

Financial Statements for the First Half 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 Half of Fiscal 2014 (for the six months ended September 30, 2014)

(1) Consolidated Results of Operations

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

	Ordinary Income		Ordinary Profits		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
1H Fiscal 2014	698,764	12.3	274,258	83.8	212,616	76.4
1H Fiscal 2013	622,408	11.9	149,251	3.6	120,503	(8.0)

(Note) Comprehensive Income for 1H Fiscal 2014 523,797 millions of Yen -% for 1H Fiscal 2013 (97,159) millions of Yen -%

(2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
1H Fiscal 2014	90,802,362	6,428,983	7.1
Fiscal 2013	83,143,675	5,976,519	7.2

(Ref) Net Assets – Minority Interests for 1H Fiscal 2014 6,421,935 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) 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 14).

2 Non-consolidated Financial Results for the First Half of Fiscal 2014 (for the six months ended September 30, 2014)

(1) Non-consolidated Results of Operations

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

	Ordinary Income		Ordinary Profits		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
1H Fiscal 2014	694,111	13.4	274,700	91.3	214,212	84.9
1H Fiscal 2013	612,292	12.3	143,582	2.9	115,883	(8.7)

(2) Non-consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
1H Fiscal 2014	89,960,995	6,376,561	7.1
Fiscal 2013	82,356,280	5,921,969	7.2

(Ref) Net Assets for 1H Fiscal 2014 6,376,561 millions of Yen for Fiscal 2013 5,921,969 millions of Yen

(Note) Net Assets Ratio is computed by dividing the Net Assets by the 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 Semi-annual Audit Procedure

This report is out of the scope of the external auditor's semi-annual audit procedure. The procedure of the semi-annual audit which is implemented on a voluntary basis on the consolidated and non-consolidated financial statements for the period was completed as of the disclosure date.

Qualitative Information

Qualitative information relating to the Financial Results for the First Half of Fiscal 2014

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

Looking back at the financial markets of the first half of fiscal 2014, closely watched the monetary policies in the developed countries where a moderate economic recovery continued especially in the United States, the long-term interest rates remained low, as Fed chairwoman implied they stay low for a while, ECB introduced further easing measures and for other reasons. Reflecting the strong economic indicators, stock prices showed steady growth throughout this entire period and recorded an all time high in the United States. In Japan, noticeable depreciation of yen against dollars and stock prices moving up toward the end of the period were caused by the speculation on the possibility of an early rate rise in the United States.

Under such earning environments, 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 ¥254.2 billion, up ¥62.5 billion on a year-over-year basis.

The total credit cost were ¥17.0 billion in net earnings mainly from the reversal of the reserve due to the decrease of credit risk assets.

As for securities investments, net gains/losses on sales were net losses of ¥10.1 billion, improved ¥26.9 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 ¥274.7 billion in Ordinary Profits, up ¥131.1 billion, and ¥214.2 billion in Net Income for the first half of fiscal 2014, up ¥98.3 billion on a year-over-year basis, respectively. The Bank’s net operating profits stood at ¥176.0 billion.

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

Total Assets of the Bank at the end of the period increased by ¥7,604.7 billion to ¥89,960.9 billion from the previous fiscal year-end. Total Net Assets at the end of the period increased by ¥454.5 billion to ¥6,376.5 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 ¥1,634.9 billion to ¥18,930.0 billion from the previous fiscal year-end, and Securities at the end of the period increased by ¥1,444.8 billion to ¥54,346.3 billion from the previous fiscal year-end. For those on the liabilities side, Deposits at the end of the period increased by ¥1,765.6 billion to ¥51,496.8 billion, and Debentures at the end of the period decreased by ¥225.9 billion to ¥3,811.6 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 ¥7,658.6 billion to ¥90,802.3 billion from the previous fiscal year-end. Consolidated Ordinary Profits for the period were ¥274.2 billion, up ¥125.0 billion on a year-over-year basis and consolidated Net Income for the period was ¥212.6 billion, up ¥92.1 billion on a year-over-year basis.

