May 22, 2014

Financial Statements for the Fiscal 2013

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 : Shinichiro Nakano , General Manager of Financial Planning & Control Division

(Note) Amounts less than one million Yen are rounded down.

1. Consolidated Financial Results for the Fiscal 2013 (for the fiscal year ended March 31, 2014)

(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 2013	1,086,983	9.4	190,365	85.4	155,727	29.9
Fiscal 2012	993,463	4.8	102,702	35.8	119,866	70.0

(Note) Comprehensive Income for Fiscal 2013 251,394 millions of Yen (73.5%) for Fiscal 2012 949,741 millions of Yen 58.2%

	Net Assets Net Income Ratio	Total Assets Ordinary Profits Ratio	Ordinary Income Ordinary Profits Ratio
	%	%	%
Fiscal 2013	2.7	0.2	17.5
Fiscal 2012	2.3	0.1	10.3

(Ref) Equity in Earnings of Affiliates for Fiscal 2013 8,602 millions of Yen for Fiscal 2012 6,727 millions of Yen

(2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
Fiscal 2013	83,143,675	5,976,519	7.2
Fiscal 2012	81,496,808	5,767,273	7.1

(Ref) Net Assets - Minority Interests for Fiscal 2013 5,969,588 millions of Yen for Fiscal 2012 5,760,912 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 2013	(2,919,862)	4,503,549	(51,015)	4,667,602
Fiscal 2012	1,900,920	840,423	(21,377)	3,134,931

※ 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 2013 (for the fiscal year ended March 31, 2014)

(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 2013	1,062,315	9.4	175,161	98.8	143,197	34.0
Fiscal 2012	970,896	4.0	88,122	28.8	106,839	73.3

(2) Non-consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
Fiscal 2013	82,356,280	5,921,969	7.2
Fiscal 2012	80,861,096	5,734,984	7.1

(Ref) Net Assets for Fiscal 2013 5,921,969 millions of Yen for Fiscal 2012 5,734,984 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).

<u>Note on the implementation status of Audit Procedure</u>

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

Looking back at the business environment of the fiscal year 2013, an accommodative monetary environment continued globally. In Japan, aggressive financial easing introduced by the Bank of Japan last April led to noticeable depreciation of yen and hike of stock prices. In addition, stock prices were volatile throughout the year, influenced by expectation for Abenomics and foreign investors' trends. In the United States, with the continuing gradual improvement of employment and strong corporate performance, stock prices steadily increased and recorded an all-time high, and credit spreads showed a declining trend. Long term interest rates in the US, on the other hand, generally remained in the high 2% range while it fluctuated due to several events. They include the temporary sharp rise in US 10-year Treasury yields to around 3% in late May following the FRB chairman's remarks on quantitative easing tapering; temporary government shutdown caused by the US budget standoff; decision in December on the quantitative easing tapering; and speculation on the timing of interest rate increase. In emerging markets, which had been driving global economic growth until the previous fiscal year, stock prices shifted downward due to Chinese economic slowdown, several economic management issues surfaced by the tapering in the US, and reacknowledged mixed economic conditions in emerging countries.

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 ¥271.6 billion, up ¥177.3 billion from the previous fiscal year.

The total credit cost improved by ¥13.3 billion to ¥0.1 billion in net losses from the previous fiscal year, against the backdrop of economic recovery.

As for securities investments, net gains/losses on sales were net losses of ¥42.3 billion, down ¥29.8 billion from the previous fiscal year, provisions and impairments for depreciation of securities and other reasons improved by ¥1.0 billion from the previous fiscal year, recording a ¥1.1 billion net revenue.

As a result, with all of the factors mentioned above, the Bank recorded ¥175.1 billion in Ordinary Profits, up ¥87.0 billion and ¥143.1 billion in Net Income, up ¥36.3 billion from the previous fiscal year, respectively. The Bank's net operating profits stood at ¥116.5 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 ¥1,495.1 billion to ¥82,356.2 billion from the previous fiscal year-end. Total Net Assets at the end of the fiscal year increased by ¥186.9 billion to ¥5,921.9 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 ¥1,167.4 billion to ¥17,295.0 billion from the previous fiscal year-end, and Securities at the end of the fiscal year increased by ¥2,829.0 billion to ¥52,901.4 billion from the previous fiscal year-end. For those on the liabilities side, Deposits at the end of the fiscal year increased by ¥2,274.7 billion to ¥49,731.1 billion, and Debentures at the end of the fiscal year decreased by ¥581.6 billion to ¥4,037.5 billion from the previous fiscal year-end, respectively.

The Bank's shares in the consolidated financial statements are very high.

Consolidated Total Assets at the end of the fiscal year increased by ¥1,646.8 billion to ¥83,143.6 billion from the previous fiscal year-end. Consolidated Ordinary Profits were ¥190.3 billion, up ¥87.6 billion from the previous fiscal year and consolidated Net Income was ¥155.7 billion, up ¥35.8 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 the three years from FY2013 through FY2015.

