Other Items.”

(Note 3) The redemption schedule of money claims and securities with stated maturities subsequent to the consolidated balance sheet date is as follows:

(Millions of Yen)

	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
Loans and Bills Discounted(※1)	15,957,737	1,739,429	1,280,270	510,137	299,985	128,109
Securities						
Held-to-Maturity Debt Securities	1,430,775	5,227,347	3,560,214	5,116,867	1,084,090	1,589,693
Other Securities held that have Maturity	1,607,894	5,212,566	12,362,702	6,116,822	1,304,862	2,979,552
Monetary Claims Bought	70,000	—	—	7,841	23,733	124,991
Call Loans and Bills Bought	569,902	—	—	—	—	—
Due from Banks(※2)	7,172,300	—	—	—	—	—
Total	26,808,610	12,179,342	17,203,187	11,751,669	2,712,673	4,822,346

(※) 1 Debtors in bankruptcy, debtors in default, loans to doubtful debtors and others of ¥122,472 million within Loans and Bills Discounted, for which the redemption date cannot be estimated, are excluded from the table above.

2 Demand deposits within Due from Banks are included in the entry for “1 Year or Less.”

(Note 4) The redemption schedule of Borrowed Money and other interest-bearing liabilities subsequent to the consolidated balance sheet date is as follows:

(Millions of Yen)

	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
Deposits(※1)	53,434,436	7,710	31,958	—	—	—
Negotiable Certificates of Deposit	3,674,664	—	—	—	—	—
Debentures	832,064	1,604,264	1,116,480	2	—	—
Borrowed Money(※2)	368,041	382,048	204,731	686	1,387,791	98,216
Call Money and Bills Sold	475,000	—	—	—	—	—
Payables under Repurchase Agreements	17,707,639	—	—	—	—	—
Short-term Entrusted Funds	2,612,780	—	—	—	—	—
Total	79,104,627	1,994,023	1,353,170	688	1,387,791	98,216

(※) 1 Demand deposits within Deposits are included in the entry for “1 Year or Less.”

2 Subordinated borrowings within Borrowed Money are included in the entry for “Over 10 Years.”

(Securities)

Information relating to Securities is provided as below. The Securities include Trading Securities in Trading Assets, negotiable certificates of deposit in Cash and Due from Banks and trust beneficiary interest in Monetary Claims Bought.

1. Trading Securities (as of March 31, 2015)

(Millions of Yen)

	Unrealized Gain Recognized as Income
Trading Securities	10

2. Held-to-Maturity Debt Securities (as of March 31, 2015)

(Millions of Yen)

	Type	Consolidated Balance Sheet Amount	Fair Value	Difference
Transactions for Fair Value exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	2,718,627	2,727,034	8,406
	Municipal Government Bonds	—	—	—
	Corporate Bonds	6,601	6,637	36
	Other	8,967,520	9,171,355	203,835
	Sub total	11,692,749	11,905,027	212,278
Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	4,818,344	4,802,404	(15,940)
	Municipal Government Bonds	—	—	—
	Corporate Bonds	—	—	—
	Other	1,577,478	1,572,523	(4,954)
	Sub total	6,395,823	6,374,928	(20,895)
Total		18,088,573	18,279,956	191,383

3. Other Securities (as of March 31, 2015)

(Millions of Yen)

	Type	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Stocks	678,521	272,267	406,253
	Bonds	6,250,201	6,020,350	229,850
	Japanese Government Bonds	6,241,731	6,011,917	229,814
	Municipal Government Bonds	661	645	16
	Corporate Bonds	7,808	7,787	20
	Other	32,866,847	30,627,960	2,238,886
	Sub total	39,795,570	36,920,579	2,874,990
Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost	Stocks	12,840	14,808	(1,967)
	Bonds	21,305	21,373	(67)
	Japanese Government Bonds	10,123	10,172	(49)
	Municipal Government Bonds	104	105	(0)
	Corporate Bonds	11,077	11,095	(17)
	Other	1,509,189	1,530,685	(21,495)
	Sub total	1,543,336	1,566,867	(23,531)
Total		41,338,906	38,487,446	2,851,459

4. Held-to-Maturity Debt Securities Sold during the fiscal year ended March 31, 2015

The Bank and its consolidated subsidiaries sold no held-to-maturity debt securities.