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

List of Group Companies

(As of September 30, 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 million 100.00
Norinchukin Research Institute Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo, Japan	Research	March 25, 1986	¥300 million 100.00
Norinchukin Facilities Co., Ltd.	16-8, Sotokanda 1-chome, Chiyoda-ku, Tokyo, Japan	Building Management & Facility Management	August 6, 1956	¥197 million 100.00
Nochu Business Support Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo, Japan	Provider of various administrative services for The Norinchukin Bank	August 18, 1998	¥100 million 100.00
Kyodo Seminar Co., Ltd.	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan	Training	May 25, 1981	¥20 million 100.00
Kyodo Housing Loan Co., Ltd.	15-3, Chuochi 1-chome, Meguro-ku, Tokyo, Japan	Mortgage Loans & Housing Loan Guarantee	August 10, 1979	¥10,500 million 91.68
Nochu Information System Co., Ltd.	2-3, Toyosu 3-chome, Koto-ku, Tokyo, Japan	System Development & Maintenance	May 29, 1981	¥100 million 90.00
Norinchukin-Zenkyoren Asset Management Co., Ltd.	7-9, Hirakawacho 2-chome, Chiyoda-ku, Tokyo, Japan	Asset Management & Investment Advice	September 28, 1993	¥3,420 million 50.91
Ant Capital Partners Co., Ltd.	2-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	Private Equity Investments & Fund Management	October 23, 2000	¥3,086 million 39.61
The Cooperative Servicing Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo, Japan	Management and Collection of Non-Performing Loans	April 11, 2001	¥500 million 37.96
JA MITSUI LEASING, LTD.	10-2, Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo, Japan	Leasing Business	April 1, 2008	¥32,000 million 33.40
The Agribusiness Investment & Consultation Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo, Japan	Investment in Agricultural Corporations	October 24, 2002	¥4,070 million 19.97
Mitsubishi UFJ NICOS Co., Ltd.	14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo, Japan	Credit Card Business	June 7, 1951	¥109,312 million 15.01
Investment Limited Partnership for Renewable Energy in Agriculture, Forestry and Fisheries	13-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan	Investment in Renewable Energy Projects	April 30, 2014	¥118 million -
Daiichi Life Norinchukin Building Management Co., Ltd.	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan	Building Management	April 1, 1993	¥10 million 27.00
Norinchukin Finance (Cayman) Limited	PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands	Issuances of Subordinated Bonds, Lending of Subordinated Loans	August 30, 2006	US \$50,000 100.00

(Note) Kyodo Seminar Co., Ltd. changed its name to Norinchukin Academy Co., Ltd. on October 1, 2014.

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 6 companies

Names of principal companies:

JA MITSUI LEASING, LTD.

Mitsubishi UFJ NICOS Co., Ltd.

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

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

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

Name of the company:

Daiichi Life Norinchukin Building Management Co., Ltd.

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

3 The First Half of the Fiscal Year of Consolidated Subsidiaries

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

Closing date: September 30, 2014 Number of subsidiaries: 9

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

Consolidated Balance Sheet

(Millions of Yen)

	Fiscal 2013 (As of March 31, 2014)	First Half of Fiscal 2014 (As of September 30, 2014)
(Assets)		
Loans and Bills Discounted	17,395,323	19,030,735
Foreign Exchange Assets	134,353	151,472
Securities	52,883,256	54,327,745
Money Held in Trust	4,650,704	4,524,635
Trading Assets	14,055	8,164
Monetary Claims Bought	174,256	165,077
Call Loans and Bills Bought	619,386	646,647
Receivables under Resale Agreements	–	97,739
Receivables under Securities Borrowing Transactions	5,614	221,513
Cash and Due from Banks	5,981,536	9,574,041
Other Assets	498,890	1,199,565
Tangible Fixed Assets	110,358	109,261
Intangible Fixed Assets	25,126	22,372
Net Defined Benefit Asset	15,171	15,315
Deferred Tax Assets	2,069	2,062
Customers' Liabilities for Acceptances and Guarantees	806,697	861,526
Reserve for Possible Loan Losses	(170,718)	(153,173)
Reserve for Possible Investment Losses	(2,407)	(2,340)
Total Assets	83,143,675	90,802,362
(Liabilities)		
Deposits	49,717,247	51,486,782
Negotiable Certificates of Deposit	2,848,086	3,397,641
Debentures	4,025,067	3,799,126
Bonds	50,000	50,000
Trading Liabilities	6,994	7,205
Borrowed Money	2,278,623	2,297,384
Call Money and Bills Sold	492,493	676,000
Payables under Repurchase Agreements	12,582,675	15,635,888
Payables under Securities Lending Transactions	132,945	216,396
Foreign Exchange Liabilities	4	40
Short-term Entrusted Funds	2,950,795	3,598,003
Other Liabilities	775,982	1,709,843
Reserve for Bonus Payments	6,830	6,939
Net Defined Benefit Liability	14,589	20,172
Reserve for Directors' Retirement Benefits	1,096	909
Deferred Tax Liabilities	467,297	599,839
Deferred Tax Liabilities for Land Revaluation	9,729	9,676
Acceptances and Guarantees	806,697	861,526
Total Liabilities	77,167,156	84,373,378
(Net Assets)		
Paid-in Capital	3,425,909	3,425,909
Capital Surplus	25,020	25,020
Retained Earnings	1,236,359	1,377,991
Treasury Preferred Stock	(150)	(150)
Total Owners' Equity	4,687,139	4,828,771
Net Unrealized Gains on Other Securities	1,302,399	1,637,759
Net Deferred Losses on Hedging Instruments	(45,419)	(68,929)
Revaluation Reserve for Land	16,606	16,405
Foreign Currency Transaction Adjustments	(6)	5
Remeasurements of Defined Benefit Plans	8,867	7,922
Total Accumulated Other Comprehensive Income	1,282,448	1,593,163
Minority Interests	6,930	7,048
Total Net Assets	5,976,519	6,428,983
Total Liabilities and Net Assets	83,143,675	90,802,362

