

# Financial Statements for the First Quarter of Fiscal 2014

Name : **The Norinchukin Bank**

(URL <http://www.nochubank.or.jp/> )

Name of the President: Yoshio Kono, President & Chief Executive Officer

The Person Responsible for Inquiries : Shigeo Miyachi, General Manager of Financial Planning & Control Division

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

## 1 Consolidated Financial Results for the First Quarter of Fiscal 2014 (for the three months ended June 30, 2014)

### (1) Consolidated Results of Operations (Accumulated Period)

(Percentage represents change from the same period of the preceding year)

	Ordinary Income		Ordinary Profits		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
1Q Fiscal 2014	357,293	(0.3)	141,941	6.6	109,889	6.9
1Q Fiscal 2013	358,363	18.1	133,153	43.4	102,762	20.7

(Note) Comprehensive Income for 1Q Fiscal 2014 383,655 millions of Yen -% for 1Q Fiscal 2013 (330,962) millions of Yen -%

### (2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
1Q Fiscal 2014	86,359,660	6,288,841	7.3
Fiscal 2013	83,143,675	5,976,519	7.2

(Ref) Net Assets – Minority Interests for 1Q Fiscal 2014 6,281,963 millions of Yen for Fiscal 2013 5,969,588 millions of Yen

(Note) Net Assets Ratio is computed by dividing ( Net Assets – Minority Interests ) by Total Assets.

Net Assets Ratio above is not the one calculated on the formula found in Notification No.4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of management of the Norinchukin Bank).

## ※ Notes

### (1) Changes in Significant Subsidiaries during the Period

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

### (2) Adoption of Specified Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements

: None

### (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements

- ① Changes in Accounting Policies due to revisions of Accounting Standards : Yes
- ② Changes in Accounting Policies other than ① above : None
- ③ Changes in Accounting Estimates : None
- ④ Restatements : None

(Note) The details are reported in Qualitative Information and Financial Statements “2 Other information” (Page 3).

2 Non-consolidated Financial Results for the First Quarter of Fiscal 2014 (for the three months ended June 30, 2014)

(1) Non-consolidated Results of Operations (Accumulated Period)

(Percentage represents change from the same period of the preceding year)

	Ordinary Income		Ordinary Profits		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
1Q Fiscal 2014	358,031	1.3	145,098	10.7	113,647	12.2
1Q Fiscal 2013	353,497	18.2	131,107	41.4	101,332	18.6

(2) Non-consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
1Q Fiscal 2014	85,548,260	6,238,517	7.3
Fiscal 2013	82,356,280	5,921,969	7.2

(Ref) Net Assets for 1Q Fiscal 2014 6,238,517 millions of Yen for Fiscal 2013 5,921,969 millions of Yen

(Note) Net Assets Ratio is computed by dividing Net Assets by Total Assets.

Net Assets Ratio above is not the one calculated on the formula found in Notification No.4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of management of the Norinchukin Bank).

Note on the implementation status of the Quarterly Review Procedure

This report is out of the scope of the external auditor's quarterly review procedure which is implemented on a voluntary basis on the consolidated financial statements for the period. The quarterly review process has not been completed yet, as of the disclosure date.

## Qualitative Information and Financial Statements

### 1 Qualitative information relating to the Financial Results for the First Quarter of Fiscal 2014

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

The Norinchukin Bank (“the Bank”) has been managing operations to secure steady accumulation of interest income, and the non-consolidated interest income of the Bank totaled to ¥135.4 billion, up ¥31.0 billion on a year-over-year basis.

The total credit cost was in minor net losses, remained at almost the same level on a year-over-year basis.

As for securities investments, net gains/losses on sales were net losses of ¥2.3 billion, down ¥25.3 billion on a year-over-year basis, and the expenses of provisions and impairments for price-decline of securities and other reasons were in minor net losses, remained at almost the same level on a year-over-year basis.

As a result, with all of the factors mentioned above, the Bank recorded ¥145.0 billion in Ordinary Profits, up ¥13.9 billion, and ¥113.6 billion in Net Income for the first quarter of fiscal 2014, up ¥12.3 billion on a year-over-year basis, respectively. The Bank’s net operating profits stood at ¥96.8 billion.