In the Medium-Term Management Plan, the Bank employs the following slogan, "Challenge for a New Stage." Under this slogan, while we will make further efforts for enhanced profitability and organizational strength, we will proactively work on various efforts. Such efforts include development of the agricultural, fisheries and forestry industries, which are expected to become Japan's growth industries, sustainable development of local communities, which includes the reconstruction of the disaster-affected areas, and strengthening of the cooperative banking business (JA Bank and JF Marine Bank), which includes development of human resources. We will continue to strive to become a "Leading Bank that Supports the Agricultural, Fisheries 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 agendas:

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

- Continued efforts to reconstruct the disaster-affected areas centering on the agricultural, fisheries and forestry industries
- Strengthening the ability to cater to leaders who support sustainable development of the agricultural, fisheries and forestry industries
- Efforts to strengthen the profitability of the agricultural, fisheries and forestry industries
- New efforts to revitalize local communities centering on the agricultural, fisheries and forestry industries
- Strengthening partnership with corporate clients which contribute to the development of the agricultural, fisheries industries and the cooperative banking business

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

- Planning and deployment of measures that contribute to reconstruction and expansion of the user base
- Development of additional frameworks for enhancement of business management framework and management base
- Development and management of business infrastructures that support implementing business strategies
- Strengthening initiatives for development of cooperative banking-related human resources who can put business strategies into practice
- Initiatives for strengthening partnership among national-level union and federations
- Consideration of the future direction as regional financial institutions

（3） Strengthening of profitability through appropriate risk management

- Ensuring a solid profit 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

- Putting emphasis on cultivating “human resources” who will play a key role at the Bank and the cooperative system
- Adequate financial management taking into account market environment
- Appropriate allocation of management resources
- Improvement of business infrastructures for the operations of the Bank and the cooperative system
- Strengthening of compliance and business management frameworks for the Bank and the cooperative banking system

List of Group Companies

(As of March 31, 2014)

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 millon 100.00
Norinchukin Research Institute Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo, Japan	Research	March 25, 1986	¥300 millon 100.00
Norinchukin Facilities Co., Ltd.	16-8, Sotokanda 1-chome, Chiyoda-ku, Tokyo, Japan	Building Management & Facility Management	August 6, 1956	¥197 millon 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 millon 100.00
Kyodo Seminar Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo, Japan	Training	May 25, 1981	¥20 millon 100.00
Kyodo Housing Loan Co., Ltd.	15-3, Chuocho 1-chome, Meguro-ku, Tokyo, Japan	Mortgage Loans & Housing Loan Guarantee	August 10, 1979	¥10,500 millon 91.68
Nochu Information System Co., Ltd.	2-3, Toyosu 3-chome, Koto-ku, Tokyo, Japan	System Development & Maintenance	May 29, 1981	¥100 millon 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 millon 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 millon 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 millon 37.96
JA MITSUI LEASING, LTD.	10-2, Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo, Japan	Leasing Business	April 1, 2008	¥32,000 millon 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 millon 19.97
Mitsubishi UFJ NICOS Co., Ltd.	14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo, Japan	Credit Card Business	June 7, 1951	¥109,312 millon 15.01
Daiichi Life Norinchukin Building Management Co., Ltd.	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan	Building Management	April 1, 1993	¥10 millon 27.00
Norinchukin Finance (Cayman) Limited	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	Issuances of Subordinated Bonds, Lending of Subordinated Loans	August 30, 2006	US $50,000 100.00

Consolidated Financial Statements

Principles of Consolidated Financial Statements

1 Scope of Consolidation

(1) Consolidated subsidiaries — 9 companies

Names of principal companies:

The Norinchukin Trust & Banking Co., Ltd.

Kyodo Housing Loan Co., Ltd.

(2) Unconsolidated subsidiaries — 0 companies

2 Application of the Equity Method

(1) Affiliates which were accounted for by the equity method — 5 companies

Names of principal companies:

JA MITSUI LEASING, LTD.

Mitsubishi UFJ NICOS Co., Ltd.

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, 2014 Number of subsidiaries: 9

(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 2012 (As of March 31, 2013)	Fiscal 2013 (As of March 31, 2014)
(Assets)		
Loans and Bills Discounted	16,224,595	17,395,323
Foreign Exchange Assets	268,750	134,353
Securities	50,045,795	52,883,256
Money Held in Trust	6,892,281	4,650,704
Trading Assets	36,602	14,055
Monetary Claims Bought	179,373	174,256
Call Loans and Bills Bought	1,527,128	619,386
Receivables under Securities Borrowing Transactions	−	5,614
Cash and Due from Banks	4,419,087	5,981,536
Other Assets	1,251,733	498,890
Tangible Fixed Assets	109,541	110,358
Buildings	35,275	40,652
Land	52,899	51,498
Lease Assets	12,903	10,915
Construction in Progress	1,958	754
Other Tangible Fixed Assets	6,504	6,537
Intangible Fixed Assets	33,424	25,126
Software	27,628	20,163
Lease Assets	2,495	1,967
Other Intangible Fixed Assets	3,299	2,995
Net Defined Benefit Asset	−	15,171
Deferred Tax Assets	2,119	2,069
Customers' Liabilities for Acceptances and Guarantees	688,399	806,697
Reserve for Possible Loan Losses	(175,959)	(170,718)
Reserve for Possible Investment Losses	(6,065)	(2,407)
Total Assets	81,496,808	83,143,675
(Liabilities)		
Deposits	47,442,849	49,717,247
Negotiable Certificates of Deposit	2,397,290	2,848,086
Debentures	4,606,940	4,025,067
Bonds	50,000	50,000
Trading Liabilities	10,139	6,994
Borrowed Money	1,779,106	2,278,623
Call Money and Bills Sold	452,214	492,493
Payables under Repurchase Agreements	12,349,745	12,582,675
Payables under Securities Lending Transactions	6,129	132,945
Foreign Exchange Liabilities	78	4
Short-term Entrusted Funds	4,235,124	2,950,795
Other Liabilities	1,286,866	775,982
Reserve for Bonus Payments	6,747	6,830
Reserve for Employees' Retirement Benefits	11,414	−
Net Defined Benefit Liability	−	14,589
Reserve for Directors' Retirement Benefits	1,032	1,096
Deferred Tax Liabilities	395,295	467,297
Deferred Tax Liabilities for Land Revaluation	10,158	9,729
Acceptances and Guarantees	688,399	806,697
Total Liabilities	75,729,534	77,167,156
(Net Assets)		
Paid-in Capital	3,425,909	3,425,909
Capital Surplus	25,020	25,020
Retained Earnings	1,130,521	1,236,359
Treasury Preferred Stock	(150)	(150)
Total Owners' Equity	4,581,301	4,687,139
Net Unrealized Gains on Other Securities	1,267,652	1,302,399
Net Deferred Losses on Hedging Instruments	(105,743)	(45,419)
Revaluation Reserve for Land	17,723	16,606
Foreign Currency Transaction Adjustments	(20)	(6)
Remeasurements of Defined Benefit Plans	−	8,867
Total Accumulated Other Comprehensive Income	1,179,611	1,282,448
Minority Interests	6,361	6,930
Total Net Assets	5,767,273	5,976,519
Total Liabilities and Net Assets	81,496,808	83,143,675