Consolidated Statements of Operations and Comprehensive Income

(1) Consolidated Statement of Operations

(Millions of Yen)

	First Half of Fiscal 2013 (Six Months ended September 30, 2013)	First Half of Fiscal 2014 (Six Months ended September 30, 2014)
Ordinary Income	622,408	698,764
Interest Income	453,263	523,947
Interest on Loans and Bills Discounted	35,833	34,044
Interest and Dividends on Securities	408,570	480,398
Fees and Commissions	10,423	11,170
Trading Income	26	196
Other Operating Income	83,593	43,745
Other Ordinary Income	75,100	119,704
Ordinary Expenses	473,157	424,506
Interest Expenses	282,219	289,870
Interest on Deposits	16,352	14,632
Fees and Commissions	6,938	6,807
Trading Expenses	316	-
Other Operating Expenses	115,476	62,696
General and Administrative Expenses	63,864	62,569
Other Ordinary Expenses	4,341	2,561
Ordinary Profits	149,251	274,258
Extraordinary Losses	1,435	324
Income before Income Taxes and Minority Interests	147,816	273,934
Income Taxes - Current	1,099	47,291
Income Taxes - Deferred	25,959	13,753
Total Income Taxes	27,058	61,045
Income before Minority Interests	120,757	212,889
Minority Interests in Net Income	254	272
Net Income	120,503	212,616

(2) Consolidated Statement of Comprehensive Income

(Millions of Yen)

	First Half of Fiscal 2013 (Six Months ended September 30, 2013)	First Half of Fiscal 2014 (Six Months ended September 30, 2014)
Income before Minority Interests	120,757	212,889
Other Comprehensive Income	(217,917)	310,908
Net Unrealized Gains (Losses) on Other Securities	(277,064)	335,095
Net Deferred Gains (Losses) on Hedging Instruments	58,549	(23,506)
Revaluation Reserve for Land	-	(17)
Foreign Currency Transaction Adjustments	6	11
Remeasurements of defined benefit plans	-	(929)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	591	255
Total Comprehensive Income	(97,159)	523,797
Attributable to:		
Owners of the Parent	(97,421)	523,515
Minority Interests	261	282

Consolidated Statement of Capital Surplus and Retained Earnings

(Millions of Yen)

	First Half of Fiscal 2013 (Six Months ended September 30, 2013)	First Half of Fiscal 2014 (Six Months ended September 30, 2014)
(Capital Surplus)		
Balance at the Beginning of the Fiscal Year	25,020	25,020
Additions:	-	-
Deductions:	-	-
Balance at the End of the Period	25,020	25,020
(Retained Earnings)		
Balance at the Beginning of the Fiscal Year	1,130,521	1,236,359
Cumulative Effects of Changes in Accounting Policies	-	(4,455)
Restated Balance	1,130,521	1,231,904
Additions:	121,408	212,800
Net Income	120,503	212,616
Transfer from Revaluation Reserve for Land	905	183
Deductions:	51,006	66,712
Dividends	51,006	66,712
Balance at the End of the Period	1,200,923	1,377,991