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

Total Assets of the Bank at the end of the period increased by ¥3,191.9 billion to ¥85,548.2 billion from the previous fiscal year-end. Total Net Assets at the end of the period increased by ¥316.5 billion to ¥6,238.5 billion from the previous fiscal year-end.

As to the balances of major accounts on the assets side, Loans and Bills Discounted at the end of the period increased by ¥121.7 billion to ¥17,416.8 billion from the previous fiscal year-end, and Securities at the end of the period decreased by ¥1,023.8 billion to ¥51,877.6 billion from the previous fiscal year-end.

For those on the liabilities side, Deposits at the end of the period increased by ¥1,278.0 billion to ¥51,009.2 billion, and Debentures at the end of the period decreased by ¥102.5 billion to ¥3,934.9 billion from the previous fiscal year-end, respectively.

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

Consolidated Total Assets at the end of the period increased by ¥3,215.9 billion to ¥86,359.6 billion from the previous fiscal year-end. Consolidated Ordinary Profits for the period were ¥141.9 billion, up ¥8.7 billion on a year-over-year basis and consolidated Net Income for the period was ¥109.8 billion, up ¥7.1 billion on a year-over-year basis.

### 2 Other information

#### (1) Changes in Significant Subsidiaries during the Period

None

#### (2) Adoption of Specified Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements

None

#### (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements of Quarterly Consolidated Financial Statements

Changes in Accounting Policies

(Adoption of “Accounting Standard for Retirement Benefits”)

Effective from the beginning of the first quarter of fiscal 2014, the Bank has adopted the “Accounting

Standard for Retirement Benefits”(Accounting Standards Board of Japan(“ASBJ”) Statement No.26, issued on May 17, 2012, hereinafter, the “Accounting Standard for Retirement Benefits”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25, May 17, 2012, hereinafter, the “Guidance on Retirement Benefits”) with respect to the provisions set forth in Paragraph 35 of the Accounting Standard for Retirement Benefits and in Paragraph 67 of the Guidance on Retirement Benefits. As a result, the methods for calculating retirement benefit obligations and service costs have been revised in the following respects: The method for attributing expected retirement benefits to periods has been changed from the straight-line basis to the benefit formula basis, and the methods for determining the discount rate has been changed from a method using the discount rate based on approximate number of years of the average remaining service period of employees to a method using the single weighted-average discount rate that reflects the periods until the expected payment of retirement benefits and amount of expected retirement benefits every such period.

According to the transitional treatment provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, the effect of changing the method for calculating retirement benefit obligations and service costs was recognized by adjusting retained earnings at the beginning of the first quarter of fiscal 2014.

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

### 3 Quarterly Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2014	As of June 30, 2014
(Assets)		
Loans and Bills Discounted	17,395,323	17,516,544
Foreign Exchange Assets	134,353	134,559
Securities	52,883,256	51,855,607
Money Held in Trust	4,650,704	4,470,844
Trading Assets	14,055	14,472
Monetary Claims Bought	174,256	154,874
Call Loans and Bills Bought	619,386	616,736
Receivables under Resale Agreements	-	49,826
Receivables under Securities Borrowing Transactions	5,614	31,075
Cash and Due from Banks	5,981,536	10,123,231
Other Assets	498,890	570,562
Tangible Fixed Assets	110,358	108,153
Intangible Fixed Assets	25,126	23,642
Net Defined Benefit Asset	15,171	15,281
Deferred Tax Assets	2,069	1,810
Customers' Liabilities for Acceptances and Guarantees	806,697	845,598
Reserve for Possible Loan Losses	(170,718)	(170,785)
Reserve for Possible Investment Losses	(2,407)	(2,375)
<b>Total Assets</b>	<b>83,143,675</b>	<b>86,359,660</b>
(Liabilities)		
Deposits	49,717,247	50,999,620
Negotiable Certificates of Deposit	2,848,086	2,851,499
Debentures	4,025,067	3,922,480
Bonds	50,000	50,000
Trading Liabilities	6,994	7,464
Borrowed Money	2,278,623	2,270,450
Call Money and Bills Sold	492,493	574,156
Payables under Repurchase Agreements	12,582,675	13,010,422
Payables under Securities Lending Transactions	132,945	31,562
Foreign Exchange Liabilities	4	36
Short-term Entrusted Funds	2,950,795	4,149,581
Other Liabilities	775,982	741,579
Reserve for Bonus Payments	6,830	3,516
Net Defined Benefit Liability	14,589	19,826
Reserve for Directors' Retirement Benefits	1,096	902
Deferred Tax Liabilities	467,297	582,433
Deferred Tax Liabilities for Land Revaluation	9,729	9,687
Acceptances and Guarantees	806,697	845,598
<b>Total Liabilities</b>	<b>77,167,156</b>	<b>80,070,818</b>
(Net Assets)		
Paid-in Capital	3,425,909	3,425,909
Capital Surplus	25,020	25,020
Retained Earnings	1,236,359	1,275,189
Treasury Preferred Stock	(150)	(150)
<b>Total Owners' Equity</b>	<b>4,687,139</b>	<b>4,725,969</b>
Net Unrealized Gains on Other Securities	1,302,399	1,597,126
Net Deferred Losses on Hedging Instruments	(45,419)	(66,019)
Revaluation Reserve for Land	16,606	16,498
Foreign Currency Transaction Adjustments	(6)	(8)
Remeasurements of Defined Benefit Plans	8,867	8,397
<b>Total Accumulated Other Comprehensive Income</b>	<b>1,282,448</b>	<b>1,555,994</b>
Minority Interests	6,930	6,877
<b>Total Net Assets</b>	<b>5,976,519</b>	<b>6,288,841</b>
<b>Total Liabilities and Net Assets</b>	<b>83,143,675</b>	<b>86,359,660</b>