5. Other Securities Sold during the fiscal year ended March 31, 2015

(Millions of Yen)

	Sales Proceeds	Gains on Sales	Losses on Sales
Stocks	25,918	4,512	2
Bonds	4,622	51	0
Japanese Government Bonds	—	—	—
Municipal Government Bonds	1,213	37	0
Corporate Bonds	3,409	14	0
Other	1,690,431	29,376	40,733
Total	1,720,972	33,939	40,736

## 6. Securities Recognized for Revaluation Loss

Securities other than those for trading purposes and those whose fair value is difficult to determine, are revalued to their fair value, and the difference between the acquisition cost (and other) and the fair value is treated as a realized loss for the fiscal year ended March 31, 2015 (“revaluation loss”), if the fair value has significantly deteriorated from the acquisition cost (and other), and unless a recovery in the fair value is deemed probable.

The amount of revaluation loss for the fiscal year ended March 31, 2015 was ¥64 million including ¥64 million on Other.

The criteria for determining whether the securities’ fair value has “significantly deteriorated” are outlined as follows:

Securities whose fair values are equal to or less than 50% of their acquisition costs (and other)

Securities whose fair values remain between 50% (exclusive) and 70% (inclusive) of their acquisition costs (and other) for a certain period

(Money Held in Trust)

### 1. Money Held in Trust for Trading Purposes (as of March 31, 2015)

(Millions of Yen)

	Consolidated Balance Sheet Amount	Unrealized Gain Recognized as Income
Money Held in Trust for Trading Purposes	6,812	—

### 2. Held-to-Maturity Money Held in Trust (as of March 31, 2015)

The Bank and its consolidated subsidiaries held no held-to-maturity money held in trust.

### 3. Other Money Held in Trust (Money Held in Trust other than that for trading purposes or held-to-maturity) (as of March 31, 2015)

(Millions of Yen)

	Consolidated Balance Sheet Amount	Acquisition Cost	Difference	Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost
Other Money Held in Trust	4,501,036	4,173,759	327,277	327,553	276

(Note)

“Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost” and “Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost” are gross valuation of the difference between the acquisition cost and the consolidated balance sheet amount presented in “Difference.”

(Per Share Information)

Net Assets per Share at the end of the fiscal year was ¥991.00 (Minority Interests, the residual assets for the holders of lower dividend rate stocks and preferred stocks, the total dividends on lower dividend rate stocks and preferred stocks, and the total special dividends are deducted from the numerator, and the aggregate number of lower dividend rate stocks and preferred stocks is deducted from the denominator respectively in the calculation of Net Assets per Share.)

Net Income per Share for the period was ¥84.40 (The total dividends for lower dividend rate stocks and preferred

stocks and the total special dividends are deducted from the numerator, the aggregate number of lower dividend rate stock and preferred stock is deducted from the denominator respectively in the calculation of Net Income per Share.)



# Non-consolidated Financial Statements

## Non-consolidated Balance Sheet

(Millions of Yen)