Consolidated Statement of Cash Flows

(Millions of Yen)

	First Half of Fiscal 2013 (Six Months ended September 30, 2013)	First Half of Fiscal 2014 (Six Months ended September 30, 2014)
I Cash Flows from Operating Activities:		
Income before Income Taxes and Minority Interests	147,816	273,934
Depreciation	10,095	10,242
Losses on Impairment of Fixed Assets	1,228	167
Equity in Losses (Earnings) of Affiliates	(3,919)	(4,988)
Net Increase (Decrease) in Reserve for Possible Loan Losses	(3,129)	(17,545)
Net Increase (Decrease) in Reserve for Possible Investment Losses	(1,732)	(66)
Net Increase (Decrease) in Reserve for Bonus Payments	(85)	109
Net Increase (Decrease) in Reserve for Employees' Retirement Benefits	124	-
Net Decrease (Increase) in Net Defined Benefit Asset	-	(229)
Net Increase (Decrease) in Net Defined Benefit Liability	-	(489)
Net Increase (Decrease) in Reserve for Directors' Retirement Benefits	(81)	(186)
Interest Income	(453,263)	(523,947)
Interest Expenses	282,219	289,870
Losses (Gains) on Securities	57,375	(301)
Losses (Gains) on Money Held in Trust	(28,919)	(38,147)
Foreign Exchange Losses (Gains)	(1,819,201)	(1,589,498)
Losses (Gains) on Disposals of Fixed Assets	206	156
Net Decrease (Increase) in Trading Assets	27,848	5,891
Net Increase (Decrease) in Trading Liabilities	(2,335)	210
Net Decrease (Increase) in Loans and Bills Discounted	(829,772)	(1,635,412)
Net Increase (Decrease) in Deposits	(67,909)	1,769,535
Net Increase (Decrease) in Negotiable Certificates of Deposit	784,469	549,554
Net Increase (Decrease) in Debentures	(312,127)	(225,941)
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowed Money)	81,881	18,761
Net Decrease (Increase) in Interest-bearing Due from Banks	51,408	42,650
Net Decrease (Increase) in Call Loans and Bills Bought and Other	679,929	(115,965)
Net Decrease (Increase) in Receivable under Securities Borrowing Transactions	(18,138)	(215,899)
Net Increase (Decrease) in Call Money and Bills Sold and Other	(602,927)	3,236,720
Net Increase (Decrease) in Short-term Entrusted Funds	404,651	647,208
Net Increase (Decrease) in Payables under Securities Lending Transactions	11,141	83,451
Net Decrease (Increase) in Foreign Exchange Assets	124,268	(17,118)
Net Increase (Decrease) in Foreign Exchange Liabilities	(52)	36
Interest Received	455,389	549,790
Interest Paid	(147,742)	(143,269)
Other, Net	(8,576)	(15,941)
Subtotal	(1,179,859)	2,933,341
Income Taxes Paid	(113)	(2,437)
Net Cash Provided by (Used in) Operating Activities	(1,179,972)	2,930,904
II Cash Flows from Investing Activities:		
Purchases of Securities	(5,871,797)	(4,442,625)
Proceeds from Sales of Securities	3,147,778	1,136,109
Proceeds from Redemption of Securities	4,335,263	3,718,359
Increase in Money Held in Trust	(35,116)	(24,580)
Decrease in Money Held in Trust	1,256,138	390,083
Purchases of Tangible Fixed Assets	(2,122)	(3,399)
Purchases of Intangible Fixed Assets	(3,525)	(5,150)
Proceeds from Sales of Tangible Fixed Assets	255	2,327
Proceeds from Sales of Intangible Fixed Assets	-	7
Proceeds from Business Transfer	1,381,999	-
Net Cash Provided by (Used in) Investing Activities	4,208,872	771,131
III Cash Flows from Financing Activities:		
Dividends Paid	(51,006)	(66,712)
Dividends Paid to Minority Shareholders	(9)	(164)
Net Cash Provided by (Used in) Financing Activities	(51,015)	(66,877)
IV Net Increase (Decrease) in Cash and Cash Equivalents	2,977,883	3,635,157
V Cash and Cash Equivalents at the Beginning of the Fiscal Year	3,134,931	4,667,602
VI Cash and Cash Equivalents at the End of the Period	6,112,815	8,302,759

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 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, and the applicable share of estimated annual depreciation cost for the period is recorded based on the following range of useful lives.

