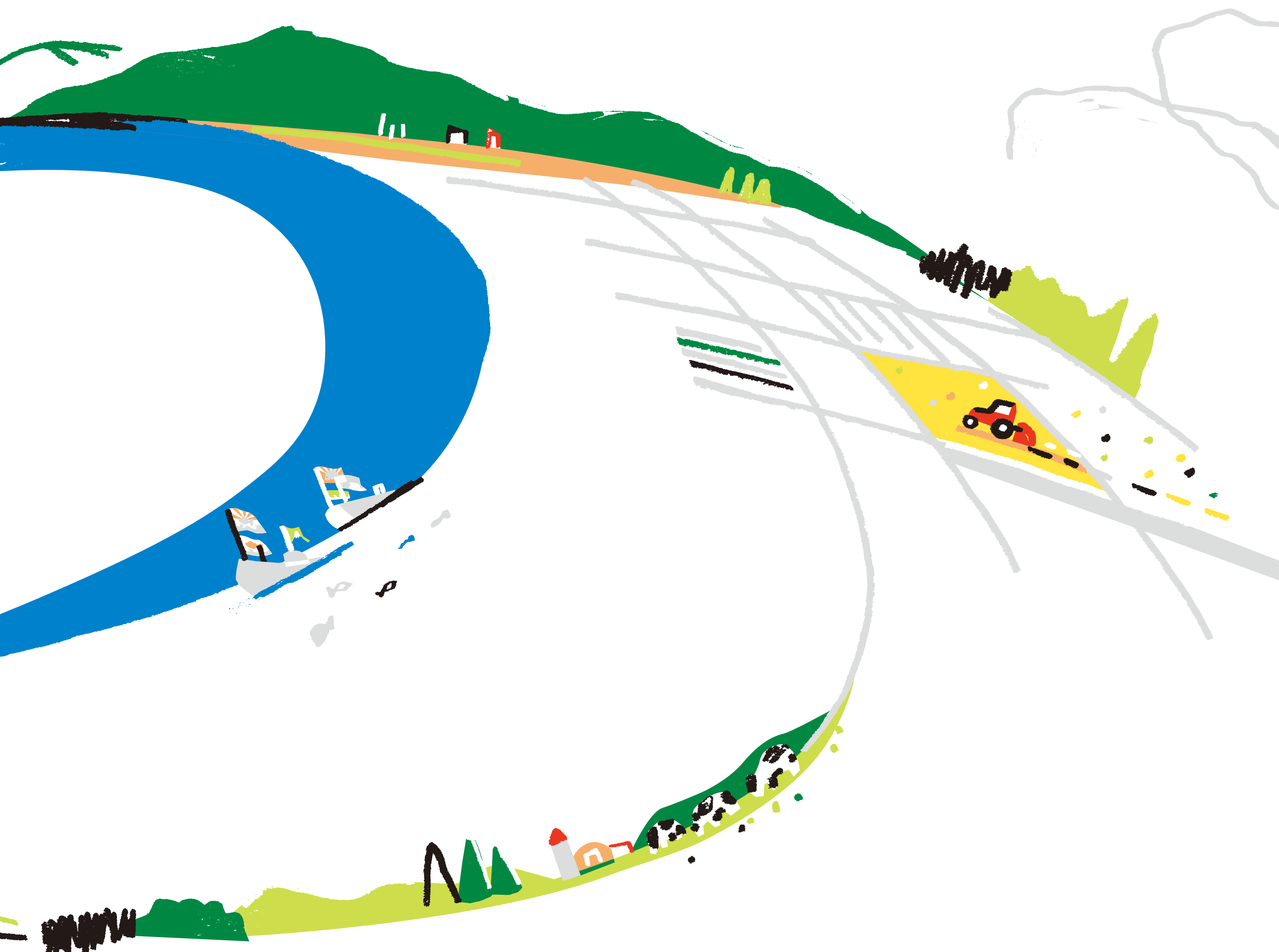
Annual Report

2017



NORINCHUKIN

Leading Bank that Supports the Agriculture, Fishery and Forestry Industries, Food Production and Consumption, and the Daily Lives of Local Communities

The mission of The Norinchukin Bank is to fully support Japan's agriculture, fishery and forestry industries as the national-level organization of JA Bank Group, JF Marine Bank Group and JForest Group. Through this support, the Bank contributes to the development of food production and consumption and a better quality of life for the people living in local communities.

Securing stable profits through global investments as one of Japan's leading institutional investors is an important activity that we undertake to fulfill our mission.

Courageously facing change, we will pursue our unchanging mission and continue to challenge new horizons.

Individual members	Farmers	Fishermen	Foresters
Municipal-level organizations	Japan Agricultural Cooperatives (JA)	Japan Fishery Cooperatives (JF)	Japan Forestry Cooperatives (JForest)
Prefectural-level organizations	Prefectural Banking Federations of Agricultural Cooperatives (JA Shinnoren)	Prefectural Banking Federations of Fishery Cooperatives (JF Shingyoren)	Prefectural Federations of Forestry Cooperatives (JForest Moriren)

The Norinchukin Bank (the Bank)

Forward-Looking Statements

This report contains information about the financial condition and performance of the Bank as of March 31, 2017 (as of the latest date for information on business locations), as well as forward-looking statements pertaining to the prospects, business plans, targets, etc. of the Bank. The forward-looking statements are based on our current expectations and are subject to risks and uncertainties that may affect our businesses, which could cause actual results to differ materially from those currently anticipated.

Corporate Outline

Name ■ The Norinchukin Bank

Legal basis ■ The Norinchukin Bank Law (Law No. 93 of 2001)

Date of establishment ■ December 20, 1923

Chairman of the Supervisory Committee ■ Choe Okuno

President and Chief Executive Officer ■ Yoshio Kono

Paid-in capital ■ ¥3,480.4 billion (US$31.0 billion)
(As of March 31, 2017)
*All capital is from private parties (members and investors in preferred securities).

Total assets (On a consolidated basis) ■ ¥107,062.7 billion (US$954.4 billion)
(As of March 31, 2017)

Capital ratio (On a consolidated basis, Basel III standard)
■ Common Equity Tier 1 Capital Ratio 19.31%
(As of March 31, 2017)
■ Tier 1 Capital Ratio 19.34%
(As of March 31, 2017)
■ Total Capital Ratio 24.39%
(As of March 31, 2017)

Members ■ Japan Agricultural Cooperatives (JA), Japan Fishery Cooperatives (JF), Japan Forestry Cooperatives (JForest), and related federations, as well as other agricultural, fishery and forestry cooperative organizations that have invested in the Bank
(Number of shareholders: 3,640)
(As of March 31, 2017)

Number of employees ■ 3,601 (As of March 31, 2017)

Business locations
(In Japan) ■ Head office: 1 ■ Branch: 19
■ Branch annex: 1 ■ Office: 17
(Overseas) ■ Branch: 3
■ Representative office: 2
(As of July 31, 2017)

Ratings (As of March 31, 2017)

Rating agency	Long-term debt	Short-term debt
Standard & Poor's	A	A-1
Moody's Investors Service	A1	P-1

In this report, Japan Agricultural Cooperatives are referred to as JA, Japan Fishery Cooperatives as JF, and Japan Forestry Cooperatives as JForest.

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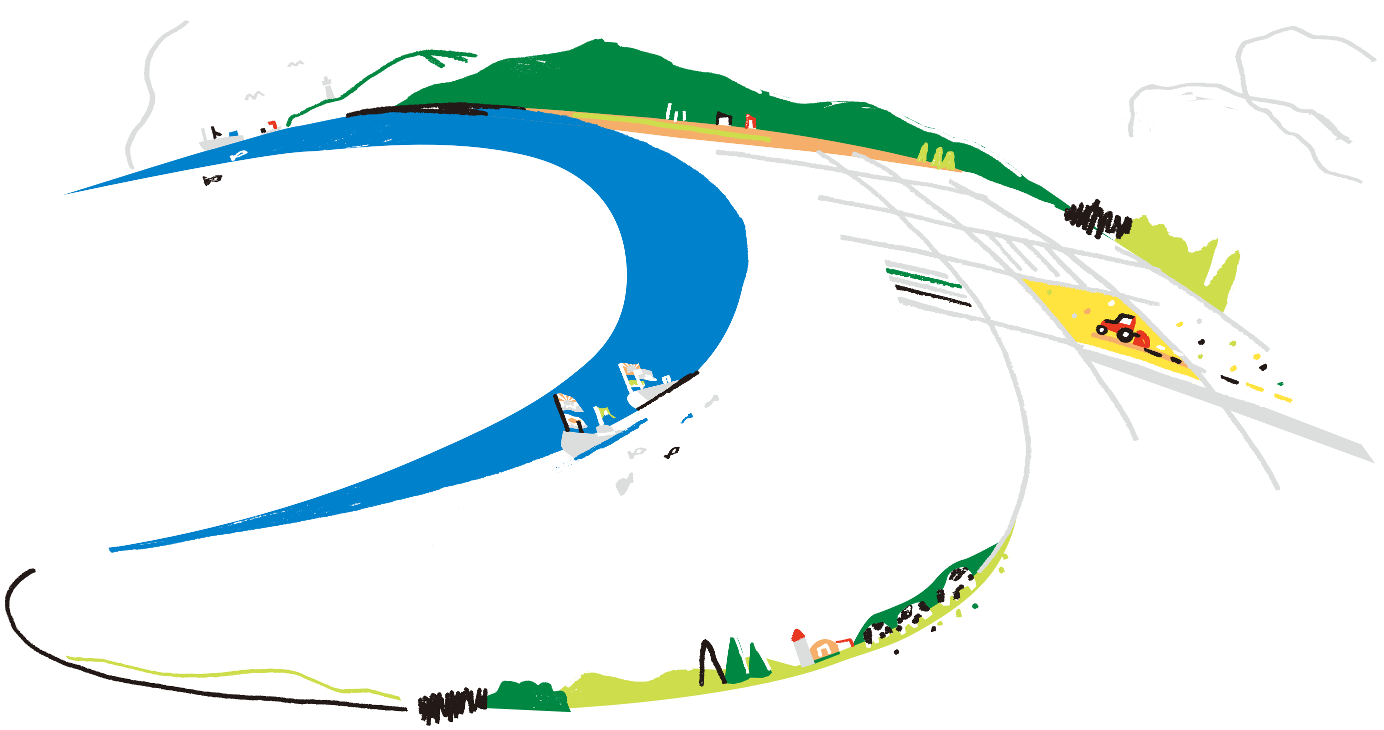


Message from the Management

First, we would like to sincerely thank all our stakeholders for their support and cooperation with The Norinchukin Bank in its day-to-day operations.

On this occasion, we have published this annual report, which contains details of the business performance for fiscal 2016, as well as a summary, etc., of the general situation at JA Bank, JF Marine Bank and JForest Group, so we ask that you please have a look through it.

The Basic Role of The Norinchukin Bank as the Central Organization for Cooperatives

As the national-level financial institution for agricultural, fishery and forestry cooperatives in Japan, the mission of The Norinchukin Bank (“the Bank”) is to contribute to the development of the agriculture, fishery and forestry industries and to national economic prosperity by facilitating access to financial resources. With the capital provided by Japan Agricultural Cooperatives (JA), Japan Fisheries Cooperatives (JF), Japan Forestry Cooperatives (JForest), etc., as well as the stable funding base through customer deposits at JA Bank and JF Marine Bank, the Bank, to achieve its mission, lends funds to its members, agricultural, fishery and forestry workers, and companies related to the agriculture, fishery and forestry industries. The Bank also conducts various lending and investment activities in Japan and abroad, efficiently manages funds, and stably returns profits to its members.

Moreover, the Bank provides various services for supporting the cooperative banking business of JA and JF, including the planning and implementation of policies, development of human resources, and provision of business infrastructure. The Bank also provides operational guidance for the cooperative banking business based on relevant rules and regulations, and is working to build a safety net for the JA Bank and JF Marine Bank Systems. The Bank continues to work to improve trust in its cooperative banking business, while playing the important role of strengthening and expanding the cooperative banking business.

Operation of the Medium-Term Management Plan (fiscal 2016 through fiscal 2018)

The environment surrounding the Bank and cooperatives is becoming increasingly harsh amid such developments as the revision of the Agricultural Co-operatives Act, the Trans-Pacific Partnership (TPP) and the tightening of international financial regulations. Meanwhile, public interest in and expectations for turning the agriculture, fishery and forestry industries into growth industries are higher than ever before.

In light of the situation surrounding the Bank and cooperatives and the basic role of the Bank, we have formulated a Medium-Term Management Plan (fiscal 2016 through fiscal 2018), comprising management and business management policies for three years from fiscal 2016, and are engaged in business management based on the Plan.

JA Bank, JF Marine Bank, JForest Group and the Bank will continue to perform their roles and functions with the goal of becoming financial institutions and organizations that win the confidence of their customers, and contribute to the advancement of the agriculture, fishery and forestry industries and their rural communities.

Finally, we would like to ask you all for your continued support for JA Bank, JF Marine Bank, JForest Group and The Norinchukin Bank.

July 2017

Choe Okuno
Chairman of the Supervisory Committee

Yoshio Kono
President and Chief Executive Officer

Message from the CEO

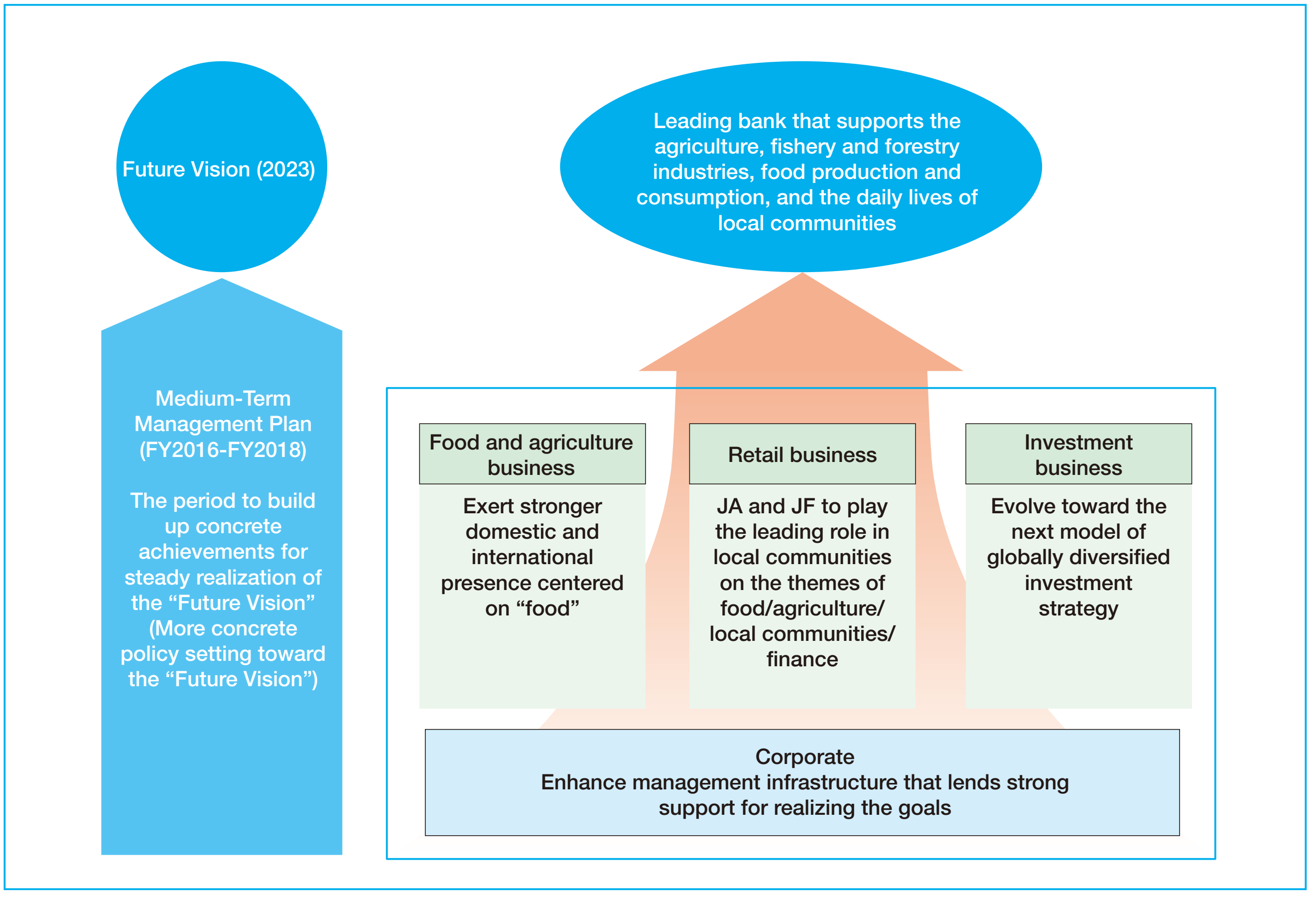
Toward a leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities

Outline of the Medium-Term Management Plan

The Bank is conducting business management based on the "Medium-Term Management Plan for three years (fiscal 2016 through fiscal 2018)."

Under the Medium-Term Management Plan, we aim to achieve the three objectives of "contributing fully as a bank rooted in the agriculture, fishery and forestry industries and the food business, turning these industries into growth industries," "reinforcing the cooperative banking business platform," and "achieving stable returns to our members through the sophistication of the current globally diversified investment strategy," namely, establishing the three business areas of the "food and agriculture business," "retail business," and "investment business," taking overall control of these business areas and enhancing the supporting corporate functions.

Basic Policy of "Medium-Term Management Plan (FY2016-FY2018)"



Business Performance in Fiscal 2016

During fiscal 2016, which is the first year of the "Medium-Term Management Plan (fiscal 2016 through fiscal 2018)," based on the "Management Plan for Fiscal 2016", the Bank introduced a headquarters system from the perspective of achieving quick decision making, policy development and implementation, and the flexible use of management resources, and established a structure to promote these three business areas also at the organizational level by launching four headquarters, three of which are front-office headquarters, namely, the "Food & Agri Banking Business" (in charge of the "food and agriculture business"), "Retail Banking Business" (in charge of promoting and strengthening JA Bank and JF Marine Bank's "retail business") and "Global Investments" (in charge of the "investment business" aimed at the further evolution of the "globally diversified investments"), and one of which is "Corporate & Shared Services" (in charge of the management infrastructure that supports the aforementioned three headquarters). With this system and structure in place, the Bank has implemented policies for each business.

Financial Results and Capital Adequacy in Fiscal 2016

In fiscal 2016, the Bank recorded an ordinary profit of ¥214.0 billion and profit attributable to owners of parent of ¥206.1 billion, showing steady profitability despite the impact of the rising cost of foreign currency funding and other factors.

The Bank's capital adequacy ratios on a consolidated basis were maintained at a high level, with a Common Equity Tier 1 Capital Ratio of 19.31%, a Tier 1 Capital Ratio of 19.34% and a Total Capital Ratio of 24.39%.

Summary of Earnings

(Billions of Yen)

	FY2014	FY2015	**FY2016**
Ordinary Profit	514.5	324.9	**214.0**
Profit Attributable to Owners of Parent	411.3	271.2	**206.1**
Net Assets	7,308.1	7,186.7	**7,008.8**
Common Equity Tier 1 Capital Ratio	17.17%	18.94%	**19.31%**
Tier 1 Capital Ratio	17.24%	18.99%	**19.34%**
Total Capital Ratio	24.19%	25.07%	**24.39%**

Targeted Management Objectives

Under the Medium-Term Management Plan (fiscal 2016 through fiscal 2018), the Bank aims to achieve ordinary profit of around ¥150.0 billion as a management goal. Looking ahead, although we recognize that the economic and financial environment is expected to remain harsh given the interest rate hikes in the United States, the continuation of the negative interest rate policy in Japan and the continued high cost of foreign currency funding, combined with increasing uncertainty due to factors such as rising geopolitical risk, the Bank will strive to achieve targets based on appropriate financial management.

Initiatives to Strengthen the Business Management System

The Bank introduced a headquarters system in June 2016 along with the start of the Medium-Term Management Plan (fiscal 2016 through fiscal 2018). Furthermore, to grasp changes in the business environment surrounding the Bank appropriately and address diverse and highly-specialized management issues quickly and accurately, the Bank recognized the need to further strengthen its headquarters management and onsite capability, resulting in the following initiatives.

(1) Increase the number of Representative Directors

By allotting the authority to represent the Bank, which previously belonged only to the President & Chief Executive Officer and Deputy President & Co-Chief Executive Officer, additionally to three Senior Managing Directors, who also serve as Business Heads, a structure with five Representative Directors is now in place.

(2) Review the composition of Directors and introduce an Executive officer system

To conduct quick and accurate decision making by raising the efficiency and revitalizing the operation of the Board of Directors, we reviewed our existing structure of 14 Directors and created a structure with five Representative Directors and two Managing Directors in charge of risk management and operations & IT.

In addition, the Bank introduced the Executive officer system to further raise the efficiency and strengthen the function related to business execution.

Based on our mission to realize turning the agriculture, fishery and forestry industries into growth industries with certainty, we will continue to work on self-reform towards becoming a "leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities."

In Conclusion

In 2023, the Bank will commemorate 100 years since its founding. To become a "leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities" depicted in its Future Vision toward the 100th Anniversary, all directors and employees of the Bank are committed to yielding concrete results in their respective positions and thereby contributing to turning the agriculture, fishery and forestry industries into continuous growth industries. We ask our members and all others concerned for understanding and support.

Messages from Each Business Head

Food & Agri Banking Business

Masataka Miyazono

Head of Food & Agri Banking Business

Major Initiatives

- Turning the agriculture, fishery and forestry industries into growth industries (Integration and streamlining of the production base, reducing production cost, value added such as marketing channel development)
- Playing a key role as a bridge between the agriculture, fishery and forestry workers and the business community

The Food & Agri Banking Business is in charge of expanding the "food and agriculture business," which has been positioned as one of the pillars of the Bank's business.

In recent years, despite an unprecedented rise in society's interest in food and agriculture, issues that need to be addressed including a low birth rate and an aging society, a decline in population and a weakening production base are increasingly complicated. In the "food and agriculture business," we take a centralized approach to diverse issues faced by the food and agriculture value chain, which covers production, processing and distribution through sales mainly of "foods," with the aim of further contributing to turning the agriculture, fishery and forestry industries into growth industries, as well as the development of customers.

The Bank will realize two major goals in the "food and agriculture business" area. The first is for the Bank and cooperatives to continue to be reliable entities for leaders who play leading roles in the future of the agriculture, fishery and forestry industries in Japan. The Bank will build up initiatives that contribute to strengthening leaders' management and other capabilities in line with the life cycle of business operators, including not only financial support, but also support for business operations.

The other goal is to fulfill the Bank's role as a bridge connecting the business community needs and agriculture, fishery and forestry workers. More than ever, the Bank will continue to provide various solutions that enable producers and the business community to further respond to the needs of domestic and overseas consumers.

Retail Banking Business

Kazuhiko Otake

Head of Retail Banking Business

Major Initiatives

- Expand retail banking by identifying changes in organizational base and customer needs
- Achieve JA Bank self-reforms and satisfaction of its members, etc.

The Retail Banking Business plays a major role in operations related to strengthening and expanding the JA Bank and JF Marine Bank businesses of agricultural and fishery cooperative organizations and increasing reliability of those businesses etc.

In addition to changes in the financial conditions, competition with other financial institutions and competition faced by JA Bank and JF Marine Bank in retail financing is increasingly fierce, coupled with structural problems such as changes in the organizational base due in part to the aging of its members and changes in customer needs.

Under these circumstances, JA Bank formulated the JA Bank Medium-Term Strategies to be implemented from fiscal 2016 through fiscal 2018. Having set the future vision of JA Bank at becoming an "entity that is needed more in regions by contributing to food, agriculture and local communities," we are striving to contribute to "increasing agricultural income" and "revitalizing local communities" by providing high-quality, sophisticated financial services.

In addition to further enhancing and providing financial functions for the fishery industry, JF Marine Bank is striving to promote initiatives aimed at strengthening its business base, soundness and management capabilities in pursuit of a stronger control structure to enable the provision of stable and appropriate financial functions.

Through these initiatives, the Bank aims to "JA and JF to play the leading role in local communities on the themes of food/agriculture/local communities/finance" as indicated in the Medium-Term Management Plan.

Toward a "leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities"

In this section, heads of each business explain the major initiative issues and basic policies.

Global Investments

Katsuyuki Touyama

Head of Global Investments

Major Initiatives

- Further evolve globally diversified investments
- Enhance stable profitability
- Steadily comply with international financial regulations, etc.

Global Investments is in charge of investments in securities and other financial instruments based on appropriate risk management aimed at realizing a stable return of profits in the medium and long run as the ultimate manager of funds entrusted by members to JA Bank and JF Marine Bank.

Although our investment environment is predicted to be difficult and it is hard to foresee the future environment, given the increasing uncertainties of each country's administrative policies and rising concern over geopolitical risks, we recognize the need to promote the establishment of a solid and high-quality portfolio while carefully examining market trends. In addition, to address international financial regulations, which are becoming tougher, it is fair to say that the task of gaining an accurate grasp and complying with regulations is a major challenge for the Bank, which secures profits through overseas financial markets and assets.

In these circumstances, under the current Medium-Term Management Plan, Global Investments aims, as its future vision, to "evolve toward the next model of globally diversified investment." We are committed to securing profits that contribute to stable returns through the further evolution of "globally diversified investments" by making efforts to expand our earnings base by such measures as exploring new fields and enhance our foreign currency funding ability, while assuming an appropriate balance with risks and compliance with regulations.

Corporate & Shared Services

Kazuto Oku

Head of Corporate & Shared Services

Major Initiatives

- Develop an infrastructure that can address IT technological innovation
- Pursue the sophistication of a risk management framework that addresses increasingly tough domestic and overseas regulations
- Further strengthen the business management system that covers the Group companies

The role of Corporate & Shared Services is to support and control three business areas of the "food and agriculture business," "retail business," and "investment business."

Based on the recognition that it is extremely important to achieve quick decision making, policy development and implementation in each headquarters to execute missions in the three business areas and realize the future vision, the Bank introduced a headquarters system in June 2016 and started to further strengthen its business management system to reinforce the management of headquarters and onsite capability.

In addition, from the perspective of overall optimization, the Bank continuously strives to establish its strategies and strengthen the overall control function in a so-called cross-functional manner, which contributes to the facilitation of the organizational and operational management of the Bank as a whole, including Group companies. We will also conduct the flexible use of management resources, including the further enhancement of Group companies' functions, and the clearer implementation of PDCA.

Moreover, by paying careful attention to changes in the management environment such as IT technological innovations, the trend of domestic and overseas regulations, and society's perception of our organization, while properly fulfilling our role as a "navigator," we will build up concrete achievements to steadily fulfill our Future Vision toward the 100th anniversary, that is, becoming a "leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities."

Bank Initiatives

"Self-Reform of JA Bank" Initiatives

With the situation surrounding the agriculture industry becoming increasingly severe, in light of the Government's "agricultural cooperative reform" movement, etc., in 2014 the JA Group formulated "Self-reform of JA Group" as self-reform. As a member of JA Group, for JA Bank to also contribute more than ever to agriculture and local communities, we are implementing "Self-reform of JA Bank" efforts during an intensive period for the initiative up to fiscal 2018.

The "Self-reform of JA Bank" is comprised of "three pillars": (1) further responses to contribute to increase in income of farmers and revitalization of local communities especially the "Support Program for Increasing Agricultural Income and Revitalizing Local Communities (business size of ¥2 trillion, total amount of ¥100 billion)"; (2) arrangement of the business environment so that JA can make its best efforts in agricultural businesses; and (3) provision of financial services that connect agriculture and local communities/users in order to contribute to local communities.

To date, the Bank has engaged in the smooth supply of capital to food and agriculture-related fields including the utilization of the "F&A (Food and Agri) Growth Industry Investment Facility" to the scale of ¥50.0 billion, which was established with the aim of providing risk money, as well as promoting exports of agricultural products via an export support package that includes holding seminars and exhibiting at overseas trade fairs; continuing to host business conferences and conducting business matching in Japan; and providing sixth industrialization support to expand sales from agriculture and add higher value to agriculture.

Moreover, toward the reduction of production costs, the Bank implemented the "Agricultural Equipment Lease Support Program (Agri-Seed Lease)" to support agricultural workers' efforts to expand their scale of operations and streamline their businesses, and the "Production Costs Reduction Support Program" to foster innovative activities such as the dissemination of new technologies. The Bank also provided support for hosting seminars and consultations aimed at helping advance farm management; strengthened management consultation functions mainly through launching the "Agriweb" website to dispatch information on agricultural management; and engaged in initiatives toward revitalizing local communities such as supporting new farmers extensively and training young and next-generation farm operators.

Moreover, we worked diversely to rationalize banking business operations, such as introducing equipment to streamline cash business at all JA business service locations and introducing an "agent" model based on the choice made on a JA-by-JA basis. We deployed around 100 mobile branches in vehicles and implemented, among others, JA Bank's "*No to Ayumu* Project" (Project for Making Progress with Agriculture) to plan and sell financial products linked to expanded consumption of agricultural products. Having promoted such initiatives one after the other to help turn the agriculture industry into a growth industry, we will further strengthen these initiatives into the future.

Both JA Bank and the Bank will work as hard as possible toward the steady implementation of the "Self-reform of JA Bank" effort, and contribute to the development of agriculture and local communities by continuing to enhance the provision of financial services and securing sound management.

Food and Agriculture Business Initiatives

Food and Agriculture Business Initiatives

The Bank conducts initiatives to further exert its role as the central organization for agricultural, fishery and forestry cooperatives, focusing on contribution to its members and the agriculture, fishery and forestry industries as a matter of the highest priority. The Bank is offering various solutions to achieve the practices of the “food and agriculture business” indicated in the Medium-Term Management Plan started from fiscal 2016, which contribute to turning the agriculture, fishery and forestry industries into growth industries.

Smooth Capital Supply to the Food and Agriculture-Related Fields

● Initiatives for Agricultural Loans

For agricultural corporations run by those expected to be agricultural leaders of tomorrow, we offer the Agricultural Corporation Development Loan (Agri-Seed Loan), etc. for operating funds for agricultural products and the processing of farm products without collateral or guarantee in principle.

In addition to direct financing as mentioned above, the Bank reduces interest burdens on agricultural workers, for example by providing subsidies to borrowers of JA Bank’s agricultural loans to cover up to one percent of the interest cost. In fiscal 2016, approximately 70,000 loans, totaling ¥1.6 billion, were provided, and in the cumulative total up to fiscal 2016, ¥9.8 billion in subsidies were granted for 550,000 agricultural loans.

Product	Number of loans	Loaned amount
Agri-Seed Loan (since December 2009)	142	¥2,846 million

*Cumulative total as of March 31, 2017

Greenhouse for *Mitsuba* (Japanese hornwort) in hydroponics of an Agri-Seed Loan recipient

Shine Muscat of an Agri-Seed Fund recipient

Types of Loans (As of March 31, 2017)

<table>
<tr><th></th><th colspan="2">General Loan</th><th>Policy-based Loan</th></tr>
<tr><td>Agriculture</td><td>Agri-Seed Loan</td><td rowspan="3">Agriculture, Forestry, Fishery & Ecology Business Loan
Management Improvement Support Loan
Reconstruction Loan (Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan)
Disaster Funds</td><td>Agriculture Modernization Loan
Agricultural Management Assistance Support Loan
New Farming Fund for Young Persons
Agricultural Management Improvement Promotion Loan (New Super S Fund)
Mountainous Region Revitalization Loan
etc.</td></tr>
<tr><td>Fishery</td><td rowspan="2"></td><td>Fisheries Modernization Loan
Fisheries Management Improvement Promotion Loan
Mountainous Region Revitalization Loan
etc.</td></tr>
<tr><td>Forestry</td><td>Forestry Development Promotion Loan
Mountainous Region Revitalization Loan
etc.</td></tr>
</table>

● Establishing the F&A (Food and Agri) Growth Industry Investment Facility

Toward our goal to turn the agriculture, fishery and forestry industries into growth industries, the Bank established the "F&A (Food and Agri) Growth Industry Investment Facility" on the scale of ¥50.0 billion including the traditional Agri-Seed Fund, aimed at providing risk money to support new entries and expand the scale of the agriculture, fishery and forestry industries, improve productivity and add higher value.

List of F&A (Food and Agri) Growth Industry Investment Facility

	Investment target	Investment facility
Agri-Seed Fund	Agricultural corporations, corporations operating agriculture-related businesses (small to medium scale)	¥3.0 billion
Support Fund for Business Entities of Agricultural Leaders	Agricultural corporations, corporations operating agriculture-related businesses (large scale)	¥5.0 billion
Agriculture, Forestry and Fisheries Cooperative Fund	Agricultural, fishery and forestry workers and their organizations (JA, regional community farming organizations, corporations, etc.)	¥2.9 billion
Export Promotion Support Fund	Food and agriculture-related businesses in six countries on the Arabian Peninsula in the Middle East	$50 million
Investment Limited Partnership for Renewable Energy in Agriculture, Forestry and Fisheries	Businesses to conduct development and production, etc., of new products made from agricultural, forestry and fishery products as raw materials	¥0.5 billion
Direct Investment Facility	Investments to expand the scale of the agriculture, fishery and forestry industries, improve productivity and creating added-value, etc.	¥18.0 billion
(Extendable capacity)	Scheduled to be allotted according to the status of each investment facility	¥15.6 billion
Total	—	¥50.0 billion

Agri-Seed Fund, Support Fund for Business Entities of Agricultural Leaders

Since 2010, as a framework to supply capital to agricultural corporations, the Bank, in collaboration with The Agribusiness Investment & Consultation, Ltd. and JA Bank Agri-Eco Support Fund, established the Agri-Seed Fund, which invests in agricultural corporations that are technically competent yet undercapitalized, stabilizing their finances and supporting the development of their business. The total number of investments has reached 240 and the agricultural corporations which have received investments have stably grown as core leaders of their areas and industries.

In June 2013, the Bank established the Support Fund for Business Entities of Agricultural Leaders to meet the business expansion needs of agricultural corporations which plan on the utilization of abandoned farmland, farmland accumulation and the sixth industrialization. The fund has so far made 18.

