

# 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 |
|-------------------------------------------------------|----------------------|---------------------|
| <b>(Assets)</b>                                       |                      |                     |
| 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>   |
| <b>(Liabilities)</b>                                  |                      |                     |
| 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>   |
| <b>(Net Assets)</b>                                   |                      |                     |
| Paid-in Capital                                       | 3,425,909            | 3,425,909           |
| Capital Surplus                                       | 25,020               | 25,020              |
| Retained Earnings                                     | 1,236,359            | 1,275,189           |
| 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<br>June 30, 2013 | For the three months ended<br>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<br>June 30, 2013 | For the three months ended<br>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<br>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 |
|----------------------------------------------------------|----------------------|---------------------|
| <b>(Assets)</b>                                          |                      |                     |
| 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>   |
| <b>(Liabilities)</b>                                     |                      |                     |
| 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>   |
| <b>(Net Assets)</b>                                      |                      |                     |
| 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<br>June 30, 2013 | For the three months ended<br>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>                              |