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

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

b. Intangible Fixed Assets (other than Lease Assets)

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

c. Lease Assets

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

(5) Reserve for Possible Loan Losses

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

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

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

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

With respect to loans to borrowers who are legally or substantially bankrupt and that are secured by collateral or guarantees, the remaining book value of the loan, after the deduction of the amount of collateral or the execution of guarantees, is directly written off. Direct write-offs were ¥15,221 million at the end of the period.

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 period.

(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 period.

(9) Accounting Method for Retirement Benefits

In calculating retirement benefit obligations, the benefit formula basis is used for attributing expected retirement benefits to periods through September 30, 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 the 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,

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.

(14) Accounting for Income Taxes

Income Taxes-Current and Income Taxes-Deferred for the period are calculated based upon assumption that reversal from or transfer to Reserve for Tax Basis Adjustments of Fixed Assets by the disposal of Retained Earnings is made at the end of the fiscal year.

(Changes in Accounting Policies)

Adoption of “Accounting Standard for Retirement Benefits”

Effective from the beginning of the first half 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 half of fiscal 2014.

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

(Notes to Consolidated Balance Sheet)

1. Stocks and investments in affiliates

¥111,623 million

2. Securities include securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) of ¥173,541 million as of September 30, 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 ¥110,232 million and securities held without re-pledge of ¥1,438,481 million as of September 30, 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 ¥1,495 million and delinquent loans of ¥149,575 million.

Loans to borrowers under bankruptcy proceedings are loans (excluding the parts written-off for possible loan losses) stipulated in Article 96-1-3, 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No.97, 1965) on which interest is placed on a no-accrual status (hereinafter referred to as "Non-accrual Loans") since the loan principals and/or their pertaining interests are determined to be uncollectible considering the period of time past due and other reasons.

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

4. Loans and Bills Discounted include those past due for three months or more of ¥31 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 ¥34,726 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 ¥185,829 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 ¥2,888 million.

8. Assets pledged as collateral consist of the followings:

Assets Pledged

Loans and Bills Discounted	¥11,718,972 million
Securities	¥18,588,073 million

Liabilities secured by the above assets are as follows:

Borrowed Money	¥709,028 million
Call Money	¥475,000 million
Payables under Repurchase Agreements	¥15,635,888 million
Payables under Securities Lending Transactions	¥203,621 million

In addition, Securities (including transactions of Money Held in Trust) of ¥6,361,275 million were pledged as collateral for settlement of exchange and derivative transactions or as margins of futures transactions.

Initial margins of futures markets of ¥976 million, cash collateral paid for financial instruments of ¥912,507 million and guarantee deposits of ¥17,178 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 ¥3,165,490 million as of September 30, 2014. The amount of undrawn commitments, which the Bank and its consolidated subsidiaries could cancel at any time without cause, was ¥2,081,584 million as of September 30, 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)
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11. Accumulated Depreciation Deducted from Tangible Fixed Assets	¥93,881 million
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12. 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.

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

14. 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 ¥3,800 million.

(Note to Consolidated Statement of Operations)

Other Ordinary Income includes Reversal of Reserve for Possible Loan Losses of ¥17,173 million and Gains on Money Held in Trust of ¥86,844 million.

(Notes to Consolidated Statement of Cash Flows)

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

Cash and Due from Banks	¥9,574,041 million
Less: Interest-bearing Due from Banks	¥(1,271,281)million
Cash and Cash Equivalents at the end of the period	¥8,302,759 million

(Financial Instruments)