Product	Number of investments	Invested amount
Agri-Seed Fund (since April 2010)	240	¥1,846 million
Support Fund for Business Entities of Agricultural Leaders (since June 2013)	18	¥471 million

*Cumulative total as of March 31, 2017

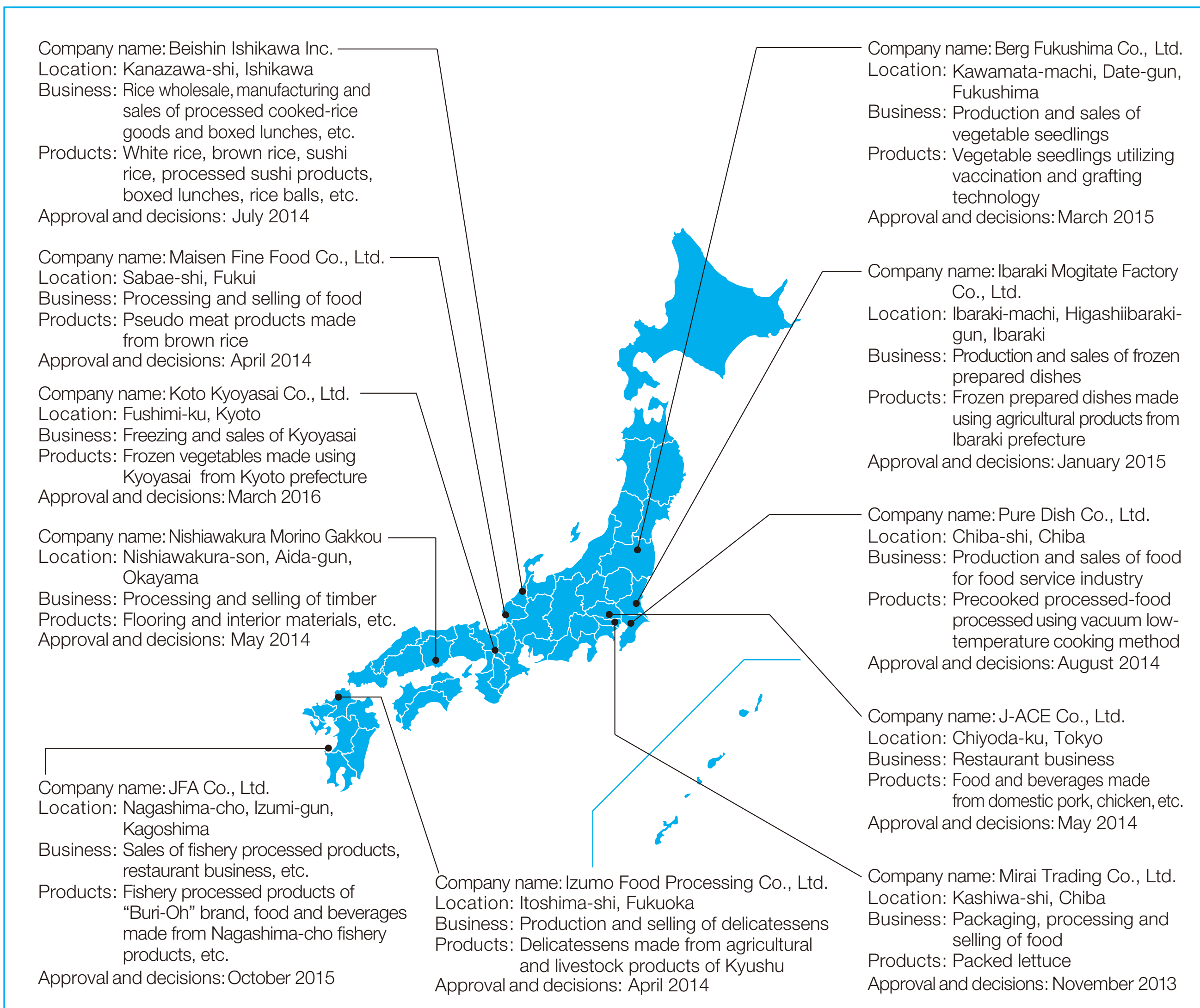
Agriculture, Forestry and Fisheries Cooperative Fund (JA Sixth Industrialization Fund, JF Sixth Industrialization Fund and JForest Sixth Industrialization Fund)

JA Group, including the Bank, laid out a policy to exercise its comprehensive and organizational strength as a group in an integrated manner to promote the sixth industrialization of the agriculture, fishery and forestry industries.

In May 2013, the Agriculture, Forestry, and Fisheries Cooperative Fund, a sub-fund jointly capitalized by Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan (A-FIVE) and cooperative organizations, was established. Various financial, business and management supports, along with support for the development of business plans, have been provided to agricultural, fishery and forestry businesses which are committed to the sixth industrialization, as well as entities constituted by JA and partner companies. Since establishment, decisions have been made to make investments in 11 entities (as of March 31, 2017), the largest number of investments made among 48 similar sub-funds nationwide.

Moreover, to encourage the business development of the business entities in which the Bank has invested to date, focus was placed on providing support for exploring sales channels and other business support functions. The Bank will continue to contribute to the further development of the local agriculture, fishery and forestry industries through the utilization of the fund.

Overview of Investments Made by the Agricultural, Forestry and Fisheries Cooperative Fund



Establishment of Export Promotion Support Fund

In March 2016, the Bank collaborated with Mizuho Bank to establish a private equity fund “Gulf Japan Food Fund” with aim of providing financial support for expanding Japanese agricultural, fishery and forestry products’ export needs and the six Middle East Gulf states’ food security needs, etc. Through investment in the joint venture newly established through the collaboration between Japanese companies and Middle East companies, the Bank aims at value-adding and market creation from new alliances and partnerships while growing and promoting these businesses.

Investment Limited Partnership for Renewable Energy in Agriculture, Forestry and Fisheries

JA Group has a policy to proactively engage in renewable energy projects which will result in the revitalization of local communities in harmony with the agriculture, fishery and forestry industries representing local communities and farmers. The Bank, together with JA Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives), established the “Investment Limited Partnership for Renewable Energy in Agriculture, Forestry and Fisheries” and set up a structure to provide financial assistance to community-led renewable energy projects. The Bank will provide not only financial but other support required for commercialization to members of cooperatives and local residents for the renewable energy projects which contribute to the promotion of the agriculture, fishery and forestry industries and revitalization of local communities.

Direct Investment Facility

The Bank believes that in order to turn the agriculture, fishery and forestry industries into growth industries, it is indispensable to add higher value to and improve the productivity of downstream industries as well. As a framework to provide risk money to achieve these goals, the Bank started to work on such initiatives in fiscal 2016. To increase exports and agricultural income, a total of five investments were made in food export companies and agricultural IT ventures, among others.

Offering Solutions That Contribute to Increasing Agricultural Income

● **Initiatives to Expand Sales and Add Higher Value**

Collaboration with JA Zen-Noh (National Federation of Agricultural Cooperative Associations)

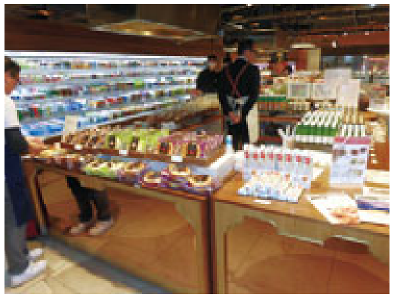
Aiming to increase agricultural income, expand production and revitalize local communities, the Bank collaborates closely with the initiatives promoted by JA Zen-Noh to reform the distribution and processing structure, expand exports and reduce production materials costs, mainly by providing advice related to investments/loans and examining financing schemes.

As part of such initiatives, in November 2016, the Bank acquired all shares in SFG Holdings Limited, a food wholesaler in Scotland, via a joint investment between JA Zen-Noh and the Bank. Using this company as a base for exporting made-in-Japan agricultural and livestock products to Europe, the Bank aims to establish a supply chain in this region.

Export Promotion Initiatives

To allow its members and agricultural, fishery and forestry workers who aim to export their products to engage in steady exports, the Bank provides an export support package. In fiscal 2016, while adhering with the existing export support initiatives, the Bank further strove to promote exports by enhancing initiatives to deepen the content and improve applicability, reflecting input from participants in each initiative. Specifically, the Bank (1) released the export PR publication “*Yushutsu-no-Ibuki*” (quarterly), (2) held export seminars (five times at various locations nationwide in addition to seminars regularly held in Tokyo), (3) implemented test marketing (conducted at a department store in Taipei in March 2017), (4) participated in overseas trade fairs (exhibited at the HKTDC Food Expo and Food & Hotel Asia in Singapore), and (5) offered an opportunity to participate in the Great Okinawa Trade Fair.

Yushutsu-no-Ibuki



Test marketing conducted in Taipei

In fiscal 2016, the Bank held nationwide and block business conferences, etc., and provided participating sellers' groups with the opportunity to expand sales channels. In addition, the Bank provided assistance in promoting the understanding of distribution and retail industries and acquiring expertise in business negotiations, etc. by holding seminars and other events for enhancing business negotiation skills.

Business Conferences and Business Matching Initiatives

The Bank capitalizes on the characteristics of the co-operative system as a nationwide system to identify the business needs of cooperative organizations, agricultural, fishery and forestry workers and corporate clients, and provide business matching services and conferences to lead to constant business transactions among them.

JA Group Japanese Agricultural and Livestock Products Business Conference

Nationwide and Block Business Conferences Held in Fiscal 2016

Venue	Date	Name	Number of sellers	Number of buyers
Hiroshima	September 2016	Food and Agriculture Matching Fair	68	96
Aichi	November 2016	Four Prefectures in the Tokai Region, JA Group Food and Agriculture Business Conference	121	461
Osaka	December 2016	JA/JF Group Kinki Business Conference	113	260
Fukuoka	January 2017	JA/JF Group Kyushu and Okinawa Business Conference	82	97
Ishikawa	January 2017	JA/JF Group Hokushinetsu Business Conference	27	42
Miyagi	February 2017	Tohoku Food and Agriculture Business Conference Sponsored by JA Group	63	77
Tokyo	March 2017	JA Group Japanese Agricultural and Livestock Products Business Conference	156	2,099

Initiatives to Reduce Production Costs

Agricultural Equipment Lease Support Program

To encourage reduction of production costs through producers' scale expansion, etc., agri-seed leasing business was implemented for partial subsidies on leases involving agricultural machinery and equipment, etc.

The first solicitation was conducted for rice and vegetable producers, for which approximately 8,000 subsidies were decided in October 2015, and the second solicitation was conducted adding livestock and dairy to the subsidy target items, for which approximately 4,000 subsidies were decided in May 2016. The Bank is deepening relationships with subsidy recipients through a visitation approach.

Project to Reinforce Business Consultation Functions

To strengthen response capabilities to diverse management issues of agricultural corporations, etc., the "management consultation function strengthening business" was launched in September 2015. Specifically, the Bank established consultation counters nationwide and provided subsidies on costs for management seminars conducted in each prefecture and for individual consultations. In fiscal 2016, 116 seminars or similar events were held nationwide. Moreover, free consultation counters nationwide by specialists and the website "Agriweb" to dispatch information related to agricultural business management were launched in May 2016. In July 2016, a link was established between "Agriweb" and JA Zen-Noh's "APPINES" website, which provides information on farming operation. Drawing on the alliances among the JA Group, the Bank has operated to address the managerial issues of agricultural workers in general.

Production Costs Reduction Support Program

In collaboration with JA Zen-Noh and related organizations, in fiscal 2016 the Bank started a support program to help reduce production costs, which provides subsidies for the dissemination of new technologies that contribute to reducing production costs and innovative initiatives.

The first program implemented under this program was a "DNA Chip Dissemination Promotion Support Program for Livestock and Dairy Business" in coordination with JA Zen-Noh to prevent cow disease and conduct health checks. The second was a support program to pass on "Takumino-Waza" or techniques and know-how possessed by experienced agricultural workers. The third was a support program to establish a relay shipping structure for vegetables and fruits toward the expansion of exports, which contributes to the reduction of overseas sales costs.

Support for Revitalization of Regional Areas and Local Communities

● Initiatives to Agricultural Entrant Support Program

To cultivate future domestic farming core leaders, the Bank has implemented the agricultural entrant support program. In fiscal 2015, the Bank expanded the subsidy business we have implemented towards training provided to potential agricultural entrants and launched a subsidy business towards farming operation costs incurred by independent agricultural entrants aimed at providing support for stabilizing their management soon after becoming an agricultural entrant. In fiscal 2016, the Bank provided subsidies of ¥400 million for approximately 3,000 businesses that help independent agricultural entrants with their farming operation costs and subsidies of ¥200 million for approximately 1,000 businesses that accept potential agricultural entrants (trainees).

● Training of Next-Generation Farm Operators

As the main sponsor of AgriFuture Japan, the Bank encourages the training of farm operators of the next generation by providing operational support for the Japan Institute of Agricultural Management and seminar business run by the general incorporated association.

Since the opening of the Japan Institute of Agricultural Management in April 2013, 45 students have graduated and started engaging in farming nationwide. At present, fourth and fifth year students are studying hard in the school located on one of the floors of the Norinchukin Bank Shinagawa Training Center. In the seminar business, a total of more than 500 persons participated in seminars in fiscal 2016, which included seminars held in three regions, etc., where the Institute has concluded a cooperation agreement, in addition to the Tokyo Metropolitan Area, three prefectures and four blocks comprising Tohoku, Chugoku, Shikoku and Kyushu, as well as nighttime seminars for workers who are interested in agriculture and corporations that are interested in agricultural business fields.

● Environmental Finance Initiatives

The Bank introduced the Agricultural, Forestry, Fishery and Ecology Rating System in 2010 to evaluate its members and companies which practice pro-environmental activities. The Bank added its own evaluation items to those of the system, including initiatives for environmentally sound agriculture, fishery and forestry industries and for the sixth industrialization.

Moreover, in 2012, the Bank began acting as a broker of domestic emission credits (J-VER). The J-VER System is the domestic emission trading scheme operated by the government. By acting as a broker of J-VER trading derived from the agriculture, fishery and forestry industries, we aim to support initiatives for environmentally-responsible agricultural and forestry operations such as forest improvement and environmental measures of companies.

● Agricultural, Forestry, and Fisheries Future Fund

To support the voluntary initiatives of agricultural, fishery and forestry workers/business entities and promote the dispatch of related information toward the further growth of the agriculture, fishery and forestry industries, the Bank established the “Agricultural, Forestry, and Fisheries Future Project” and, as the entity to implement the project, founded the “Agricultural, Forestry, and Fisheries Future Fund” in 2014, to which the Bank contributed ¥20.0 billion.

The “Agricultural, Forestry, and Fisheries Future Fund” has provided subsidies for a total of 23 projects: six in fiscal 2014, eight in fiscal 2015 and nine in fiscal 2016. For fiscal 2017, the Fund started solicitation in June 2017.

● Stronger Collaboration with the Japan Agricultural Corporations Association

In February 2014, the Bank entered into a comprehensive partnership agreement with the Japan Agricultural Corporations Association, a public interest incorporated association with about 1,800 pioneering agricultural corporation members nationwide. The partnership enables the association's members to more easily address issues they face, including their capital investments, management streamlining and value-adding to agricultural and livestock products, as well as provides a wide range of supports for the creation of new customers and export of products by utilizing the Bank's network. Specifically, the Bank launched the National Federation Labor Support Conference and started initiatives aimed at securing human resources, which is a challenge in agriculture. Progress is also being made in terms of nationwide expansion: for example, in Akita Prefecture, the Bank's Akita Branch and Akita Agricultural Corporations Association concluded a partnership agreement.

In addition, from the perspective of human resources development, we held seminars targeted at specific persons, such as seminars for female managers and employees and seminars for prospective executives of agricultural corporations (e.g., farm foremen) and worked towards the business progress of agricultural corporations.

Seminar for female managers and employees

● Inbound Green Tourism

Four companies comprising the Bank, ABC Cooking Studio Co., Ltd., Recruit Lifestyle Co., Ltd., and Nokyo Tourist Corporation, entered into a comprehensive partnership agreement in April 2016 aimed at contributing to the support for revitalization of local communities and overseas export.

Aiming to revitalize local communities by increasing the number of tourists visiting regional areas of Japan and advertising the attraction of Japanese foods, the Bank has implemented five tourism monitoring tours.

Hiroshima and Ehime inbound tourism monitoring tour

● Initiatives for Food and Farming Education Projects

The Bank provides subsidies for "food and farming education" projects that aim to deepen children's understanding of agriculture and food and to contribute to the development of local communities. We donate study materials for agriculture and food education, support initiatives to incorporate local agricultural products into school lunch menus, and organize cooking classes from the perspective of local production for local consumption. In fiscal 2016, we donated 1.31 million books to primary schools nationwide and provided approximately 2,000 subsidies, totaling of ¥500 million to local food and farming education activities.

Reconstruction Support Efforts

Outline of the Reconstruction Support Program

To provide full and multifaceted assistance for the recovery and reconstruction of the agriculture, fishery and forestry industries severely affected by the Great East Japan Earthquake, the Bank established the Reconstruction Support Program (support amount: ¥30.0 billion) in April 2011. The program has provided financial support to affected agricultural, fishery and forestry industry workers and affected members with multifaceted support in keeping with meeting needs and situations in disaster-stricken areas.

1 Reconstruction Support for Farmers, Fishermen, Foresters and Local Communities

For the business reconstruction of disaster-affected farmers, fishermen and foresters, the Bank has provided long-term low-interest reconstruction loans (Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan) and reconstruction fund (Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund) through its affiliate, the Agribusiness Investment & Consultation Co., Ltd., as well as assistance to formulate reconstruction plans.

The Bank has been involved in large-scale reconstruction projects in disaster-stricken areas since their conceptual stages and is lending various kinds of support for the reconstruction of local communities. Further, the Bank has been offering a wide variety of financial assistance, such as providing interest subsidies for disaster funds extended by JA (Japan Agricultural Cooperatives) and JF (Japan Fisheries Cooperatives) to agricultural and fishery workers to help ease their interest burden, as well as providing lease subsidies to agricultural workers who acquire farm machinery and horticultural facilities through leasing.

In addition, the Bank has supported to agricultural workers for the cost of production materials and machines necessary to resume operations, fishery workers for the cost of cooling ice used in test operations, projects to promote reconstruction through agriculture, fishery and forestry industries and initiatives to realize advanced agriculture, fishery and forestry industries through reconstruction. The Bank also supports revitalization of disaster-stricken areas, such as by donating wooden products, etc., made using local timber.

Lumber processing facility of a reconstruction loan recipient

Flower and plant nursery facility of a reconstruction fund recipient

Plant factory of a reconstruction fund recipient

Support for introduction of new strawberry cultivation technologies

Donation of wooden tables and chairs to a reopened mall

Business conference about Tohoku's foods and agriculture

Product	Number of loans, etc.	Amount
Reconstruction Loan (Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan)	Number of loans 141	Loaned amount ¥43.2 billion
Reconstruction Fund (Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund)	Number of investments 51	Invested amount ¥1.0 billion
Lease subsidies	Number of subsidies 1,358	Total lease amount ¥5.3 billion
Interest subsidies to JA/JF disaster funds	Number of support cases 3,986	Loaned amount ¥16.7 billion

*Cumulative total as of March 31, 2017

2 Reconstruction Support to Members and Customers

JA (Japan Agricultural Cooperatives) to which the Bank has assisted in increasing capital under the Framework for Special Post-Earthquake Support, has repaid the funds it borrowed to help increase its capital. For JF (Japan Fisheries Cooperation), the Bank provided guidance and advice—for instance, by dispatching its staff—based on its plan to help strengthen the cooperative banking business, thereby making smooth progress in terms of JF's management improvement.

Stable financial functions are provided to JA Bank and JF Marine Bank users with consultation services at JA Bank and utilization of movable terminals at JF Marine Bank. In addition, the Bank has also conducted initiatives to restore customers' lives by supporting the Reconstruction Loan offered by JA Bank and JF Marine Bank and by appropriately responding to the double-loan problems and the project to promote collective relocation for disaster prevention.

Six years have passed since the Great East Japan Earthquake, and agriculture and fishing operations have resumed in many of the disaster-affected areas, Disparity has arisen among local communities in this situation, and although lifestyle reconstruction efforts are proceeding there are still approximately 60,000 people (as of March 2017) forced to live in temporary housing, and looking at the disaster-affected areas as a whole, the reconstruction process is still only half-way complete.

As the Bank continues to provide sufficient support for reconstruction initiatives in the disaster-affected areas, new developments are being seen, such as the development of agricultural leaders and the expansion of scale, and with an emphasis on encouraging these initiatives, we will continue to provide full and multifaceted support to the reconstruction of agriculture, fishery and forestry industries and local communities.


Support for revitalization of local communities including "town launch" event at a group relocation site for disaster prevention


Subsidies for collection equipment at time of resumption of farming operations


Subsidies for cardboard boxes for cooperative selling

■ Reconstruction Support Efforts by JA Group, JF Group and JForest Group

JA Group, JF Group and JForest Group have launched a website to introduce their activities to help the agriculture, fishery and forestry industries recover from the vast damage caused by the Great East Japan Earthquake and reconstruction initiatives and to record these efforts into the future.

Website name: Record of Reconstruction Initiatives of Agricultural, Fisheries and Forestry Cooperatives (in Japanese only)

Finance Facilitation Initiatives

Policies on Finance Facilitation

As the financial institution founded on agricultural, fishery and forestry cooperatives, the Bank considers one of its most important roles is to provide necessary funds smoothly to its customers engaging in agricultural, fishery and forestry operations and SMEs, and conducts initiatives under basic policies for finance facilitation, including the flexible handling of loan applications from customers, making changes to financing conditions in response to customers' request for reduction of debt repayment burdens, proactive response to management consultation from customers, and support for their initiatives for management improvement.

In addition, in order to proceed with these initiatives properly, the Bank has developed a structure through discussion and reporting at meetings attended by relevant directors, the designation of the department in charge of financing facilitation, the assignment of a financing facilitator at each branch who can collaborate with the department in charge of financing facilitation, and the creation of a customer service counter to respond to complaints and consultations from customers.

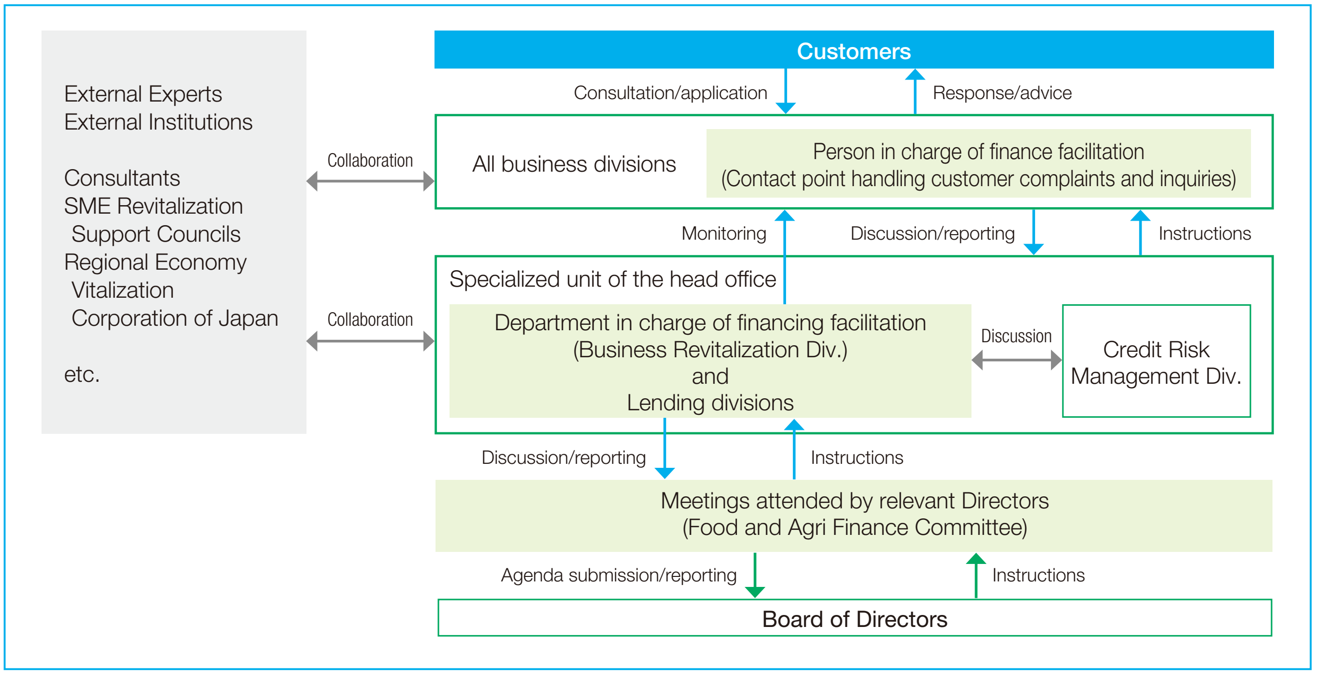
Management Support Initiatives for Customers

The Bank focuses on providing services to customers who need support for management improvement and business reconstruction with due consideration to the impact on their local communities and other factors, and divisions and branches that handle customer transactions, together with a department in charge of financing facilitation, assist with the customers' efforts in the development and execution of plans, and review their progress and revise them as appropriate. We also collaborate with external parties, including consulting firms, Small- and Medium-size Enterprise Revitalization Support Councils (SMERSCs) and Regional Economy Vitalization Corporation of Japan (REVIC) as the need arises, using various tools to achieve the best solution.

Policy to Address the Guidelines for Management Guarantee

Based on the Guidelines for Management Guarantee published in December 2013, the Bank has developed a structure for compliance with the guidelines, and we will continue efforts to address the issue of personal guarantees by business owners in good faith based on these Guidelines.

Image of Finance Facilitation System



CSR Initiatives

As the financial institution founded on a platform of agricultural, fishery and forestry cooperatives as well as an institution engaging in global investment and loan activities, the Bank follows a basic policy for CSR (corporate social responsibility) activities to maintain the trust of various stakeholders and contribute to the sustainable development of the economy and society. Moreover, the Norinchukin Group engages in the CSR activities mutually coordinating with members in the field of agriculture, fishery and forestry industries.

Since fiscal 2008, when the Bank established a CSR Committee and division dedicated to CSR, the Bank has striven to enhance its CSR, including the issuance of its annual CSR report "*Umi, Yama, Daichi no Tame ni* (For the Oceans, Mountains and Earth)".

To respond to broadening CSR-related social demands, in fiscal 2016 the Bank organized its CSR priorities into six areas and 17 focal points and participated in the following three international initiatives:

Participation in Major Initiatives

United Nations Global Compact	Equator Principles	CDP

Areas of the Materiality of The Norinchukin Bank

Six CSR Areas

CSR areas through core businesses

- Contribution to the development of the agriculture, fishery and forestry industries
- Responsible financing

CSR areas as the basis of management

- Environmental/Social contributions
- Trust from customers
- Respect for employees
- Organizational foundation

Six CSR Areas and 17 Focal Points

Area	Focal Point
Contribution to the development of the agriculture, fishery and forestry industries	1 Promotion of the agriculture, fishery and forestry industries
	2 Contribution to local communities
Responsible financing	3 Responsible investments and loans
	4 Promotion of environmental conservation projects
Environmental/Social contributions	5 Contribution to creating a sound society
	6 Environmental considerations
Trust from customers	7 Reliability of financial infrastructure
	8 Respect for customers
	9 Appropriate business activities
Respect for employees	10 Fair labor practices
	11 Employee diversity
	12 Human resource development
	13 Occupational health and safety
Organizational foundation	14 Governance
	15 Corporate ethics
	16 Respect for human rights
	17 Stakeholder engagement

The Cooperative System and the Cooperative Banking Business

The cooperative banking business, through its network covering all of Japan, contributes to the development of the agriculture, fishery and forestry industries in Japan, and provides financial support for the livelihood of local citizens.

■ The Cooperative System and the Cooperative Banking Business

In addition to "banking business," which involves accepting deposits and making loans, our cooperative members engage in a number of other business activities. Among these are providing "guidance" for business and day-to-day matters for farmers, fishermen and foresters; "marketing and supplying" through the sale of agricultural, fisheries and forestry products as well as procurement of production materials; and "mutual insurance" as insurance coverage for various unforeseen events.

Cooperative members that perform this wide range of activities comprise JA, JF and JForest at the municipal level and their respective federations and unions at the prefectural and national levels (as indicated in the accompanying chart). This nationwide structure from the municipal level to the national level is generally known as the "cooperative system."

The framework and functions of the banking businesses of (1) JA and JF at the municipal level, (2) JA Shinnoren (Prefectural Banking Federations of Agricultural Cooperatives) and JF Shingyoren (Prefectural Banking Federations of Fishery Cooperatives) at the prefectural level, and (3) The Norinchukin Bank at the national level are referred to collectively as the "cooperative banking business."

■ Business Activities of Cooperatives

● Japan Agricultural Cooperatives (JA)

JA are cooperatives, established under the Agricultural Cooperative Law, that conduct a wide range of businesses and activities in the spirit of mutual assistance. The principal business activities of JA encompass (1) offering guidance for improving individual members' management of their farms and their standards of living; (2) providing marketing and supplying functions for farming, including the gathering and selling of crops, and supplying materials needed for production and daily living; (3) providing mutual insurance, such as life and auto insurance; and (4) offering banking services, such as accepting deposits, making loans and remitting funds.

As of April 1, 2017, there were 652 JA throughout Japan that contribute to the development of the agricultural industry and rural communities through their various businesses and other activities.

● Japan Fishery Cooperatives (JF)

JF are cooperatives established under the Fishery Cooperative Law with the objective of overseeing and protecting the businesses and lives of fishermen. The principal business activities of JF include (1) providing guidance for the management of marine resources and for the improvement of individual members' management of their business and production technology; (2) marketing and supplying for individual members for the storage, processing and sale of caught fish and other marine products, and for the supply of materials required for their business and daily lives; (3) banking services, including the acceptance of deposits and lending of needed funds; and (4) mutual life and non-life insurance. There were 957 JF throughout Japan (as of April 1, 2017) that contribute to the development of the fishery industry and fisheries communities through a broad range of activities in various parts of the country.

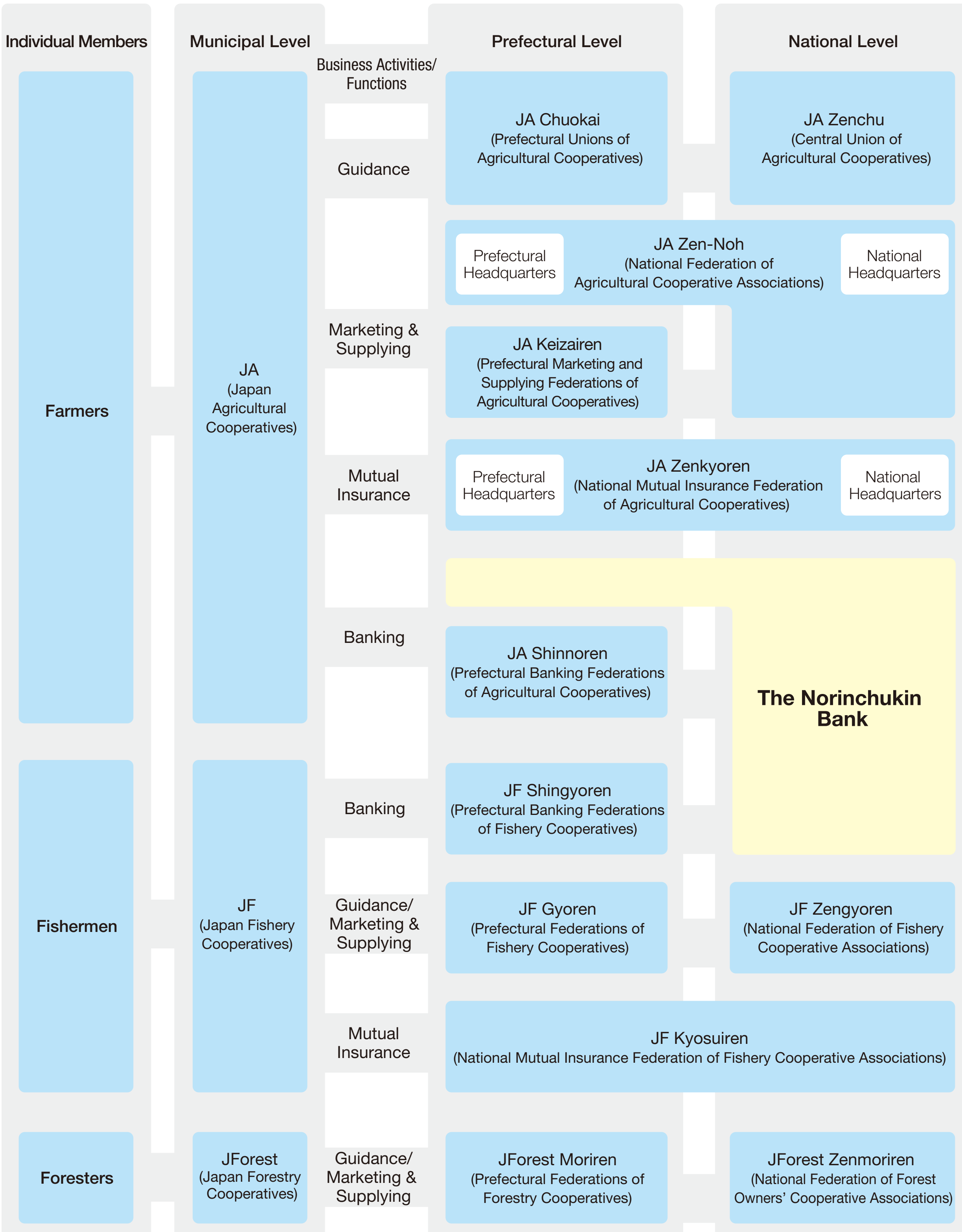
● Japan Forestry Cooperatives (JForest)

JForest, established under the Forestry Cooperative Law, are cooperatives for private forest owners. The ownership structure of Japan's forests consists mostly of small forest owners, and forestry cooperatives play an important role in organizing and representing their interests.

The principal business activity of JForest is forest improvement, which involves planting, undergrowth removal and the thinning of forests owned by individual members, as well as the sale of forest products, such as logs and timber.

Playing a central role in forestland improvement, 629 JForest members (as of April 1, 2016) throughout Japan

Structure of the Cooperative System



contribute to helping forests perform their diverse range of natural functions, including the supply of timber and other forest resources, preservation of national land, protection of watersheds, maintenance of living environment, and provision of places for health and relaxation.

■ Position of the Bank within the Cooperative Banking Business

The Bank was established in 1923 as the central bank for Japan's industrial cooperatives. It was renamed The Norinchukin Bank in 1943 and is now a private financial institution based on the Norinchukin Bank Law.

JA, JF and JForest were created with the aim of improving the economic and social positions of farmers, fishermen and foresters through the cooperative efforts of their respective individual members under the slogan "one for all and all for one."

The Bank is a national-level cooperative financial institution whose membership (i.e. shareholders) comprises the previously mentioned municipal-level cooperatives, prefectural-level federations and other organizations. Furthermore, the Bank plays a major role in Japanese society as a contributor to the development of the nation's economy and as a supporter for the advancement of the agriculture, fishery and forestry industries with facilitated finance for its members under the provisions of Article 1 of the Norinchukin Bank Law.