	Fiscal 2013 (As of March 31, 2014)	Fiscal 2014 (As of March 31, 2015)
<b>(Assets)</b>		
<b>Loans and Bills Discounted</b>	<b>17,295,089</b>	<b>19,935,726</b>
Loans on Deeds	15,601,861	18,226,645
Loans on Bills	285,793	375,573
Overdrafts	1,402,833	1,330,275
Bills Discounted	4,601	3,231
<b>Foreign Exchange Assets</b>	<b>134,353</b>	<b>202,946</b>
Due from Foreign Banks	134,353	202,946
<b>Securities</b>	<b>52,901,442</b>	<b>59,738,559</b>
Japanese Government Bonds	14,051,062	13,770,207
Municipal Government Bonds	2,143	765
Corporate Bonds	34,908	25,487
Stocks	684,678	876,072
Other Securities	38,128,649	45,066,025
<b>Money Held in Trust</b>	<b>4,649,907</b>	<b>4,506,018</b>
<b>Trading Assets</b>	<b>14,055</b>	<b>10,099</b>
Trading Securities	6,082	2,572
Derivatives of Securities Related to Trading Transactions	-	62
Trading-related Financial Derivatives	7,973	7,464
<b>Monetary Claims Bought</b>	<b>174,256</b>	<b>226,605</b>
<b>Call Loans</b>	<b>619,386</b>	<b>569,902</b>
<b>Receivables under Resale Agreements</b>	<b>-</b>	<b>29,842</b>
<b>Receivables under Securities Borrowing Transactions</b>	<b>5,614</b>	<b>78,804</b>
<b>Cash and Due from Banks</b>	<b>5,967,497</b>	<b>7,278,611</b>
Cash	100,667	125,387
Due from Banks	5,866,829	7,153,223
<b>Other Assets</b>	<b>495,370</b>	<b>877,757</b>
Domestic Exchange Settlement Account, Debit	30	90
Prepaid Expenses	428	951
Accrued Income	180,711	192,521
Initial Margins of Futures Markets	894	1,105
Derivatives other than for Trading	94,795	148,798
Cash Collateral Paid for Financial Instruments	158,793	469,946
Others	59,717	64,343
<b>Tangible Fixed Assets</b>	<b>108,316</b>	<b>108,474</b>
Buildings	39,904	43,071
Land	50,546	49,890
Lease Assets	10,849	11,383
Construction in Progress	754	20
Other Tangible Fixed Assets	6,261	4,108
<b>Intangible Fixed Assets</b>	<b>23,900</b>	<b>19,443</b>
Software	19,348	11,545
Lease Assets	1,967	3,519
Other Intangible Fixed Assets	2,584	4,378
<b>Prepaid Pension Cost</b>	<b>-</b>	<b>1,698</b>
<b>Customers' Liabilities for Acceptances and Guarantees</b>	<b>137,056</b>	<b>151,587</b>
<b>Reserve for Possible Loan Losses</b>	<b>(167,110)</b>	<b>(114,920)</b>
<b>Reserve for Possible Investment Losses</b>	<b>(2,855)</b>	<b>(2,714)</b>
<b>Total Assets</b>	<b>82,356,280</b>	<b>93,618,444</b>

(Millions of Yen)