Disclosures Regarding the Fair Value of Financial Instruments and Other Items

“Consolidated Balance Sheet Amount,” “Fair Value” and “Difference” as of September 30, 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	19,030,735		
Reserve for Possible Loan Losses(※1)	(147,815)		
	18,882,919	18,924,843	41,923
(2) Securities			
Held-to-Maturity Debt Securities	17,742,694	18,011,125	268,431
Other Securities	36,074,301	36,074,301	—
(3) Money Held in Trust(※1)			
Money Held in Trust for Trading Purposes	7,829	7,829	—
Other Money Held in Trust	4,516,125	4,526,211	10,086
(4) Trading Assets(※2)			
Trading Securities	54	54	—
(5) Monetary Claims Bought	165,077	165,235	158
(6) Call Loans and Bills Bought	646,647	646,647	—
(7) Cash and Due from Banks	9,574,041	9,574,041	—
Total Assets	87,609,691	87,930,290	320,599
(1) Deposits	51,486,782	51,486,844	61
(2) Negotiable Certificates of Deposit	3,397,641	3,397,641	—
(3) Debentures	3,799,126	3,814,273	15,146
(4) Borrowed Money	2,297,384	2,297,384	—
(5) Call Money and Bills Sold	676,000	676,000	—
(6) Payables under Repurchase Agreements	15,635,888	15,635,888	—
(7) Short-term Entrusted Funds	3,598,003	3,598,003	—
Total Liabilities	80,890,827	80,906,035	15,208
Derivative Instruments (※3)			
Transactions not Accounted for as Hedge Transactions	1,132	1,132	—
Transactions Accounted for as Hedge Transactions	(989,378)	(989,378)	—
Total Derivative Instruments	(988,245)	(988,245)	—

(※) 1 Loans and Bills Discounted and Money Held in Trust are net of Reserve for Possible Loan Losses. Money Held in Trust is presented by net on the consolidated balance sheet as the reserve amounts are immaterial.

2 Derivative Instruments are excluded from Trading Assets.

3 Derivative Instruments within Trading Assets, Trading Liabilities, Other Assets and Other Liabilities are shown by net position. Receivables and payables which arise from Derivative Instruments are shown on a net basis.

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

Assets

(1) Loans and Bills Discounted

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

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 period, 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 vendors.

(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 period. 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. As for Borrowed Money with fixed rates, the fair value is calculated according to the Discounted Cash Flow method. The price-determining variable of this method is the rate which would be applied to a similar Borrowed Money. The fair value of the Borrowed Money with a short-term (1 year or less), approximates the carrying value.

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

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

Derivative Instruments

Derivative instruments include interest rate-related derivative instruments (interest rate swaps and others) and currency-related derivative instruments (currency swaps and others). The fair value is based on the closing price at the

exchange, a discounted net present value model, an option pricing model or other models as appropriate. The accrual method of hedge accounting, as specifically permitted for certain interest rate swaps, is valued with the valuation of hedged items, so that the fair value is included in the fair value of Loans and Bills Discounted and other items.

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

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

Instruments	Consolidated Balance Sheet Amount
Unlisted Stocks and Others (※1)(※2)	260,852
Investments in Partnership and Others (※3)	249,895
Total	510,748

(※) 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 period was ¥1 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.”

(Securities)

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

1. Held-to-Maturity Debt Securities (as of September 30, 2014)

(Millions of Yen)

	Type	Consolidated Balance Sheet Amount	Fair Value	Difference
Transactions for Fair Value exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	5,561,347	5,602,153	40,805
	Municipal Government Bonds	—	—	—
	Corporate Bonds	2,608	2,639	30
	Other	8,797,911	9,039,340	241,428
	Sub total	14,361,867	14,644,132	282,264
Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	1,980,900	1,971,175	(9,724)
	Municipal Government Bonds	—	—	—
	Corporate Bonds	—	—	—
	Other	1,461,727	1,457,777	(3,950)
	Sub total	3,442,627	3,428,952	(13,674)
Total		17,804,495	18,073,085	268,589

2. Other Securities (as of September 30, 2014)

(Millions of Yen)

	Type	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Stocks	510,583	252,879	257,703
	Bonds	5,727,245	5,537,663	189,582
	Japanese Government Bonds	5,710,188	5,520,649	189,539
	Municipal Government Bonds	797	778	18
	Corporate Bonds	16,259	16,235	24
	Other	23,618,587	22,104,568	1,514,018
	Sub total	29,856,415	27,895,111	1,961,303
Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost	Stocks	18,804	21,419	(2,614)
	Bonds	121,372	121,394	(21)
	Japanese Government Bonds	110,000	110,000	—
	Municipal Government Bonds	34	35	(0)
	Corporate Bonds	11,337	11,359	(21)
	Other	6,222,013	6,258,666	(36,653)
	Sub total	6,362,190	6,401,480	(39,289)
Total		36,218,606	34,296,591	1,922,014

3. 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 period (“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 period was ¥64 million including ¥64 million on Other.