The Bank's funds are derived from member deposits (the majority of funds held at the Bank are deposits of individual members of JA and JF) and the issuance of Norinchukin Bank debentures. The Bank also raises capital in financial markets. These financial resources are then lent to farmers, fishermen, foresters and corporations connected to the agriculture, fishery and forestry industries, local governments and public entities. In addition to the aforementioned activities, the Bank efficiently manages its funds through investments in securities and other financial instruments. The Bank stably returns to its members profits on investment and lending activities and provides various other financial services. Through these various services and activities, the Bank plays a major role as the national-level financial institution for cooperatives.

Article 1 of the Norinchukin Bank Law

As a financial institution based on agricultural, fisheries and forestry cooperatives as well as other members of the agriculture, fisheries and forestry cooperative system, the Bank contributes to the development of the nation's economy by supporting the advancement of the agriculture, fishery and forestry industries by providing financial services for the member organizations of the cooperative system.

■ Current State of Japan's Agriculture, Fishery and Forestry Industries

● Agricultural Industry

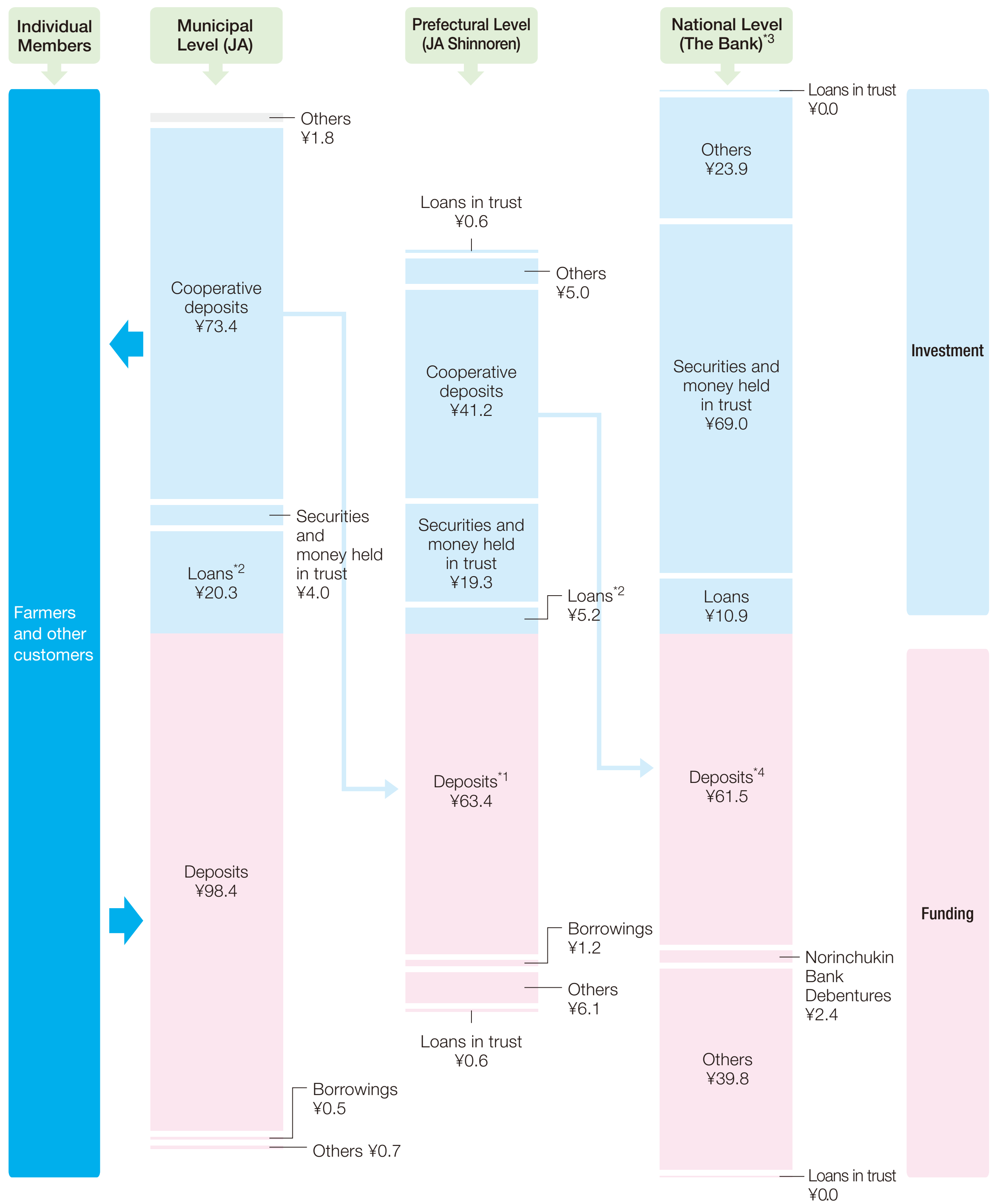
There are many serious problems surrounding agriculture, including an aging society, a shortage of operators and the expansion of abandoned farmland. To pursue the sustainability of Japan's agriculture, it is an urgent issue to increase income for agricultural producers.

Against this backdrop, based on the "Comprehensive TPP-related Policy Framework," which was formulated in November 2015, the Japanese government deliberated on a reduction in production materials prices and structural reform of the distribution and processing of agricultural products. As a result, it decided to amend the "Agriculture, Forestry and Fisheries/Local Communities Revitalization Plan" including "The Program for Enhancing Competitiveness of Japan's Agriculture" at the end of November 2016. In addition, the Japanese government has submitted drafts of eight bills, including one to provide support for enhancing the competitiveness of Japan's agriculture, striving to promote agricultural reform.

In line with these administrative policies by and requests from the Japanese government, to steadily practice "Creative Self-Reform," which was determined at the National Meeting of Japanese Agricultural Co-operatives held in October 2015, and produce visible fruit, the JA Group is accelerating its initiatives to achieve an "increase in the income of farmers," the "expansion of agricultural production" and the "revitalization of local communities."

Flow of Funds within JA Cooperative Banking System (As of March 31, 2017)

(Trillions of Yen)



Totals of "investment" and "funding" may not equal the sum of their components due to rounding.
*1 In some prefectures, JA may make direct deposits to the Bank.
*2 The loan balances of JA and JA Shinnoren do not include lending to financial institutions.
*3 Overseas accounts have been excluded from the Bank's balances.
*4 The Bank's deposits include not only those from JA Group but also those from JF and JForest Groups and other financial institutions.

● Fishery Industry

Amid deteriorating fishing grounds, declining resources, a decreasing number of existing fishermen caused by the aging population and aging fishing production facilities, the fishing industry continues to experience harsh conditions. However, fishery product appears to have bottomed out, while the ratio of younger fishermen is on the rise, demonstrating a partial improvement.

Given these circumstances, the Cabinet formulated a new Basic Plan for Fishery in April 2017. The new Basic Plan promotes the full utilization of abundant fishery resources in sustainable ways and includes initiatives toward the stable supply of fishery products and maintaining/developing fishing villages. Such initiatives include improving the productivity of the industry; making fishery a growth industry by increasing income for fishery workers; and enhancing the sophistication of resource management as an underlying factor to achieve such goals. The Basic Plan also includes, as priority measures, nurturing internationally competitive fishery operations; implementing the Fishery Industry Revitalization Plan, aimed at revitalizing the fishing industry and fishing villages; and training and recruiting new workers. Fisheries cooperative organizations continue to collaborate more closely with the government and relevant groups so that Japan's fishery industry can continue to develop.

● Forestry Industry

Japan's forests cover about 25 million hectares, or about two-thirds of the country's land mass. Private forests, which account for about 70% of the forest area in Japan, are not properly cared for and have become unproductive partly due to the trend of aging population and depopulation in rural mountain villages and a lower interest in entering the forestry sector, where wood prices have been in a long-term slump. Also, it is becoming difficult for cedar and cypress forests throughout Japan planted after World War II to properly perform their diverse range of natural functions and become resources even though the trees are nearing the time when they can be fully utilized.

Under these circumstances, a new Basic Plan for Forest and Forestry was approved at a Cabinet meeting held in May 2016. This new plan indicates forest resources become ready for full utilization and heightened expectations for forest and timber industry contributions to regional revitalization. As the forests and the forestry industry transition period approaches, there is a demand for the invigoration of mountain communities through effective and efficient forestland improvement for the multifaceted functioning of the forest, the realization of sustainable forest management with final cutting and appropriate reforestation and a stable supply of domestic lumber.

In light of forestry policy trends, the JForest Group is engaged in initiatives the next five year cooperative campaign (2016–2020) "JForest Movement for the Creation of Future Forestlands, Forestry Industry and Mountain Villages—Creating Local Communities Using Forests for the Next Generation" aimed at realizing three objectives: (1) improved economic benefits for individual members through efficient and stable forestry management, (2) the invigoration of local communities through the activation of forestry industry and related industries, and (3) contributions to citizen lifestyles by leveraging the high-level, multifaceted functions of forests.

Operations of the JA Bank System

JA, JA Shinnoren and The Norinchukin Bank, which are members of JA Bank, work under a framework for integrated and systematic cooperation in each business activity. We call this framework the "JA Bank System," and our aim is to become a financial institution that is more trusted and chosen by its members and customers.

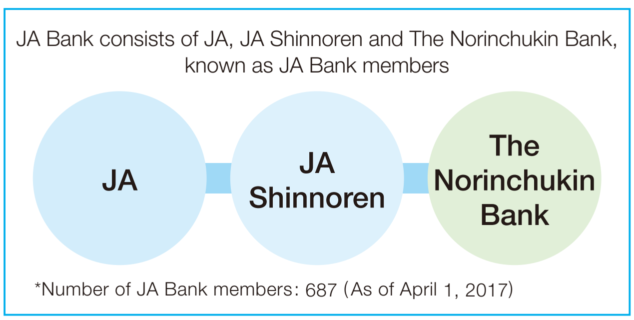
■ What is JA Bank?

● JA Bank is the Name of a Group of Financial Institutions

The JA Bank System consists of JA, JA Shinnoren and The Norinchukin Bank, which are together referred to as JA Bank members. The JA Bank System functions essentially as one financial institution, possessing one of the largest networks among private financial groups in Japan.

As of April 1, 2017, JA Bank contained 654 JA, 32 JA Shinnoren and The Norinchukin Bank, for a total of 687 entities.

JA Bank



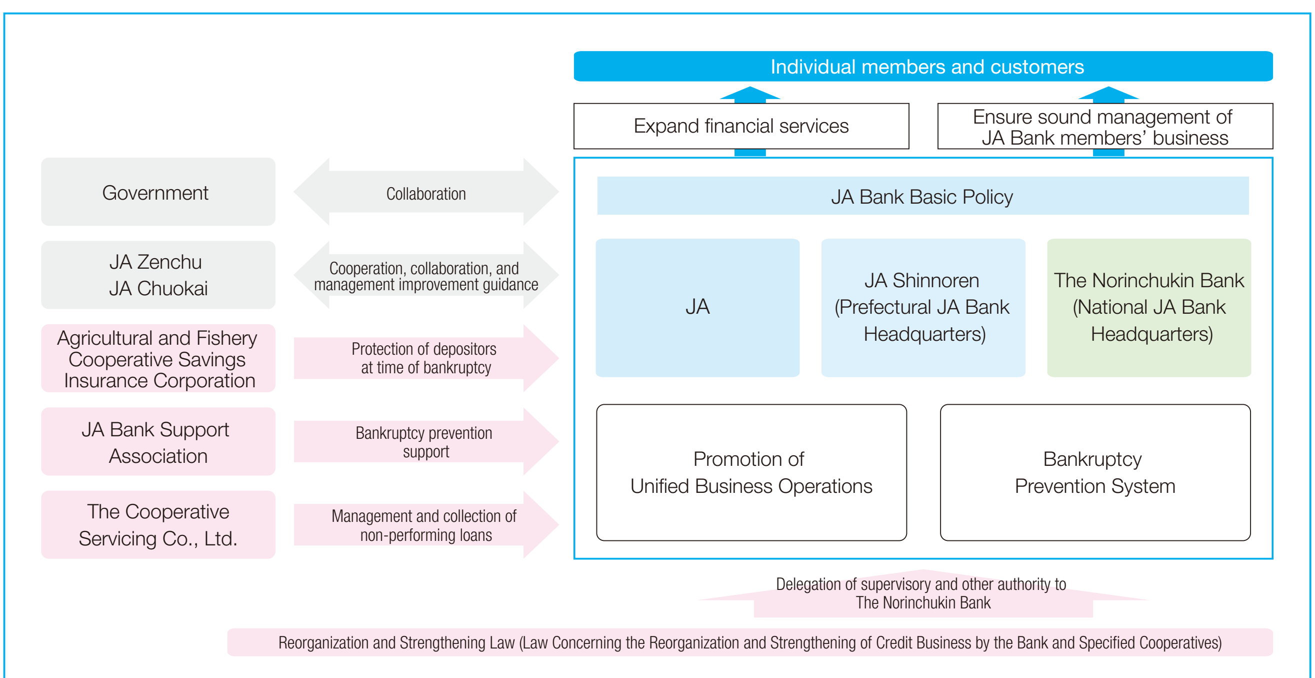
■ JA Bank System

● A Framework for Integrated and Systematic Cooperation among JA Bank Members

To ensure that individual members and customers of JA Bank have even stronger confidence in the cooperative banking system and make increased use of its services, we have established the JA Bank Basic Policy. This policy is based on the Reorganization and Strengthening Law (Law Concerning the Reorganization and Strengthening of Credit Business by the Bank and Specified Cooperatives) and is implemented with the consent of all JA Bank members. The framework for integrated and systematic cooperation among JA, JA Shinnoren and The Norinchukin Bank is based on the JA Bank Basic Policy and is referred to as the "JA Bank System."

The JA Bank System is founded on two basic pillars. The first is "unified business operations," which seeks to improve and strengthen financial services provided by JA Bank by taking advantage of both economies of scale and meticulous customer care. The second is the "bankruptcy prevention system," which ensures the reliability of JA Bank.

Framework of the JA Bank System



• Comprehensive Strategy of JA Bank

Every three years, JA Bank formulates the JA Bank Medium-Term Strategies as its comprehensive strategies for conducting integrated business operations. Under the JA Bank Medium-Term Strategies (fiscal 2016 through fiscal 2018), the Bank has set its future vision at becoming an "entity that is needed more in regions by contributing to food, agriculture and local communities." As measures to fulfill this vision, JA, JA Shinnoren and the Norinchukin Bank will engage in unison to (1) serve as the main bank for the agricultural industry; (2) engage in initiatives that connect agriculture with local communities; (3) provide financial services that support people's everyday lives in the local community; and (4) work to win greater trust from customers.

JA Bank Medium-Term Strategies (Fiscal 2016 through fiscal 2018)

JA Bank's Future Vision

An entity that is needed more in regions by contributing to food, agriculture and local communities

We will help "increase agricultural income" and "revitalize local communities" by providing high-quality, sophisticated financial services.

Contribution to food, agriculture and local communities

Agriculture

Local communities

1. Serving as the main bank for the agricultural industry

- We will take support measures that make direct contributions, such as those for expanding agricultural production, by utilizing the "Support Program for Increasing Agricultural Income and Revitalizing Local Communities" (business size of ¥2 trillion, total amount of ¥100 billion).
- We will engage more aggressively than ever before in agricultural finance and support farmland consolidation, incorporation and farm succession.

2. Initiatives that connect agriculture with local communities

- Under our "*No to Ayumu* Project" (Project for Making Progress with Agriculture), we will expand the handling of financial products that translate into increased consumption of domestic agricultural and livestock products and help revitalize the utilization of farmers' markets.
- We will continue and enhance Food and Farming Education Projects to deepen local residents' interest and understanding of agriculture.

3. Providing financial services that support people's everyday lives in the local community

- We will provide financial products and services tailored to life events and the needs of customers to improve customer satisfaction.
- We will seek to achieve JA Savings of ¥100 trillion through further deepening of our relationships with customers.

Enhancement of JA structure

4. Winning greater trust from customers

(1) Improving customer services

- We will strive to improve convenience by executing over-the-counter transactions more quickly and efficiently.
- We will deploy mobile branches for the purpose of providing financial services in underpopulated areas and enhancing the ability to respond to disasters.

(2) Strictly enforcing customer protection and other initiatives

- We will work on reinforcing the framework for managing customer protection, etc. as well as the compliance system.

(3) Enhancing human resources development

- We will meet customers' expectations and prove worthy of their trust by improving employees' knowledge and skills.

● Initiatives to Strengthen Its Role as the Main Bank for the Agricultural Industry

As the main bank for Japan's agricultural industry, JA, JA Shinnoren and The Norinchukin Bank work in unison to enhance financial services for the agricultural industry.

To address the wide-ranging needs of large-scale farmers and agricultural corporations in addition to the proper provision of financial services to small- and medium-sized farmers, especially regular members, JA Bank completed the establishment of "Prefectural Leader Support Centers" in every prefecture as of April 2016. In line with this measure, in the banking business, JA Bank further promoted the enhancement of the structure and functions of its "agricultural financial centers" and aggressively engaged in a wide spectrum of initiatives, such as increasing the frequency of visitation of agricultural corporations, which are linked to other purposes such as the CS survey, expanding JA Bank interest subsidy operations related to feed rice, etc., holding various kinds of seminars and strengthening information disclosure to outside parties.

In addition, JA Bank has focused on developing human resources, such as personnel in charge of agricultural loans. As of March 31, 2017, a total of 8,597 had been certified as JA Bank Agriculture Financial Planners, an agriculture financial certification established in fiscal 2011.

● Initiatives That Connect Agriculture with Local Communities (*No to Ayumu* Project)

JA Bank is expanding its handling of financial products ("agricultural support financial products") that translate into increased consumption of domestic agricultural products in pursuit of agricultural and regional development (in fiscal 2016, the planning and sales of agricultural support financial products were implemented in all prefectures). We are also promoting measures to provide financial support to help revitalize the utilization of farmers' markets.

● Providing Financial Services That Support People's Everyday Lives in the Local Community

With the aim of becoming the main bank for customers in all aspects of their lives, JA Bank is striving to provide financial services to support customers' daily lives.

We propose financial products and services including savings, loans, receipt of salaries and pensions and credit cards tailored to life events always from the customer's perspective. We are also working on developing a structure to address senior citizens' needs for inheritance advice and promoting other measures such as the strengthening of the proposal-making ability of our sales and counter staff to win greater customer trust.

● Initiatives to Improve and Enhance Our System Infrastructure

The JASTEM System, a unified nationwide IT system managed by the Bank, supports greater convenience for individual members and customers of JA Bank and helps streamline JA business operations.

To maintain consistent operation of the JASTEM System as JA Bank's core infrastructure, we are fully preparing for the upgrade to the next-generation system when the current system's lifecycle ends in 2018.

We are also continuing efforts to improve the functions of ATMs nationwide and enhance the convenience and security of online banking for greater security and convenience for individual members and customers of JA Bank in using our services.

● Initiatives to Ensure Sound and Stable JA Bank

Based on the JA Bank Basic Policy, JA Bank Headquarters receives management-related information from all JA Bank members and reviews them to confirm that they meet certain standards. This system makes it possible to foresee potential issues well in advance and provide early guidance prior to any early stage corrective action by the government.

In addition, the JA Bank Support Association, a designated support corporation founded based on the Reorganization and Strengthening Law, has established the JA Bank Support Fund with financial resources contributed by JA

Bank members nationwide. This fund can inject capital and provide other needed support to JA Bank members.

Through these initiatives, we are striving to establish a banking business that enjoys even greater trust from and is used more by individual members and customers.

■ Trends of Cooperative Members and the Cooperative Banking Business

● Trends of JA Funds

In fiscal 2016, JA deposits rose 2.6% year on year (a 2.3% increase in deposits from individuals), to a year-end balance of ¥98,424.4 billion. This was largely due to an increase as a result of providing financial services meeting customers' needs.

Although JA focused on expanding personal loans, especially mortgage loans, total loans declined 1.2% year on year, to a year-end balance of ¥20,382.4 billion. This was mainly due to a decrease in the balance for loans for local governments and public entities. Securities held by JA decreased 2.0% year on year, to a year-end balance of ¥4,080.2 billion.

■ Reorganization of JA Bank Business

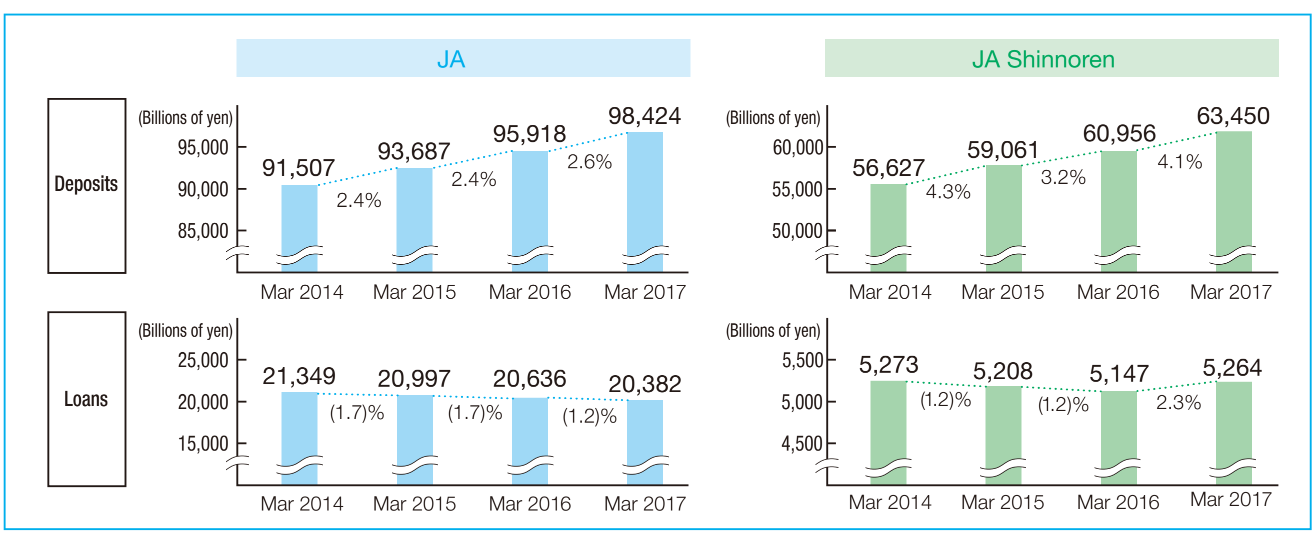
To deal effectively with changes in the operating environment of the agricultural industry as well as individual members and JA, JA Bank has rationalized and streamlined the organization and business of its cooperative banking system.

The Bank has added the JA Shinnoren in Gunma (transfer completed in October 2014) and the JA Shinnoren in Chiba (transfer completed in January 2015), and has conducted the following organizational streamlining by shifting from a three-tier structure consisting of JA at the municipal level, JA Shinnoren at the prefectural level, and The Norinchukin Bank at the national level to a two-tier structure of JA and The Norinchukin Bank. This was achieved by the completed business transfer of JA Shinnoren in twelve prefectures (Aomori, Miyagi, Akita, Yamagata, Fukushima, Tochigi, Gunma, Chiba, Toyama, Okayama, Nagasaki, and Kumamoto) to the Bank.

Elsewhere, the goal of "one JA in each prefecture," whereby the rights and obligations of both JA Shinnoren and JA Keizairen (Prefectural Marketing and Supplying Federations of Agricultural Cooperatives) in a prefecture are integrated and taken over by a single JA in the prefecture, has been achieved in three prefectures in total (i.e., Nara, Shimane and Okinawa Prefectures) to date.

The Bank will continue to steadily support JA's functional and system reforms and make efforts to rationalize and streamline the operations of the Bank itself with the goal of creating a cooperative banking structure capable of meeting the expectations and winning the trust of both individual members and customers.

Deposits and Loans



Operations of JF Marine Bank

JF Marine Bank provides financial support to fishing communities and appropriate financial functions for the fishery industry

■ What is JF Marine Bank?

● JF Marine Bank is the Name of a Group of Financial Institutions

JF Marine Bank is the name of a nationwide financial group consisting of JF Marine Bank members (JF that engage in the cooperative banking business including deposits and loans, JF Shingyoren and The Norinchukin Bank) and JF Zengyoren (National Federation of Fishery Cooperative Associations).

As of April 1, 2017, JF Marine Bank members totaled 109, consisting of 80 JF that offer financial services and 28 JF Shingyoren and The Norinchukin Bank.

JF Marine Bank

JF Marine Bank Members	
• JF that offer cooperative banking services • JF Shingyoren • The Norinchukin Bank	JF Zengyoren

*Number of JF Marine Bank members : 109 (As of April 1, 2017)

■ Direction of JF Marine Bank

● JF Marine Bank Basic Policy

JF Marine Bank formulated its Basic Policy in January 2003, based on the provisions of the Reorganization and Strengthening Law. The objectives of the Basic Policy are: (1) to protect depositors by ensuring that JF Marine Bank conducts business in a sound and proper manner and (2) to properly respond to the financial needs of individual members and customers by restructuring JF Marine Bank's business, organization and management.

● Framework for Bankruptcy Prevention

To further increase the adequacy and soundness of business operations, all JF Marine Bank members are required to submit management data to JF Marine Bank Headquarters, where such data is examined. JF Marine Bank Headquarters can prevent organizations, such as JF, that have problems with their operations, from falling into bankruptcy by quickly identifying issues and taking preventive actions, thereby creating a system that assures depositors' peace of mind. These activities are taken under the guidance of The Norinchukin Bank and JF Shingyoren.

In addition to these activities, JF, JF Shingyoren and The Norinchukin Bank have jointly established the JF Marine Bank Support Fund and set up a framework for encouraging the voluntary efforts of cooperative members toward organizational and business reforms.

JF, JF Shingyoren and The Norinchukin Bank also participate in the Agricultural and Fishery Cooperative Savings Insurance System, a public savings insurance system.

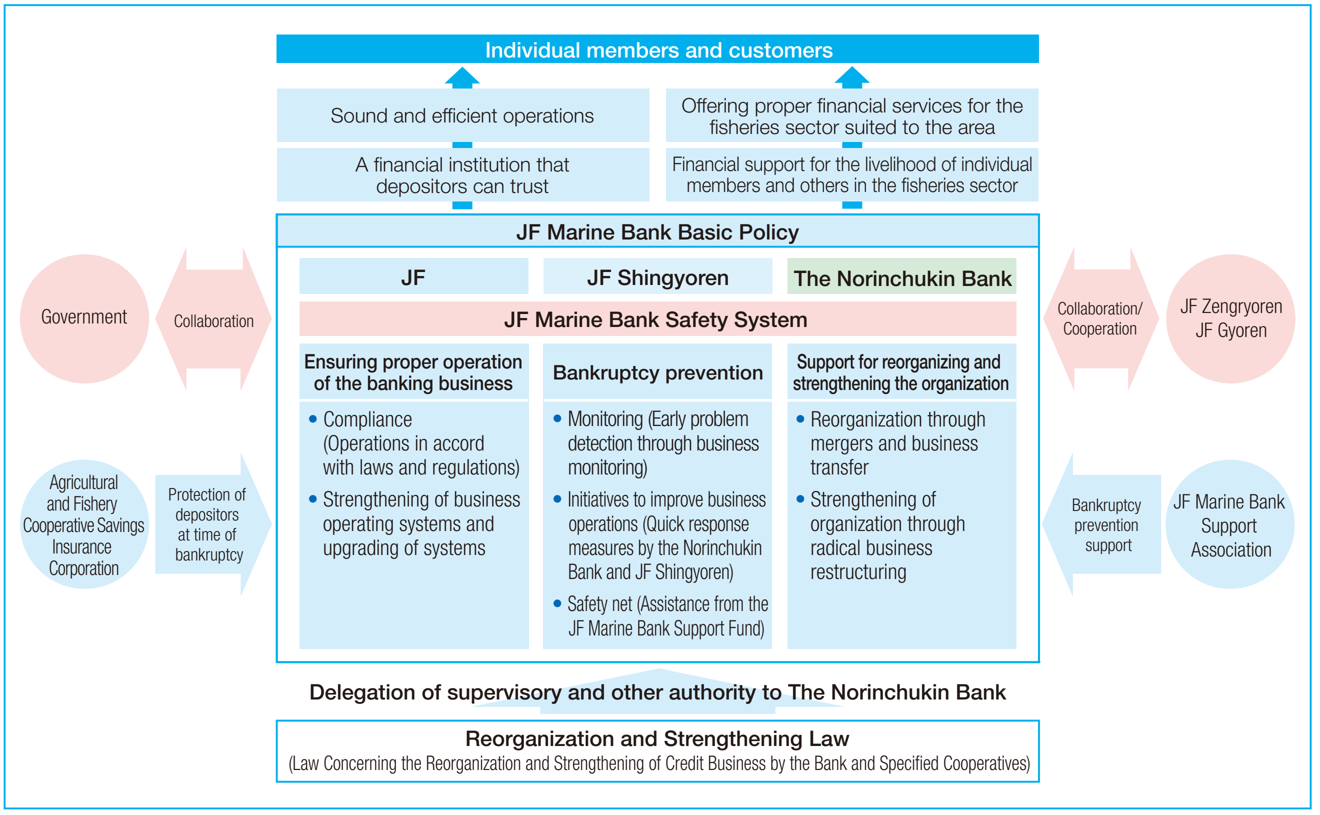
● JF Marine Bank Safety System (Stable and Responsible JF Cooperative Banking Business System)

JF Marine Bank provides community-based financial functions for the fishery industry and assumes an essential role in fishing communities. To make improvements that will ensure that JF Marine Bank has a management system appropriate for a member of Japan's financial system, the "system of one fishery cooperative banking business in each prefecture" has been carried out. Under the system, JF and JF Shingyoren in the same prefecture conduct in unison the cooperative banking business. As a result, a fishery cooperative banking business had been established in each prefecture by the end of fiscal 2009.

With the goal of making this foundation even stronger and achieving sound and efficient business operation, we are proceeding with examination of the strengthening of management and the building of new management structures such as inter-regional JF Shingyoren. In regard to business development, the basis of sound operations, we are working to enhance financial functions for the fishery industry and ensure business performance based on the JF Marine Bank Medium-Term Business Promotion Policy.

As a cooperative banking institution, JF Marine Bank believes that its purpose is to serve not only its individual members and customers, but also communities and society. To these aims, JF Marine Bank continues its efforts to further strengthen the JF Marine Bank Safety System (Stable and Responsible JF Cooperative Banking Business System) and respond to the financial needs of the fishery industry suited to the area.

Management Framework of JF Marine Bank



• Trends of JF Funds

The balance of deposits held with JF Bank increased 2.4% year on year, to ¥2,628.2 billion as of March 31, 2017.

The balance of loans at JF Bank fell 5.0% year on year, to ¥531.9 billion, due to factors such as easing of demand for new financing amid a harsh environment for fisheries business.

■ Reorganization of JF Marine Bank Business

JF cooperative banking business is being reorganized to create a more sound and efficient management system. As of April 1, 2017, the banking business operating system consists of integrated Shingyoren to which banking business was transferred from JF to JF Shingyoren (25 prefecture-level organizations), multiple independent JF centering on JF Shingyoren (two prefecture-level organizations), the inter-regional Shingyoren (established on April 1, 2017, as a result of the integration of Hyogo-ken Shingyoren and Wakayama-ken Shingyoren) and one JF per prefecture (five prefecture-level organizations).

Also, the number of JF engaged in banking business (including one JF per prefecture) had been reduced to 80 as of April 1, 2017 from 875 on March 31, 2000.

At the same time, the total number of JF, including those not engaged in banking business, decreased by three in fiscal 2016. As a result, the number of JF stood at 957 as of April 1, 2017, reflecting progress made toward consolidation.

In the future, greater emphasis will be placed on policies to strengthen and reorganize JF cooperative banking business under the JF Marine Bank Safety System (Stable and Responsible JF Cooperative Banking Business System), which serves as a framework for JF Marine Bank's business management.

The Norinchukin Bank supports these initiatives at JF cooperative members.

JForest Group Initiatives

■ Current State of Cooperative Activities

JForest Group has established the JForest Movement for the Creation of Future Forestlands, Forestry Industry and Mountain Villages—Creating Local Communities Using Forests for the Next Generation, a new cooperative campaign policy that runs from fiscal 2016 through fiscal 2020. JForest Group is carrying out the following three agendas: (1) enhance an efficient business base through the consolidate forest management and utilization of advanced technologies, (2) build a stable supply system of domestic lumber leveraging the cooperative system's economies of scale and (3) create an open organization trusted by individual members and society, JForest Group will play a key role in regenerating Japan's forests and the forestry industry.

■ Norinchukin Bank Initiatives

In addition to providing financial support for JForest Group's various initiatives, the Bank provides nonfinancial support and works so that JForest Group can play a key role in Japan's forestlands and forestry industry.

• Forest Rejuvenation Fund (FRONT80)/ Nochu Potential Forest Productivity Fund

In order to promote activities aimed at the sustainable demonstration of the multi-faceted roles of forests, through the revitalization of private forests in danger of becoming deserted, the Norinchukin 80th Anniversary Forest Rejuvenation Fund (FRONT80) was established in 2005 (final offers in fiscal 2013). In the nine years between 2005 and 2013, we received 319 applications from all over the country, and from among them we have selected 52 projects and have provided subsidies totaling ¥942 million.

From fiscal 2014, in order to promote efforts for the consolidation of facilities and provide a boost to forestry cooperatives, taking into account changes to JForest's surrounding environment such as governmental policies, we began soliciting applications for the Nochu Potential Forest Productivity Fund that has been established as a successor to FRONT80. In the three years between fiscal 2014 through 2016, we received 132 applications, we decided on ¥479 million in subsidies after selecting 23 from among them.

• Support for Initiatives to Consolidate Forest Management

From fiscal 2015, the Bank has undertaken new initiatives toward "forestry labor safety improvement measures" aimed at improving labor safety and recruiting leaders practice consolidated forest management. The Bank subsidizes safety equipment purchased by JForest and JForest Moriren (Prefectural Federations of Forestry Cooperatives) engaged in measures to improve labor safety. During the two-year period of fiscal 2015 and 2016, ¥213 million was provided to forestry cooperatives and prefectural federations of forestry cooperatives in all 47 prefectures throughout Japan for 801 projects.

• Support to Expand Domestic Lumber Use

JForest Group is working to expand the use of domestic lumber, and the Bank is also supporting JForest Group in its efforts. In April 2013, a financing scheme was established for forestry cooperatives and federations actively involved in the building of distribution and sales systems for lumber. In fiscal 2016, the loan facilities were established for 42 projects totaling ¥7.9 billion.

In addition, as support for initiatives which contribute to the expansion of domestic lumber use and forest conservation, the Bank has been engaging in the donation of wood products made from local lumber, sponsorship for tree-planting events, and subsidization of wood use education activity expenses, and in fiscal 2016, provided subsidies totaling ¥49 million to 43 prefecture-level organizations for 53 projects, as well as donating wood products worth ¥55 million to 23 parties in areas affected by the Great East Japan Earthquake.