	Fiscal 2013 (As of March 31, 2014)	Fiscal 2014 (As of March 31, 2015)
<b>(Liabilities)</b>		
<b>Deposits</b>	<b>49,731,175</b>	<b>53,486,188</b>
Time Deposits	43,557,676	47,338,747
Deposits at Notice	72,543	54,721
Ordinary Deposits	1,129,174	1,126,409
Current Deposits	84,419	86,545
Other Deposits	4,887,362	4,879,765
<b>Negotiable Certificates of Deposit</b>	<b>2,848,086</b>	<b>3,674,664</b>
<b>Debentures</b>	<b>4,037,577</b>	<b>3,564,315</b>
Debentures Issued	4,037,577	3,564,315
<b>Trading Liabilities</b>	<b>6,994</b>	<b>6,717</b>
Derivatives of Securities Related to Trading Transactions	-	5
Trading-related Financial Derivatives	6,994	6,711
<b>Borrowed Money</b>	<b>2,272,623</b>	<b>2,436,513</b>
Borrowings	2,272,623	2,436,513
<b>Call Money</b>	<b>492,493</b>	<b>475,000</b>
<b>Payables under Repurchase Agreements</b>	<b>12,582,675</b>	<b>17,707,639</b>
<b>Payables under Securities Lending Transactions</b>	<b>132,945</b>	<b>74,682</b>
<b>Foreign Exchange Liabilities</b>	<b>4</b>	<b>35</b>
Foreign Bills Payable	4	35
<b>Short-term Entrusted Funds</b>	<b>2,950,795</b>	<b>2,612,780</b>
<b>Other Liabilities</b>	<b>751,547</b>	<b>1,321,639</b>
Domestic Exchange Settlement Account, Credit	55	44
Accrued Expenses	48,612	50,258
Income Taxes Payable	96	79,299
Unearned Income	892	840
Employees' Deposits	8,462	8,611
Variation Margins of Futures Markets	3	52
Derivatives other than for Trading	320,896	591,896
Cash Collateral Received for Financial Instruments	9,837	17,299
Lease Liabilities	12,177	13,333
Others	350,512	560,006
<b>Reserve for Bonus Payments</b>	<b>5,457</b>	<b>5,917</b>
<b>Reserve for Retirement Benefits</b>	<b>10,476</b>	<b>14,947</b>
<b>Reserve for Directors' Retirement Benefits</b>	<b>803</b>	<b>766</b>
<b>Deferred Tax Liabilities</b>	<b>463,869</b>	<b>843,611</b>
<b>Deferred Tax Liabilities for Land Revaluation</b>	<b>9,729</b>	<b>9,633</b>
<b>Acceptances and Guarantees</b>	<b>137,056</b>	<b>151,587</b>
<b>Total Liabilities</b>	<b>76,434,310</b>	<b>86,386,642</b>
<b>(Net Assets)</b>		
<b>Paid-in Capital</b>	<b>3,425,909</b>	<b>3,425,909</b>
Common Stock	3,400,909	3,400,909
(including Lower Dividend Rate Stock)	2,975,192	2,975,192
Preferred Stock	24,999	24,999
<b>Capital Surplus</b>	<b>25,020</b>	<b>25,020</b>
Capital Surplus Reserve	24,999	24,999
Other Capital Surplus	20	20
Reserve for Revaluation	20	20
<b>Retained Earnings</b>	<b>1,197,694</b>	<b>1,530,683</b>
Legal Reserves	504,066	532,966
Voluntary Reserves	693,628	997,717
Special Reserves	72,000	100,900
General Reserves	409,403	424,403
Reserves for Tax Basis Adjustments of Fixed Assets	7,661	7,523
Others	7	7
Unappropriated Retained Earnings	204,556	464,883
Net Income	143,197	404,551
<b>Total Owners' Equity</b>	<b>4,648,624</b>	<b>4,981,614</b>
<b>Net Unrealized Gains on Other Securities, net of taxes</b>	<b>1,302,149</b>	<b>2,338,046</b>
<b>Net Deferred Losses on Hedging Instruments, net of taxes</b>	<b>(45,412)</b>	<b>(104,843)</b>
<b>Revaluation Reserve for Land, net of taxes</b>	<b>16,606</b>	<b>16,984</b>
<b>Total Valuation and Translation Adjustments</b>	<b>1,273,344</b>	<b>2,250,187</b>
<b>Total Net Assets</b>	<b>5,921,969</b>	<b>7,231,802</b>
<b>Total Liabilities and Net Assets</b>	<b>82,356,280</b>	<b>93,618,444</b>

## Non-consolidated Statement of Operations

(Millions of Yen)