Consolidated Statements of Operations and Comprehensive Income

(1)Consolidated Statement of Operations

(Millions of Yen)

	Fiscal 2012 (Year ended March 31, 2013)	Fiscal 2013 (Year ended March 31, 2014)
Ordinary Income	993,463	1,086,983
Interest Income	637,775	803,254
Interest on Loans and Bills Discounted	78,828	70,463
Interest and Dividends on Securities	539,766	715,366
Interest on Call Loans and Bills Bought	1,486	885
Interest on Receivables under Resale Agreements	10	34
Interest on Receivables under Securities Borrowing Transactions	508	91
Interest on Due from Banks	4,766	10,125
Other Interest Income	12,407	6,287
Fees and Commissions	21,120	22,264
Trading Income	485	147
Other Operating Income	115,659	110,007
Other Ordinary Income	218,421	151,308
Reversal of Reserve for Possible Loan Losses	−	875
Recoveries of Written-off Claims	1,086	784
Other Ordinary Income	217,335	149,648
Ordinary Expenses	890,760	896,617
Interest Expenses	589,742	566,646
Interest on Deposits	34,557	30,911
Interest on Negotiable Certificates of Deposit	7,128	6,990
Interest on Debentures	45,233	30,517
Interest on Borrowed Money	80,517	79,774
Interest on Call Money and Bills Sold	346	396
Interest on Payables under Repurchase Agreements	15,530	13,100
Interest on Payables under Securities Lending Transactions	3	17
Interest on Bonds	1,260	1,169
Other Interest Expenses	405,165	403,767
Fees and Commissions	13,178	13,810
Trading Expenses	224	355
Other Operating Expenses	132,835	147,128
General and Administrative Expenses	123,924	128,276
Other Ordinary Expenses	30,854	40,399
Provision of Reserve for Possible Loan Losses	3,240	−
Other Ordinary Expenses	27,614	40,399
Ordinary Profits	102,702	190,365
Extraordinary Profits	2,084	−
Gains on Disposal of Fixed Assets	2,065	−
Gains on Negative Goodwill Incurred	19	−
Extraordinary Losses	2,855	3,244
Losses on Disposal of Fixed Assets	1,362	673
Losses on Impairment of Fixed Assets	1,493	2,570
Income before Income Taxes and Minority Interests	101,931	187,121
Income Taxes - Current	1,299	2,205
Income Taxes - Deferred	(19,612)	28,616
Total Income Taxes	(18,313)	30,821
Income before Minority Interests	120,244	156,300
Minority Interests in Net Income	378	572
Net Income	119,866	155,727

(2)Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Fiscal 2012 (Year ended March 31, 2013)	Fiscal 2013 (Year ended March 31, 2014)
Income before Minority Interests	120,244	156,300
Other Comprehensive Income	829,496	95,093
Net Unrealized Gains (Losses) on Other Securities	894,047	34,560
Net Deferred Gains (Losses) on Hedging Instruments	(64,859)	60,208
Revaluation Reserve for Land	−	0
Foreign Currency Transaction Adjustments	20	14
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	288	309
Total Comprehensive Income	949,741	251,394
Attributable to:		
Owners of the Parent	949,318	250,815
Minority Interests	423	579

Consolidated Statement of Capital Surplus and Retained Earnings

(Millions of Yen)

	Fiscal 2012 (Year ended March 31, 2013)	Fiscal 2013 (Year ended March 31, 2014)
(Capital Surplus)		
Balance at the Beginning of the Fiscal Year	25,020	25,020
Additions:	–	–
Deductions:	–	–
Balance at the End of the Fiscal Year	25,020	25,020
(Retained Earnings)		
Balance at the Beginning of the Fiscal Year	1,024,914	1,130,521
Additions:	126,984	156,844
Net Income for the Fiscal Year	119,866	155,727
Transfer from Revaluation Reserve for Land	7,118	1,117
Deductions:	21,377	51,006
Dividends	21,377	51,006
Balance at the End of the Fiscal Year	1,130,521	1,236,359

Consolidated Statement of Cash Flows

(Millions of Yen)