• Support to Strengthen Management System

Furthermore, in collaboration with JForest Zenmoriren, the Bank subsidized the cost of workshops for forestry cooperative auditors and survey and research activities toward the sophistication of the auditing operation in order to support the strengthening of the management systems of JForest. Moreover, we continue to give lectures at compliance study groups held at prefectural-level organizations.

Development of Human Resources of Cooperative Members and Enhancement of Their Skills

JA Bank, JF Marine Bank and JForest Group are working to develop human resources that meet and fulfill the expectations of individual members and customers.

■ Developing JA Bank and JF Marine Bank Employees Highly Specialized in Banking Business

JA Bank and JF Marine Bank are developing highly-specialized employees for their banking business who can meet the needs of individual members and customers by providing them with group trainings, training sessions given by lecturers sent by the Bank, correspondence courses and certification exams through our subsidiary, Norinchukin Academy Co., Ltd., which specializes in training cooperative employees.

• Strengthened Human Resource Training Initiatives to Achieve JA Bank Medium-Term Strategies

JA Bank has been taking steps since fiscal 2013 to train "staff who will take the lead in transforming and innovating JA and related prefectural-level organizations" and "those who will be chosen and trusted by customers." To expand these human resource development initiatives in an integrated manner nationwide, the Bank's division that develops human resources for JA and JA Shinnoren, Norinchukin Academy, and JA Shinnoren's human resource related division are unified under the name of the JA Bank Academy.

As part of our measures undertaken in fiscal 2016, we engaged in the expansion and provision of level-specific training for JA and JA Shinnoren employees. Specifically, we continued to hold the "JA Bank Central Academy – Managers Course" (cumulative total of 541 participants as of March 31, 2017) targeted at directors in charge of the banking business of JA and the "JA Bank Central Academy – Senior Executives Course" (cumulative total of 275 participants as of March 31, 2017; held by JA Shinnoren in some prefectures) targeted at senior managers in charge of the banking business of JA. We also newly established the "Seminar for JA Presidents/Board Chairpersons" (with 80 participants as of March 31, 2017) targeted at JA presidents/board chairpersons as a program to support organizational reform efforts by participants who have completed both prior courses and the "Block Symposium" (with 1,135 participants, held at eight venues nationwide as of March 31, 2017) targeted at branch managers and mid-career employees of JA.

In addition, we continued to hold the "JA Bank Central Academy – Senior Managers Course" targeted at senior managers in JA Shinnoren and held the "JA Bank Central Academy – Executives Course" on a trial basis for directors in JA Shinnoren.

• Human Resource Training Initiatives at JF Marine Bank

In accordance with the JF Marine Bank Medium-Term Business Promotion Policy (fiscal 2015 through fiscal 2017), JF Marine Bank has been putting its efforts into the development of human resources needed to continue sufficiently fulfilling its role as a fishery-dedicated financial institution for cooperative organizations into the future, such as training financial consultants for the fishery industry and providing appropriate financial services required by the coastal population.

In fiscal 2016, JF Marine Bank continued with the JF Marine Bank Theme-Specific Training – Store Operation Course (cumulative total of 130 participants as of March 31, 2017), targeted at branch managers of JF Shingyoren, etc. and other executives involved in branch operation, in addition to national conferences for financial consultants for the fishery industry and compliance workshops for directors of JF and JF Shingyoren on a continuing basis.

Norinchukin Academy's Training Record in Fiscal 2016

Number of employees who took group trainings	1,992
Number of training sessions given by lecturers sent by the Bank	2,324 times (3,208 days)
Number of employees who took correspondence courses	12,223
Number of employees who took certification exams	16,775

■ Support for Human Resources Training for JForest Group

JForest Group has been engaged in training engineers (e.g. forestry management planners) to advance proposal-based forest management consolidation, as well as focusing on strengthening auditing and compliance systems for cooperatives.

The Bank has sent lecturers for compliance training and has held an organization of seminars for JForest and JForest Moriren (Prefectural Federations of Forestry Cooperatives) targeting the top executives of forestry cooperatives. In addition, from fiscal 2014, JForest conducted "JForest Counsellor Training" (cumulative total of 112 participants from 40 prefectures by fiscal 2016) aimed at personnel holding the title of counsellor, who support the backbone of JForest's practical management.

■ Personnel Exchanges between the Bank and JA or JA Shinnoren

The Bank has enhanced personnel exchanges between itself and JA and JA Shinnoren, and has been working to achieve mutual understanding and sharing of know-how within JA Bank Group.

Specifically, the Bank accepts trainees from JA to train them so that they can play a key role in banking business and gain wide-ranging business know-how. The Bank also accepts staff and trainees seconded from JA Shinnoren, and they work in various areas such as retail planning, administration, systems, agricultural and corporate loans, and securities investment. Moreover, the Bank sends staff as secondees to cooperative organizations (e.g. JA, JA Shinnoren and JA Chuokai (Prefectural Unions of Agricultural Cooperatives)) in order to deepen their understanding of the actual work of cooperatives from the point of view of employees of the central organization for cooperatives as well as financial institution for farmers, fishermen and foresters.

JA Bank Central Academy – Managers Course

Safety Net for the Cooperative Banking System

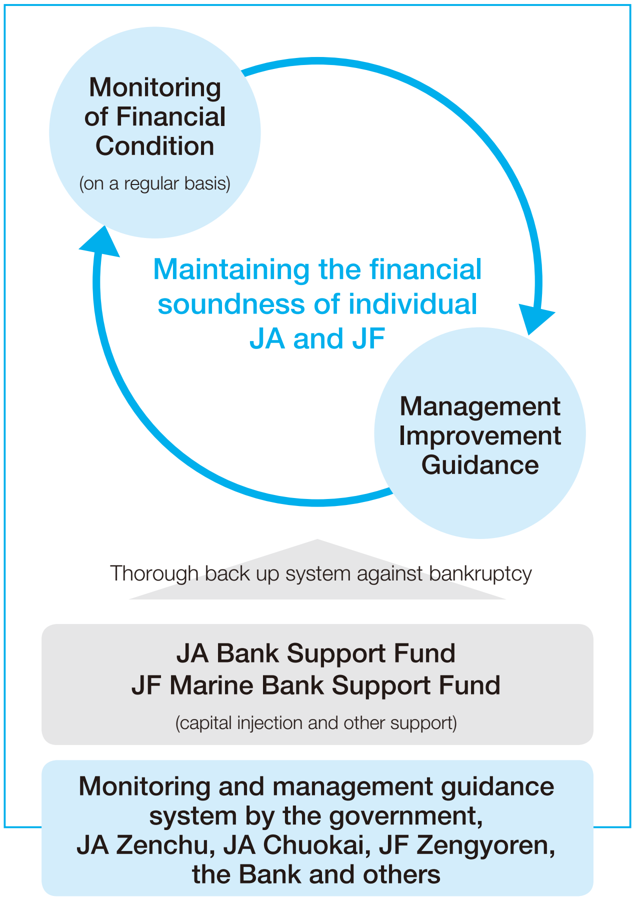
JA Bank and JF Marine Bank have established a safety net based on the Bankruptcy Prevention System and the Agricultural and Fishery Cooperative Savings Insurance System to provide an increased sense of security for their individual members and customers.

■ Bankruptcy Prevention System

JA Bank and JF Marine Bank have developed their own respective systems to prevent JA and JF from bankruptcy.

Specific functions of these systems include: (1) monitoring of the business conditions of individual JA and JF to identify problems at an early stage, (2) taking steps at the earliest stage possible to prevent bankruptcy, and (3) injecting necessary funds drawn from the JA Bank Support Fund or the JF Marine Bank Support Fund*, the funds of which are collected from JA Bank and JF Marine Bank members nationwide, in order to maintain the sound management of individual JA and JF.

**As of March 31, 2017, the balance of the JA Bank Support Fund was ¥170.7 billion, and that of the JA Marine Bank Support Fund was ¥22.7 billion.*



■ Agricultural and Fishery Cooperative Savings Insurance System

When a member organization of the cooperative banking system, such as JA or JF, becomes unable to reimburse deposited funds to its individual members and customers, this system provides policy coverage for depositors and ensures settlement of funds, thereby contributing to the stability of the cooperative banking system. The system is the same as the Deposit Insurance System, for which banks, shinkin banks, credit associations and labor banks are members.

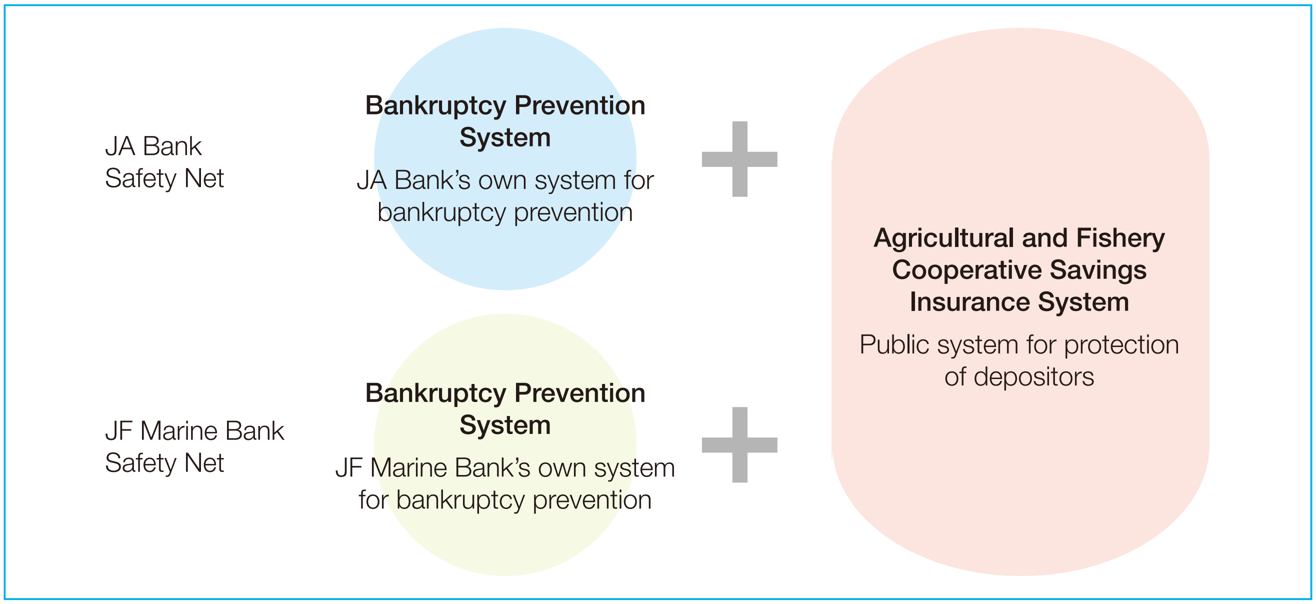
The Agricultural and Fishery Cooperative Savings Insurance System has been established under the Agricultural and Fishery Cooperative Savings Insurance Law. It is managed by the Agricultural and Fishery Cooperative Savings Insurance Corporation, which has been established jointly by the Japanese government, the Bank of Japan, The Norinchukin Bank, JA Shinnoren, JF Shingyoren and other entities.

When funds are deposited in agricultural or fishery cooperatives covered by the system, the deposits are automatically guaranteed by this system.

Even though the blanket deposit insurance system was fully discontinued on April 1, 2005, payment and settlement deposits (deposits that satisfy the following three conditions: (1) bearing no interest, (2) being redeemable on demand, and (3) providing normally required payment and settlement services) are still fully protected by the system. However, all other types of deposits are only covered up to ¥10.0 million in principal (per depositor at each cooperative organization), plus interest accrued.

As of March 31, 2017, the balance of the reserve fund of the Agricultural and Fishery Cooperative Savings Insurance System was ¥397.9 billion.

Safety Net for the Cooperative Banking System



Financial Institutions and Savings Covered by the Savings Insurance System, and the Scope of Protection

Covered Agricultural and Fishery Cooperatives

JA (limited to those engaged in banking business), JA Shinnoren, JF (limited to those engaged in banking business), JF Shingyoren, Marine Product Processing Cooperative (limited to those engaged in banking business), Federations of Marine Product Cooperatives (limited to those engaged in banking business), The Norinchukin Bank

Covered Savings, etc.

Savings, fixed term savings, Norinchukin Bank debentures (limited to custody products), as well as installment savings and property accumulation savings products using such savings, savings related to the investment of defined-contribution pension reserves, etc.

Scope of Protection

Types of savings, etc.			Scope of protection
Savings, etc. covered by the insurance	Payment and settlement deposits	Savings which meet the three requirements, such as bearing no interest *1	Full amount (permanent measure)
	Ordinary savings, etc.	Savings other than those for payment and settlement purposes *2	Total of principal up to ¥10.0 million and interest thereon *3 [The portion in excess of ¥10.0 million will be paid according to the financial status of the failed cooperative (may be subject to deductions)]
Savings, etc. not covered by the insurance		Foreign currency savings, negotiable certificate of deposits, Norinchukin Bank debentures (excluding custody products), etc.	Not protected [Payable according to the financial status of the failed cooperative (may be subject to deductions)]

*1 Savings satisfying the three requirements of "bearing no interest, being redeemable on demand, providing payment and settlement services."
*2 Savings earmarked for taxes, installment savings and property accumulation savings products using insured savings will be protected.
*3 Distribution of earnings on fixed term savings will be protected in the same way as interest.

Capital Position

A Strong Capital Base Founded on the Strength of the Cooperative Membership

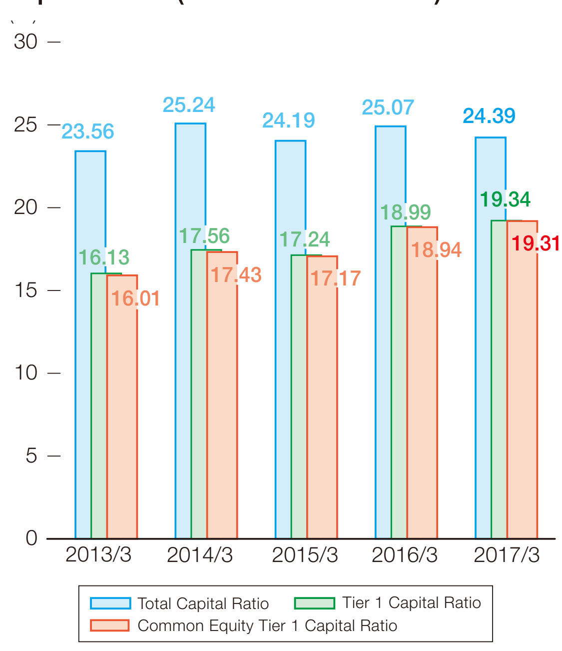
■ Capital Resources

The Bank considers it a major management priority to secure a sufficiently high level of capital resources in order to maintain and strengthen its financial position. It does so to ensure stable returns to its members and to play its role as the central bank for Japan's agricultural, fisheries and forestry cooperatives, to contribute to those industries and the development of the cooperative banking business, and to align itself with the diverse needs of its customers. The Bank has had the strong membership of the cooperative system as its base, and it has ensured a sufficient capital ratio subject to international standards. Furthermore, the Bank refinanced subordinated loans (about ¥1,400.0 billion) in line with Basel III in fiscal 2013, with the full understanding and support of its members, and has continued to improve the quality of its capital.

As a result, the Bank's common equity Tier 1 capital ratios for fiscal 2016, on a consolidated and a non-consolidated basis, were both maintained at slightly less than 20%, and the total capital ratios for fiscal 2016, on a consolidated and a non-consolidated basis, were both maintained at a level exceeding 20% (Basel III standard).

In the years ahead, the focus of the Bank's management agenda will be to fully perform its role as the central bank for the cooperatives, while maintaining its high-quality capital at a sufficiently high level, and to ensure continuing stable returns to its members.

Capital Ratio (Consolidated Basis)



■ Strong Capital Base

The Bank is rated by the two leading credit rating agencies in the United States—Standard & Poor's and Moody's Investors Service—and has received top-tier ratings among Japanese financial institutions. One of the main reasons supporting these ratings is the strong capital base afforded by the membership of the cooperative system.

While major commercial banks in Japan received injections of public funds in the past to restore financial soundness and to facilitate their ability to extend credit, the Bank, based on its capital adequacy, has not applied for such an injection.

■ Features of Regulatory Capital Instruments

Features of regulatory capital instruments can be found in the IR Library of the Bank's website at https://www.nochubank.or.jp/.

Risk Management

Approach to Risk Management

Essential components of financial institution management are generation of stable profits and maintenance of an optimal portfolio. Management must also address various types of risks arising from changes in the overall business environment, especially volatility in economic conditions and financial markets. Financial institutions must also maintain a high level of public confidence by providing reliable services and maintaining financial soundness.

As a result of a major capital injection from the members following the global financial crisis in 2008 and continued financial improvement since then, along with various steps taken to strengthen the Bank's risk management system, the Bank has been able to maintain a high capital adequacy ratio. In order for the Bank to fully demonstrate its competitive edge and presence and fulfill its role adequately as a financial institution involved in the agricultural, fishery and forestry industries as well as food production and consumption, further reinforce the business base of its cooperative banking business and realize stable returns to its members/member banks through the further evolution of its existing globally diversified investments, the management's task of ceaselessly upgrading its risk management framework remains crucial in maintaining management stability in the face of such changes in the environment as the progress in discussions on the tightening of international financial regulations and the mounting uncertainties in financial markets.

Risk management initiatives by the Bank are stipulated in its Basic Policies for Risk Management. The policies identify the types of risks to be managed and the basic framework for risk management, including organizational structure and methodology. In accordance with the policies, the Bank manages individual risks after assessing the materiality of risks and identifying risks to be managed. The Bank also implements integrated risk management by measuring the overall amount of risk using quantitative methods and comparing it with the Bank's capital resources.

To implement integrated risk management, the Bank has set up the Risk Management Committee. At the committee, the Bank's management discusses important issues relating to its risk management framework and capital adequacy, and determines respective management frameworks. The committee also ensures that the total risk amount is kept within capital resource limits. The structure also requires that the integrated risk management status (such as capital and risk status, and significant decisions made by the Risk Management Committee) be reported to the Board of Directors on a regular basis. The Bank has also established a number of committees based on the type of risk, i.e. the Portfolio Management Committee (market risk, credit risk and liquidity risk), the Credit Committee, the Food and Agri Finance Committee (credit risk), and the Operational Risk Management Committee (operational risk), to enable the management to discuss and decide what measures are needed to control risks that arise in the execution of management strategy and business policies within an acceptable level. In line with the controls described above, under the risk management framework including economic capital management determined by the Risk Management Committee, and based on the need to carefully maintain a balance among return, capital and risk, in addition to due consideration for liquidity, the Bank has built and operated a forward-looking risk management framework by steadily grasping the trends in international financial regulations and exercising effective restraints.

The Bank has set up a number of divisions to manage individual types of risks, as well as a division responsible for overall risk management. The roles and responsibilities of these divisions are clearly defined in the Bank's policy. The Bank also ensures the maintenance of appropriate internal controls among these divisions.

Compliance with Basel Banking Regulations

Basel Banking Regulations are international prudential regulation standards established by the Basel Committee on Banking Supervision. They provide for standards including the requirement that the capital adequacy ratio based on the Basel III framework exceed a certain level. The Bank, which properly calculates its Basel III capital adequacy ratio pursuant to the Notification in Japan, has adopted a calculation method based on the "Advanced Internal Ratings-Based Approach (A-IRB) (partially the Foundation Internal Ratings-Based Approach (F-IRB))" for credit risk and "The Standardized Approach (TSA)" for operational risk.

Basel III, introduced incrementally from March 2013, stipulates re-examining and reinforcement of capital regulations while introducing new liquidity regulations, in addition to leverage ratio regulations and liquidity regulations. Of these, from the end of March 2015, the Liquidity Coverage Ratio Regulations (that express the capacity to deal with large financial outflows under short-term stress conditions) as Pillar I, leverage ratio regulations as Pillar III, have been introduced. Furthermore, in December 2015, the Bank was selected as a D-SIB (Domestic Systemically Important Bank) by the Japan authorities.

The Bank has taken appropriate steps for the sophistication of risk management including its application to Basel III targets, particularly to the capital adequacy ratio based on Basel III regulations. The Bank will continue to respond in an appropriate manner while keeping a close eye on any new regulatory requirements.

■ Risk Appetite

In implementing the Bank's strategies, such as budget and management plan for attaining its business objectives, Risk Appetite reflects specific views on risk-taking, and defines what types of risk and magnitude of risk the Bank is willing to accept. Under Risk Appetite, the level of risk to be managed is also determined by various related indicators, and from both qualitative and quantitative perspectives. The proper setting of Risk Appetite by the Board of Directors is important in order to raise the effectiveness of governance in risk management.

The Bank's Risk Appetite establishes qualitative indicators in consideration of its basic mission and role as the central bank for cooperatives, as well as quantitative indicators related to profit, capital, risk and other factors. The Bank's portfolio management strategy (Asset Allocation Policy) for executing globally diversified investments is viewed as the manifestation of Risk Appetite.

■ Internal Capital Adequacy Assessment Process (ICAAP)

To manage profits, capital and risk in a consistent and efficient manner, the Bank conducts the Internal Capital Adequacy Assessment Process (ICAAP), an assessment process based on the International Convergence of Capital Measurement and Capital Standards: a Revised Framework of Basel Banking Regulations. Under the ICAAP, the Bank comprehensively manages its capital resources, from both capital (the numerator of the capital adequacy ratio) and risk asset (the denominator of the capital adequacy ratio) perspectives.

ICAAP Concept

The ICAAP is a process for demonstrating the appropriate management of risks the Bank faces so that it can achieve its business objectives, and a sufficient level of internal capital to cover these risks. The purpose of the ICAAP is not only to understand capital in relation to risk, but to recognize capital adequacy as a "triangular" relationship among profit, capital and risk needed to attain business objectives and strategies. Its aim is to simultaneously achieve high level of soundness and profitability through a proper balance among these three factors.

The ICAAP ascertains consistency between the amount of risk quantitatively recognized based on Risk Appetite and the capital resources managed internally. This process is achieved through two different types of frameworks to maintain capital adequacy: regulatory capital management and economic capital management.

● Framework for Maintaining Capital Adequacy

The Bank establishes a budget and management plan consistent with Risk Appetite and manages finances and operations by maintaining a balance between risk and capital. Capital management checkpoints are established in order to ensure that capital adequacy is maintained above a certain level determined by Risk Appetite, even in uncertain economic and financial environments.

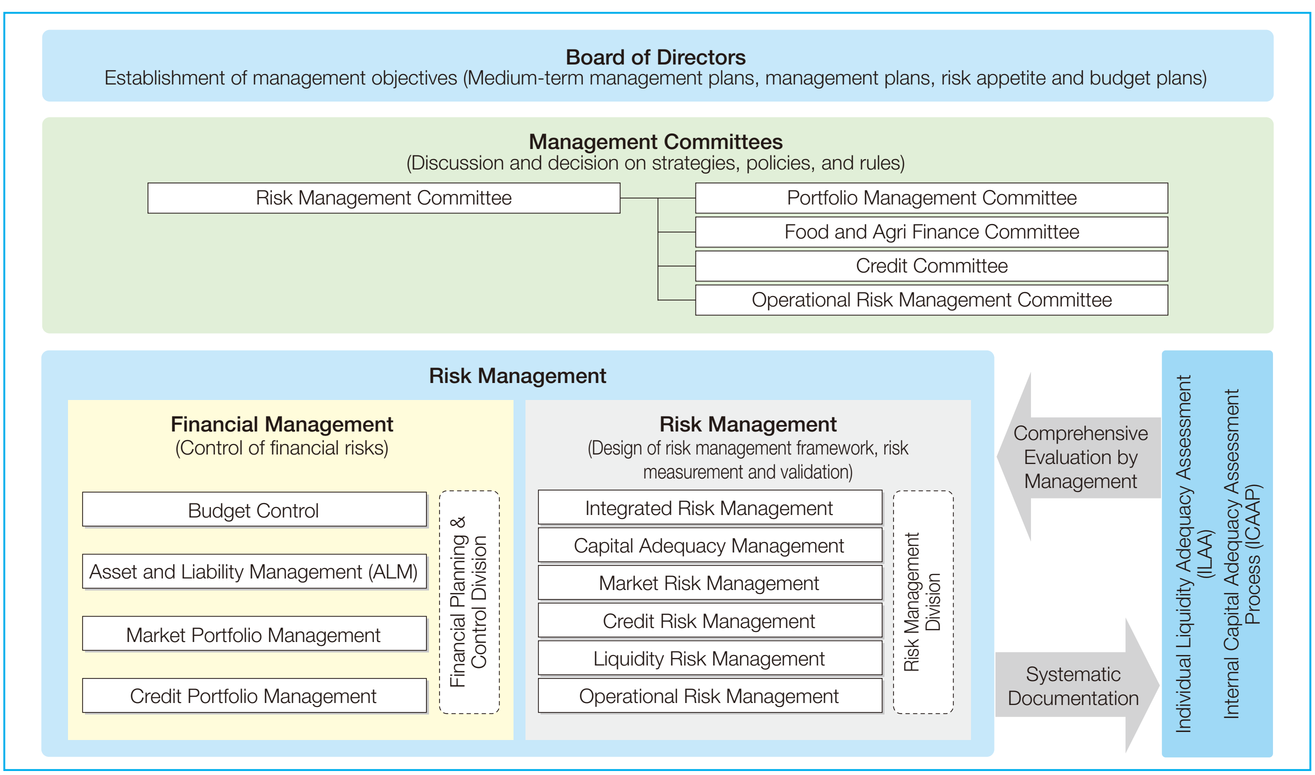
The checkpoints provide a framework to ensure that capital adequacy is maintained above a predetermined level regardless of volatility caused by various factors. This is done by monitoring key volatility factors and by discussing countermeasures at an early stage.

Specific checkpoints are determined according to the Bank's risk profiles. Under this mechanism, each checkpoint is determined from two perspectives of regulatory capital management and economic capital management. Appropriate levels of capital are maintained by closely monitoring two major variables: the level of unrealized gains and losses on securities, and measured risk amount.

● Implementation of Stress Tests

In principle, stress tests are performed together with the implementation of the fiscal year's ICAAP. By preparing strict stress scenarios that factor in specific timelines and the ripple effects of risks covering the Bank's entire portfolio, the Bank verifies the impact of these stresses on capital adequacy. Based on this, the Bank implements the ICAAP, which includes a review of countermeasure assumptions at times of stress. In addition, the stress analysis of the portfolio is performed separately along with semi-annual budget planning. The impact of major changes in market risk and credit risk that are to be assumed in day-to-day portfolio management is verified by both the regulatory capital management and economic capital management, and this information is used in decision making.

Risk Management System



Integrated Risk Management

Based on the Basic Policies for Risk Management, the Bank stipulates a core risk management framework that manages risk quantitatively and comprehensively in comparison with capital, which represents its financial strength. The core function in this framework is economic capital management.

Under economic capital management, risks to be covered by capital are measured, and the internal capital for this purpose is applied in advance. The amount of risk is controlled so as not to exceed the applied internal capital by monitoring the changes in the amount of risk caused by market fluctuations and additional risk-taking in a timely manner during the fiscal year. The Bank manages economic capital on both a consolidated and a non-consolidated basis.

In the Bank's economic capital management, regardless of the definition used in Basel III for calculating the capital adequacy ratio, Tier 1 capital, which is comprised of basic capital and retained earnings, has been established as capital to provide against risk. Moreover, Tier 2 capital, which consists of subordinated debt, is viewed as a buffer against unexpected stress situations. The Bank categorizes the types of risks to be controlled into market risk, credit risk and operational risk. To maximize the benefit of the globally diversified investment concept, the Bank manages the economic capital on an aggregate basis instead of allocating the capital to each asset class or to each business segment, as the Bank believes such an approach should fit in the business profile of the Bank. In addition, the definition of internal capital applied and the economic capital management framework are determined by the Board of Directors, while the middle office is responsible for monitoring the fluctuating capital levels and the amount of risk during each fiscal year. These results are reported to management on a timely basis and used for sharing an awareness of the risk environment between the middle office and the front office.

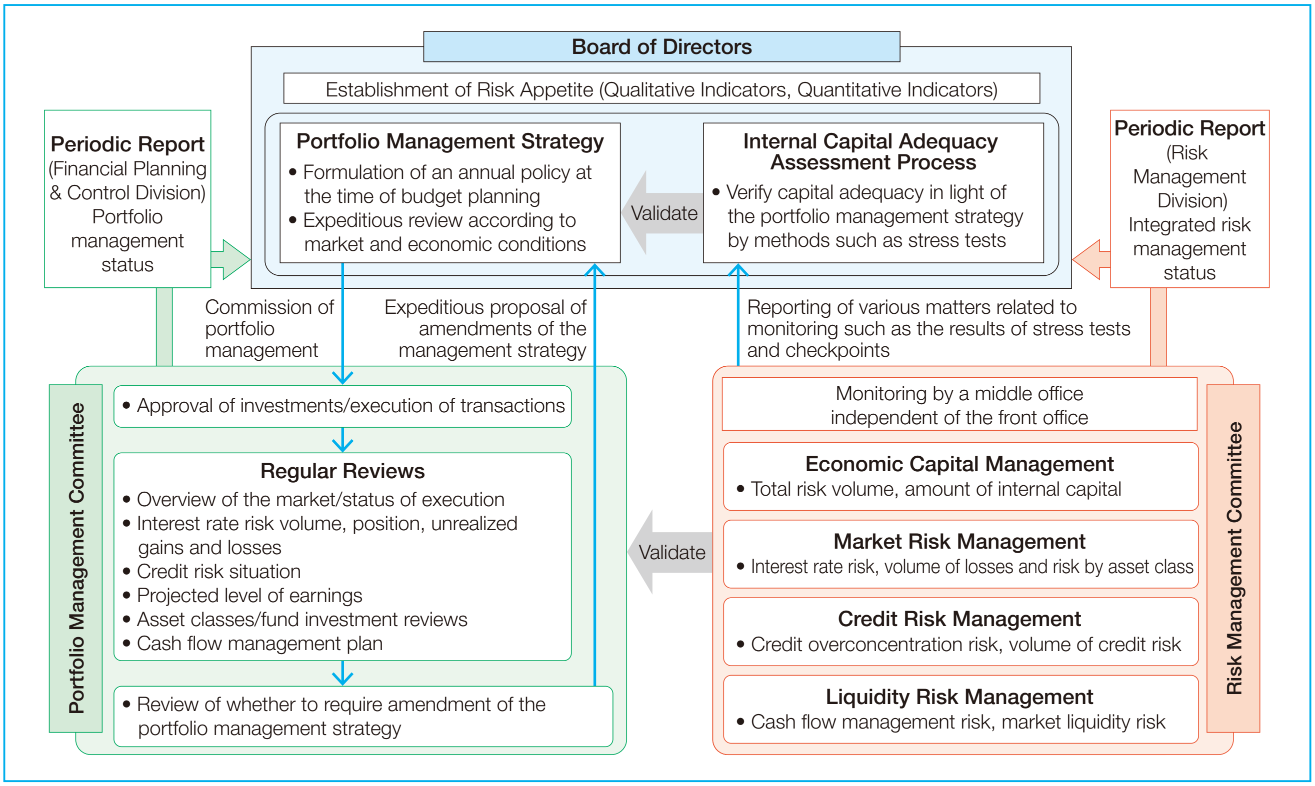
Market risk is measured primarily by Value-at-Risk (VaR), using a method which simulates scenarios such as interest rate and stock price fluctuations, based on past data (historical simulation method), with a 99.50% confidence interval and one-year holding period. Credit risk is mainly measured by VaR, using methods which simulate scenarios such as default, downgrading and greater credit spread, with a 99.50% confidence interval and one-year holding period. On that basis, in order that the correlation between the risks of market and credit are reflected consistently, both are centrally simulated under common historical scenarios to integrate the risk amount. Also, operational risk is measured by VaR, by creating potential risk event scenarios and using statistical methods for measurement, with a 99.90% confidence interval and one-year holding period.

Through these measures, the Bank comprehensively manages risks across the entire business with the goal of further developing its risk management framework.

Integrated Risk Management Consistent with Financial Management

The Bank's integrated risk management framework is carried out consistently with its financial management framework to maintain a balance between a sound financial position and adequate profitability. The Bank has particularly established the market risk management infrastructure to enable a prompt response to changes in financial market conditions. The Bank conducts analysis from various perspectives, including static and dynamic interest rate sensitivity analyses toward the impact on profit/loss, and price sensitivity analysis of its assets for the impact on interest rate changes. In addition, as a part of Asset and Liability Management (ALM), the Bank measures the amount of risk, taking into account of price volatilities of bonds and stocks as well as volatilities in foreign currency exchange rates, and conducts scenario simulations under various stress assumptions. Through the analysis described above, the Bank strives for flexible financial management by understanding the impact of market volatilities on the value of its assets.

Risk Management



■ Market Risk Management

The “globally diversified investment” concept is the basis of the Bank’s portfolio management. With bonds, stocks and credit assets as major asset classes, this concept aims to establish a portfolio with high soundness and profitability and a good balance among risks as a whole by controlling profits from each asset and related risks within the range of the assets, taking into account the correlation among asset classes and other related points. Therefore, the Bank deems market risk, such as interest rate risk and the risk of stock price volatility, to be a significant risk factor affecting the Bank’s earnings base. Through active and appropriate risk-taking supported by a robust risk management framework, the Bank aims to retain a stable level of profit by constructing market portfolio that balances profit, capital and risk.

To ensure the effectiveness of market risk management, the Bank carries out duties among divisions in charge of decision making (planning) for allocation policies, execution of individual transactions, and monitoring of risk positions. Specifically, the Risk Management Committee is responsible for and discusses overall risk management framework, the Portfolio Management Committee sets market portfolio allocation policies, the front office executes transactions in accordance with the policies, and the middle office measures and monitors the amount of risk. Matters relevant to the market risk portfolio management activities (such as market conditions, major investment decisions made by the Portfolio Management Committee, condition of the market portfolio, and views on near-term market portfolio management) are reported to the Board of Directors on a regular basis.

• Market Risk Management Framework

The basic framework for market risk management is to verify the status of the market portfolio, such as the amount of market risk, the risk-return profile of each asset class and the correlation among asset classes, and to manage the risk balance and the level of earnings based on the allocated capital under economic capital management according to the financial position of the Bank, market trends, economic and financial conditions.

Specifically, the risk balance of the market portfolio is controlled based on risk indicators measured by the middle office, such as the amount of aggregate risk, VaR, interest rate risk sensitivity and correlation data among asset classes.

Moreover, by using an alarm point for losses in each asset class and risk volume increase, as well as VaR taking into account of the impact of short-term market fluctuations, the Bank can quickly detect changes in the market environment and then review its market portfolio management policies expeditiously and flexibly.