	Fiscal 2013 (Year ended March 31, 2014)	Fiscal 2014 (Year ended March 31, 2015)
<b>Ordinary Income</b>	<b>1,062,315</b>	<b>1,340,453</b>
Interest Income	800,825	1,033,786
Interest on Loans and Bills Discounted	66,705	63,775
Interest and Dividends on Securities	716,705	951,706
Interest on Call Loans	885	916
Interest on Receivables under Resale Agreements	34	50
Interest on Receivables under Securities Borrowing Transactions	91	160
Interest on Due from Banks	10,115	12,570
Other Interest Income	6,287	4,606
Fees and Commissions	13,337	13,108
Exchange Fees	1,338	989
Other Commissions Receivable	11,998	12,118
Trading Income	147	134
Income from Trading Securities and Derivatives	-	68
Income from Securities and Derivatives Related to Trading Transactions	-	11
Income from Trading-related Financial Derivatives	147	54
Other Operating Income	107,830	68,661
Gains on Sales of Bonds	53,327	21,712
Gains on Redemption of Bonds	10,719	1,499
Gains on Financial Derivatives	-	70
Other Operating Income	43,783	45,379
Other Ordinary Income	140,175	224,762
Reversal of Reserve for Possible Loan Losses	-	51,192
Recoveries from Written-off Claims	591	243
Gains on Sales of Stocks and Other Securities	2,606	19,232
Gains on Money Held in Trust	131,213	150,441
Others	5,764	3,652
<b>Ordinary Expenses</b>	<b>887,154</b>	<b>836,151</b>
Interest Expenses	566,599	603,382
Interest on Deposits	30,913	29,713
Interest on Negotiable Certificates of Deposit	6,990	7,012
Interest on Debentures	30,584	18,778
Interest on Borrowed Money	80,830	80,381
Interest on Call Money	396	414
Interest on Payables under Repurchase Agreements	13,100	17,973
Interest on Payables under Securities Lending Transactions	17	54
Interest on Interest Rate Swap	98,256	121,200
Other Interest Expenses	305,507	327,853
Fees and Commissions	11,925	12,786
Exchange Fees	631	669
Other Commissions	11,293	12,116
Trading Expenses	355	-
Expenses on Trading Securities and Derivatives	322	-
Expenses on Securities and Derivatives Related to Trading Transactions	33	-
Other Operating Expenses	147,111	87,387
Amortization of Debenture Issuance Costs	371	287
Losses on Foreign Exchange Transactions	6,144	5,389
Losses on Sales of Bonds	92,534	40,702
Losses on Revaluation of Bonds	8	62
Expenses on Financial Derivatives	8,609	-
Other Operating Expenses	39,441	40,945
General and Administrative Expenses	120,728	122,779
Other Ordinary Expenses	40,434	9,815
Provision of Reserve for Possible Loan Losses	127	-
Write-off of Loans	1	69
Losses on Sales of Stocks and Other Securities	5,770	2
Losses on Revaluation of Stocks and Other Securities	710	1,874
Losses on Money Held in Trust	5,379	239
Others	28,444	7,630
<b>Ordinary Profits</b>	<b>175,161</b>	<b>504,302</b>
<b>Extraordinary Profits</b>	<b>-</b>	<b>28</b>
Gains on Disposal of Fixed Assets	-	28
<b>Extraordinary Losses</b>	<b>3,181</b>	<b>1,702</b>
Losses on Disposal of Fixed Assets	663	416
Losses on Impairment of Fixed Assets	2,518	1,286
<b>Income before Income Taxes</b>	<b>171,979</b>	<b>502,627</b>
<b>Income Taxes - Current</b>	<b>230</b>	<b>91,569</b>
<b>Income Taxes - Deferred</b>	<b>28,552</b>	<b>6,507</b>
<b>Total Income Taxes</b>	<b>28,782</b>	<b>98,076</b>
<b>Net Income</b>	<b>143,197</b>	<b>404,551</b>
Unappropriated Retained Earnings Brought Forward	60,242	65,181
Cumulative Effects of Changes in Accounting Policies	-	(4,453)
<b>Restated Balance</b>	<b>60,242</b>	<b>60,728</b>
Transfer from Land Revaluation Reserve	1,117	(395)
<b>Unappropriated Retained Earnings at the End of the Year</b>	<b>204,556</b>	<b>464,883</b>

## Notes to Non-consolidated Financial Statements

Amounts less than one million yen are rounded down.

### (Significant Accounting Policies)

The bank's shares in the consolidated financial statements are very high and "Significant Accounting Policies" are generally the same as "Standards of Accounting Method" stated in "Notes to Consolidated Financial Statements," except for the treatment of unrecognized actuarial differences and unrecognized prior service cost.

### (Changes in Accounting Policies)

#### Adoption of "Accounting Standard for Retirement Benefits"

Effective from the beginning of the 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, March 26, 2015, 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 fiscal 2014.

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

### (Notes to Non-consolidated Balance Sheet)

1. Stocks and investments in subsidiaries and affiliates ¥152,958 million
2. Other Securities include securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) of ¥163,462 million as of March 31, 2015.  
Securities borrowed under unsecured borrowing agreements (Saiken Taishaku Torihiki) and securities purchased under resale agreements and cash-collateralized borrowing agreements, which can be sold or re-pledged by the Bank, include securities re-pledged of ¥30,069 million and securities held without re-pledge of ¥788,494 million as of March 31, 2015, respectively. No such securities are re-loaned to the third parties.
3. Loans and Bills Discounted include loans to borrowers under bankruptcy proceedings of ¥247 million and delinquent loans of ¥116,474 million.

Loans to borrowers under bankruptcy proceedings are loans (excluding the parts written-off for possible loan losses) stipulated in Article 96-1-3, 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No.97, 1965) on which interest is placed on a no-accrual status (hereinafter referred to as "Non-accrual Loans") since the loan

principals and/or their pertaining interests are determined to be uncollectible considering the period of time past due and other reasons.