	Fiscal 2012 (Year ended March 31, 2013)	Fiscal 2013 (Year ended March 31, 2014)
Ⅰ Cash Flows from Operating Activities:		
Income before Income Taxes and Minority Interests	101,931	187,121
Depreciation	19,997	20,089
Losses on Impairment of Fixed Assets	1,493	2,570
Gains on Negative Goodwill Incurred	(19)	−
Equity in Losses (Earnings) of Affiliates	(6,727)	(8,602)
Net Increase (Decrease) in Reserve for Possible Loan Losses	(53,455)	(5,240)
Net Increase (Decrease) in Reserve for Possible Investment Losses	(6,309)	(3,658)
Net Increase (Decrease) in Reserve for Bonus Payments	272	82
Net Increase (Decrease) in Reserve for Employees' Retirement Benefits	5,226	−
Net Increase (Decrease) in Net Defined Benefit Liability	−	379
Net Increase (Decrease) in Reserve for Directors' Retirement Benefits	14	63
Interest Income	(637,775)	(803,254)
Interest Expenses	589,742	566,646
Losses (Gains) on Securities	153,526	231,071
Losses (Gains) on Money Held in Trust	(10,946)	(19,097)
Foreign Exchange Losses (Gains)	(4,527,579)	(3,913,985)
Losses (Gains) on Disposal of Fixed Assets	(702)	673
Net Decrease (Increase) in Trading Assets	(3,944)	22,546
Net Increase (Decrease) in Trading Liabilities	(455)	(3,145)
Net Decrease (Increase) in Loans and Bills Discounted	(1,486,184)	(1,148,281)
Net Increase (Decrease) in Deposits	3,892,385	870,090
Net Increase (Decrease) in Negotiable Certificates of Deposit	514,864	450,795
Net Increase (Decrease) in Debentures	(510,931)	(581,872)
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowed Money)	(35,700)	499,516
Net Decrease (Increase) in Interest-bearing Due from Banks	(11,764)	(29,798)
Net Decrease (Increase) in Call Loans and Bills Bought and Other	(602,382)	912,021
Net Decrease (Increase) in Receivable under Securities Borrowing Transactions	492,481	(5,614)
Net Increase (Decrease) in Call Money and Bills Sold and Other	4,476,630	273,208
Net Increase (Decrease) in Short-term Entrusted Funds	(116,586)	(1,284,329)
Net Increase (Decrease) in Payables under Securities Lending Transactions	(4,525)	126,816
Net Decrease (Increase) in Foreign Exchange Assets	(223,953)	134,396
Net Increase (Decrease) in Foreign Exchange Liabilities	67	(73)
Interest Received	653,552	846,722
Interest Paid	(592,544)	(569,860)
Other, Net	(170,998)	315,291
Subtotal	1,898,703	(2,916,708)
Income Taxes Refund (Paid)	2,217	(3,154)
Net Cash Provided by (Used in) Operating Activities	1,900,920	(2,919,862)
Ⅱ Cash Flows from Investing Activities:		
Purchases of Securities	(30,200,852)	(11,719,415)
Proceeds from Sales of Securities	1,786,024	3,969,239
Proceeds from Redemption of Securities	28,593,913	8,444,537
Increase in Money Held in Trust	(666,090)	(137,486)
Decrease in Money Held in Trust	1,324,776	2,581,624
Purchases of Tangible Fixed Assets	(5,559)	(10,055)
Purchases of Intangible Fixed Assets	(2,027)	(7,150)
Proceeds from Sales of Tangible Fixed Assets	10,267	255
Purchase of Stocks of Subsidiaries (Not Affecting the Scope of Consolidation)	(28)	−
Proceeds from Business Transfer	−	1,381,999
Net Cash Provided by (Used in) Investing Activities	840,423	4,503,549
Ⅲ Cash Flows from Financing Activities:		
Proceeds from Issuance of Subordinated Borrowed Money	−	1,387,791
Repayments of Subordinated Borrowed Money	−	(1,387,791)
Dividends Paid	(21,377)	(51,006)
Dividends Paid to Minority Shareholders	−	(9)
Net Cash Provided by (Used in) Financing Activities	(21,377)	(51,015)
Ⅳ Net Increase (Decrease) in Cash and Cash Equivalents	2,719,966	1,532,670
Ⅴ Cash and Cash Equivalents at the Beginning of the Fiscal Year	414,965	3,134,931
Ⅵ Cash and Cash Equivalents at the End of the Fiscal Year	3,134,931	4,667,602

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 ¥14,994 million for the fiscal year ended March 31, 2014.

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 straight-line method is used for attributing expected retirement benefits to periods through March 31, 2014.

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)

The Bank has applied "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan ("ASBJ") Statement No. 26, May 17, 2012, hereinafter, the "Accounting Standard for Retirement Benefits") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012, hereinafter, the "Guidance on Retirement Benefits"), (except for the provisions set forth in Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Retirement Benefits) effective from the end of the fiscal year ended March 31, 2014. The difference between retirement benefit obligations and plan assets was recorded as Net Defined Benefit Asset or Net Defined Benefit Liability.

The Accounting Standard for Retirement Benefits and the Guidance on Retirement Benefits were applied in accordance with the transitional measures provided by Paragraph 37 of the Accounting Standard for Retirement Benefits. Unrecognized actuarial differences and unrecognized prior service cost after tax effect adjustments, respectively, were recorded as Remeasurements of Defined Benefit Plans in Total Accumulated Other Comprehensive Income at the end of the fiscal year.

As a result, Net Defined Benefit Asset was ¥15,171 million and Net Defined Benefit Liability was ¥14,589 million at the end of the fiscal year. In addition, Deferred Tax Liability increased by ¥3,428 million and Total Accumulated Other Comprehensive Income increased by ¥8,867 million.

(Notes to Consolidated Balance Sheet)

1. Investments in Affiliates ¥113,288 million

2. Securities include securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) of ¥244,511million as of March 31, 2014.

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 ¥79,007 million and securities held without re-pledge of ¥777,765 million as of March 31, 2014, respectively. No such securities are re-loaned to the third parties.

3. Loans and Bills Discounted include loans to borrowers under bankruptcy proceedings of ¥742million and delinquent loans of ¥159,850 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 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 ¥40 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 ¥39,919 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 ¥200,553 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 ¥4,601 million.