## (2) Consolidated Statements of Operations and Comprehensive Income

### Consolidated Statement of Operations

(Millions of Yen)

	For the three months ended June 30, 2013	For the three months ended June 30, 2014
<b>Ordinary Income</b>	<b>358,363</b>	<b>357,293</b>
Interest Income	234,689	262,347
Interest on Loans and Bills Discounted	18,200	16,715
Interest and Dividends on Securities	211,660	241,468
Fees and Commissions	5,189	5,667
Trading Income	12	62
Other Operating Income	61,674	27,350
Other Ordinary Income	56,798	61,865
<b>Ordinary Expenses</b>	<b>225,210</b>	<b>215,351</b>
Interest Expenses	141,955	141,081
Interest on Deposits	8,613	7,134
Fees and Commissions	3,428	3,259
Trading Expenses	317	18
Other Operating Expenses	42,966	37,652
General and Administrative Expenses	30,974	31,915
Other Ordinary Expenses	5,567	1,424
<b>Ordinary Profits</b>	<b>133,153</b>	<b>141,941</b>
<b>Extraordinary Losses</b>	<b>144</b>	<b>229</b>
<b>Income before Income Taxes and Minority Interests</b>	<b>133,008</b>	<b>141,712</b>
<b>Income Taxes - Current</b>	<b>468</b>	<b>19,624</b>
<b>Income Taxes - Deferred</b>	<b>29,710</b>	<b>12,092</b>
<b>Total Income Taxes</b>	<b>30,178</b>	<b>31,716</b>
<b>Income before Minority Interests</b>	<b>102,830</b>	<b>109,996</b>
<b>Minority Interests in Net Income</b>	<b>67</b>	<b>106</b>
<b>Net Income</b>	<b>102,762</b>	<b>109,889</b>

## Consolidated Statement of Comprehensive Income

(Millions of Yen)

	For the three months ended June 30, 2013	For the three months ended June 30, 2014
<b>Income before Minority Interests</b>	<b>102,830</b>	<b>109,996</b>
<b>Other Comprehensive Income</b>	<b>(433,792)</b>	<b>273,659</b>
Net Unrealized Gains (Losses) on Other Securities	(510,091)	294,670
Net Deferred Gains (Losses) on Hedging Instruments	75,797	(20,580)
Revaluation Reserve for Land	(3)	-
Foreign Currency Transaction Adjustments	7	(2)
Remeasurements of defined benefit plans	-	(462)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	496	34
<b>Total Comprehensive Income</b>	<b>(330,962)</b>	<b>383,655</b>
Attributable to:		
Owners of the Parent	(331,035)	383,544
Minority Interests	72	111