The principal market portfolio management process is as described below.

Decision Making

Material decisions on market investments are made at the Board level. The Board of Directors formulates the annual allocation policies. Based on the policies, the Portfolio Management Committee-composed of the Board members involved in market portfolio management-makes decisions, together with general managers, on specific policies related to market investments after discussing them.

Decision making on market investments is carried out after examining the investment environment including the financial markets and the economic outlook, current position of the securities portfolio, and Asset and Liability Management (ALM) situation of the Bank. The Portfolio Management Committee holds meetings on a weekly basis, as well as when needed, to respond to changes in market conditions in a flexible manner.

Execution

Based on the investment decisions made by the Portfolio Management Committee, the front office executes securities transactions and risk hedging. The front office is not only responsible for executing transactions efficiently but also monitoring market conditions closely to propose new investment strategies to the Portfolio Management Committee.

Monitoring

The term “monitoring functions” refers to checking whether the execution of transactions made by the front office is compliant with the investment decisions approved by the Portfolio Management Committee, and to measuring the amount of risk in the Bank’s investment portfolio. To maintain an appropriate risk balance among asset classes, various risk indicators as well as risk amount for economic capital management are measured and monitored. The middle office, which is independent of the front office, is responsible for those risk measurements and regularly reports to the Board members about the results of monitoring. Monitoring reports are used to analyze the current situation of the market portfolio and as a data source for discussing the investment strategies in the near future at the Portfolio Management Committee.

Measuring Market Risk

In measuring market risk in economic capital management, all of the financial assets and liabilities in the Bank’s portfolio are targeted, and through simulations of scenarios such as interest rate and stock price fluctuations based on past data (historical simulation method), the distribution of potential losses over the year are estimated. From this loss distribution, the maximum projected loss (VaR) is recognized and managed as the amount of risk.

• Trading Operations

The Bank’s trading operations that aim to generate profits from short-term market fluctuations are organizationally separated from other front offices. The front office in charge of trading activities executes trades within the approved position and loss limits determined from a risk-return perspective. The middle office, which is independent of the front office, measures the amount of risk including VaR and monitors the status of risk taking by the front office.

VaR Status

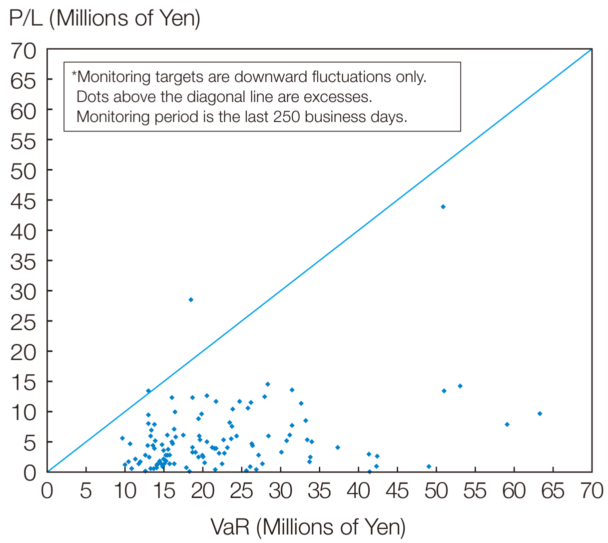
For risk measurements, the Bank uses an internal model approach based on a variance-covariance method with a one-tailed 99% confidence interval and a ten-business day holding period, and measures VaR on a daily basis. The Bank’s model is validated by the middle office that conducts periodical quantitative and qualitative evaluations, as well as the Internal Audit Division and outside experts.

The Bank conducts a back testing to quantitatively validate its internal model, where the VaR (one-day) calculated by the model is compared with the volatilities in daily profit and loss. After an attribution analysis, if it was determined that the discrepancies between the model's estimates and actual results go beyond a certain level due to the designs of the model, the Bank scrutinizes the relevant model factors and revises the model if necessary. The Bank also performs a series of monthly stress tests assuming extremely volatile market situations, such as the largest interest rate fluctuation in the last five years.

Changes in VaR (with a ten-business day holding period) in Trading Divisions

	VaR (Millions of Yen)
June 30, 2016	53
September 30, 2016	43
December 30, 2016	79
March 31, 2017	108

Back Test Status (one-day VaR)



■ Credit Risk Management

Credit risk is the possibility of loss arising from a credit event such as deterioration in the financial condition of a borrower that causes an asset (including off-balance sheet items) to lose value or to be significantly impaired.

For the Bank, in its portfolio management based on "globally diversified investments," credit risk, as well as market risk, is positioned as an important risk in optimizing the portfolio. The Bank comprehensively manages credit risk both on credit portfolio basis and on an individual credit basis for all credit risk assets such as loans. Thus, the Bank appropriately manages the amount of credit risk to ensure stable earnings.

● Credit Risk Management Framework

The Bank's credit risk management framework comprises four committees (the Risk Management Committee, the Credit Committee, the Portfolio Management Committee and the Food and Agri Finance Committee) that are managed by the directors and general managers involved in risk management. These committees determine the Bank's credit risk management framework as well as its credit investment policies. The front office executes loan transactions and credit investments in accordance with the credit policies and within the credit limits of these policies. The middle office, which is independent of the front office, monitors changes in the credit risk portfolio and reports them to the committees. Feedback is then used for upgrading the risk management framework and for future credit investment planning.

Each of the four committees has a specific role assigned to it by the management. The Risk Management Committee is responsible for deliberation and decision making on the basic framework for overall credit risk management, including the Bank's internal rating, self-assessment, economic capital management and credit ceiling for credit overconcentration risk.

The Portfolio Management Committee and the Food and Agri Finance Committee formulate basic strategies and deliberate on the execution policies regarding loans and investments, and deliberate and decide on business strategies for important or large transactions. Moreover, the Credit Committee functions as a venue for deliberation and decision making of policies about how to deal with the obligations of borrowers whose financial condition has deteriorated.

The middle office monitors the credit risk portfolio status and other items. In addition, the status of credit risk management (such as market overview; important decisions made by the Credit Committee, the Portfolio Management Committee and the Food and Agri Finance Committee; overview of the credit risk portfolio; current approach to risk management) is regularly reported to the Board of Directors.

• Credit Risk Analysis Framework

To perform highly-specialized credit analysis according to borrower characteristics for loans for the agriculture, fishery and forestry industries, domestic and international corporate loans, credit for financial institutions, and investments in corporate bonds and securitized products in market transactions, etc., the Bank utilizes its investment and loan knowledge developed over many years and analyzes the borrower's credit by industry and product type.

Especially in recent years, in the Food & Agri Banking Business, the Bank has been strengthening initiatives to expand loans for the agriculture, fishery and forestry industries and develop the food and agriculture business in the field of corporate loans. In Global Investments, the Bank is strengthening its initiatives to expand/reinforce credit alternative investments. To contribute to the strengthening of the competitiveness of both fields, the Bank is working to maximize the performance of the credit risk analysis function and developing flexible and focused analysis operation.

In relation to the Food & Agri Banking Business, in addition to financing for cooperative organizations and the Bank's major borrowers appropriately, the Bank is conducting credit risk analysis based on a feasibility study for agriculture, fishery and forestry business operators utilizing its own analysis methods for business type/project as a financial institution specializing in agriculture, fishery and forestry. In the development of the food and agriculture business in the field of corporate loans, to provide consulting and other services for its customers, the Bank is utilizing its Food & Agri Banking Business research function, which was developed through abundant experience in credit risk analysis for loans related to the agriculture, fishery and forestry businesses.

Relative to Global Investments, for the expansion of asset classes for investments, the Bank is striving to upgrade its analysis methods according to the characteristics of investment products and strengthen its analysis function for each field to enrich the analysis system. To address the risk of a project becoming large in scale and a credit overconcentration risk, the Bank is striving to conduct flexible due diligence analysis at the time of the investment (comprehensive analyses at the time of the assessment of the investment). Furthermore, after an investment is made, the Bank monitors the performance of the underlying assets of the credit investment products to quickly detect changes in the creditworthiness of the investment assets and manage related risks. The Bank is also reviewing its credit overconcentration risk management system based on the global trend of tightening regulations in extending large-scale credit.

• The Bank's Internal Rating Framework

Outline of the Internal Rating Framework and Special Features

In addition to the Bank's traditional lending activities as the financial institution specializing in the agriculture, fishery and forestry industries, the Bank adopts a management strategy of diversified investment and pursues an optimized investment portfolio by diversifying investment assets according to product profile, region and industry. The Bank manages these diverse assets of its portfolio in an integrated and unified manner, and the amount of risk calculated by its credit risk model is controlled so that it is kept within a range of its financial strength, or capital adequacy. Thus, the Bank ensures the soundness of its business and maintains profitability.

The Bank's internal rating framework is designed to evaluate and measure the Bank's credit risk portfolio consistently, and is considered as a crucial tool for the integrated management of credit risk. It plays an important role in daily credit risk management and in economic capital management.

Structure and Application of the Internal Rating Framework

The Bank's internal rating framework comprises three components: the Borrower Rating System and the Loan Recovery Rating System for evaluating exposures to corporate borrowers, as well as the Retail Exposure Internal Rating System for evaluating retail exposure.

Under the Borrower Rating System, the Bank has 15 borrower grades: ten for non-defaulted borrowers and five for defaulted borrowers. Each borrower grade defines the debt repayment capacity of a borrower.

In principle, borrower ratings are evaluated and assigned using a combination of quantitative and qualitative factors. For certain assets such as investment funds, the Bank assigns its internal ratings by using external ratings as the primary factor, those of Standard & Poor's (S&P) and Moody's Investors Service (Moody's). The Bank clearly maps its internal borrower grades to the scale used by the two credit rating agencies (e.g., the internal grade "1-1" corresponds to the external grade "AAA" and "Aaa"). This mapping is based on the comparison of grades and default probabilities on the same borrowers between the internal ratings and credit rating agencies' ratings.

The Loan Recovery Rating System is used to evaluate the factors affecting the recoverability from defaulting exposure, such as the conservation status of collateral and asset/product characteristics for each project, and the Bank assigns ratings according to the expected default ratios. The Retail Exposure Internal Rating System estimates Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD) on an exposure pool basis. The Bank allocates individual retail exposures into eligible retail pools and assigns ratings at the pool level.

The internal rating framework is a fundamental system for the calculation of the capital adequacy ratio, the primary indicator for the financial soundness of a bank. At the same time, in its economic capital management, the Bank applies the same PDs, which were used for calculation of capital adequacy ratio, to measure the amount of credit risk.

In addition, the Bank differentiates interest rates according to the debtor ratings and collateral provided in order to maintain profitability based on the degree of credit risk. Further, when managing credit overconcentration risk, the Bank sets a credit ceiling for each debtor rating.

Relationship among Internal Rating, Self-Assessment, and Exposure Requiring Mandatory Disclosure under the Financial Revitalization Law

<table>
<tr><th rowspan="2" colspan="2">Internal Rating</th><th colspan="3">Self-Assessment</th><th rowspan="2">Exposure Requiring Mandatory Disclosure under the Financial Revitalization Law</th></tr>
<tr><th>Debtor Classification</th><th>Asset Category</th><th>Definition of Asset Category</th></tr>
<tr><td>1-1</td><td>4</td><td rowspan="4">Standard</td><td rowspan="4">Category Ⅰ</td><td rowspan="4">Debtors who maintain favorable operating conditions and have no particular financial difficulties. Internal ratings 1-1 to 4 are equivalent to investment grades of credit rating agencies.</td><td rowspan="7">Standard</td></tr>
<tr><td>1-2</td><td>5</td></tr>
<tr><td>2</td><td>6</td></tr>
<tr><td>3</td><td>7</td></tr>
<tr><td colspan="2">8-1</td><td rowspan="2">Substandard</td><td rowspan="4">Ⅱ</td><td rowspan="4">Debtors requiring close monitoring going forward</td></tr>
<tr><td colspan="2">8-2</td></tr>
<tr><td colspan="2">8-3</td><td>Other substandard debtors</td></tr>
<tr><td colspan="2">8-4</td><td>Debtors under requirement of control</td><td>Special attention</td></tr>
<tr><td colspan="2">9</td><td>Doubtful</td><td>Ⅲ</td><td>Debtors who are highly likely to fall into bankruptcy</td><td>Doubtful</td></tr>
<tr><td colspan="2">10-1</td><td>Debtors in default</td><td rowspan="2">Ⅳ</td><td>Debtor who have effectively fallen into bankruptcy, although no facts have emerged to indicate legal or formal bankruptcy</td><td rowspan="2">Bankrupt or de facto bankrupt</td></tr>
<tr><td colspan="2">10-2</td><td>Debtors in bankruptcy</td><td>Debtors who are legally and formally bankrupt</td></tr>
</table>

Design of the Internal Rating Framework and Validation Procedures

At the Bank, the middle office, which is independent of the front office, designs the internal rating framework based on the characteristics of the credit portfolio and establishes rules concerning the internal rating objectives, each rating grade criteria, evaluation methods and mapping criteria, approval authority, and review and validation of rating. Validation and monitoring of the internal rating to ensure appropriate implementation is performed on a regular basis.

● Self-Assessment Based on Internal Rating

The Bank conducts self-assessment on a quarterly basis at the end of March, June, September and December.

The self-assessment process initially classifies debtors in line with the Bank's debtor ratings. There are five debtor classifications: standard, substandard, doubtful, debtors in default, and debtors in bankruptcy.

Subsequently, within each of these classifications, the credit for each individual debtor is classified into four categories (I, II, III and IV) according to its recoverability.

● Write-Offs and Provisions to Reserves

Write-offs and provisions to reserves for possible loan losses are made according to the criteria set by the Bank for each debtor classification by self-assessment. For exposure to standard debtors and substandard debtors, the Bank makes provisions to general reserves for possible loan losses for each category of borrower based on the expected loss ratio, which is calculated from historical loss data, including losses from defaults. For debtors under requirement of control with substantial exposure, provisions to specific reserves for possible loan losses are calculated by the Discounted Cash Flow (DCF) method on an individual basis. For exposure to doubtful debtors or lower, provisions to specific reserves for possible loan losses are made, or write-offs are performed, for the necessary amount classified as Category III and IV which are not recovered by collateral or guarantee.

● Credit Overconcentration Risk

Credit overconcentration risk is defined as the risk of incurring unexpected huge losses triggered by simultaneous credit event such as default, due to overconcentration of credit exposure to specific groups of borrowers, industries or regions. To mitigate such risk, the Bank has installed credit ceiling systems according to the profile of credit exposures, namely, Country Ceilings (for credit exposure to individual countries or regions), Corporate Ceilings (for credit exposure to corporations), and Bank Ceilings (for credit exposure to financial institutions). Through monitoring on a regular basis, total credit exposure for each ceiling category is grasped and controlled to avoid any overconcentration.

Regarding the Corporate Ceilings, after maximum lending limits are set for each borrower based on the internal debtor ratings, limits are set and lending is managed on a corporate group basis. The Bank Ceiling is precisely managed and credit limits are set for each type of transaction. Regular reviews are also performed on overconcentration of credit exposure of each industry.

● Measuring Credit Risk

For credit risk, the Bank adopts economic capital management, which measures the amount of risk using statistical based methods. In calculating credit risk, all of the financial assets in the Bank's portfolio, such as loans, securities and off-balance sheet transactions, are targeted, and after considering the overconcentration risk for corporate group, industry type and region, the Bank runs scenarios involving losses and deterioration of asset value resulting from default, downgrades and expansion of credit spread, etc., and estimates the distribution of potential losses over the year. After the maximum projected loss (VaR) and the expected loss have been established from this loss distribution, the difference (unexpected loss) is recognized and managed as the amount of credit risk.

The Norinchukin Bank's Debtor Classification and Reserves for Possible Loan Losses (As of March 31, 2017) (On a Non-Consolidated Basis)

(Billions of Yen)

Self-Assessment						Reserves for Possible Loan Losses	Claims Disclosed under the Financial Revitalization Law	Risk-Managed Loans (Note 2)
Debtor classification		Category Ⅰ	Category Ⅱ	Category Ⅲ	Category Ⅳ			
Debtors in bankruptcy Debtors in default		Portion deemed to be recoverable through collateral or guarantees		Provisions are made to cover the entire amount	Full amount written off or provisions made	Specific reserve for possible loan losses 22.9	Bankrupt or de facto bankrupt 0.7	Loans to borrowers under bankruptcy proceedings 0.6
Doubtful debtors		Portion deemed to be recoverable through collateral or guarantees		Provision ratio: 87.6%			Doubtful 37.0	Delinquent loans 36.4
Substandard debtors	Special attention	Provision ratio of the uncovered portion: 39.8%				General reserve for possible loan losses 31.2 (Note 1)	Special attention 14.0	Loans with principal or interest payments three months or more in arrears —
	(Claims on debtors under requirement of control)	Claims on substandard debtors other than "Special Attention"					Standard loans 12,027.7	Restructured loans 14.0
	Other substandard debtors							
Standard debtors								

Notes: 1. The expected default ratios for computing the provisions to the general reserve for possible loan losses are 0.24% for standard debtors, 4.14% for substandard debtors (excluding claims under requirement of control), and 9.49% for claims under requirement of control.

Notes: 2. The difference between the total of claims disclosed under the Financial Revitalization Law and the total of risk-managed loans is the inclusion of claims other than loans.

Criteria for Write-Offs and Provisions to Reserves

Debtor Classification		Criteria for Write-Offs and Reserves for Possible Loan Losses	Provision Ratio as of March 31, 2017
Standard		Provisions to general reserves for possible loan losses are made, by multiplying the total credit exposure by the expected loss ratio based on the historical default ratio.	0.24%
Substandard	Other substandard debtors	Initially, categorize debtors into two groups: "debtors under requirement of control" or "other substandard debtors" in accordance with credit quality of debtors. Debtors in the latter group are further classified into sub-categories. Provisions to general reserves for possible loan losses are made, by multiplying the total credit exposure by the expected loss ratio based on the historical default ratio for each group. Applies Discounted Cash Flow (DCF) method to debtors with large exposure if classified as "debtors under requirement of control."	4.14%
	Debtors under requirement of control		9.49% (Excluding borrowers to whom the DCF method is applied)
Doubtful		Provisions to specific reserves for possible loan losses are made to the necessary amount classified as Category Ⅲ (amount not likely to be recovered by collateral or guarantee) on an individual borrower basis.	87.64% the unrecoverable portion
Debtors in default		Provisions to specific reserves for possible loan losses are made on an individual borrower basis for the entire amount classified as Category Ⅲ	The full amount of the unrecoverable portion is written off or provisioned
Debtors in bankruptcy		Write-Offs are performed on an individual borrower basis for the amount classified as Category Ⅳ (the amount estimated as uncollectable or unrecoverable), regardless of treatment under criteria in tax law.	

Credit Costs in Fiscal 2016 (On a Non-Consolidated Basis)

	Billions of Yen
Loan write-offs	0.0
Provisions to general reserve for possible loan losses	15.1
Provisions to specific reserve for possible loan losses	(12.4)
Provisions to reserve for specified overseas debts	—
Other	—
Total credit costs	2.7

■ Liquidity Risk Management

The Bank defines liquidity risk as the following: "The risk towards financial losses incurred from a difficulty in securing funds required for activities of the Bank, or from being forced to procure funds at significantly higher funding costs than normal as a result of a maturity mismatch between investment and funding procurement, or as a result of an unforeseen fund outflow from the Bank (cash flow risk)." It is also defined as: "The risk towards financial losses arising from being unable to execute transactions in the market due to market turmoil, or from being forced to execute transactions under significantly less favorable conditions than normal occasions (market liquidity risk)." The Bank properly manages liquidity risk based on these definitions.

The appropriate management of cash flow risk is a prerequisite for business continuity and stable portfolio management. Considering the characteristics of the Bank, such as its steady fund procurement structure, which is primarily centered on deposits from its membership, together with its assets of low market liquidity that holds, and examining the funding procurement capability under stressed environments, the Bank takes initiatives to diversify and enhance the varieties of funding instruments, placing emphasis on the stability of cash flows. Cash flow management is conducted on an aggregated basis at the head office in collaboration with relevant branches. For this purpose, various operating limits including currency, funding instruments and individual funding office are established considering the global market situation and these are approved by the Risk Management Committee. Specific cash flow management plan is approved by the Portfolio Management Committee on a quarterly basis, considering the Bank's investment portfolio projection, its expected funding procurement capacity and regulations concerning liquidity under Basel III. Execution strategies are discussed on a weekly basis according to the predetermined cash flow management plan. The Bank conducts appropriate cash flow management in response to circumstances by constantly monitoring market conditions. The execution status is continuously reviewed on a monthly basis. Market liquidity risk is considered to be an important factor for investment decisions in order to maintain a flexible asset allocation framework that enables prompt responses to changes in market conditions. Investment strategies are also prepared through assessing the market liquidity (cash-convertibility) of each type of financial product.

Market liquidity risk is applied to the evaluation of stabilities on funding procurement as well. For this reason, the middle office regularly reviews and analyzes the market liquidity of financial products, considering the market size of each asset class and product. The results of these analyses are reported to the Risk Management Committee and the Portfolio Management Committee. The operational status of liquidity risk management is also regularly reported to the Board of Directors.

• Individual Liquidity Adequacy Assessment (ILAA)

The Bank conducts Individual Liquidity Adequacy Assessment (ILAA) as a framework for the Board of Directors to periodically assess the appropriateness and adequacy of management of liquidity (cash flow), an element that is as important as capital resources (solvency) for financial institutions to remain in business.

ILAA involves the systematic assessment of the appropriateness of liquidity in terms of the framework for maintaining appropriate liquidity focusing on liquidity risk management, the current status and future outlook of liquidity and the verification results thereof. In the context of "Risk Appetite" referred to above, the liquidity tolerance level is recognized, after which the appropriateness of liquidity risk management supporting the execution of active risk-taking to secure profits is assessed systematically.

Operational Risk Management

For operational risk management, the Bank has established its basic policies including definitions of the risk, management framework and management processes, which have been approved by the Board of Directors. In line with these policies, regarding the aforementioned "risk appetite," based on a recognition of the level of operational risk that should be controlled, the Bank has clearly shown its basic approach for operational risk management.

• The Objective of Operational Risk Management

The Bank categorizes and ranks by importance each risk arising from business operations such as processing risk, legal risk and IT systems risk, and handles these risks according to their category and rank. This allows the Bank to allocate the organization's management resources effectively. The objective of operational risk management is to minimize the likelihood of risk event occurrence and the estimated losses arising from business operations which per se do not generate profit.

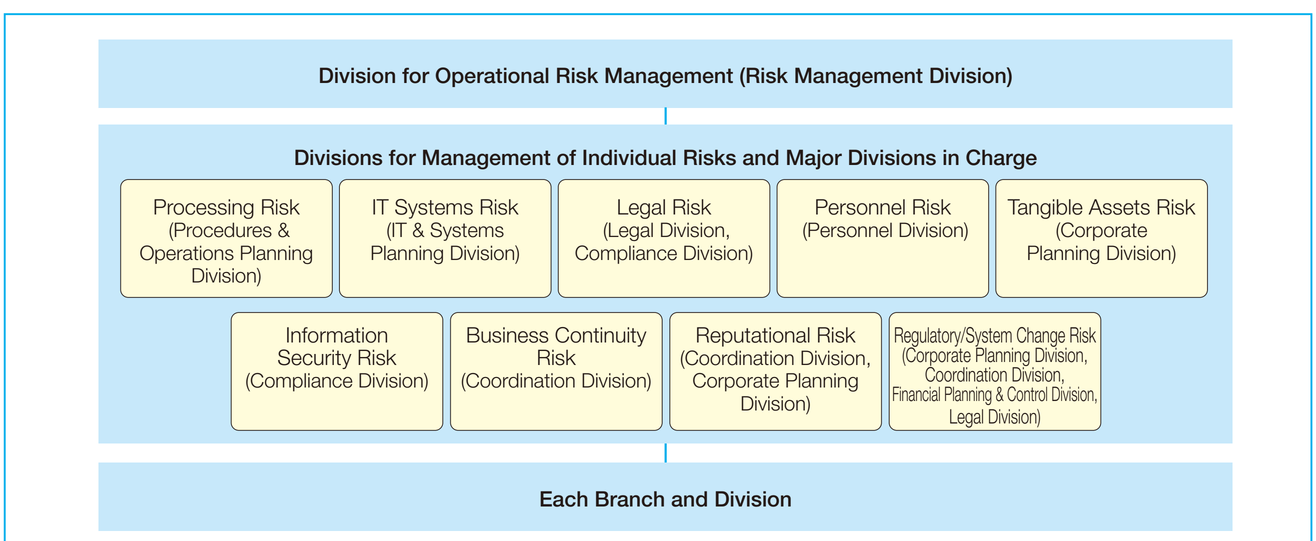
• Definition of Operational Risk

The Bank defines operational risk as the risk that arises in the course of business operations which per se do not generate profit. Operational risk is different from market risk, credit risk and liquidity risk, or the types of risks the Bank actively takes to generate profits. Operational risk is further broken down into subcategories, such as processing risk, IT systems risk, legal risk, personnel risk, tangible assets risk, information security risk, business continuity risk, reputational risk and regulatory risk.

• Organizational Structure of Operational Risk Management

Important issues such as the basic policies and annual planning of the Bank's operational risk management are approved by the Board of Directors and the Risk Management Committee. The Operational Risk Management Committee, comprised of relevant members of the Board as well as the general managers of related divisions, is set under the Board's supervision, and monitors the current status of the Bank's operational risk management. The committee also promotes cross-risk as well as cross-divisional approaches towards managing operational risk. Furthermore, the Bank has established a division to be in charge of operational risk management, which is independent of the business lines, as well as divisions to be in charge of individual risks. The Bank has also designated a person to be in charge of operational risk management in each branch and division.

Furthermore, in light of the fact that cyber-attacks are becoming ever more advanced and sophisticated, we are working to development a cyber-security response system, including the establishment of a professional team, Computer Security Incident Response Team (CSIRT), concerned with responding to such incidents when they occur.



● Basic Approach of Operational Risk Management

The Bank has established policies and procedures to manage and control individual operational risks such as processing risk, IT systems risk, legal risk, personnel risk, tangible assets risk and information security risk, for which the Bank's key management strategy is the prevention of risk event occurrence. The Bank also employs the following common risk management methods in order to identify, analyze, assess, manage and mitigate risks effectively: the operational risk reporting system for collection and analysis of risk events which have come to light, as well as Risk & Control Self-Assessment (RCSA) system for the evaluation of potential risks.

The Bank has been enhancing its ability to counter business continuity risk, for which the Bank's key management strategy is the mitigation of the impact and effect of risk events following their occurrence, based on lessons learned from the Great East Japan Earthquake. In addition, the Bank augments the effectiveness of its business continuity framework through regular drills which assume scenarios such as the occurrence of an earthquake in the Tokyo metropolitan area, or the outbreak of a pandemic.

Risks other than the above, such as reputational risk and regulatory risk, are defined as risks which should be dealt in accordance with the Bank's business judgment. The Bank strives to take proactive action in order to prevent the occurrence of risk events while continuously monitoring these risks for signs of changes, and endeavors to incorporate those changes in the Bank's management strategy.

The Main Classifications and Specific Management Methods for Operational Risk

Main Classifications		Specific Risk Management Methods
Risks for which the Bank's key management strategy is the prevention of risk event occurrence	Risk in General	• In the operational risk reporting system, a comprehensive and clear reporting standard is established, and information of risk events is collected and analyzed. • With RCSA, processing sections uncover the risks inherent in their own business processes, evaluate the effectiveness of controls and remaining risks, and important matters that require improvement are incorporated into the management plan for the year. • Coordination of the operational risk reporting system and RCSA.
	Processing Risk	• The processing risk management plan is formulated based on the results of the operational risk reporting system and processing risk RCSA, and the progress of the plan is reported to the Bank's management periodically. • Ongoing initiatives such as implementing preventive procedures for specific risk events which have surfaced in the past, updating the current procedure manuals, carrying out self-checking exercises and hosting staff training sessions. • Responding to any major environmental changes in the Bank's business environment due to the adoption of new products and services or organizational restructuring, etc.
	IT System Risk	• An IT system risk management plan is formulated based on the results of IT system risk RCSA, etc., while appropriately handling emerging risks generated by changes in the internal and external environment relating to information security, etc., and progress is reported to the Bank's management periodically. • Information on system failures is collected and analyzed, and future prevention plans are formulated. In addition, in order to meet public demands as a social infrastructure for providing stable financial services, we examine system recovery procedures, assuming the occurrence of a major system failure, ensuring that the impact of such failures is kept to a minimum.
	Legal Risk	• Centralized control and response for litigation for the Bank as a whole. • While appropriately dealing with legal consultations from branch offices, gain an understanding of the existence of risks associated with such laws, regulations and contracts that the Bank should be mindful of, then communicate and teach them to branch offices.
Risks for which the Bank's key management strategy is the mitigation of the impact and effect of risk events following their occurrence	Business Continuity Risk	• Establish a business continuity structure for the Bank and cooperative banking business as a whole. • Taking into account the Great East Japan Earthquake and the power shortages that followed, conduct regular drills in anticipation of a major disaster, and confirm their effectiveness.

The Bank's current status in operational risk management is reported to the Operational Risk Management Committee and the Board of Directors periodically, and the basic policies for operational risk management are reviewed based on these reports when necessary. In addition, the overall operational risk management framework is subject to thorough internal audit on a regular basis, in order to continuously improve its effectiveness.

● Processing Risk Management

The Bank defines processing risk as the risk of suffering losses caused by improper activities performed in the course of business or by the Bank's directors or employees. To be more precise, processing risk is defined as the risk of suffering losses due to accidents, fraud, or failing to comply with the established procedure manuals; or the risk of inadequate performance of business operations due to faults in the procedure manuals or the lack of a manual itself.

● IT Systems Risk Management

The Bank defines IT systems risk as the risk of suffering losses from computer system crashes, errors, system defects, improper computer use, or from the inadequate operation of system development projects.

● Legal Risk Management

The Bank defines legal risk as the risk of incurring losses or facing transactional problems in the context of a management decision or execution of a business operation by violating the law or by entering into an inappropriate contract.

● Business Continuity Risk Management

The Bank defines business continuity risk as the risk of being incapable of continuing critical businesses in the aftermath of a natural disaster or a major system failure, due to lack of effective countermeasures.

● Measuring Operational Risk

For operational risk, the Bank adopts economic capital management, which measures the amount of risk using statistical methods. The distribution of the amount of losses expected to arise over the next year is calculated by using potential risk scenarios created in consideration of the business environment and risk events which have come to light and been gathered through the operational risk reporting system. From this loss distribution, the maximum projected loss (VaR) is recognized and managed as the risk amount.

■ Risk Management in Group Companies

The associated companies in The Norinchukin Bank Group prepare feasible and effective risk management policies and framework taking into account the Bank's Basic Policies for Risk Management as well as the nature of their own business activities and risk profile. The Bank and each group company confer and decide on a risk management framework for the company, taking into consideration of the characteristics of the risks the company bears.

To ensure adequate risk management and compliance throughout the group, the Bank's department responsible for management of group companies categorizes these companies according to their risk profiles and characteristics. The required risk management frameworks and controls are specified by the Bank in its policies for each category. The risk management of group companies is performed based on those policies. When deemed necessary, meetings between the Bank and group companies are held, in which executive management and working-level managers of the companies attend. Risk management framework and administrative operations of group companies are subject to the Bank's internal audit on a regular basis in order to continuously improve its effectiveness.

In addition, the Bank performs economic capital management on a consolidated basis and ensures that the amount of risk is kept within the allocated capital including consolidated subsidiaries. Among consolidated entities, The Norinchukin Trust & Banking Co., Ltd. and Kyodo Housing Loan Co., Ltd. manage market risk, credit risk, liquidity risk and operational risk. Other consolidated entities manage operational risk.

Based on the efforts described above, the Bank seeks to upgrade its risk management for the entire group.

Corporate Governance

The Norinchukin Bank's Management System

The Bank is both the national-level organization for Japan's agricultural, fisheries and forestry cooperatives as well as an institutional investor that plays a major role in the financial and capital markets through investment of large amounts of funds in Japan and overseas. Naturally, the Bank adheres to decisions made within the Council of Delegates comprising representative members of all shareholders. At the same time, the Supervisory Committee and the Board of Directors, as stipulated by the Norinchukin Bank Law, are organized to share duties as well as coordinate the Bank's decision-making, while taking into consideration the internal and external situations of the cooperatives.

Supervisory Committee

The Supervisory Committee is responsible for submitting agendas for discussion and reporting to the Council of Delegates as well as for making decisions on important issues related to agricultural, fishery and forestry cooperatives. The Supervisory Committee also has the authority to oversee business activities performed by directors. This includes the authority to request that board members attend meetings to explain their business activities and to request the Council of Delegates to dismiss board members. The Supervisory Committee members have been selected from among board members of cooperative organizations, people engaged in the agriculture, fishery and forestry industries, as well as individuals with an in-depth knowledge of finance. Supervisory Committee members are recommended by the Nomination Committee, which mainly consists of representatives of the Bank's members, and are then appointed by the Council of Delegates. Under the jurisdiction of the Supervisory Committee are the JA Bank Headquarters Committee and the JF Marine Bank Headquarters Committee, which are composed of representative committee members of cooperatives and the Bank's directors. These committees deliberate on basic policies of the banking business conducted by the agricultural and fishery cooperative organizations as well as on operational guidance for the Bank's members acting in the name of the headquarters.

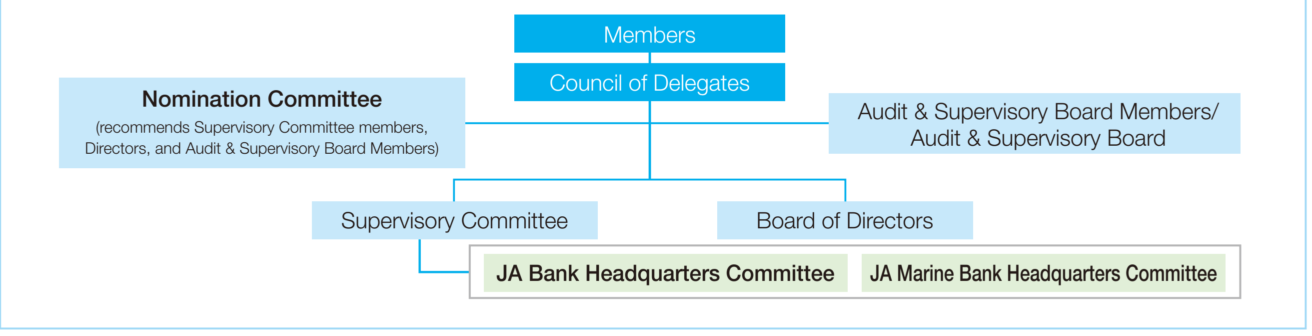
Board of Directors

The Board of Directors makes decisions regarding the execution of business activities, excluding those matters under the jurisdiction of the Supervisory Committee, and performs a cross-checking function on the exercise of directors' business affairs. Members of the Board are elected by the Supervisory Committee and assume their positions upon approval of the Council of Delegates. Of the seven board members, two of them are appointed as members of the Supervisory Committee. Hence, decisions made by the Supervisory Committee and the Board of Directors are closely coordinated.