8. Assets pledged as collateral consist of the followings:

Assets Pledged

Loans and Bills Discounted	¥9,523,941 million
Securities	¥15,437,441 million

Liabilities secured by the above assets are as follows:

Borrowed Money	¥691,058 million
Call Money	¥475,000 million
Payables under Repurchase Agreements	¥12,582,675 million
Payables under Securities Lending Transactions	¥53,582 million

In addition, Securities (including transactions of Money Held in Trust) of ¥6,936,194 million were pledged as collateral for settlement of exchange and derivative transactions or as margins of futures transactions.

Initial margins of futures markets of ¥894 million, cash collateral paid for financial instruments of ¥158,793 million and guarantee deposits of ¥14,515 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 ¥2,617,333 million as of March 31, 2014. The amount of undrawn commitments, which the Bank and its consolidated subsidiaries could cancel at any time without cause, was ¥1,808,799 million as of March 31, 2014.

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 ¥103,081 million

12. Accumulated Amount of Tax Basis Adjustments Deducted from Tangible Fixed Assets ¥5,185 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.

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 ¥3,809 million.

16. Total Monetary Credits to Directors, Supervisory Committee and the Auditors of the Bank ¥130 million

(Notes to Consolidated Statement of Operations)

1. Other Ordinary Income includes gains on Money Held in Trust of ¥131,221 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	Tokyo, others	2,320
Idle assets	Land and Buildings	Aomori prf, others	197

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 ¥51 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, 2014

Net Unrealized Gains (Losses) on Other Securities, net of taxes:

Gains (Losses) arising during the fiscal year	¥(24,998)million
Reclassification adjustments to profit or loss	¥76,070 million
Amounts before income tax effects	¥51,072 million
Income tax effects	¥(16,512)million
Total	¥34,560 million

Net Deferred Gains (Losses) on Hedging Instruments, net of taxes:	
Gains (Losses) arising during the fiscal year	¥(38,444)million
Reclassification adjustments to profit or loss	¥121,720 million
Amounts before income tax effects	¥83,275 million
Income tax effects	¥(23,067)million
Total	¥60,208 million
Revaluation Reserve for Land, net of taxes:	
Gains (Losses) arising during the fiscal year	¥－ million
Reclassification adjustments to profit or loss	¥－ million
Amounts before income tax effects	¥－ million
Income tax effects	¥0 million
Total	¥0 million
Foreign Currency Transaction Adjustments:	
Gains (Losses) arising during the fiscal year	¥14 million
Reclassification adjustments to profit or loss	¥－ million
Amounts before income tax effects	¥14 million
Income tax effects	¥－ million
Total	¥14 million
Share of Other Comprehensive Income of Affiliates accounted for by the equity method:	
Gains (Losses) during the fiscal year	¥77 million
Reclassification Adjustments to profit or loss	¥232 million
Total	¥309 million
Total Other Comprehensive Income	¥95,093 million

(Notes to Consolidated Statement of Cash Flows)

1. 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	¥5,981,536 million
Less: Interest-bearing Due from Banks	¥(1,313,933)million
Cash and Cash Equivalents at the end of the fiscal year	¥4,667,602 million

2. The major assets and liabilities increased due to the business transfer

The major assets which increased due to the business transfer from Chiba Prefectural Credit Federations of Agricultural Cooperatives were Loans and Bills Discounted of ¥22,447 million and the major liabilities which increased were Deposits of ¥1,404,307 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.

The Internal Audit Division periodically oversees and audits credit risk management, and reports to the Board of Directors.

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. The Bank also analyzes and takes into account its financial position, based on the outlook for economic and financial conditions supported by research into macro-economic factors and the financial markets, simulations of earnings, unrealized gains and losses of the portfolio and the capital adequacy ratio. 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, 2014, the end of fiscal 2013, summed up to ¥8 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 ¥ 2,125,508 million as of March 31, 2014, the end of fiscal 2013, 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 by the head office, 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, 2014 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	17,395,323		
Reserve for Possible Loan Losses(※1)	(164,986)		
	17,230,337	17,281,422	51,085
(2) Securities			
Held-to-Maturity Debt Securities	18,085,098	18,387,283	302,185
Other Securities	34,256,380	34,256,380	—
(3) Money Held in Trust(※1)			
Money Held in Trust for Trading Purposes	7,063	7,063	—
Other Money Held in Trust	4,642,669	4,653,058	10,388
(4) Trading Assets(※2)			
Trading Securities	6,082	6,082	—
(5) Monetary Claims Bought	174,256	174,380	124
(6) Call Loans and Bills Bought	619,386	619,386	—
(7) Cash and Due from Banks	5,981,536	5,981,536	—
Total Assets	81,002,810	81,366,594	363,784
(1) Deposits	49,717,247	49,717,455	207
(2) Negotiable Certificates of Deposit	2,848,086	2,848,086	—
(3) Debentures	4,025,067	4,043,940	18,872
(4) Borrowed Money	2,278,623	2,278,623	—
(5) Call Money and Bills Sold	492,493	492,493	—
(6) Payables under Repurchase Agreements	12,582,675	12,582,675	—
(7) Short-term Entrusted Funds	2,950,795	2,950,795	—
Total Liabilities	74,894,988	74,914,068	19,079
Derivative Instruments (※3)			
Transactions not Accounted for as Hedge Transactions	3,098	3,098	—
Transactions Accounted for as Hedge Transactions	(229,207)	(229,207)	—
Total Derivative Instruments	(226,109)	(226,109)	—

(※) 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:

<u>Assets</u>

(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. Time deposits 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. Some contractual terms are short-term (1 year or less), and the fair value 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 the transactions listed in the table below.