## 4 Quarterly Non-Consolidated Financial Statements

### (1) Non-consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2014	As of June 30, 2014
(Assets)		
Loans and Bills Discounted	17,295,089	17,416,818
Foreign Exchange Assets	134,353	134,559
Securities	52,901,442	51,877,618
Money Held in Trust	4,649,907	4,470,015
Trading Assets	14,055	14,472
Monetary Claims Bought	174,256	154,874
Call Loans	619,386	616,736
Receivables under Resale Agreements	–	49,826
Receivables under Securities Borrowing Transactions	5,614	31,075
Cash and Due from Banks	5,967,497	10,106,851
Other Assets	495,370	566,574
Tangible Fixed Assets	108,316	106,104
Intangible Fixed Assets	23,900	22,270
Customers' Liabilities for Acceptances and Guarantees	137,056	150,434
Reserve for Possible Loan Losses	(167,110)	(167,116)
Reserve for Possible Investment Losses	(2,855)	(2,855)
<b>Total Assets</b>	<b>82,356,280</b>	<b>85,548,260</b>
(Liabilities)		
Deposits	49,731,175	51,009,223
Negotiable Certificates of Deposit	2,848,086	2,851,499
Debentures	4,037,577	3,934,990
Trading Liabilities	6,994	7,464
Borrowed Money	2,272,623	2,265,450
Call Money	492,493	574,156
Payables under Repurchase Agreements	12,582,675	13,010,422
Payables under Securities Lending Transactions	132,945	31,562
Foreign Exchange Liabilities	4	36
Short-term Entrusted Funds	2,950,795	4,149,581
Other Liabilities	751,547	717,721
Reserve for Bonus Payments	5,457	2,762
Reserve for Retirement Benefits	10,476	14,937
Reserve for Directors' Retirement Benefits	803	630
Deferred Tax Liabilities	463,869	579,182
Deferred Tax Liabilities for Land Revaluation	9,729	9,687
Acceptances and Guarantees	137,056	150,434
<b>Total Liabilities</b>	<b>76,434,310</b>	<b>79,309,743</b>
(Net Assets)		
Paid-in Capital	3,425,909	3,425,909
Capital Surplus	25,020	25,020
Retained Earnings	1,197,694	1,240,284
<b>Total Owners' Equity</b>	<b>4,648,624</b>	<b>4,691,214</b>
Net Unrealized Gains on Other Securities, net of taxes	1,302,149	1,596,797
Net Deferred Losses on Hedging Instruments, net of taxes	(45,412)	(65,993)
Revaluation Reserve for Land, net of taxes	16,606	16,498
<b>Total Valuation and Translation Adjustments</b>	<b>1,273,344</b>	<b>1,547,302</b>
<b>Total Net Assets</b>	<b>5,921,969</b>	<b>6,238,517</b>
<b>Total Liabilities and Net Assets</b>	<b>82,356,280</b>	<b>85,548,260</b>



## (2) Non-consolidated Statement of Operations

(Millions of Yen)

	For the three months ended June 30, 2013	For the three months ended June 30, 2014
<b>Ordinary Income</b>	<b>353,497</b>	<b>358,031</b>
Interest Income	235,180	269,328
Interest on Loans and Bills Discounted	17,255	15,803
Interest and Dividends on Securities	213,098	249,363
Fees and Commissions	3,244	3,186
Trading Income	12	62
Other Operating Income	61,201	26,939
Other Ordinary Income	53,859	58,515
<b>Ordinary Expenses</b>	<b>222,390</b>	<b>212,933</b>
Interest Expenses	141,943	141,068
Interest on Deposits	8,613	7,134
Fees and Commissions	3,032	2,865
Trading Expenses	317	18
Other Operating Expenses	42,959	37,652
General and Administrative Expenses	28,653	30,054
Other Ordinary Expenses	5,484	1,273
<b>Ordinary Profits</b>	<b>131,107</b>	<b>145,098</b>
<b>Extraordinary Losses</b>	<b>144</b>	<b>227</b>
<b>Income before Income Taxes</b>	<b>130,962</b>	<b>144,871</b>
<b>Income Taxes - Current</b>	<b>229</b>	<b>19,382</b>
<b>Income Taxes - Deferred</b>	<b>29,399</b>	<b>11,840</b>
<b>Total Income Taxes</b>	<b>29,629</b>	<b>31,223</b>
<b>Net Income</b>	<b>101,332</b>	<b>113,647</b>