Delinquent loans are also non-accrual loans other than loans to borrowers under bankruptcy proceedings or loans whereby payments of interests are deferred in order to support the borrowers' rehabilitation.

4. Loans and Bills Discounted include those past-due for three months or more of ¥-

Loans past-due for three months or more are loans whose principal or interest is past-due for three months or more, other than loans to borrowers under bankruptcy proceedings and delinquent loans.

5. Loans and Bills Discounted include restructured loans of ¥32,273 million.

Restructured loans are loans whereby its terms are modified in favor of the borrowers by reducing the interest rate, deferral of payments of interest or principal, waiving principal repayments, etc., in order to support the borrowers' rehabilitation and facilitate the collection of the loan, except for the loans pertaining to 3 and 4 above.

6. The total amount of loans to borrowers under bankruptcy proceedings, delinquent loans, loans past due for three months or more and restructured loans was ¥148,995 million.

The amounts of loans indicated in 3. to 6. above are amounts before deducting the reserves for possible loan losses.

7. Bills Discounted are treated as finance transactions based on the Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No.24. Based on the Report, the Bank has the right to appropriate freely deposited banker's acceptances, commercial notes, documentary bills, and purchased foreign exchange through sales or collateralization. The face value of the total Bills Discounted was ¥3,231 million.

8. Assets pledged as collateral consist of the followings:

Assets Pledged

Loans and Bills Discounted	¥12,215,467 million
Securities	¥20,456,510 million

Liabilities secured by the above assets are as follows:

Borrowed Money	¥850,070 million
Call Money	¥475,000 million
Payables under Repurchase Agreements	¥17,707,639 million
Payables under Securities Lending Transactions	¥74,682 million

In addition, Securities (including transactions of Money Held in Trust) of ¥7,162,795 million were pledged as collateral for settlement of exchange and derivative transactions or as margins of futures transactions.

Guarantee deposits of ¥16,706 million were included in Others of Other Assets.

9. Commitments related to overdrafts and loans represent agreements to extend overdrafts or loans up to the pre-agreed amount at the customer's request as long as no violation of the conditions stipulated in the commitment agreement exists. The amount of undrawn commitments in relation to such agreements was ¥3,233,278 million as of March 31, 2015. The amount of undrawn commitments, which the Bank could cancel at any time without cause, was ¥2,310,605 million as of March 31, 2015.

The amount of undrawn commitments does not necessarily affect the future cash flow of the Bank because the majority of such agreements are terminated without being exercised. Most of these agreements have provisions which

stipulate that the Bank may not extend the loan or may decrease the commitment when there are certain changes in the overall financial conditions, certain issues relating to collateral and other reasons. At the time of extending loans to customers, the Bank is able to request collateral in the form of premises or securities as necessary. After extending loans, the Bank periodically checks the financial condition of its customers based on predefined policies and procedures and acts to secure loans as necessary.

10. In accordance with the Law Concerning the Revaluation of Land, effective as of March 31, 1998, land used for business purposes was revaluated. Unrealized gains arising from revaluation, net of deferred tax, are disclosed as Revaluation Reserve for Land, net of taxes and included in Net Assets on the non-consolidated balance sheet. The related deferred tax liability is recorded as Deferred Tax Liabilities for Land Revaluation.

Date of Revaluation	March 31, 1998
Revaluation Method	Reasonably calculated in accordance with the Appraisal methods stipulated in Article 2-5 of the enforcement ordinance for the Law Concerning the Revaluation of Land (No.119 effective as of March 31, 1998)

11. Accumulated Depreciation Deducted from Tangible Fixed Assets ¥94,206 million

12. Accumulated Losses on Impairment of Tangible Fixed Assets ¥10,122 million

13. Accumulated Amount of Tax Basis Adjustments Deducted from Tangible Fixed Assets ¥4,042 million

14. Borrowed Money includes subordinated borrowings of ¥1,536,007 million which have a special agreement that requires the fulfillment of the payment obligations of such borrowing to be subordinated to other general liabilities. Above subordinated borrowing includes ¥1,387,791 million qualifying Tier 2 capital stipulated 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) issued in 2006.