(Millions of Yen)

Instruments	Consolidated Balance Sheet Amount
Unlisted Stocks and Others(※1)(※2)	263,140
Investments in Partnership and Others (※3)	278,636
Total	541,776

(※) 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 ¥710 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)	13,702,026	1,731,816	1,044,291	432,233	229,014	93,981
Securities						
Held-to-Maturity Debt Securities	1,847,199	2,642,789	5,918,636	3,735,856	3,018,734	930,936
Other Securities held that have Maturity	2,176,511	2,896,820	8,705,278	6,775,571	1,998,972	1,988,997
Monetary Claims Bought	719	8,783	—	2,011	10,300	152,604
Call Loans and Bills Bought	619,386	—	—	—	—	—
Due from Banks(※2)	5,880,865	—	—	—	—	—
Total	24,226,708	7,280,209	15,668,206	10,945,673	5,257,021	3,166,520

(※) 1 Debtors in bankruptcy, debtors in default, loans to doubtful debtors and others of ¥161,958 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)	49,703,573	5,904	7,770	—	—	—
Negotiable Certificates of Deposit	2,848,086	—	—	—	—	—
Debentures	946,746	1,665,682	1,412,633	4	—	—
Borrowed Money(※2)	369,410	383,232	34,167	5,804	1,387,791	98,216
Call Money and Bills Sold	492,493	—	—	—	—	—
Payables under Repurchase Agreements	12,582,675	—	—	—	—	—
Short-term Entrusted Funds	2,950,795	—	—	—	—	—
Total	69,893,780	2,054,819	1,454,571	5,809	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, 2014)

(Millions of Yen)

	Unrealized Gain Recognized as Income
Trading Securities	2

2. Held-to-Maturity Debt Securities (as of March 31, 2014)

(Millions of Yen)

	Type	Consolidated Balance Sheet Amount	Fair Value	Difference
Transactions for Fair Value exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	5,819,924	5,894,642	74,718
	Municipal Government Bonds	—	—	—
	Corporate Bonds	2,760	2,785	24
	Other	9,149,565	9,387,091	237,526
	Sub total	14,972,250	15,284,519	312,269
Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	1,727,599	1,723,408	(4,190)
	Municipal Government Bonds	—	—	—
	Corporate Bonds	—	—	—
	Other	1,454,433	1,448,665	(5,768)
	Sub total	3,182,033	3,172,074	(9,959)
Total		18,154,283	18,456,593	302,310

3. Other Securities (as of March 31, 2014)

(Millions of Yen)

	Type	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Stocks	424,460	225,977	198,482
	Bonds	6,540,717	6,379,790	160,926
	Japanese Government Bonds	6,522,207	6,361,382	160,825
	Municipal Government Bonds	2,108	2,053	54
	Corporate Bonds	16,401	16,355	46
	Other	21,009,047	19,796,226	1,212,820
	Sub total	27,974,225	26,401,994	1,572,230
Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost	Stocks	33,100	36,481	(3,381)
	Bonds	15,781	15,817	(36)
	Japanese Government Bonds	—	—	—
	Municipal Government Bonds	34	34	(0)
	Corporate Bonds	15,746	15,782	(36)
	Other	6,374,358	6,461,575	(87,217)
	Sub total	6,423,239	6,513,875	(90,635)
Total		34,397,464	32,915,869	1,481,594

4. Held-to-Maturity Debt Securities Sold during the fiscal year ended March 31, 2014
The Bank and its consolidated subsidiaries sold no held-to-maturity debt securities.

5. Other Securities Sold during the fiscal year ended March 31, 2014

(Millions of Yen)

	Sales Proceeds	Gains on Sales	Losses on Sales
Stocks	6,435	2,583	15
Bonds	577,667	15,925	—
Japanese Government Bonds	577,667	15,925	—
Municipal Government Bonds	—	—	—
Corporate Bonds	—	—	—
Other	3,237,860	35,054	97,253
Total	3,821,963	53,563	97,268

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, 2014 (“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, 2014 was ¥385 million including ¥385 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, 2014)

(Millions of Yen)

	Consolidated Balance Sheet Amount	Unrealized Gain Recognized as Income
Money Held in Trust for Trading Purposes	7,063	562

2. Held-to-Maturity Money Held in Trust (as of March 31, 2014)

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, 2014)

(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	4,643,640	4,386,491	257,149	257,850	700

(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 ¥684.83 (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 ¥26.91 (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 2012 (As of March 31, 2013)	Fiscal 2013 (As of March 31, 2014)
(Assets)		
Loans and Bills Discounted	**16,127,677**	**17,295,089**
Loans on Deeds	14,510,581	15,601,861
Loans on Bills	240,721	285,793
Overdrafts	1,370,964	1,402,833
Bills Discounted	5,410	4,601
Foreign Exchange Assets	**268,750**	**134,353**
Due from Foreign Banks	268,750	134,353
Securities	**50,072,352**	**52,901,442**
Japanese Government Bonds	13,545,158	14,051,062
Municipal Government Bonds	2,039	2,143
Corporate Bonds	76,229	34,908
Stocks	633,129	684,678
Other Securities	35,815,795	38,128,649
Money Held in Trust	**6,891,232**	**4,649,907**
Trading Assets	**36,602**	**14,055**
Trading Securities	25,821	6,082
Derivatives of Trading Securities	7	–
Derivatives of Securities Related to Trading Transactions	20	–
Trading-related Financial Derivatives	10,752	7,973
Monetary Claims Bought	**179,373**	**174,256**
Call Loans	**1,527,128**	**619,386**
Receivables under Securities Borrowing Transactions	–	**5,614**
Cash and Due from Banks	**4,403,890**	**5,967,497**
Cash	108,450	100,667
Due from Banks	4,295,439	5,866,829
Other Assets	**1,248,265**	**495,370**
Domestic Exchange Settlement Account, Debit	81	30
Prepaid Expenses	430	428
Accrued Income	155,535	180,711
Initial Margins of Futures Markets	2,075	894
Valuation Margins of Futures Markets	7	–
Derivatives other than for Trading	106,871	94,795
Cash Collateral Paid for Financial Instruments	778,131	158,793
Others	205,132	59,717
Tangible Fixed Assets	**107,435**	**108,316**
Buildings	34,456	39,904
Land	51,947	50,546
Lease Assets	12,832	10,849
Construction in Progress	1,958	754
Other Tangible Fixed Assets	6,240	6,261
Intangible Fixed Assets	**32,187**	**23,900**
Software	26,707	19,348
Lease Assets	2,494	1,967
Other Intangible Fixed Assets	2,985	2,584
Customers' Liabilities for Acceptances and Guarantees	**142,169**	**137,056**
Reserve for Possible Loan Losses	**(170,847)**	**(167,110)**
Reserve for Possible Investment Losses	**(5,120)**	**(2,855)**
Total Assets	80,861,096	82,356,280