Audit & Supervisory Board Members/Audit & Supervisory Board

Audit & Supervisory Board Members are elected directly by the Council of Delegates, and are responsible for auditing the decisions of the Supervisory Committee and the Board of Directors as well as for general over-

Management System of the Bank



sight of the Supervisory Committee and board members' business activities. Moreover, the Audit & Supervisory Board, comprised of Audit & Supervisory Board Members, is established in accordance with the Norinchukin Bank Law. In addition, of the five Audit & Supervisory Board Members, four of them satisfy the conditions stated in Article 24-3 of the Norinchukin Bank Law*, and are equivalent to external auditors in publicly traded companies.

** According to Article 24-3 of the Norinchukin Bank Law, at least one of the Audit & Supervisory Board Members must satisfy all of the following conditions:*
(1) The member must not be a director or employee of a corporation that is a member of The Norinchukin Bank.
(2) The member must not have held the positions of director, member of the Supervisory Committee, or employee of The Norinchukin Bank, or the position of director, accounting advisor (if the advisor is a corporation, then an employee who performs such duties), executive officer or employee of one of the Bank's subsidiaries, in the five years prior to their appointment.
(3) The member must not be the spouse or relative within the second degree of kinship of a Norinchukin Bank director, Supervisory Committee member, manager or other important employees.

■ Basic Policy on Governance

In light of the spirit of the Corporate Governance Code, the Bank has formulated a Basic Policy on Norinchukin Bank Governance.

Initiatives for Strengthening Internal Control

■ Basic Approach

For the Bank to fulfill its fundamental mission as the central organization for Japan's agricultural, fisheries and forestry cooperatives as well as its social responsibility, the Bank views the construction of management control systems as its highest priority. It has established basic policies for internal control to secure compliance with corporate ethics rules and relevant laws and regulations, proper management of risks, as well as appropriate business activities in general.

■ Basic Internal Control Policy

● Systems for Ensuring Duties Exercised by Directors and Employees Conform to Relevant Laws and the Articles of Association

(1) To ensure sound management through compliance with laws and regulations, the Bank has established its Code of Ethics and Compliance Manual. It has taken steps to ensure that all directors and employees are fully aware of the importance of strict observance of laws and regulations, and performance of their duties with integrity and fairness.
(2) To ensure that directors act in compliance with laws and regulations, their activities are monitored and audited by other directors and Audit & Supervisory Board Members. In addition, the Compliance Division, which supervises the Bank's overall compliance matters, reviews important decisions in advance.
(3) With regard to compliance matters, the Bank has set up the Compliance Hotline System, which allows employees to turn to the Compliance Division or outside legal counsel for advice or to file a report.
(4) The Bank institutes a Compliance Program each fiscal year, which includes systematic compliance promotion and education and training programs for employees.
(5) The Bank takes a strong and resolute stance against anti-social elements that pose a threat to social order and security, and blocks all relationships with them.
(6) With regard to internal controls on financial reporting, the Bank has in place measures to ensure that such reporting is reliable and appropriate.

• Systems for Retaining and Managing Information Related to Directors' Execution of Duties

(1) Important documents related to the execution of directors' duties, such as minutes of Board of Directors meetings and other important meetings, as well as documents requiring approval, are properly managed by specifying their retention period and management standards.

(2) The Bank's business units are obligated, upon the request of directors, executive officers and Audit & Supervisory Board Members, to present information related to the performance of their duties for their inspection.

• Rules and Other Systems for Managing the Risk of Loss

(1) The Bank views the proper implementation of risk management as a major business challenge for maintaining a business that is safe and sound while simultaneously establishing a stable profit base. Accordingly, the Bank has established basic policies for risk management that set out the types and definitions of risks that the management must be aware of, and risk management systems and frameworks.

(2) Risks that need to be managed are divided into two types. The first type consists of risks that the Bank takes on proactively and deliberately with the goal of generating profit. These risks include credit risk, market risk and liquidity risk. The second type of risk is operational risk. Based on the nature of these various kinds of risks, the Bank has established risk management policies and procedures, and undertakes risk management for the Bank and its group companies from a comprehensive and unified perspective. To properly carry out these risk management activities, the Bank has established decision-making bodies and units to be in charge, clearly defined each of their roles and responsibilities, and taken steps to implement an appropriate risk management system.

(3) The Bank carries out comprehensive and more sophisticated risk management through economic capital management, which measures various kinds of risks and ensures that total risk capital remains within the limits of the Bank's regulatory capital requirement.

(4) To comply with requirements for ensuring management soundness set forth in the Norinchukin Bank Law, the Bank conducts regulatory capital management based on the conditions stipulated in laws and regulations.

(5) In the case of a major natural disaster, the Bank makes necessary preparations to maintain its business continuity.

• Systems for Ensuring Efficient Execution of Directors' Duties

(1) The Bank establishes its medium-term management plans, business plans and other plans for business execution, and periodically assesses their progress.

(2) To ensure that decision making by the Board of Directors is efficient, the Bank has formed committees composed of directors and executive officers to which the board delegates specific matters and tasks for implementation. The Bank has also formed councils to discuss management issues on a regular or as-needed basis. Their duties include the discussion of proposals on matters to be decided by the Board of Directors.

(3) To ensure that directors and employees perform their duties efficiently, the Bank takes steps to improve its organizational system by clearly establishing its organizational structure, authorities and responsibilities.

• Systems for Ensuring that Operations are Conducted Properly at the Group Companies of the Bank and its Subsidiaries

(1) To ensure the proper operation of the Norinchukin Bank Group, the Bank has established basic policies for the operation and management of its group companies according to the group company's type of business, scale and importance.

(2) Based on business management agreements concluded between the Bank and each group company, matters relating to management, matters relating compliance, matters relating to risk management and matters relat-

ing to internal audits to be discussed and reported, to ensure smooth and appropriate operation within the group have been decided, and the status of execution of business at each group company is monitored.

(3) In group companies, the Bank provides appropriate guidance, advice and supervision and conducts performance reviews in order to improve rules and other systems for managing the risk of loss, systems for ensuring the efficient execution of directors' duties and systems for ensuring duties exercised by directors and employees conform to relevant laws and the Articles of Association.

● Internal Audit System

(1) To contribute to the proper operation of its business, the Bank has created the Internal Audit Division, which is independent of units that carry out business operation. The Bank strives to maintain a system to ensure that internal audits are effectively carried out for its entire operations.

(2) Internal audits are conducted for the Bank and group companies that have concluded agreements for audits, and are implemented based on an auditing plan approved by the Board of Directors.

(3) The Internal Audit Division periodically reports a summary of audit results to the Board of Directors and related divisions.

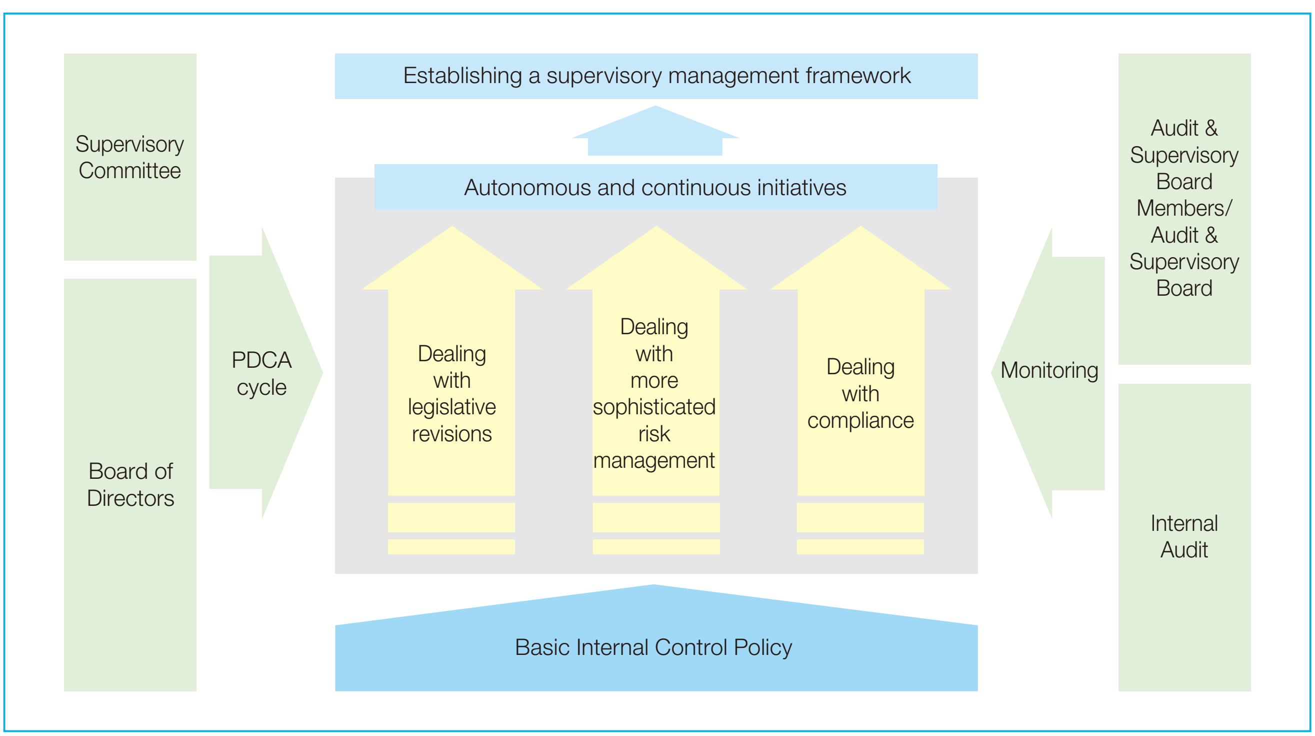
(4) Members of the Internal Audit Division meet periodically and as needed with Audit & Supervisory Board Members and accounting auditors to exchange views and information as well as to better coordinate their auditing activities.

● Details regarding Staff who Support Audit & Supervisory Board Members and Their Independence from Directors, as well as Details to Ensure the Effectiveness of Instructions Given to Such Staff.

(1) The Office of Audit & Supervisory Board Members, an independent unit, has been formed by the Bank to assist Audit & Supervisory Board Members in fulfilling their duties.

(2) In principle, three or more full-time employees are assigned to the Office of Audit & Supervisory Board Members to perform clerical work to help administer the Audit & Supervisory Board and other tasks specified by its members.

Initiatives for Strengthening Internal Control



(3) Employees assigned to the Office of Audit & Supervisory Board Members work in accordance with the instructions of the Audit & Supervisory Board Members.

(4) Full-time Audit & Supervisory Board Members' views on the performance evaluations of the employees assigned to the Office of Audit & Supervisory Board Members and their reassignment to other departments are obtained in advance and duly respected.

• Systems for Directors and Employees to Report to Audit & Supervisory Board Members and Other Systems for Reporting to Audit & Supervisory Board Members

(1) When a director discovers information that could cause serious damage to the Bank and the Bank Group, it must be reported immediately to the Audit & Supervisory Board.

(2) When the Compliance Division discovers information that is important from a compliance perspective or that is vital to the compliance system in general in the Bank and the Bank Group, the division must report these matters to Audit & Supervisory Board Members.

(3) The Internal Audit Division reports its findings regarding internal audits to Audit & Supervisory Board Members, and the two groups engage in discussion periodically.

(4) Documents related to major decisions and other important documents related to business conduct are provided to Audit & Supervisory Board Members for review.

• Systems for Directors and Employees of a Group Company, or Persons Receiving Reports from Said Directors and Employees, to Report to Audit & Supervisory Board Members

In addition to reports based on the provisions of the preceding paragraph, the Compliance Division receives reports on the internal reporting situation in group companies from the department in charge of the group company internal reporting program and reports to Audit & Supervisory Board Members.

• Systems to Ensure that Persons who Report to Audit & Supervisory Board Members Are Not Discriminated Against for Reasons of Having Made the Report

Ensures that directors and employees of the Bank and those of the group companies who report to Audit & Supervisory Board Members for appropriate purposes are not discriminated against for reasons of having made the report, and that this is thoroughly understood and enforced.

• Policy Pertaining to Expenses Arising Due to Performance of Duties by Audit & Supervisory Board Members

In order to defray expenses, etc., arising due to the performance of duties by Audit & Supervisory Board Members, an appropriate budget framework shall be established, and except when deemed not necessary for the performance of duties by Audit & Supervisory Board Members, all expenses claimed by Audit & Supervisory Board Members shall be borne by the Bank.

• Other Systems to Ensure Effective Conduct of Audits by Audit & Supervisory Board Members

Fully aware of the importance and value of audits by Audit & Supervisory Board Members, the following systems have been created to ensure that they are conducted effectively.

(1) Audit & Supervisory Board Members are allowed to attend Board of Directors meetings, Supervisory Committee meetings and other important meetings, and are free to express their opinions.

(2) Representative directors and Audit & Supervisory Board Members periodically meet to exchange views.

(3) Directors, executive officers and employees must cooperate with Audit & Supervisory Board Members' investigation and interview requests.

(4) In general, directors, executive officers and employees must comply with the matters set forth in the Rules of the Audit & Supervisory Board and the Standards for Audits.

Internal Audit System

Position of the Internal Audit

The Bank defines internal audit as objective and rational verification and evaluation of the appropriateness and effectiveness of the internal management system by an independent internal audit unit based on the Bank's business characteristics and risk conditions.

The objective of internal audit is to contribute to the proper execution of business by helping audited divisions develop corrective action plans to resolve issues that have been identified as a result of verification and assessment, and then by verifying the effectiveness of these plans.

The scope of internal audit includes all operations and assets managed by all divisions and branches of the Bank. Internal audits are conducted on affiliates that have signed agreements for business audits and on contractually outsourced businesses for which business audit contracts have been signed as long as these audits do not infringe on the scope of agreements, contracts, laws and regulations. For businesses of affiliates and contractually outsourced businesses that are not subject to audit, internal audits are conducted on the management status of relevant businesses by responsible divisions.

Outline of the Internal Audit System

The Bank's Board of Directors has established the Internal Audit Policy, which sets out basic internal auditing functions, including the definitions, objectives, scope and positioning of auditing within the organization.

Based on this policy, the Bank has established the Internal Audit Division as an internal auditing unit that is independent from other business divisions.

In addition, the Bank has formed the Internal Audit Committee, which includes representative directors. The purpose of the committee is to consider and discuss matters related to internal audits in general, including planning, implementation and improvements, and to facilitate reporting of internal audit matters to the management and follow up of audit results.

Moreover, the Internal Audit Divsion, Audit & Supervisory Board Members and accounting auditors meet to exchange views and information on a periodic and as-needed basis in order to strengthen their cooperative efforts.

Preparation of Internal Audit Plans

Internal audits are implemented by instituting individual audit execution plans based on medium-term and annual internal audit plans approved by the Board of Directors.

An efficient and effective audit execution plan is established after first understanding the status of risk management in the department to be audited, and confirming the sufficiency of required auditing resources, and then taking into account the frequency and depth of the audit based on the type and extent of risks.

Implementation of Effective Internal Audits

The Internal Audit Division is conducting audits conforming to IIA* standards, as well as conducting audits in the spirit of the internal auditing standards of various countries including Japan where the Bank is based.

Furthermore, to ensure the effectiveness and improvement of internal audits, personnel with highly specialized knowledge are assigned to the Internal Audit Division. After assignment, they continue to upgrade their knowledge and skills through training and are encouraged to obtain external qualifications.

In addition, the Internal Audit Division makes use of a variety of auditing methods to conduct internal audits effectively and efficiently. They include off-site audits for which on-site auditing is not required, off-site monitoring to gather daily audit-related information, and unannounced audits.

* *IIA (The Institute of Internal Auditors Inc.) is an international body relating to internal auditing that aims to improve the expertise of internal auditors and establish their professional status.*

Reporting of Audit Results and Follow-Up

After audits are completed by the Internal Audit Division, the audited divisions or branches are notified of the results by the Internal Audit Division. The audited divisions or branches are to take corrective actions on the recommendations by the Internal Audit Division by specified deadlines. They prepare corrective action plans when necessary, and report them to the Internal Audit Division.

The Internal Audit Division reports and explains its audit results together with the audited divisions' report to directors and Audit & Supervisory Board Members. In addition, a summary of the audit results is reported to the Board of Directors on a quarterly basis, and reports on the performance of internal audits are presented to the Supervisory Committee periodically. Matters of special importance must be immediately reported to President and Chief Executive Officer, Audit & Supervisory Board Members and the Board of Directors, and, when deemed necessary, to the Supervisory Committee as well.

■ Quality Assessment of Internal Audits

In order to ensure the effectiveness of internal audits and aim to upgrade and improve them, the Internal Audit Division carry out ongoing review of internal audit quality and self-evaluations once a year, as well as having quality assessments carried out at least once every three years, in principle, by an external specialist, such as an auditing firm.

■ Auditing of Assets

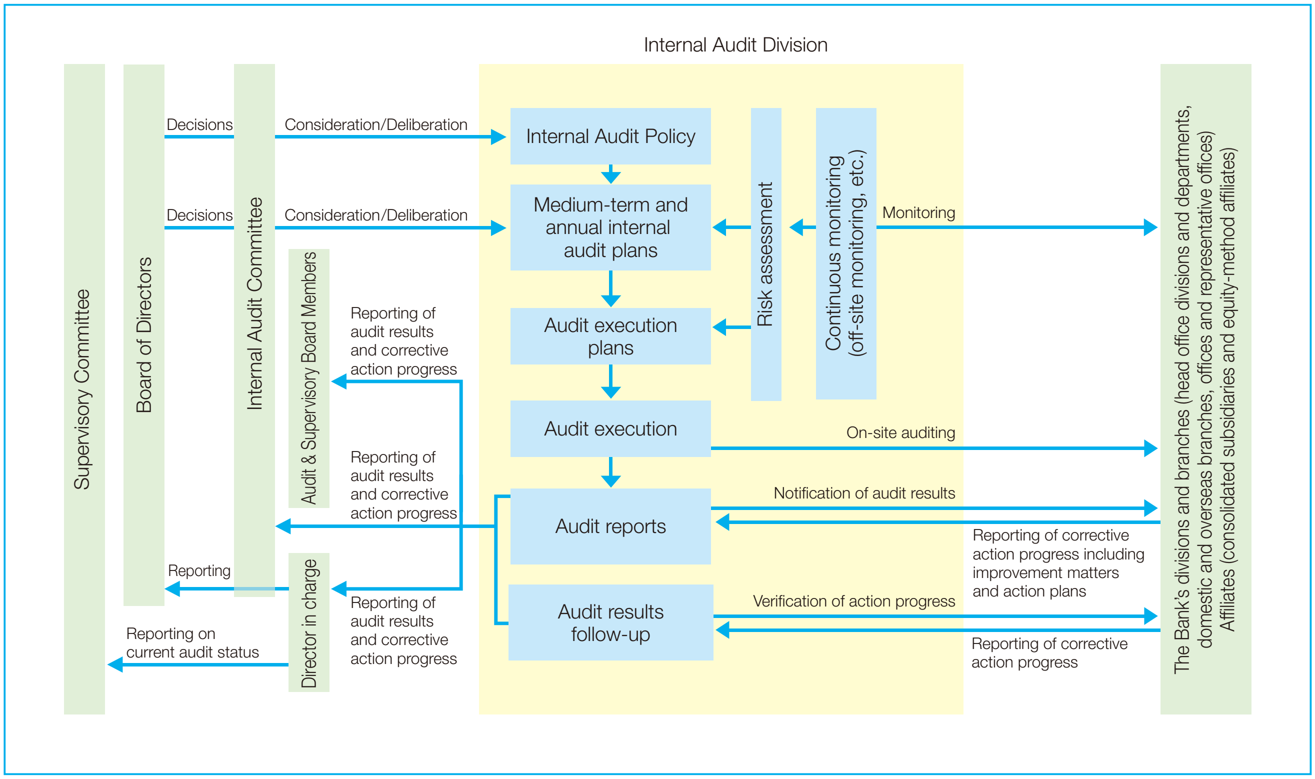
The Internal Audit Division audits the Bank's assets and verifies the accuracy and appropriateness of the Bank's internal ratings, self-assessments, loan write-offs and amounts of capital set aside for reserves.

■ Implementation of Assessment of Internal Control Systems Pertaining to Financial Reporting*

The Internal Audit Division performs assessment of internal control systems pertaining to financial reporting in accordance with generally accepted assessment standards for assessment of internal control systems pertaining to financial reporting published by the Business Accounting Council.

* *Financial reporting refers to the consolidated financial statements included in business reports created in accordance with the provisions of Article 80, paragraph 2, of the Norinchukin Bank Act and Article 111, paragraph 2, of the Ordinance for Enforcement of the Norinchukin Bank Act.*

Overview of Internal Audit System



Continuing as a Financial Institution Trusted by the Public

COMPLIANCE INITIATIVES

■ Basic Compliance Policies

As a financial institution whose business is founded first and foremost on trust and confidence, the Bank recognizes that the creation of an enhanced and more effective compliance framework is becoming an increasingly important management objective, especially in light of strong public criticism of corporate and other organizational improprieties and the significant expectations behind them today.

As a global financial institution that plays a central role in Japan's financial system, and the national-level financial institution serving as the umbrella organization for JA Bank and JF Marine Bank, the Bank is committed to fulfilling its basic mission and social responsibilities. To prove itself worthy of its customers' and members' trust and expectations in light of changes in the social and business environment, the Bank continues its unceasing efforts in the area of compliance by managing its business in accordance with societal norms, for instance by fully complying with laws and regulations based on the principle of total self-reliance. We are also constantly working to achieve a higher degree of transparency by emphasizing proper disclosure and accountability.

As part of this effort, we have defined our basic compliance policy in our Code of Ethics and a code of conduct for all directors and employees. To further ensure full compliance awareness among all directors and employees, we have incorporated in the Compliance Manual the following sections: the "Interpretation of laws and regulations to be observed by directors and employees of the Bank." These measures will ensure that compliance awareness is thoroughly understood and practiced by all directors and employees as they go about their daily business.

In response to recent growing societal demand for greater customer protection, based on its Customer Protection Management Policy, the Bank has taken steps to reinforce its management systems as part of its compliance efforts aimed at winning customer trust. These steps include providing explanations to customers, handling customer complaints and inquiries, managing customer information, managing contractors in the case of outsourcing customer-related business, and managing transactions that may involve a conflict of interest with customers.

Code of Ethics

Fundamental Mission and Social Responsibility

1. We are always aware of the importance of our fundamental mission and social responsibilities, and commit to forging even stronger bonds of societal confidence by fulfilling the mission and responsibilities through sound business operations.

Offering High-Quality Services

2. By offering high-quality services that take advantage of creativity and ingenuity with due consideration to appropriate protection of customer's profits, we fulfill the role as the national-level institution engaged in the cooperative banking business that meets the needs of its customers, and we also contribute to economic and social development.

Strict Compliance with Laws and Regulations

3. We comply with all relevant laws and regulations, and conduct business operations in an honest and fair manner in response to society's expectation and trust.

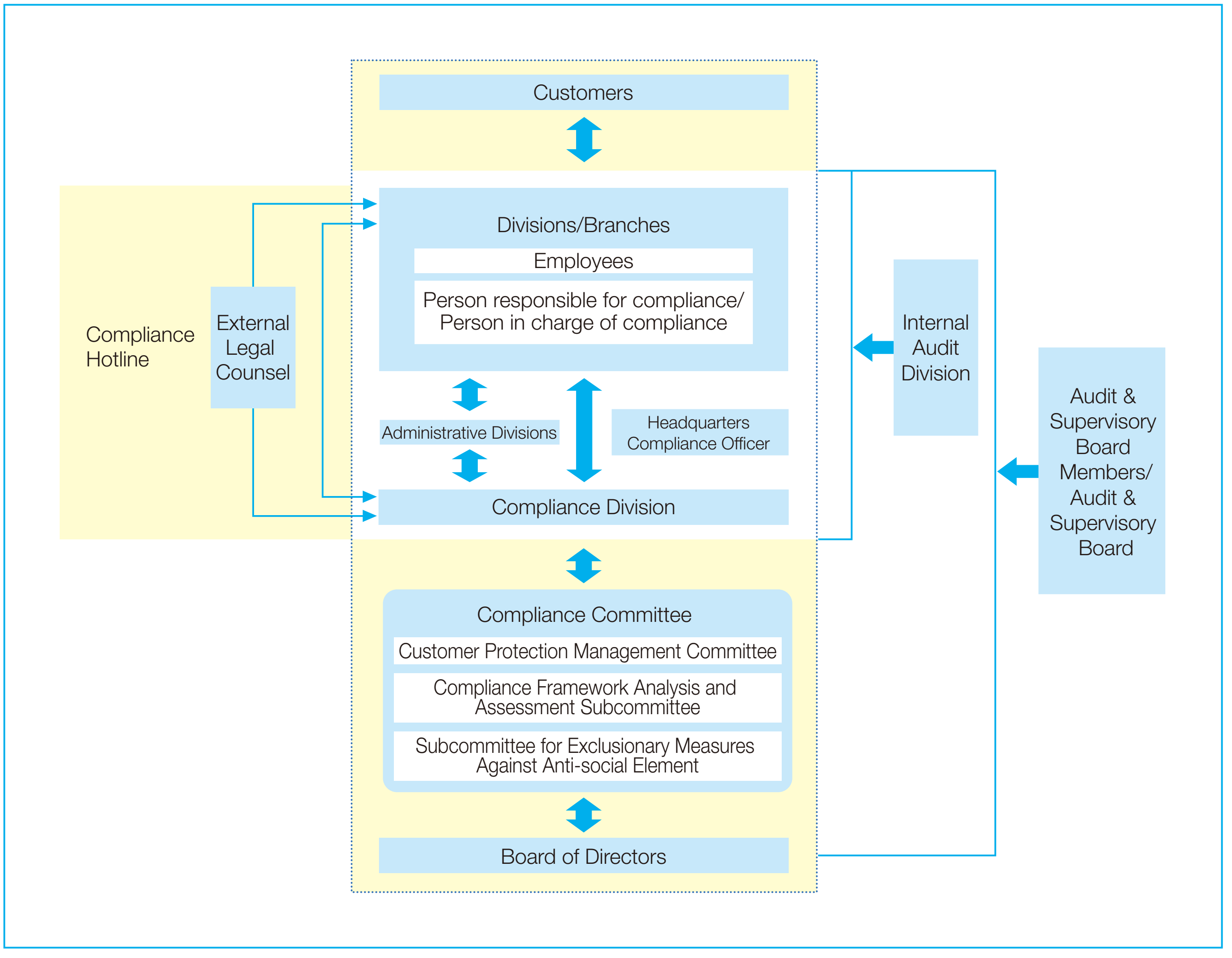
Severing Anti-Social Forces

4. We have a zero-tolerance policy against anti-social forces which threaten the safety and order of civil society, and thoroughly sever any relations with them.

Building Highly Transparent Organizational Culture

5. We build a highly transparent organizational culture underpinned by respect for human life and dignity, while endeavoring to enhance communication and maintain satisfactory relationships with society, including proactively and fairly disclosing business information.

Compliance Framework



■ Compliance Activities Directly Linked to Management

The Bank's compliance framework is comprised of the Compliance Committee, the Compliance Division (in charge of overall compliance activities), the Headquarters Compliance Officer (established in July 2017) and the administrative divisions of relevant businesses, as well as personnel responsible for compliance, those in charge of compliance and compliance leaders assigned to the Bank's divisions and branches. The Compliance Committee has been established as a body under the Board of Directors to deliberate on basic compliance issues. Topics of high-level importance discussed by the Compliance Committee are subsequently approved by or reported to the Board of Directors.

In addition, the PDCA cycle pertaining to the operation of the framework is being strengthened by the Customer Protection Management Committee, the Compliance Framework Analysis and Assessment Subcommittee and the Subcommittee for Exclusionary Measures Against Anti-social Element, which are subcommittees under the Compliance Committee.

■ Compliance Practices within the Bank

The Bank's compliance framework at branches and divisions is based on the combined efforts of each and every employee, primarily centered on the General Manager of each branch or division as the person responsible for compliance, together with a person in charge of compliance and a compliance leader. Directly appointed by the General Manager of the Compliance Division, persons in charge of compliance oversee all compliance-related matters at their branches or divisions. They are expected to keep track of day-to-day compliance activities by using checklists to handle requests for advice or questions from other members of staff, to organize branch or divisional training and educational programs, and to liaise with, report to, and handle requests to the Compliance Division.

Since July 2017, the Headquarters Compliance Officers appointed in the Food & Agri Banking Business, the Retail Banking Business and Global Investments have been responsible for supporting each headquarters' operations from the aspect of compliance.

The Compliance Division, supervising overall compliance activities, acts as the secretariat for the Compliance Committee. It strives to strengthen the Bank's compliance framework by conducting compliance reviews, responding to requests from branches and divisions for compliance-related advice, and conducting compliance monitoring, which includes visiting branches and divisions to verify their compliance practices directly while providing guidance.

The Compliance Division has also installed a Compliance Hotline to enable employees to report on compliance issues to the Compliance Division or outside legal counsel by telephone or email.

The Compliance Division supervises compliance activities in the area of customer protection as well, and ensures that branches and divisions are practicing compliance while collaborating with other related divisions.

■ Compliance Program

Each fiscal year, the Bank institutes a Compliance Program incorporating its management frameworks for compliance, customer protection and information security, as well as promotion of initiatives, education and training plans for them. The Compliance Division implements the Compliance Program and monitors its progress to further reinforce the Bank's compliance framework.

■ Cooperation with Group Companies

The Bank is taking steps to strengthen its group's compliance systems by promoting a common awareness of compliance issues discussed at regular meetings with compliance divisions at its group companies.

■ Enhancing Disclosure

To improve and strengthen its disclosure initiatives, the Bank formed the Information Disclosure Committee in fiscal 2006 to discuss the appropriateness of its information disclosure initiatives.

■ Measures to Prevent Money Laundering

The Bank has established policies to prevent money laundering and is strengthening preventive measures in this area as part of an international cooperative effort.

■ Measures to Combat Bank Transfer Fraud

To help victims of bank transfer fraud and similar crimes, the Bank has established procedures based on the Law Concerning Remedies to Remittance Solicitation Fraud, and is taking steps to prevent such fraud.

■ Measures to Eliminate Anti-Social Elements

Under the Code of Ethics, the Bank takes a strong and resolute stance against anti-social elements that pose a threat to social order and security, and in order to block all relationships with such anti-social elements, the Bank has established a systematic exclusionary system, in line with the following basic principles, and strives to ensure sound management.

(1) Response as an organization

The Bank has established the foundation of express provisions under the Code of Ethics, and will respond as an entire organization, from the top management downward, and not simply leave it to the personnel or department in charge.

In addition, the Bank will guarantee the safety of employees who would respond to the unjustified demands from anti-social elements.

(2) Cooperation with outside agencies

In preparation for unjustified demands from anti-social elements, the Bank endeavors to establish continuing cooperation outside agencies such as the police, the National Centers for the Elimination of Boryokudan.

(3) Blocking of relationships including business transactions

The Bank shall block all relationships with anti-social elements including business relationships. In addition, unjustified demands from anti-social elements will be rejected.

(4) Civil and criminal legal responses in times of emergency

The Bank shall reject unjustified demands from anti-social elements and take legal action, if necessary, on both a civil and criminal basis.

(5) Prohibition of secret deals and provision of funds

Even in cases where the unjustified demands from anti-social elements are based on misconduct related to business activity or involving an employee, the Bank will absolutely not engage in secret deals. Furthermore, the Bank shall absolutely not provide funds to anti-social elements.

Disclosure Policy

As the national-level financial institution for Japan's agricultural, fishery and forestry cooperatives, the Bank places fulfillment of its basic mission and social responsibilities and management of its business to high standards of transparency by focusing on information disclosure and accountability as its key management priority. Accordingly, the Bank strives for appropriate information disclosure by complying with disclosure requirements under applicable foreign and domestic laws as well as securities and exchange laws.

Handling of Material Information

1. The Bank considers the following information material and subject to public disclosure:
   (i) Information subject to mandatory disclosure under applicable domestic and foreign laws as well as securities and exchange laws.
   (ii) Information not subject to mandatory disclosure as (i) above but may have a significant impact on investor decisions.

Methods of Disclosure

2. The Bank discloses information that is subject to mandatory disclosure under applicable domestic and foreign laws and securities and exchange laws using predefined disclosure procedures, such as the information distribution systems of domestic and foreign securities and stock exchanges. In addition, the Bank has taken steps to diversify its methods of information disclosure, for instance online disclosure.

Fairness of Disclosure

3. When disclosing the aforementioned information, the Bank observes the principle of fair disclosure so that information is disclosed timely and appropriately.

Disclosure of Forward-Looking Information

4. The Bank discloses information containing future forecasts to enable capital market participants to accurately assess its present condition, future outlook, debt repayment ability and other matters. This forward-looking information is based on estimates from information available at the time the forecasts were prepared, and contains elements of risk and uncertainty. For this reason, actual results may differ substantially from the forecasts because of changes in economic and business conditions affecting the Bank's operations.

Enhancement of Internal Systems

5. To disclose information in line with its Disclosure Policy, the Bank strives to upgrade and expand necessary internal systems.

Policy Regarding Market Rumors

6. The Bank's basic policy is to not comment on rumors once it is clear that the source of the rumors did not originate from within the Bank. However, when the Bank decides that the rumors could have a major impact on capital markets, or when stock exchanges or other parties demand an explanation, the Bank may comment on such rumors at its own discretion.

Information Security Initiatives

Importance of Information Security

Because of the rapid progress and evolution of information technology, appropriate protection and management of information assets (information and information systems) have become extremely important management issues.

In transactions with customers, the Bank is in the position of receiving information from them and it also retains a wide variety of information, which it uses in its various businesses. On the other hand, as information technology has progressed, the speed of communication has rapidly changed. At the same time, the environment where information is handled and the purpose of its use have become much more diverse. Therefore, because the Bank places great emphasis on information security, it is further tightening its security-related measures.

Control Structure

The Bank works systematically to enhance its information security, centered on the Compliance Division with overall responsibility for information security planning, promotion and progress management. It appoints personnel responsible for information security (division, branch and office managers) and staff to be in charge of information security in each division and branch.

The Bank's Compliance Committee discusses basic issues concerning the Bank's information security, and from the perspective of leakage of information, it is discussed at Operational Risk Management Committee.