15. The amount of guaranteed obligations for corporate bonds acquired through private offerings (as in Article 2-3 Financial Instruments and Exchange Law) among those classified as corporate bonds in Securities was ¥3,300 million.

16. Total Receivables Due from Subsidiaries and Affiliates ¥198,415 million

17. Total Payable Due to Subsidiaries and Affiliates ¥93,625 million

18. The Bank holds no surplus defined in Article 109-1 of the Ordinance for Enforcement of the Norinchukin Bank Law.

(Notes to Non-consolidated Statements of Operations)

1. Income and Expenses related to the transactions with subsidiaries and affiliates

(Millions of Yen)

	Total Income	Total Expenses
Interest Income/Expenses	8,679	1,492
Fees and Commissions	282	2,283
Other Operating and Other Ordinary Income/Expenses	328	21,595
Other	—	—

2. The following Losses on Impairment of Fixed Assets were recognized in the fiscal year.

(Millions of Yen)

Purpose of Use	Type	Area	Impairment Losses
Operating assets	Land and Buildings	Nagano prf, others	939
Idle assets	Land and Buildings	Gunma prf, others	346

As for operating assets, the Bank aggregates the head office and all branches as one unit, taking into consideration mutually complementary relationship of the cash flows. Idle assets (including assets held for sale) were assessed individually by asset.

For the idle assets and the operating assets held for sale upon relocation, the Bank reduced the book values to their recoverable amounts and recognized the relevant losses as Losses on Impairment of Fixed Assets, which were included in Extraordinary Losses in the fiscal year.

The recoverable amounts are the net realizable value, which is calculated based on the appraisal value and other.

(Securities)

Stock of subsidiaries and affiliates (as of March 31, 2015)

The Bank held no stocks and investments of subsidiaries and affiliates, the fair value of which is readily determinable.

The following table lists stocks and investments of subsidiaries and affiliates, the fair value of which is extremely difficult to determine :

(Millions of Yen)

	Non-consolidated Balance Sheet Amount
Stocks of Subsidiaries	45,850
Stocks and Investments of Affiliates	107,108
Total	152,958

Above transactions are excluded from “Stock of subsidiaries and affiliates,” since there are no market prices and their fair value is extremely difficult to determine.

(Accounting for Income Taxes)

The major components of deferred tax assets and liabilities as of March 31, 2015 were as follows:

Deferred Tax Assets	
Reserve for Possible Loan Losses	¥25,426 million
Write-off of Loans	1,729 million
Losses on Revaluation of Securities	52,497 million
Reserve for Employees' Retirement Benefits	11,217 million
Depreciation of Fixed Assets	55 million
Deferred Losses on Hedging Instruments	55,698 million
Unrealized Losses on Reclassification	16,258 million
Other	<u>68,919 million</u>
Subtotal	231,803 million
Valuation Allowance	<u>(110,391) million</u>
Total Deferred Tax Assets	¥121,411 million
Deferred Tax Liabilities	
Gains from Contribution of Securities to Employee Retirement Benefit Trust	¥(4,968) million
Net Unrealized Gains on Other Securities	(874,503) million
Deferred Gains on Hedging Instruments	(15,429) million
Unrealized Gains on Reclassification	(29,269) million
Other	<u>(40,852) million</u>
Total Deferred Tax Liabilities	<u>(965,023) million</u>
Net Deferred Tax Liabilities	<u>¥(843,611) million</u>

(Per Share Information)

Net Assets per Share at the end of the fiscal year was ¥974.96 (The residual assets for the holders of lower dividend rate stocks and preferred stocks, the total dividends on lower dividend rate stocks and preferred stocks, and the total special dividends are deducted from the numerator, and the aggregate number of lower dividend rate stocks and preferred stocks is deducted from the denominator, respectively, in the calculation of Net Assets per Share.)

Net Income per Share for the period was ¥82.82 (The total dividends for lower dividend rate stocks and preferred stocks and the total special dividends are deducted from the numerator, the aggregate number of lower dividend rate stocks and preferred stocks is deducted from the denominator, respectively, in the calculation of Net Income per Share.)