(Millions of Yen)

	Fiscal 2012 (As of March 31, 2013)	Fiscal 2013 (As of March 31, 2014)
(Liabilities)		
Deposits	47,456,419	49,731,175
Time Deposits	39,871,077	43,557,676
Deposits at Notice	88,937	72,543
Ordinary Deposits	1,029,832	1,129,174
Current Deposits	78,863	84,419
Other Deposits	6,387,707	4,887,362
Negotiable Certificates of Deposit	2,397,290	2,848,086
Debentures	4,619,200	4,037,577
Debentures Issued	4,619,200	4,037,577
Trading Liabilities	10,139	6,994
Derivatives of Trading Securities	31	−
Derivatives of Securities Related to Trading Transactions	32	−
Trading-related Financial Derivatives	10,075	6,994
Borrowed Money	1,772,106	2,272,623
Borrowings	1,772,106	2,272,623
Call Money	452,214	492,493
Payables under Repurchase Agreements	12,349,745	12,582,675
Payables under Securities Lending Transactions	6,129	132,945
Foreign Exchange Liabilities	78	4
Foreign Bills Payable	78	4
Short-term Entrusted Funds	4,235,124	2,950,795
Other Liabilities	1,263,850	751,547
Domestic Exchange Settlement Account, Credit	93	55
Accrued Expenses	51,504	48,612
Income Taxes Payable	97	96
Unearned Income	991	892
Employees' Deposits	8,341	8,462
Valuation Margins of Futures Markets	−	3
Derivatives other than for Trading	705,609	320,896
Cash Collateral Received for Financial Instruments	1,010	9,837
Lease Liabilities	15,585	12,177
Others	480,617	350,512
Reserve for Bonus Payments	5,382	5,457
Reserve for Retirement Benefits	10,084	10,476
Reserve for Directors' Retirement Benefits	722	803
Deferred Tax Liabilities	395,295	463,869
Deferred Tax Liabilities for Land Revaluation	10,158	9,729
Acceptances and Guarantees	142,169	137,056
Total Liabilities	75,126,111	76,434,310
(Net Assets)		
Paid-in Capital	3,425,909	3,425,909
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
Capital Surplus	25,020	25,020
Capital Surplus Reserve	24,999	24,999
Other Capital Surplus	20	20
Reserve for Revaluation	20	20
Retained Earnings	1,104,386	1,197,694
Legal Reserves	481,266	504,066
Voluntary Reserves	623,120	693,628
Special Reserves	49,200	72,000
General Reserves	394,403	409,403
Reserves for Tax Basis Adjustments of Fixed Assets	8,015	7,661
Others	7	7
Unappropriated Retained Earnings	171,494	204,556
Net Income	106,839	143,197
Total Owners' Equity	4,555,316	4,648,624
Net Unrealized Gains on Other Securities, net of taxes	1,267,564	1,302,149
Net Deferred Losses on Hedging Instruments, net of taxes	(105,620)	(45,412)
Revaluation Reserve for Land, net of taxes	17,723	16,606
Total Valuation and Translation Adjustments	1,179,667	1,273,344
Total Net Assets	5,734,984	5,921,969
Total Liabilities and Net Assets	80,861,096	82,356,280

Non-consolidated Statement of Operations

(Millions of Yen)