Protection of Personal Information

As a Personal Information Handling Business Operator and Person in Charge of a Process Related to an Individual Number, the Bank has created a required framework to facilitate the proper handling of Personal Information and Individual Number. As part of these activities, the Bank educates and trains employees to ensure that the information is properly handled and managed efficiently.

In addition, the Bank is working to speed up its response to complaints and inquiries regarding the handling of Personal Information. When necessary, it reviews and improves its measures for handling Personal Information and information security management.

Personal Information Protection Declaration (Excerpt)

Collection of Personal Information, etc.
Personal Information is collected to the extent needed for business by lawful and just means.

Purpose of Use of Personal Information, etc.
Collected Personal Information, etc. is used to the extent needed in accordance with the purpose of use of the Personal Information and the purpose of use of the Individual Number.

Provision of Personal Data (Excluding Individual Number) to Third Parties
Personal data (excluding Individual Number) shall never be provided to third parties without obtaining the prior consent of the user, except in special cases.

Provision of Individual Number to Third Parties
Individual Number shall never be provided to third parties, except in special cases.

Handling of Sensitive Information
Sensitive information shall never be collected, used or provided to third parties, except in special cases.

Provision of Security Management Measures of Personal Data
The Bank takes steps to securely manage personal data. The Bank conducts necessary and appropriate supervision of its employees and contractors.

Outsourcing the Handling of Personal Information
Part of the clerical work related to the handling of personal data is outsourced.

Disclosure, Revision, Suspension of Use, etc. of Personal Data
The Bank will disclose, revise and suspend the use of personal data in its possession based on the Private Information Protection Law.

Inquiries to the Bank
The Bank responds to complaints and inquiries regarding the handling of Personal Information swiftly and in good faith.

Cultivating High-Quality Human Resources and Improving Organizational Vibrancy

■ Basic Policy

The Bank has established a Basic Policy on Human Resource Management and strives to cultivate high-quality human resources and improve organizational vibrancy towards becoming a leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities.

Basic Policy on Human Resource Management

Future Vision

- Cultivating high-quality human resources and improving organizational vibrancy who can play a role in leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities

Basic Policy

- Develop human resources capable of demonstrating their strengths of their own accord and taking on challenges boldly from the viewpoint of cooperatives and from a global perspective, with a sense of mission to support the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities.
- Based on the principle that each and every employee represents the Bank's biggest assets, we improve organizational vibrancy by enhancing employee motivation and attempting to upgrade and expand work environment that value mutual collaboration

In line with this basic policy, our effort is focused on the planning and management of personnel systems including performance and competency assessment systems and personnel development. Goals are set during interviews between superiors and their subordinates, their achievements are validated, and employee competency demonstrated in various work-related situations is reviewed. Through repetition of this process, the Bank promotes employee awareness and efforts to contribute to the Bank's performance and develop competency while also supporting it through extensive training options.

For the development of employees' careers, the Bank deploys and assigns personnel based on the competency, aptitude and career perspective of each person, and supports self-fulfillment through work, by adopting the Career Challenge Program (a job transfer application system) and the Career Change Program. In addition, the Bank is aggressively recruiting and employing highly-competitive external human resources.

Furthermore, we are promoting our initiative to control long working hours and promote flexible workstyles, and taking steps to improve health management and benefit programs for employees so that they can work in a state of good health and with peace of mind. In health management, not only does it provide periodic health examinations, the Bank conducts activities that lead to a healthier life and holds mental health counseling sessions with a medical specialist. The Bank is also focused on improving the work environment such that employees can devote themselves to business operations by providing stronger child-raising and nursing-care support and establishing a system of obtaining legal advice from a lawyer.

■ Human Resource Initiatives

With the goal of training core personnel in each headquarters, the Bank is actively providing opportunities for them to develop their skills in order to support the self-motivated efforts of each and every employee. In addition to subsidy programs for correspondence courses, certification exams, foreign language study and sending employees to overseas study and cross-industry seminars, the Bank holds after-work training based on required subjects in each business field. The Bank holds after-work training and group study, etc., by years of service or by rank.

In addition to the three-week entry training, new employees are sent to JA on-site training, on-site training at agricultural corporations and overseas language training so that they can have diverse experience in Japan and overseas. The Bank also provides on-the-job training and conducts a mentoring system for each new employee.

For young, mid-career employees along with management-level employees, we are helping them develop their careers leading to further growth through such measures as sending them on loan to JA and JA Shinnoren. We are also deepening employee understanding of the Bank's basic mission by holding workshops led by specialists in the cooperative system and the agriculture, fishery and forestry industries to develop human resources who can play a role as employees of the cooperative system.

To raise the management capabilities of management-level employees, we offer programs to send employees to study at European and U.S. business schools to develop management skills, as well as personal coaching to help managers to implement the Bank's management plan.

Entry training for new employees

Principal Human Resource Programs

Group Training

- Career development training: Foster an awareness of career development by taking an inventory of employee abilities and through self-analysis
- Management training: Acquire and improve knowledge and business skills needed for management, including leadership, junior staff development, vision making and work efficiency
- Managerial development training: Acquire and improve knowledge required for organizational management, division and branch management, etc.
- The Bank Business School: Improve and deepen understanding of basic business management theory and consulting abilities, and build cross-departmental networks

Personal Development Support

- Financial support for correspondence courses, gaining certifications outside the Bank and foreign language training: Support for employee self-directed career development by partially subsidizing various studies

Outside Studies

- Graduate School of Business (managers program): Acquire advanced management skills at domestic and overseas universities
- Overseas study: Acquire specialized knowledge and global viewpoint through attendance at an MBA or LL.M program
- Overseas branch trainee system: Develop a global perspective in less-experienced staff by posting them at overseas branches
- Exchange personnel and acquire specialized knowledge by sending staff to cross-industry training, management companies, JA and JA Shinnoren

New Employee Training

- Workplace training system for new employees, instructor training, mentorship system
- Entry training, on-site training at JA, on-site training at agricultural corporations and overseas language training

Other

- After-work training
- Lectures by specialists from cooperatives, fostering of awareness as employees of the cooperative system through staff workshops
- Business English language lessons
- e-Learning

■ Respect for Human Rights and Diversity

The Bank respects diversity and works to raise awareness regarding human rights issues throughout the Group, aiming to create a work environment where all directors and employees can participate actively.

Toward the establishment of a highly-transparent corporate culture that respects individual characteristics and creativeness/ingenuity, the Bank formulated a human rights-related educational and enlightenment policy, based on which the Bank strives to deepen the proper understanding of directors and employees about human rights issues by conducting human rights training for all directors and employees every year. Furthermore, to prevent harassment in the workplace, we are taking various measures such as appointing personnel in charge and responsible for human rights and setting up an outside consultation hotline.

Business Outline

Initiatives Supporting the Raising of Next-Generation Children and Promoting the Active Participation of Women

The Bank received the Kurumin Certification for Childcare Support Company for its efforts to realize a work-life balance and support for balancing work with childrearing such as providing maternity leave before and after childbirth, a support program for employees who take childbirth and childcare leave, and a shortened working hour program for childcare. In addition, we are encouraging male employees to take childcare leave. In addition to these measures and our efforts to increase the rate of women among new graduate hires, we are helping to build a network among female employees by holding "Women Employee Career Forums."

Women Employee Career Forum

Initiatives for Hiring Handicapped People

In alliance with Group companies, the Bank established a new company, Norinchukin Business Assist Co., Ltd., to expand the employment of handicapped people. The Bank is striving to make a workplace where handicapped people can engage in business duties with high morale and feel secure and rewarded.

FINANCING, etc

As the main bank for the agriculture, fishery and forestry industries, the Bank has created a unique cooperative financing program, aimed at providing support not only from the aspect of financial support, but also from a business operations perspective to turn the agriculture, fishery and forestry industries into growth industries and to support customers' growth and development.

Although cooperative organizations (JA, JF, JForest and related federations) are taking a leading role in these initiatives as financial contact points for leaders in the agriculture, fishery and forestry industries, the Bank is focused on providing financial support, etc., to large-scale leaders, cooperative organizations, etc. This financing for agricultural, fisheries and forestry industries has been positioned as the Bank's core business since its establishment.

In addition, the Bank's financing covers a wide range of industries, including not only those directly involved in the agriculture, fishery and forestry industries such as the food industry where agricultural, fishery and forestry products are processed; the pulp and paper industries; the chemical and machinery industries that produce production materials for primary industries; and the trading, supermarket and restaurant industries that distribute primary industry products, but also customers in other fields, including the leasing, credit, IT, telecommunications, real estate and service industries.

Furthermore, the Bank actively responds to customers requiring funding for M&A utilizing its abundant funds in yen, and for customers entering the overseas market, the Bank leverages its foreign currency funding ability, through cooperation among its overseas branches located in New York, London and Singapore and branches in Japan.

Leveraging its deep relationships with leaders in the agriculture, fishery and forestry industries, long-term transactions with the business community and its domestic and overseas networks, the Bank offers various solutions to expand sales, add higher value, reduce production costs, and revitalize diverse regions and local communities.

SECURITIES INVESTMENT

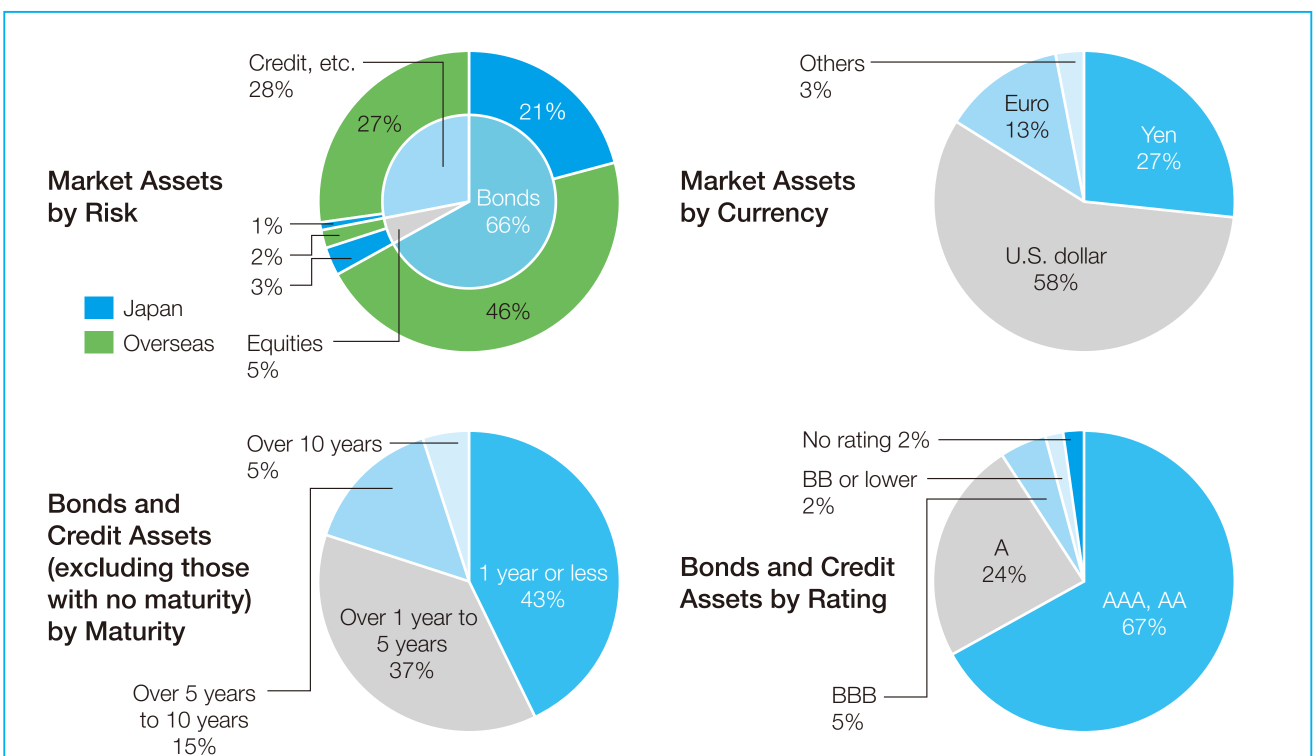
■ The Bank's Basic Asset Management Approach

The Bank is one of the largest financial institutions in Japan and, at the same time, it is one of Japan's leading institutional investors. Assets invested in the market by the Bank amount to approximately ¥70.0 trillion, which accounts for a major portion of the Bank's total assets under management. The Bank invests in securities under the basic concept of "globally diversified investment." The goal of this approach is to achieve stable return in the medium- to long-term by investing in assets with diversified risk-return characteristics while minimizing risks encountered each fiscal year in situations such as rising interest rates and declining stock prices. The Bank conducts a multifaceted analysis based on geographical location (Japan, the United States, Europe, and other countries and regions) and asset class (bonds, equities, credit assets and alternative investments), and then flexibly reviews its allocation of assets depending on changes in market conditions. In pursuit of investment returns, the Bank uses external investment companies. The Bank carefully reviews the investment processes, compliance systems, management philosophy and strategies, asset management records, and other matters of external investment companies under consideration. After selection, the Bank closely monitors their performance from both quantitative and qualitative perspectives. This allows the Bank to systematically examine their performance on a continuing basis to decide whether or not to continue business relationship.

■ Investment Approach by Asset Type

Bonds account for a major portion of the Bank's assets due to their risk-return characteristics and other attributes, and are the Bank's core investment tool. When making investment decisions, the Bank gives full attention not only to interest rate risk but also to credit and liquidity risks. The Bank has built up an efficient bond portfolio through investments in various types of bonds, including Japanese government bonds, government agency bonds, mortgage-backed bonds and foreign corporate bonds.

Breakdown of Investment Assets (As of March 31, 2017)



In selecting equity investments, the Bank considers risk-return characteristics and correlations with other asset classes to manage its portfolio with a long-term view. While the Bank's strategy for equity investments focuses on passive investing linked to various stock indices, the Bank complements this strategy with active investing aimed at generating returns beyond those obtained from the index-linked passive approach through diversified domestic and foreign stock investments.

In credit and alternative investments, the Bank selects low-risk assets based on global credit cycle analysis, risk-return profile in various investment asset classes, and the analysis of correlations with conventional assets (bonds and stocks).

In managing foreign currency assets, the Bank takes steps to limit foreign exchange risk in most of these investments by employing various tools, such as foreign currency funding.

■ Market Asset Management System

Major decisions related to the Bank's market investment portfolio are reached systematically by the Portfolio Management Committee, both of which are composed of the management and general managers of relevant divisions. Moreover, in sections engaging in market transactions, the Bank has created a mutual checking system among the front office (for execution of transactions), middle office (for monitoring) and back office (for processing and settlement) that operate independently from each other.

The front office executes transactions based on policies drawn up at Portfolio Management Committee. The committee also focuses on optimizing transaction efficiency, the constant and careful monitoring of market trends, developing proposals for new transaction plans, and other activities. To put the Bank's concept of globally diversified investment into practice, the front office sections create more efficient and effective management systems wherein domestic and international investments are integrated within bonds, equities and other investment instrument categories.

The middle office sections are responsible for checking the appropriateness of front office sections' execution, as well as measuring risk volumes utilizing stress tests and other methods.

■ Short-Term Money Market Transactions

In its role as the national-level financial institution for Japan's agricultural, fishery and forestry cooperatives, the Bank exercises efficient control over its available cash, principally surplus funds from the cooperatives, and manages these funds in the domestic money market. The Bank is a leading and active participant in Japan's short-term money market. In addition, as a leading institutional investor, the Bank makes diversified investments in international capital markets and actively uses foreign currency markets to fund these investments. Proper liquidity risk management is a prerequisite for the Bank's business continuity and stable management of its portfolio.

Accordingly, the Bank monitors its cash flow and that of the cooperative banking system, as well as domestic and international market trends. In Japan, the Bank is an active participant in the interbank market and other markets such as the repo market. The Bank assumes a leadership position in these markets and also plays a major role in expanding market functions. Through its participation in the Research Committee for Revitalization of Short-Term Money Market and other organizations, the Bank also contributes to improving market practices. In foreign currency funding markets, backed by its high credit standing, the Bank conducts stable and efficient transactions, such as foreign currency funding transactions for globally diversified investment. Foreign currency funding utilizing various funding tools is managed in unison among teams in the Bank's head office and its three overseas branches in New York, London and Singapore.

Additionally, the Bank exercises exacting control over settlement and liquidity risks while simultaneously providing settlement functions at the Bank of Japan on behalf of cooperative organizations. For foreign currency settlement, through its participation in the CLS System (multi-currency cash settlement system), the Bank is managing settlements in U.S. dollars, euros and other major currencies.

■ Foreign Exchange Transactions

As a market participant representing the cooperative banking system, the Bank has formed an efficient and highly skilled dealing team with the primary aim of responding to the needs of its customers, including cooperative organizations and companies related to the agriculture, fishery and forestry industries.

■ Trading Services

The Bank trades in financial derivatives and various other financial products in order to meet the needs of its customers. It also strives to improve dealing profitability from its various financial products through arbitrage transactions, options and a range of other techniques.

DEPOSIT SERVICES

■ Features of the Bank's Deposits

Deposits from member cooperatives comprise the majority of the Bank's deposits. Other deposits consist primarily of those from companies involved in the agriculture, fishery and forestry industries and nonprofit organizations, such as local public bodies. This is due to the Bank's role as the national-level cooperative financial institution for the agriculture, fishery and forestry industries.

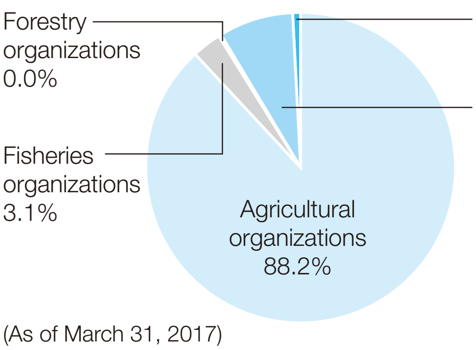
● Deposits from JA Bank and JF Marine Bank Members

Savings deposited with JA and JF by their individual members and local customers are used to finance individual members, local customers, companies, local public bodies and other such organizations. Surplus funds are then deposited with JA Shinnoren (Prefectural Banking Federations of Agricultural Cooperatives) or JF Shingyoren (Prefectural Banking Federations of Fishery Cooperatives) at the prefectural level. These funds, in turn, are used by JA Shinnoren or JF Shingyoren to finance agricultural and fisheries organizations, companies involved in the agricultural and fisheries industries, local public bodies and other such organizations. Surplus funds are then deposited with the Bank.

In its capacity as the national-level cooperative banking institution in the cooperative banking system, the Bank is responsible for centrally managing funds steadily deposited in this manner.

To enable individual members and local customers to deposit their valued savings with a sense of security, JA, JF, JA Shinnoren, JF Shingyoren and the Bank are protected under the Agricultural and Fishery Cooperative Savings Insurance System, a public system that insures deposits.

Balance of Deposits with the Bank



(As of March 31, 2017)
*Excludes negotiable certificates of deposit

Total: ¥61,904.2 billion

NORINCHUKIN BANK DEBENTURES

In accordance with the Norinchukin Bank Law, the Bank is authorized to issue Norinchukin Bank Debentures as a source of funding. The Bank regularly issues two types of debentures: the Ritsuki Norinsai, primarily issued to institutional investors as a five-year investment product, and the Zaikeisai, issued as a savings product.

The balance of issued and outstanding debentures as of March 31, 2017 totaled ¥2,423.8 billion. The funds raised through the issuance of Norinchukin Bank Debentures have been used for purposes that include financing for the agriculture, fishery and forestry industries as well as for companies related to these industries.

SETTLEMENT SERVICES

Cooperative financial institutions, comprising JA, JA Shinnoren, JF, JF Shingyoren and the Bank, have one of the largest networks among private financial institutions in Japan, with approximately 8,100 branches (as of March 31, 2017). At the heart of this network is the Cooperative Settlement Data Transmission System, which is operated jointly by the cooperative financial institutions.

■ Domestic Exchange Business Leveraging Special Characteristics of Cooperatives

As the national-level financial institution for Japan's agricultural, fishery and forestry cooperatives, the Bank has focused on expanding and upgrading settlement services for all relevant cooperatives. Domestic exchange business plays an important role in the settlement of proceeds from the sale of agricultural, fishery and forestry products that connect points of consumption and production. Leveraging the special characteristics of the cooperatives with their extensive nationwide network, the Bank conducts domestic exchange transactions with banks that are members of the national bank domestic exchange system through the Interbank Online Data Telecommunication System in Japan (Zengin System).

■ Cash Dispenser and ATM Network

Through the JA Online Savings Service and the JF Online Savings Service, cooperative banking institutions are developing a nationwide network of ATM machines and cash dispensers. In addition, as a member of the Multi-Integrated Cash Service (MICS) network, a cross-sector online alliance service of cash dispenser and ATM operators, the cooperative banking institutions are part of an alliance of seven private sector banks (city banks, regional banks, trust banks, second-tier regional banks, shinkin banks, credit associations and labor banks). This enables savings withdrawals and balance inquiries at cash dispensers and ATMs, not only at the cooperative banking institutions, but also at most other financial institutions throughout Japan.

■ Direct Deposit and Fund Transfer Services

Massive volumes of various data related, for instance, to direct deposit of salary and pension and direct transfer of utility payments are swiftly processed in cooperation with the Cooperative Data Transmission System and unified IT infrastructure platforms for JA and JF. By connecting to the Zengin System, the Bank receives data on the direct deposits of salary and other information from other financial institutions.

Networks with Customers in Japan and Overseas

The Bank has formed a network for customer transactions placing the Cooperative Data Transmission System and the Norinchukin Online Banking System at its core. It also offers a diversified range of sophisticated services, such as remittance services through the "firm banking" system for cooperative banking customers, and uses the Society for Worldwide Interbank Financial Telecommunication (SWIFT) settlement system for transactions between the Bank's head office or overseas branches and overseas financial institutions.

Number of Branches, Cash Dispensers and ATMs

(As of March 31, 2017)

	Number of cooperative members*	Number of branches*	Number of cash dispensers and ATMs
Norinchukin Bank	1	20	0
JA Shinnoren	32	49	731
JA	655	7,805	11,298
JF Shingyoren	29	112	302
JF	80	130	135
Total	797	8,116	12,466

*Number of cooperative members and branches that handle domestic exchange operations

HEAD OFFICE AND BRANCH OPERATIONS (DOMESTIC AND OVERSEAS)

● The Bank's Domestic Offices

The Bank's domestic offices are comprised of its head office and 19 branches located throughout Japan (as of March 31, 2017).

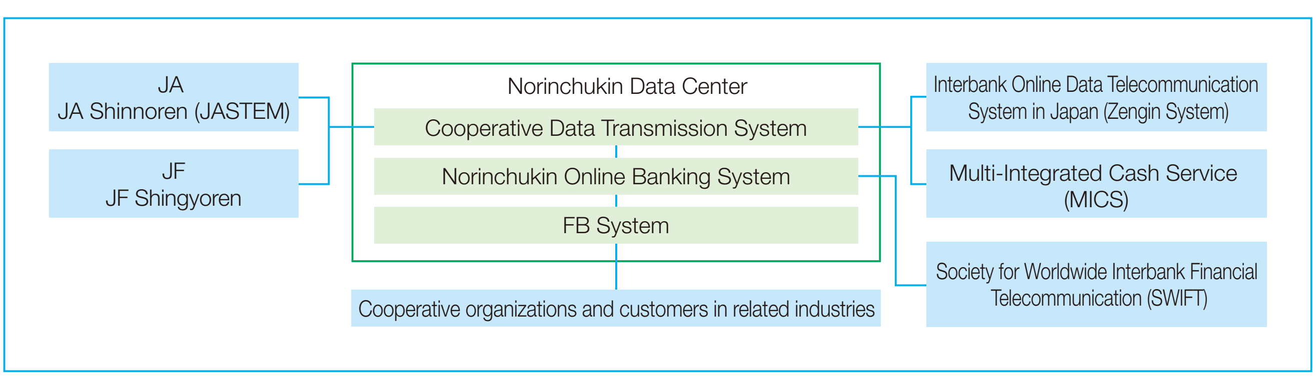
The principal business roles of domestic branches are to: (1) receive deposits from cooperative members, (2) extend loans to agricultural, fishery and forestry sectors including individuals and corporations related to these sectors as well as public sectors in each region, and (3) conduct business related to the JA Bank System and the JF Marine Bank System.

● The Bank's Overseas Branches and Representative Offices

To respond appropriately to changes in the global financial markets, the Bank operates business in the major financial centers around the globe, and is expanding and enhancing its financial capability.

In addition to branches in New York, London and Singapore, the Bank has representative offices in Beijing and Hong Kong.

Networks with Customers in Japan and Overseas



The Norinchukin Group Companies (As of March 31, 2017)

The Bank, in line with its overall strategy for the cooperative banking business, works together with its group companies engaging in a wide range of business activities related to the Bank.

■ Trust and Banking Company

The Norinchukin Trust & Banking Co., Ltd.

The Norinchukin Trust & Banking Co., Ltd. plays the following basic roles by providing: (1) trust products and services to individual members of cooperatives such as JA and local communities, leveraging the network of the agricultural, fishery and forestry cooperatives, (2) asset investment and management products to organizations connected to the Bank and its group companies, and (3) financing and fund management tools for customers including corporations and pension funds that leverage its trust services. Assets under management and administration by this company exceed ¥12.0 trillion. The Norinchukin Trust & Banking also focuses on asset management for individual members of JA, offering inheritance trust services.

Established	August 17, 1995
Location	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan
Representative	Kazumi Torii, President
Number of directors and employees	145

■ Companies that Conduct Project Financing Operations

Norinchukin Australia Pty Limited

Norinchukin Australia Pty Limited conducts project financing operations in Australia and New Zealand: scheduled to start operation in August 2017.

Established	February 8, 2017
Location	Level 29, 126 Phillip Street, Sydney, NSW2000, Australia

■ Companies that Support the Organizational Base of the Cooperative Banking Business

Norinchukin Research Institute Co., Ltd.

http://www.nochuri.co.jp/english/index.html

Norinchukin Research Institute Co., Ltd. is the think tank of cooperative financial institutions and supports the cooperative banking business through its survey and research activities. The scope of its activities includes (1) performing medium- to long-term research for the agriculture, fishery and forestry industries and on environmental issues, (2) practical research on agricultural, fishery and forestry cooperatives, (3) providing economic and financial information to cooperative organizations and customers, and (4) research that contributes to recovery from the Great East Japan Earthquake. The Institute's periodicals and research including The NORIN KINYU, Monthly Review of Agriculture, Forestry and Fishery Finance and the Kinyu Shijo (Financial Markets) can be viewed on its website.

Established	March 25, 1986
Location	27-11, Sendagaya 5-chome, Shibuya-ku, Tokyo 151-0051, Japan
Representative	Shinichi Saitoh, President
Number of directors and employees	77

Norinchukin Academy Co., Ltd.

Norinchukin Academy Co., Ltd., as a training specialist for cooperative members, is involved in training directors and employees engaging in banking business by conducting group trainings, correspondence courses, certification exams, dispatching lecturers, and publishing training materials. In fiscal 2015, approximately 13,000 and 18,000 employees took correspondence courses and certification exams, respectively.

Established	May 25, 1981
Location	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006, Japan
Representative	Nobuo Igarashi, President & CEO
Number of directors and employees	49

■ Investment Advisory Firm

Norinchukin Value Investments Co., Ltd.

https://www.nvic.co.jp

Norinchukin Value Investments Co., Ltd. is an investment advisory firm founded by the Norinchukin Bank and Norinchukin Trust & Banking Co., Ltd., and it provides investment advisory services with the concept of "long-term concentrated portfolio" where the firm makes investment advices, with respect to companies which are capable of generating sustainable cash flow in a long time horizon, on back of the increasing needs from institutional investors.

Established	October 2, 2014
Location	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan
Representative	Kazuto Oku, President
Number of directors and employees	17

■ Companies that Complement the Business Base of the Cooperative Banking Business

Kyodo Housing Loan Co., Ltd.

Kyodo Housing Loan Co., Ltd. provides mortgages in partnership with more than 400 companies in the fields of housing and real estate sales, housing manufacturing and other related areas, in addition to providing guarantee services for JA Bank and JF Marine Bank's mortgages. The company also handles Flat 35 mortgages in alliance with the Japan Housing Finance Agency.

Established	August 10, 1979
Location	15-3, Chuocho 1-chome, Meguro-ku, Tokyo 152-0001, Japan
Representative	Hideaki Iida, Managing Director
Number of directors and employees	156

Norinchukin Zenkyoren Asset Management Co., Ltd.

Norinchukin Zenkyoren Asset Management Co., Ltd. responds to the asset management needs of a range of financial institutions and institutional investors, including cooperative members, through development and offering of investment funds. It is one of Japan's top originators of funds sold through private offering. This company also offers main investment trust products sold at branches and offices of cooperative banking institutions.

Established	September 28, 1993
Location	7-9, Hirakawacho 2-chome, Chiyoda-ku, Tokyo 102-0093, Japan
Representative	Kazuo Yoshida, Chairman & CEO
Number of directors and employees	133

The Cooperative Servicing Co., Ltd.

The Cooperative Servicing Co., Ltd. is a Ministry of Justice-approved debt collection company that manages and collects non-performing loans held by cooperative members. It also seeks early repayment of delinquent loans.

Established	April 11, 2001
Location	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan
Representative	Hiroyuki Harada, President & CEO
Number of directors and employees	68

JA MITSUI LEASING, LTD.

www.jamitsuilease.co.jp/en/

JA MITSUI LEASING, LTD. is a general leasing company that responds to the increasingly diverse and sophisticated financial needs of customers. It plays a key role in providing lease-related services to cooperative members and people engaged in the agriculture, fishery and forestry industries.

Established	April 1, 2008
Location	13-1, Ginza 8-chome, Chuo-ku, Tokyo 104-0061, Japan
Representative	Shuzo Furuya, President & CEO
Number of directors and employees	1,001

The Agribusiness Investment & Consultation Co., Ltd.

The Agribusiness Investment & Consultation Co., Ltd. incorporated in accordance with the Act on Special Measures concerning Facilitation of Investment to Agricultural Corporations, invests in agricultural corporations nationwide and in companies involved in processing and distribution of agricultural products in order to help secure the financial stability and growth of agricultural leaders of tomorrow.

Established	October 24, 2002
Location	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan
Representative	Teruo Uto, Operating Officer
Number of directors and employees	16

Mitsubishi UFJ NICOS Co., Ltd.

Mitsubishi UFJ NICOS Co., Ltd. is a leading Japanese credit card company. It issues JA Cards, cash-and-credit cards for JA, and arranges guarantees for JA Bank loans. There are currently about 1.98 million JA Card members.

Established	June 7, 1951
Location	14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo 101-8960, Japan
Representative	Haruo Inoue, President
Number of directors and employees	3,451

■ Companies Working to Rationalize and Streamline the Cooperative Banking Business

Nochu Business Support Co., Ltd.

Nochu Business Support Co., Ltd. is entrusted with the administrative work of the Bank and its group companies to meet their outsourcing needs. For instance, the Bank's Operations Center entrusts its work to the company.

Established	August 18, 1998
Location	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan
Representative	Hideo Gamou, President & CEO
Number of directors and employees	144

Norinchukin Business Assist Co., Ltd.

Norinchukin Business Assist Co., Ltd., is entrusted with administrative work related to the financing of the Bank and its group companies.

Established	December 1, 2016
Location	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006, Japan
Representative	Yuji Hayama, President and CEO
Number of directors and employees	23

Norinchukin Facilities Co., Ltd.

Norinchukin Facilities Co., Ltd. is entrusted with facilities-related work such as cleaning and security as well as food service operation at Bank-owned facilities.

Established	August 6, 1956
Location	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006, Japan
Representative	Kohei Taneda, President & CEO
Number of directors and employees	269

Nochu Information System Co., Ltd.

Nochu Information System Co., Ltd. is entrusted with the development and operation of the Bank's various computer systems, including the core banking system. It also plays a major role in the Bank's IT strategy. The company is responsible for all developmental and operational aspects of the nationwide JASTEM System, JA Bank's key computer system (a large retail system, which administers approximately 44 million accounts and 12,000 ATMs).

Established	May 29, 1981
Location	2-3, Toyosu 3-chome, Koto-ku, Tokyo 135-0061, Japan
Representative	Shoji Yukimoto, President & CEO
Number of directors and employees	582

■ Others

Ant Capital Partners Co., Ltd.

www.antcapital.jp/english/

Ant Capital Partners Co., Ltd. invests in and manages private equity funds.

Established	October 23, 2000
Location	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan
Representative	Ryosuke Iinuma, President and CEO
Number of directors and employees	49

Investment Limited Partnership for Renewable Energy in Agriculture, Forestry, and Fisheries

Investment Limited Partnership for Renewable Energy in Agriculture, Forestry, and Fisheries is a limited liability partnership for investment that, in the spirit of the Act on the Promotion of Renewable Energy in Rural Areas, invests in those renewable energy projects engaged in rural communities and hilly and mountainous areas that contribute to the revitalization of local communities and for which stable and management is expected.

Established	April 30, 2014
Location	13-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-8420, Japan

Norinchukin Finance (Cayman) Limited

Norinchukin Finance (Cayman) Limited is a special purpose company incorporated outside Japan for the purpose of raising capital for the Bank.

Established	August 30, 2006
Location	PO Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands

JAML MRC Holding, Inc.

JAML MRC Holding, Inc., invests in Mitsui Rail Capital, LLC, which conducts a railcar leasing business in North America.

Established	March 6, 2015
Location	286 Madison Ave., Suite 301, New York, NY 10017

Gulf Japan Food Fund GP

Gulf Japan Food Fund GP invests in and manages private equity fund aimed at expanding exports of Japanese agricultural and livestock products to six Gulf states in the Middle East.

Established	July 29, 2015
Location	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

Financial Review

■ Financial Results for the fiscal year ended March 31, 2017 (Consolidated)

The Norinchukin Bank's ("the Bank") financial results on a consolidated basis as of March 31, 2017 include the results of 12 consolidated subsidiaries and 8 affiliates which are accounted for by the equity method.

The following is a summary of Financial Results for the fiscal year 2016 (for the fiscal year ended March 31, 2017).

• Balance of Assets and Liabilities

Consolidated Total Assets increased by ¥5,879.8 billion from the previous fiscal year-end to ¥107,062.7 billion, and consolidated Total Net Assets decreased by ¥177.9 billion from the previous fiscal year-end to ¥7,008.8 billion.

On the assets side, Loans and Bills Discounted decreased by ¥5,963.8 billion to ¥12,058.2 billion, and Securities increased by ¥3,772.6 billion to ¥62,079.0 billion from the previous fiscal year-end, respectively.

On the liabilities side, Deposits increased by ¥3,062.8 billion to ¥61,886.1 billion, and Debentures decreased by ¥709.2 billion to ¥2,412.8 billion from the previous fiscal year-end, respectively.