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

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

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

(Money Held in Trust)

1. Held-to-Maturity Money Held in Trust (as of September 30, 2014)

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

2. Other Money Held in Trust (Money Held in Trust other than that for trading purposes or held-to-maturity) (as of September 30, 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	4,516,805	4,230,478	286,326	286,677	350

(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 period was ¥799.18 (Minority Interests and the residual assets for the holders of lower dividend rate stocks and preferred stocks 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 ¥49.94 (The aggregate number of lower dividend rate stock and preferred stock is deducted from the denominator in the calculation of Net Income per Share.)

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(Millions of Yen)

	Fiscal 2013 (As of March 31, 2014)	First Half of Fiscal 2014 (As of September 30, 2014)
(Assets)		
Loans and Bills Discounted	17,295,089	18,930,012
Foreign Exchange Assets	134,353	151,472
Securities	52,901,442	54,346,332
Money Held in Trust	4,649,907	4,523,696
Trading Assets	14,055	8,164
Monetary Claims Bought	174,256	165,077
Call Loans and Bills Bought	619,386	646,647
Receivables under Resale Agreements	–	97,739
Receivables under Securities Borrowing Transactions	5,614	221,513
Cash and Due from Banks	5,967,497	9,561,785
Other Assets	495,370	1,196,135
Tangible Fixed Assets	108,316	107,195
Intangible Fixed Assets	23,900	20,846
Prepaid Pension Cost	–	94
Customers' Liabilities for Acceptances and Guarantees	137,056	136,806
Reserve for Possible Loan Losses	(167,110)	(149,667)
Reserve for Possible Investment Losses	(2,855)	(2,855)
Total Assets	82,356,280	89,960,995
(Liabilities)		
Deposits	49,731,175	51,496,869
Negotiable Certificates of Deposit	2,848,086	3,397,641
Debentures	4,037,577	3,811,636
Trading Liabilities	6,994	7,205
Borrowed Money	2,272,623	2,292,384
Call Money	492,493	676,000
Payables under Repurchase Agreements	12,582,675	15,635,888
Payables under Securities Lending Transactions	132,945	216,396
Foreign Exchange Liabilities	4	40
Short-term Entrusted Funds	2,950,795	3,598,003
Other Liabilities	751,547	1,688,235
Reserve for Bonus Payments	5,457	5,536
Reserve for Retirement Benefits	10,476	14,682
Reserve for Directors' Retirement Benefits	803	662
Deferred Tax Liabilities	463,869	596,766
Deferred Tax Liabilities for Land Revaluation	9,729	9,676
Acceptances and Guarantees	137,056	136,806
Total Liabilities	76,434,310	83,584,433
(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
Retained Earnings	1,197,694	1,340,924
Legal Reserves	504,066	532,966
Voluntary Reserves	693,628	807,958
Special Reserves	72,000	100,900
General Reserves	409,403	424,403
Reserve for Tax Basis Adjustments of Fixed Assets	7,661	7,523
Others	7	7
Unappropriated Retained Earnings	204,556	275,123
Total Owners' Equity	4,648,624	4,791,854
Net Unrealized Gains on Other Securities, net of taxes	1,302,149	1,637,220
Net Deferred Losses on Hedging Instruments, net of taxes	(45,412)	(68,918)
Revaluation Reserve for Land, net of taxes	16,606	16,405
Total Valuation and Translation Adjustments	1,273,344	1,584,707
Total Net Assets	5,921,969	6,376,561
Total Liabilities and Net Assets	82,356,280	89,960,995

Non-consolidated Statement of Operations

(Millions of Yen)

	First Half of Fiscal 2013 (Six Months ended September 30, 2013)	First Half of Fiscal 2014 (Six Months ended September 30, 2014)
Ordinary Income	612,292	694,111
Interest Income	452,771	529,998
Interest on Loans and Bills Discounted	33,943	32,229
Interest and Dividends on Securities	409,973	488,268
Fees and Commissions	6,393	6,155
Trading Income	26	196
Other Operating Income	82,615	42,681
Other Ordinary Income	70,484	115,080
Ordinary Expenses	468,709	419,410
Interest Expenses	282,195	289,844
Interest on Deposits	16,353	14,633
Fees and Commissions	6,118	5,830
Trading Expenses	316	-
Other Operating Expenses	115,475	62,684
General and Administrative Expenses	60,176	58,640
Other Ordinary Expenses	4,428	2,411
Ordinary Profits	143,582	274,700
Extraordinary Losses	1,433	320
Income before Income Taxes	142,149	274,380
Income Taxes - Current	263	46,411
Income Taxes - Deferred	26,002	13,756
Total Income Taxes	26,265	60,168
Net Income	115,883	214,212
Unappropriated Retained Earnings Brought Forward	60,242	65,181
Cumulative Effects of Changes in Accounting Policies	-	(4,453)
Restated Balance	60,242	60,728
Transfer from Land Revaluation Reserve	905	183
Unappropriated Retained Earnings	177,031	275,123