	Fiscal 2012 (Year ended March 31, 2013)	Fiscal 2013 (Year ended March 31, 2014)
Ordinary Income	970,896	1,062,315
Interest Income	634,759	800,825
Interest on Loans and Bills Discounted	74,967	66,705
Interest and Dividends on Securities	540,622	716,705
Interest on Call Loans	1,486	885
Interest on Receivables under Resale Agreements	10	34
Interest on Receivables under Securities Borrowing Transactions	508	91
Interest on Due from Banks	4,756	10,115
Other Interest Income	12,407	6,287
Fees and Commissions	13,543	13,337
Exchange Fees	1,351	1,338
Other Commissions Receivable	12,191	11,998
Trading Income	485	147
Income from Trading Securities and Derivatives	416	−
Income from Trading-related Financial Derivatives	69	147
Other Operating Income	113,702	107,830
Gains on Sales of Bonds	53,984	53,327
Gains on Redemption of Bonds	16,365	10,719
Other Operating Income	43,352	43,783
Other Ordinary Income	208,404	140,175
Recoveries from Written-off Claims	1,063	591
Gains on Sales of Stocks and Other Securities	11,121	2,606
Gains on Money Held in Trust	191,255	131,213
Others	4,963	5,764
Ordinary Expenses	882,774	887,154
Interest Expenses	589,693	566,599
Interest on Deposits	34,559	30,913
Interest on Negotiable Certificates of Deposit	7,128	6,990
Interest on Debentures	45,294	30,584
Interest on Borrowed Money	81,671	80,830
Interest on Call Money	346	396
Interest on Payables under Repurchase Agreements	15,530	13,100
Interest on Payables under Securities Lending Transactions	3	17
Interest on Interest Rate Swap	86,454	98,256
Other Interest Expenses	318,705	305,507
Fees and Commissions	11,605	11,925
Exchange Fees	523	631
Other Commissions	11,082	11,293
Trading Expenses	224	355
Expenses on Trading Securities and Derivatives	−	322
Expenses on Securities and Derivatives Related to Trading Transactions	224	33
Other Operating Expenses	132,795	147,111
Amortization of Debenture Issuance Costs	442	371
Losses on Foreign Exchange Transactions	12,724	6,144
Losses on Sales of Bonds	73,303	92,534
Losses on Redemption of Bonds	103	−
Losses on Revaluation of Bonds	872	8
Expenses on Financial Derivatives	5,381	8,609
Other Operating Expenses	39,968	39,441
General and Administrative Expenses	116,565	120,728
Other Ordinary Expenses	31,888	40,434
Provision of Reserve for Possible Loan Losses	4,371	127
Write-off of Loans	9,096	1
Losses on Sales of Stocks and Other Securities	4,293	5,770
Losses on Revaluation of Stocks and Other Securities	1,280	710
Losses on Money Held in Trust	1,386	5,379
Others	11,458	28,444
Ordinary Profits	88,122	175,161
Extraordinary Profits	2,065	−
Gains on Disposal of Fixed Assets	2,065	−
Extraordinary Losses	2,849	3,181
Losses on Disposal of Fixed Assets	1,356	663
Losses on Impairment of Fixed Assets	1,493	2,518
Income before Income Taxes	87,337	171,979
Income Taxes - Current	94	230
Income Taxes - Deferred	(19,595)	28,552
Total Income Taxes	(19,501)	28,782
Net Income	106,839	143,197
Unappropriated Retained Earnings Brought Forward	57,536	60,242
Transfer from Land Revaluation Reserve	7,118	1,117
Unappropriated Retained Earnings at the End of the Year	171,494	204,556

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.”

(Notes to Non-consolidated Balance Sheet)

1. Investments in Subsidiaries and Affiliates ¥152,319 million

2. Other Securities include securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) of ¥244,511 million as of March 31, 2014.

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 ¥79,007 million and securities held without re-pledge of ¥777,765 million as of March 31, 2014, respectively. No such securities are re-loaned to the third parties.

3. Loans and Bills Discounted include loans to borrowers under bankruptcy proceedings of ¥606 million and delinquent loans of ¥154,361 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 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 ¥38,778 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 ¥193,747 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 ¥4,601 million.

8. Assets pledged as collateral consist of the followings:

Assets Pledged

Loans and Bills Discounted	¥9,523,941 million
Securities	¥15,437,441 million

Liabilities secured by the above assets are as follows:

Borrowed Money	¥691,058 million
Call Money	¥475,000 million
Payables under Repurchase Agreements	¥12,582,675 million
Payables under Securities Lending Transactions	¥53,582 million

In addition, Securities (including transactions of Money Held in Trust) of ¥6,917,525 million were pledged as collateral for settlement of exchange and derivative transactions or as margins of futures transactions.

Guarantee deposits of ¥14,251 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 amounts of undrawn commitments in relation to such agreements were ¥2,959,333 million as of March 31, 2014. The amounts of undrawn commitments, which the Bank could cancel at any time without cause, were ¥2,150,799 million as of March 31, 2014.

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 ¥100,867 million

12. Accumulated Losses on Impairment of Tangible Fixed Assets ¥15,342 million

13. Accumulated Amount of Tax Basis Adjustments Deducted from Tangible Fixed Assets ¥5,185 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.

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 ¥3,809 million.

16. Total Receivables Due from Subsidiaries and Affiliates ¥207,070 million

17. Total Payable Due to Subsidiaries and Affiliates ¥100,482 million

18. The Bank holds no surplus defined in Article 109-1 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	2,312	1,333
Fees and Commissions	276	1,415
Other Operating and Other Ordinary Income／Expenses	394	21,405
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	Tokyo, others	2,320
Idle assets	Land and Buildings	Aomori prf, others	197

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, 2014)

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

The following table lists stocks 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	45,210
Stocks of Affiliates	107,109
Total	152,319

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, 2014 were as follows:

Deferred Tax Assets	
Reserve for Possible Loan Losses	¥33,839 million
Write-off of Loans	1,689 million
Losses on Revaluation of Securities	59,023 million
Reserve for Employees' Retirement Benefits	10,291 million
Depreciation of Fixed Assets	258 million
Net Operating Losses Carried Forward	5,100 million
Deferred Losses on Hedging Instruments	28,748 million
Unrealized Losses on Reclassification	20,115 million
Other	69,607 million
Subtotal	228,675 million
Valuation Allowance	(127,881) million
Total Deferred Tax Assets	¥100,793 million
Deferred Tax Liabilities	
Gains from Contribution of Securities to Employee Retirement Benefit Trust	¥(4,959) million
Net Unrealized Gains on Other Securities	(474,613) million
Deferred Gains on Hedging Instruments	(11,350) million
Unrealized Gains on Reclassification	(34,961) million
Other	(38,778) million
Total Deferred Tax Liabilities	(564,662) million
Net Deferred Tax Liabilities	¥(463,869) million

(Per share Information)

Net Assets per Share at the end of the fiscal year was ¥673.76 (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 ¥23.96 (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.)