Notes to Non-Consolidated Financial Statements

Amounts less than one million yen are rounded down.

(Significant Accounting Policies)

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

(Changes in Accounting Policies)

Adoption of "Accounting Standard for Retirement Benefits"

Effective from the beginning of the first half 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 half of fiscal 2014.

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

(Notes to Non-consolidated Balance Sheet)

1. Stocks and investments in subsidiaries and affiliates ¥152,377 million
2. Securities include securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) of ¥173,541 million as of September 30, 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 ¥110,232 million and securities held without re-pledge of ¥1,438,481 million as of September 30, 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 ¥1,342 million and delinquent loans of ¥144,589 million.

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

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

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

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

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

5. Loans and Bills Discounted include restructured loans of ¥33,390 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 ¥179,323 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, etc., through sales or collateralization. The face value of the total Bills Discounted was ¥2,888 million.

8. Assets pledged as collateral consist of the followings:

Assets Pledged

Loans and Bills Discounted	¥11,718,972 million
Securities	¥18,588,073 million

Liabilities secured by the above assets are as follows:

Borrowed Money	¥709,028 million
Call Money	¥475,000 million
Payables under Repurchase Agreements	¥15,635,888 million
Payables under Securities Lending Transactions	¥203,621 million

In addition, Securities (including transactions of Money Held in Trust) of ¥6,341,632 million were pledged as collateral for settlement of exchange and derivative transactions or as margins of futures transactions.

Initial margins of futures markets of ¥976 million, cash collateral paid for financial instruments of ¥912,507 million, and guarantee deposits of ¥16,915 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 ¥3,511,590 million as of September 30, 2014. The amount of undrawn commitments, which the Bank could cancel at any time without cause, was ¥2,427,684 million as of September 30, 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 ¥91,604 million

12. 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.

13. 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 ¥3,800 million.

(Notes to Non-consolidated Statement of Operations)

Other Ordinary Income includes Reversal of Reserve for Possible Loan Losses of ¥17,083 million and Gains on Money Held in Trust of ¥86,840 million.

(Securities)

Stock of subsidiaries and affiliates (as of September 30, 2014)

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

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

(Millions of Yen)	
	Non-consolidated Balance Sheet Amount
Stocks of Subsidiaries	45,210
Stocks and Investments of Affiliates	107,167
Total	152,377

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 September 30, 2014 were as follows:

Deferred Tax Assets	
Reserve for Possible Loan Losses	¥32,115 million
Write-off of Loans	1,657 million
Losses on Revaluation of Securities	55,246 million
Reserve for Employees' Retirement Benefits	11,449 million
Depreciation of Fixed Assets	38 million
Deferred Losses on Hedging Instruments	39,246 million
Unrealized Losses on Reclassification	18,485 million
Other	<u>67,295 million</u>
Subtotal	225,534 million
Valuation Allowance	<u>(120,788) million</u>
Total Deferred Tax Assets	¥104,745 million
Deferred Tax Liabilities	
Gains from Contribution of Securities to Employee Retirement Benefit Trust	¥(4,968) million
Net Unrealized Gains on Other Securities	(606,069) million
Deferred Gains on Hedging Instruments	(12,775) million
Unrealized Gains on Reclassification	(32,059) million
Other	<u>(45,639) million</u>
Total Deferred Tax Liabilities	<u>(701,512) million</u>
Net Deferred Tax Liabilities	<u>¥(596,766) million</u>

(Per share Information)

Net Assets per Share at the end of the period was ¥788.63 (The residual assets for the holders of lower dividend rate stocks and preferred stocks 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 ¥50.31 (The aggregate number of lower dividend rate stock and preferred stock is deducted from the denominator in the calculation of Net Income per Share.)