• Income

Consolidated Ordinary Profits* were ¥214.0 billion, down ¥110.8 billion from the previous fiscal year, and Profit Attributable to Owners of Parent was ¥206.1 billion, down ¥65.1 billion from the previous fiscal year.

* Ordinary Profits represent Ordinary Income less Ordinary Expenses. Ordinary Income represents Total Income less certain special income, and Ordinary Expenses represent Total Expenses less certain special expenses.

• Capital Adequacy Ratio

The Bank's Consolidated Capital Adequacy Ratios (Basel III standard) were as follows: Consolidated Common Equity Tier 1 Capital Ratio 19.31%, Consolidated Tier 1 Capital Ratio 19.34%, and Consolidated Total Capital Ratio 24.39% as of March 31, 2017.

Key Management Indicators (Consolidated)

(Billions of Yen/Millions of U.S. Dollars (Note 1))

	2013/3	2014/3	2015/3	2016/3	**2017/3**	**2017/3**
Total Income	¥ 995.5	¥ 1,086.9	¥ 1,360.0	¥ 1,287.9	**¥ 1,373.5**	**$ 12,244**
Total Expenses	893.6	899.8	847.0	964.4	**1,152.5**	**10,275**
Profit Attributable to Owners of Parent	119.8	155.7	411.3	271.2	**206.1**	**1,837**
Total Comprehensive Income	949.7	251.3	1,403.0	(98.1)	**(109.2)**	**(974)**
Total Net Assets	5,767.2	5,976.5	7,308.1	7,186.7	**7,008.8**	**62,483**
Total Assets	81,496.8	83,143.6	94,549.7	101,182.9	**107,062.7**	**954,468**
Capital Adequacy Ratio (BIS) (Note 2)						
Common Equity Tier 1 Capital Ratio (%)	16.01	17.43	17.17	18.94	**19.31**	**19.31**
Tier 1 Capital Ratio (%)	16.13	17.56	17.24	18.99	**19.34**	**19.34**
Total Capital Ratio (%)	23.56	25.24	24.19	25.07	**24.39**	**24.39**

Notes: 1. U.S. dollars have been converted at the rate of ¥112.17 to U.S. $1, the effective rate of exchange at March 31, 2017.
2. The calculation of the Bank's Consolidated BIS Capital Adequacy Ratio is based 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) issued in 2006.

■ Financial Results for the fiscal year ended March 31, 2017 (Non-consolidated)

• Balance of Assets and Liabilities

Total Assets of the Bank at the end of the fiscal year increased by ¥5,682.3 billion to ¥105,812.4 billion from the previous fiscal year-end. Total Net Assets at the end of the fiscal year decreased by ¥194.5 billion to ¥6,939.0 billion from the previous fiscal year-end.

On the assets side, Loans and Bills Discounted was ¥11,948.5 billion, and Securities was ¥62,108.2 billion.

On the liabilities side, Deposits amounted to ¥61,904.2 billion, and Debentures was ¥2,423.8 billion.

• Income

Interest income of the Bank for the fiscal year ended March 31, 2017 totaled to ¥274.3 billion, down ¥74.5 billion from the previous fiscal year.

The total credit costs were ¥2.7 billion in net losses mainly from the general provision of reverse for possible loan losses.

As for securities investments, net gains/losses on sales were net gains of ¥37.7 billion, up ¥18.0 billion from the previous fiscal year, and the expenses of provisions and impairments for price-decline of securities and other reasons were in minor net losses, increased by ¥1.1 billion from the previous fiscal year.

As a result, with all of the factors mentioned above, the Bank recorded ¥213.3 billion in Ordinary Profits, down ¥108.7 billion and ¥203.4 billion in Net Income, down ¥68.1 billion from the previous fiscal year, respectively. The Bank's net operating profits stood at ¥123.5 billion.

• Capital Adequacy Ratio

The Bank's Non-consolidated Capital Adequacy Ratios (Basel III standard) were as follows: Common Equity Tier 1 Capital Ratio 19.42%, Tier 1 Capital Ratio 19.47%, and Total Capital Ratio 24.60% as of March 31, 2017.

Key Management Indicators (Non-consolidated)

(Billions of Yen/Millions of U.S. Dollars (Note 1))

	2013/3	2014/3	2015/3	2016/3	**2017/3**	**2017/3**
Total Income	¥ 972.9	¥ 1,062.3	¥ 1,340.4	¥ 1,274.7	**¥ 1,360.3**	**$ 12,127**
Total Expenses	885.6	890.3	837.8	953.9	**1,139.9**	**10,162**
Net Income	106.8	143.1	404.5	271.5	**203.4**	**1,813**
Paid-in Capital	3,425.9	3,425.9	3,425.9	3,480.4	**3,480.4**	**31,028**
Total Net Assets	5,734.9	5,921.9	7,231.8	7,133.6	**6,939.0**	**61,861**
Total Assets	80,861.0	82,356.2	93,618.4	100,130.0	**105,812.4**	**943,322**
Deposits	47,456.4	49,731.1	53,486.1	58,838.5	**61,904.2**	**551,878**
Debentures	4,619.2	4,037.5	3,564.3	3,133.0	**2,423.8**	**21,608**
Loans and Bills Discounted	16,127.6	17,295.0	19,935.7	17,915.8	**11,948.5**	**106,521**
Securities	50,072.3	52,901.4	59,738.5	58,329.7	**62,108.2**	**553,697**
Capital Adequacy Ratio (BIS) (Note 2)						
Common Equity Tier 1 Capital Ratio (%)	15.98	17.43	17.18	19.02	**19.42**	**19.42**
Tier 1 Capital Ratio (%)	16.10	17.56	17.25	19.07	**19.47**	**19.47**
Total Capital Ratio (%)	23.77	25.47	24.36	25.29	**24.60**	**24.60**

Notes: 1. U.S. dollars have been converted at the rate of ¥112.17 to U.S. $1, the effective rate of exchange at March 31, 2017.
2. The calculation of the Bank's Non-Consolidated BIS Capital Adequacy Ratio is based 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) issued in 2006.

Consolidated Balance Sheet

The Norinchukin Bank and Subsidiaries
As of March 31, 2017

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2017	2016	**2017**
Assets			
Cash and Due from Banks (Notes 30, 32 and 33)	**¥ 22,939,086**	¥ 15,057,960	**$204,502**
Call Loans and Bills Bought (Note 32)	**146,220**	139,877	**1,303**
Receivables under Securities Borrowing Transactions	**1,173**	2,049,052	**10**
Monetary Claims Bought (Notes 32 and 33)	**257,888**	244,023	**2,299**
Trading Assets (Notes 3, 32 and 33)	**10,715**	14,284	**95**
Money Held in Trust (Notes 9, 32 and 34)	**6,983,612**	4,922,923	**62,259**
Securities (Notes 4, 9, 21, 32 and 33)	**62,079,090**	58,306,391	**553,437**
Loans and Bills Discounted (Notes 5, 9, 20 and 32)	**12,058,289**	18,022,160	**107,500**
Foreign Exchange Assets (Note 6)	**224,101**	237,332	**1,997**
Other Assets (Notes 7, 9 and 32)	**1,001,888**	1,037,001	**8,931**
Tangible Fixed Assets (Note 8)	**117,791**	108,304	**1,050**
Intangible Fixed Assets (Note 8)	**31,141**	20,362	**277**
Net Defined Benefit Asset (Note 17)	**45,596**	27,969	**406**
Deferred Tax Assets (Note 18)	**7,010**	1,999	**62**
Customers' Liabilities for Acceptances and Guarantees (Note 19)	**1,215,882**	1,087,130	**10,839**
Reserve for Possible Loan Losses (Note 32)	**(56,730)**	(93,854)	**(505)**
Reserve for Possible Investment Losses	**(10)**	—	**(0)**
Total Assets	**¥107,062,747**	¥101,182,920	**$954,468**
Liabilities and Net Assets			
Liabilities			
Deposits (Notes 10 and 32)	**¥ 61,886,185**	¥ 58,823,374	**$551,717**
Negotiable Certificates of Deposit (Note 32)	**3,689,270**	3,598,338	**32,889**
Debentures (Notes 11 and 32)	**2,412,824**	3,122,077	**21,510**
Bonds (Note 12)	**—**	50,000	**—**
Call Money and Bills Sold (Note 32)	**3,365**	4,276	**30**
Payables under Repurchase Agreements (Notes 9 and 32)	**19,645,010**	18,488,218	**175,136**
Payables under Securities Lending Transactions (Note 9)	**1,013**	903,887	**9**
Trading Liabilities (Notes 13 and 32)	**6,150**	8,476	**54**
Borrowed Money (Notes 9, 14 and 32)	**4,371,611**	3,090,120	**38,973**
Foreign Exchange Liabilities (Note 15)	**2**	17	**0**
Short-term Entrusted Funds (Note 32)	**1,257,432**	1,397,731	**11,210**
Other Liabilities (Notes 16 and 32)	**4,929,423**	2,645,958	**43,946**
Reserve for Bonus Payments	**7,894**	7,711	**70**
Net Defined Benefit Liability (Note 17)	**38,624**	39,756	**344**
Reserve for Directors' Retirement Benefits	**1,286**	1,179	**11**
Reserve for Agriculture, Fishery and Forestry Industry Subsidies	**523**	12,684	**4**
Deferred Tax Liabilities (Note 18)	**578,827**	705,928	**5,160**
Deferred Tax Liabilities for Land Revaluation	**8,607**	9,263	**76**
Acceptances and Guarantees (Note 19)	**1,215,882**	1,087,130	**10,839**
Total Liabilities	**100,053,934**	93,996,130	**891,984**
Net Assets			
Paid-in Capital (Note 22)	**3,480,488**	3,480,488	**31,028**
Capital Surplus	**24,993**	25,020	**222**
Retained Earnings	**1,910,262**	1,770,832	**17,030**
Treasury Preferred Stock	**(150)**	(150)	**(1)**
Total Owners' Equity	**5,415,594**	5,276,191	**48,280**
Net Unrealized Gains on Other Securities	**1,584,281**	2,118,533	**14,123**
Net Deferred Losses on Hedging Instruments	**(26,550)**	(231,632)	**(236)**
Revaluation Reserve for Land	**14,312**	16,020	**127**
Foreign Currency Transaction Adjustments	**(53)**	(48)	**(0)**
Remeasurements of Defined Benefit Plans (Note 17)	**12,635**	(246)	**112**
Total Accumulated Other Comprehensive Income	**1,584,624**	1,902,626	**14,126**
Non-controlling Interests	**8,594**	7,972	**76**
Total Net Assets	**7,008,813**	7,186,790	**62,483**
Total Liabilities and Net Assets	**¥107,062,747**	¥101,182,920	**$954,468**

The accompanying notes are an integral part of the financial statements.

Consolidated Statements of Operations and Comprehensive Income

(1) Consolidated Statement of Operations

The Norinchukin Bank and Subsidiaries
For the fiscal year ended March 31, 2017

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2017	2016	**2017**
Income			
Interest Income:	**¥1,106,541**	¥1,034,824	**$ 9,864**
Interest on Loans and Bills Discounted	**63,079**	64,736	**562**
Interest and Dividends on Securities	**1,026,605**	949,746	**9,152**
Interest on Call Loans and Bills Bought	**(607)**	514	**(5)**
Interest on Receivables under Resale Agreements	**(0)**	1	**(0)**
Interest on Receivables under Securities Borrowing Transactions	**244**	71	**2**
Interest on Due from Banks	**10,509**	18,081	**93**
Other Interest Income	**6,710**	1,672	**59**
Fees and Commissions	**29,239**	26,106	**260**
Trading Income (Note 23)	**5**	268	**0**
Other Operating Income (Note 24)	**81,447**	89,833	**726**
Other Income (Note 25)	**156,280**	136,952	**1,393**
Total Income	**1,373,514**	1,287,985	**12,244**
Expenses			
Interest Expenses:	**858,813**	715,922	**7,656**
Interest on Deposits	**52,753**	37,144	**470**
Interest on Negotiable Certificates of Deposit	**23,324**	12,010	**207**
Interest on Debentures	**9,004**	13,452	**80**
Interest on Borrowed Money	**80,017**	80,080	**713**
Interest on Call Money and Bills Sold	**68**	514	**0**
Interest on Payables under Repurchase Agreements	**69,927**	45,154	**623**
Interest on Payables under Securities Lending Transactions	**3**	746	**0**
Interest on Bonds	**622**	1,106	**5**
Other Interest Expenses	**623,092**	525,712	**5,554**
Fees and Commissions	**16,487**	15,511	**146**
Trading Expenses (Note 26)	**4**	201	**0**
Other Operating Expenses (Note 27)	**62,740**	56,500	**559**
General and Administrative Expenses	**162,574**	162,563	**1,449**
Other Expenses (Note 28)	**51,941**	13,755	**463**
Total Expenses	**1,152,562**	964,455	**10,275**
Income before Income Taxes	**220,952**	323,530	**1,969**
Income Taxes — Current	**23,932**	58,139	**213**
Income Taxes — Deferred	**(9,982)**	(6,846)	**(88)**
Total Income Taxes	**13,950**	51,292	**124**
Profit	**207,002**	272,237	**1,845**
Profit Attributable to Non-controlling Interests	**893**	955	**7**
Profit Attributable to Owners of Parent	**¥ 206,109**	¥ 271,281	**$ 1,837**

	Yen		U.S. Dollars (Note 1)
	2017	2016	**2017**
Profit Attributable to Owners of Parent per Share	**¥38.08**	¥53.66	**$0.33**

The accompanying notes are an integral part of the financial statements.

(2) Consolidated Statement of Comprehensive Income

The Norinchukin Bank and Subsidiaries
For the fiscal year ended March 31, 2017

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2017	2016	**2017**
Profit	**¥ 207,002**	¥ 272,237	**$ 1,845**
Other Comprehensive Income	**(316,284)**	(370,395)	**(2,819)**
Net Unrealized Gains (Losses) on Other Securities (Note 29)	**(534,579)**	(220,006)	**(4,765)**
Net Deferred Gains (Losses) on Hedging Instruments (Note 29)	**204,940**	(126,791)	**1,827**
Foreign Currency Transaction Adjustments (Note 29)	**(1)**	(12)	**(0)**
Remeasurements of Defined Benefit Plans (Note 29)	**12,791**	(21,917)	**114**
Share of Other Comprehensive Income of Affiliates accounted for by the equity method (Note 29)	**565**	(1,668)	**5**
Total Comprehensive Income	**¥(109,282)**	¥ (98,158)	**$ (974)**
Attributable to:			
Owners of Parent	**(110,184)**	(99,090)	**(982)**
Non-controlling Interests	**902**	932	**8**

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Capital Surplus and Retained Earnings

The Norinchukin Bank and Subsidiaries
For the fiscal year ended March 31, 2017

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2017	2016	**2017**
Capital Surplus			
Balance at the Beginning of the Fiscal Year	**¥ 25,020**	¥ 25,020	**$ 223**
Additions:	**—**	—	**—**
Deductions:			
Capital Increase of Consolidated Subsidiaries	**26**	—	**0**
Balance at the End of the Fiscal Year	**24,993**	25,020	**222**
Retained Earnings			
Balance at the Beginning of the Fiscal Year	**1,770,832**	1,576,096	**15,787**
Additions:			
Profit Attributable to Owners of Parent	**206,109**	271,281	**1,837**
Transfer from Revaluation Reserve for Land	**1,708**	964	**15**
Deductions:			
Dividends	**68,387**	77,510	**609**
Balance at the End of the Fiscal Year	**¥1,910,262**	¥1,770,832	**$17,030**

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Cash Flows

The Norinchukin Bank and Subsidiaries
For the fiscal year ended March 31, 2017

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2017	2016	**2017**
Cash Flows from Operating Activities:			
Income before Income Taxes	**¥ 220,952**	¥ 323,530	**$ 1,969**
Depreciation	**14,654**	18,090	**130**
Losses on Impairment of Fixed Assets	**0**	111	**0**
Equity in Losses (Earnings) of Affiliates	**615**	(533)	**5**
Net Increase (Decrease) in Reserve for Possible Loan Losses	**(37,124)**	(24,277)	**(330)**
Net Increase (Decrease) in Reserve for Possible Investment Losses	**10**	(2,213)	**0**
Net Increase (Decrease) in Reserve for Bonus Payments	**183**	384	**1**
Net Decrease (Increase) in Net Defined Benefit Asset	**(17,626)**	7,272	**(157)**
Net Increase (Decrease) in Net Defined Benefit Liability	**(1,131)**	2,094	**(10)**
Net Increase (Decrease) in Reserve for Directors' Retirement Benefits	**107**	115	**0**
Net Increase (Decrease) in Reserve for Agriculture, Fishery and Forestry Industry Subsidies	**(12,161)**	12,684	**(108)**
Interest Income	**(1,106,541)**	(1,034,824)	**(9,864)**
Interest Expenses	**858,813**	715,922	**7,656**
Losses (Gains) on Securities	**(107,341)**	(25,706)	**(956)**
Losses (Gains) on Money Held in Trust	**36,247**	2,414	**323**
Foreign Exchange Losses (Gains)	**552,865**	2,337,985	**4,928**
Losses (Gains) on Disposal of Fixed Assets	**(6,887)**	1,308	**(61)**
Net Decrease (Increase) in Trading Assets	**3,569**	(4,184)	**31**
Net Increase (Decrease) in Trading Liabilities	**(2,325)**	1,759	**(20)**
Net Decrease (Increase) in Loans and Bills Discounted	**5,963,871**	2,016,870	**53,168**
Net Increase (Decrease) in Deposits	**3,062,811**	5,349,160	**27,305**
Net Increase (Decrease) in Negotiable Certificates of Deposit	**90,931**	(76,325)	**810**
Net Increase (Decrease) in Debentures	**(709,253)**	(430,734)	**(6,323)**
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowed Money)	**1,281,491**	621,317	**11,424**
Net Decrease (Increase) in Interest-bearing Due from Banks	**724,869**	(338,770)	**6,462**
Net Decrease (Increase) in Call Loans and Bills Bought and Other	**(20,233)**	442,442	**(180)**
Net Decrease (Increase) in Receivable under Securities Borrowing Transactions	**2,047,879**	(1,970,248)	**18,256**
Net Increase (Decrease) in Call Money and Bills Sold and Other	**1,155,880**	309,855	**10,304**
Net Increase (Decrease) in Short-term Entrusted Funds	**(140,299)**	(1,215,049)	**(1,250)**
Net Increase (Decrease) in Payables under Securities Lending Transactions	**(902,874)**	829,205	**(8,049)**
Net Decrease (Increase) in Foreign Exchange Assets	**13,231**	(34,386)	**117**
Net Increase (Decrease) in Foreign Exchange Liabilities	**(15)**	(17)	**(0)**
Interest Received	**1,137,018**	1,138,861	**10,136**
Interest Paid	**(857,507)**	(704,503)	**(7,644)**
Other, Net	**230,348**	(238,798)	**2,053**
Subtotal	**13,475,030**	8,030,812	**120,130**
Income Taxes Paid	**(51,474)**	(99,411)	**(458)**
Net Cash Provided by (Used in) Operating Activities	**13,423,556**	7,931,401	**119,671**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2017	2016	**2017**
Cash Flows from Investing Activities:			
Purchases of Securities	**(13,834,995)**	(8,153,090)	**(123,339)**
Proceeds from Sales of Securities	**1,925,617**	1,512,704	**17,166**
Proceeds from Redemption of Securities	**7,363,698**	5,438,102	**65,647**
Increase in Money Held in Trust	**(970,421)**	(65,618)	**(8,651)**
Decrease in Money Held in Trust	**825,014**	765,810	**7,355**
Purchases of Tangible Fixed Assets	**(7,536)**	(5,450)	**(67)**
Purchases of Intangible Fixed Assets	**(11,452)**	(7,305)	**(102)**
Proceeds from Sales of Tangible Fixed Assets	**11,211**	1,613	**99**
Payments for Transfer of Business	**—**	(780)	**—**
Net Cash Provided by (Used in) Investing Activities	**(4,698,863)**	(514,014)	**(41,890)**
Cash Flows from Financing Activities:			
Proceeds from Issuance of Subordinated Borrowed Money	**—**	27,689	**—**
Repayments of Subordinated Borrowed Money	**—**	(400)	**—**
Payments for Redemption of Subordinated Bonds	**(50,000)**	—	**(445)**
Proceeds from Issuance of Stock	**—**	54,579	**—**
Proceeds from Stock Issuance to Non-controlling Interests	**88**	—	**0**
Dividends Paid	**(68,387)**	(77,510)	**(609)**
Dividends Paid to Non-controlling Interests	**(395)**	(253)	**(3)**
Net Cash Provided by (Used in) Financing Activities	**(118,694)**	4,103	**(1,058)**
Net Increase (Decrease) in Cash and Cash Equivalents	**8,605,997**	7,421,489	**76,722**
Cash and Cash Equivalents at the Beginning of the Fiscal Year	**13,623,612**	6,202,122	**121,455**
Cash and Cash Equivalents at the End of the Fiscal Year (Note 30)	**¥ 22,229,610**	¥13,623,612	**$ 198,177**

The accompanying notes are an integral part of the financial statements.

Notes to the Consolidated Financial Statements

The Norinchukin Bank and Subsidiaries

1. Basis of Presentation

The consolidated financial statements have been prepared based on the accounting records maintained by The Norinchukin Bank ("the Bank") and its consolidated subsidiaries in accordance with the provisions set forth in The Norinchukin Bank Law and in conformity with accounting principles and practices generally accepted in Japan, that are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements filed with the Ministry of Agriculture, Forestry and Fisheries of Japan have been reclassified for the convenience of readers.

Amounts in U.S. dollars are included solely for the convenience of readers. The exchange rate of ¥112.17=U.S.$1, the approximate rate of exchange prevailing on March 31, 2017, has been used for translation purposes. The inclusion of such amounts is not intended to imply that Japanese yen amounts have been, or could be, readily converted, realized or settled in U.S. dollars at the aforementioned rate or at any other rate.

The yen and U.S. dollars figures disclosed in the consolidated financial statements are expressed in millions of yen and millions of U.S. dollars, and have been rounded down. Consequently, differences may exist between the sum of rounded figures and the totals listed in the annual report.

2. Summary of Significant Accounting Policies

(1) Principles of Consolidation

Scope of Consolidation

Subsidiaries

Subsidiaries are, in general, the companies in which the Bank 1) holds, directly and/or indirectly, more than 50% of the voting shares; 2) holds, directly and/or indirectly, 40% or more of the voting shares and, at the same time, exercises effective control over the decision-making body by directing business policy and deciding on financial and operating policies; or 3) holds more than 50% of the voting shares together with those entities that would vote or agree to vote with the Bank due to their close relationship with the Bank through sharing of personnel, provision of finance and technology and other relationships and, at the same time, has effective control over the decision-making body, unless evidence exists which shows that the Bank does not have such control.

The numbers of subsidiaries as of March 31, 2017 and 2016 were 12 and 10, respectively, all of which were consolidated.

The major consolidated subsidiaries are as follows:

The Norinchukin Trust & Banking Co., Ltd.

Kyodo Housing Loan Co., Ltd.

The date of the fiscal year-end of all consolidated subsidiaries is March 31.

Newly established "Norinchukin Business Assist Co., Ltd." and "Norinchukin Australia Pty Limited" were consolidated from the fiscal year ended March 31, 2017.

Affiliates

Affiliates are, in general, the companies, other than subsidiaries, in which the Bank 1) holds, directly and/or indirectly, 20% or more of the voting shares; 2) holds, directly and/or indirectly, 15% or more of the voting shares and also is able to influence the decision-making body through sharing of personnel, provision of finance and technology, and other relationships; or 3) holds more than 20% of the voting shares together with those entities that would vote or agree to vote with the Bank due to their close relationship with the Bank through sharing of personnel, provision of finance and technology and other relationships and, at the same time, is able to influence the decision-making body in a material degree, unless evidence exists which shows that the Bank does not have such influence.

The numbers of affiliates as of March 31, 2017 and 2016 were 8 and 9, respectively, out of which 8 and 8 were accounted for by the equity method, respectively, while the remaining immaterial affiliate is carried at cost. Differences between the cost and the underlying net equity at fair value of investments in companies which are accounted for by the equity method have been amortized by the straight-line method over 20 years except for immaterial goodwill which are charged to income in the year of acquisition. Negative goodwill is credited to income in the year of acquisition. The major affiliates accounted for by the equity method are as follows:

JA MITSUI LEASING, LTD.
Mitsubishi UFJ NICOS Co., Ltd.

(2) Transactions for Trading Purposes

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 fiscal year, 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 fiscal year, from the end of the previous fiscal year.

(3) Financial Instruments

a. Securities

Held-to-maturity debt securities are valued at amortized cost (straight-line method), 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.

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

Securities included in Money Held in Trust are valued using the same methods described in (2) and (3) a. above.

b. Derivatives

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

c. 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 the 'Accounting for Financial Instruments' for Banks," issued by the Japanese Institute of Certified Public Accountants ("JICPA"), (JICPA Industry Audit Committee Report No. 24, issued on February 13, 2002). 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, issued on July 29, 2002). Hedge effectiveness is assessed by reviewing whether the amount of the hedged items, such as financial monetary assets and liabilities denominated in foreign currencies, exceeds that of the hedging instruments, such as currency swap or foreign exchange swap transactions, entered into to mitigate the foreign exchange rate risk arising from the hedged items.

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

(c) Internal Derivative Transactions

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

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

(4) Tangible Fixed Assets (other than Lease Assets)

a. Depreciation

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 buildings and accompanying facilities) and buildings and accompanying facilities and structures acquired on or after April 1, 2016 are calculated using the straight-line method.

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

Buildings: 15 years to 50 years

Others: 5 years to 15 years

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

b. Land Revaluation

In accordance with the Law Concerning the Revaluation of Land, effective as of March 31, 1998, land used for business purposes was revaluated on March 31, 1998. 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.

The land prices used for the revaluation were reasonably calculated based on third-party appraisals in accordance with Article 2-5 of the enforcement ordinance for the Law Concerning the Revaluation of Land.

(5) 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.

(6) 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.

(7) 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.

(8) Reserve for Possible Loan Losses

Reserve for Possible Loan Losses of the Bank is computed as follows:

a. 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.

With respect to loans to borrowers who are legally or substantially bankrupt and that are secured by collateral or guarantees, the remaining book value of the loan, after the deduction of the amount of collateral or the execution of guarantees, is directly written off. Direct write-offs were ¥14,393 million ($128 million) and ¥16,354 million for the fiscal years ended March 31, 2017 and 2016, respectively.

b. 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 disposal of collateral or the execution of guarantees.

c. Reserve for loans to debtors with restructured loans (see Note 5) 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.

d. 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.

e. 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.

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.

(9) 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.

(10) Reserve for Bonus Payments

Reserve for Bonus Payments represents estimated cost of payment of employees’ bonuses attributable to the period.

(11) 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.

(12) Reserve for Agriculture, Fishery and Forestry Industry Subsidies

Reserve for Agriculture, Fishery and Forestry Industry Subsidies is provided at the amount determined to be necessary to cover the estimated subsidies likely to be granted under “Support Program for Increasing Agricultural Income and Revitalizing Local Communities.”

(13) Accounting Method for Retirement Benefits

In calculating retirement benefit obligations, the benefit formula basis is used for attributing expected retirement benefits to the period up to the end of this fiscal year.

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.

(14) Consumption Taxes

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

(15) Scope of "Cash and Cash Equivalents" in the Consolidated Statement of Cash Flows

"Cash and Cash Equivalents" in the consolidated statements of cash flows represents cash, non-interest bearing due from banks and due from the Bank of Japan in Cash and Due from Banks on the consolidated balance sheet.

(16) Profit Attributable to Owners of Parent per Share

Profit Attributable to Owners of Parent per Share is computed based upon the weighted average number of shares outstanding during the period.

The total dividends for lower dividend rate stocks and preferred stocks and the total special dividends are deducted from the numerator, the aggregate number of lower dividend rate stocks and preferred stocks is deducted from the denominator, respectively, in the calculation of Profit Attributable to Owners of Parent per Share.

(Changes in Accounting Policies)

Adoption of the Practical Solution on a change in depreciation method due to Tax Reform 2016

Effective from the beginning of the fiscal year 2016, in accordance with the revision to the Corporation Tax Act, the Bank and its domestic consolidated subsidiaries have adopted the "Practical Solution on a change in depreciation method due to Tax Reform 2016" (Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force No. 32, issued on June 17, 2016) and changed the depreciation method for buildings and accompanying facilities and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

Effects of this change to Ordinary Profits and Income before Income Taxes for the fiscal year 2016 are immaterial.

(Additional Information)

Adoption of the Implementation Guidance on Recoverability of Deferred Tax Assets

Effective from the beginning of the fiscal year 2016, the Bank and its consolidated subsidiaries have adopted the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, issued on March 28, 2016).

3. Trading Assets

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2017**	2016	**2017**
Trading Securities	**¥ 3,913**	¥ 5,077	**$34**
Derivatives of Trading Securities	**4**	7	**0**
Derivatives of Securities Related to Trading Transactions	**8**	5	**0**
Trading-related Financial Derivatives	**6,787**	9,193	**60**
Total	**¥10,715**	¥14,284	**$95**

4. Securities

As of March 31	Millions of Yen 2017	Millions of Yen 2016	Millions of U.S. Dollars 2017
Japanese Government Bonds	**¥13,179,349**	¥13,478,527	**$117,494**
Municipal Government Bonds	**148**	213	**1**
Short-term Corporate Bonds	**150,000**	—	**1,337**
Corporate Bonds	**272,622**	85,777	**2,430**
Stocks	**839,360**	814,635	**7,482**
Other	**47,637,610**	43,927,238	**424,691**
Foreign Bonds	**34,625,316**	31,793,817	**308,686**
Foreign Stocks	**37,659**	30,527	**335**
Investment Trusts	**12,274,665**	11,459,197	**109,429**
Other	**699,969**	643,695	**6,240**
Total	**¥62,079,090**	¥58,306,391	**$553,437**

The maturity profile of securities is as follows:

As of March 31, 2017	Millions of Yen: 1 Year or Less	Over 1 Year to 5 Years	Over 5 Years to 10 Years	Over 10 Years	With no maturity date
Bonds	**¥1,803,032**	**¥ 9,323,365**	**¥1,198,093**	**¥1,277,629**	**¥ —**
Japanese Government Bonds	**1,651,866**	**9,126,614**	**1,193,362**	**1,207,505**	**—**
Municipal Government Bonds	**63**	**49**	**26**	**8**	**—**
Short-term Corporate Bonds	**150,000**	**—**	**—**	**—**	**—**
Corporate Bonds	**1,101**	**196,700**	**4,703**	**70,116**	**—**
Stocks	**—**	**—**	**—**	**—**	**839,360**
Other	**4,124,687**	**19,051,420**	**8,648,711**	**5,156,843**	**10,655,947**
Foreign Bonds	**4,059,856**	**17,921,945**	**8,248,961**	**4,394,553**	**—**
Foreign Stocks	**—**	**—**	**—**	**—**	**37,659**
Investment Trusts	**23**	**940,769**	**133,586**	**746,401**	**10,453,884**
Other	**64,808**	**188,705**	**266,163**	**15,888**	**164,403**
Total	**¥5,927,720**	**¥28,374,785**	**¥9,846,804**	**¥6,434,473**	**¥11,495,307**

As of March 31, 2016	Millions of Yen: 1 Year or Less	Over 1 Year to 5 Years	Over 5 Years to 10 Years	Over 10 Years	With no maturity date
Bonds	¥ 243,307	¥ 7,810,936	¥3,888,961	¥1,621,311	¥ —
Japanese Government Bonds	242,742	7,805,682	3,878,851	1,551,251	—
Municipal Government Bonds	62	109	26	13	—
Short-term Corporate Bonds	—	—	—	—	—
Corporate Bonds	502	5,144	10,083	70,047	—
Stocks	—	—	—	—	814,635
Other	2,346,692	24,130,863	3,724,230	3,609,336	10,116,114
Foreign Bonds	2,260,110	23,215,678	3,441,260	2,876,767	—
Foreign Stocks	—	—	—	—	30,527
Investment Trusts	10,462	754,029	25,461	721,792	9,947,452
Other	76,119	161,156	257,508	10,776	138,134
Total	¥2,589,999	¥31,941,800	¥7,613,192	¥5,230,648	¥10,930,749

As of March 31, 2017	Millions of U.S. Dollars 1 Year or Less	 Over 1 Year to 5 Years	 Over 5 Years to 10 Years	 Over 10 Years	 With no maturity date
Bonds	**$16,074**	**$ 83,118**	**$10,681**	**$11,390**	**$ —**
Japanese Government Bonds	**14,726**	**81,364**	**10,638**	**10,764**	**—**
Municipal Government Bonds	**0**	**0**	**0**	**0**	**—**
Short-term Corporate Bonds	**1,337**	**—**	**—**	**—**	**—**
Corporate Bonds	**9**	**1,753**	**41**	**625**	**—**
Stocks	**—**	**—**	**—**	**—**	**7,482**
Other	**36,771**	**169,844**	**77,103**	**45,973**	**94,998**
Foreign Bonds	**36,193**	**159,774**	**73,539**	**39,177**	**—**
Foreign Stocks	**—**	**—**	**—**	**—**	**335**
Investment Trusts	**0**	**8,386**	**1,190**	**6,654**	**93,196**
Other	**577**	**1,682**	**2,372**	**141**	**1,465**
Total	**$52,845**	**$252,962**	**$87,784**	**$57,363**	**$102,481**

Notes: 1. The above amount is based on the consolidated balance sheet amount at the end of the fiscal year.
2. Investment Trusts include Japanese trusts and foreign trusts.

5. Loans and Bills Discounted

As of March 31	Millions of Yen **2017**	 2016	Millions of U.S. Dollars **2017**
Loans on Deeds	**¥10,648,938**	¥16,513,251	**$ 94,935**
Loans on Bills	**370,443**	359,252	**3,302**
Overdrafts	**1,036,495**	1,146,950	**9,240**
Bills Discounted	**2,411**	2,705	**21**
Total	**¥12,058,289**	¥18,022,160	**$107,500**

As of March 31	Millions of Yen **2017**	 2016	Millions of U.S. Dollars **2017**
Loans to Borrowers under Bankruptcy Proceedings	**¥ 822**	¥ 478	**$ 7**
Delinquent Loans	**39,081**	105,003	**348**
Loans Past Due for Three Months or More	**189**	45	**1**
Restructured Loans	**15,714**	21,643	**140**
Total	**¥55,807**	¥127,171	**$497**

Notes: 1. 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.
2. 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.
3. 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.
4. 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.

6. Foreign Exchange Assets

As of March 31	Millions of Yen **2017**	 2016	Millions of U.S. Dollars **2017**
Due from Foreign Banks	**¥224,101**	¥237,332	**$1,997**
Total	**¥224,101**	¥237,332	**$1,997**

7. Other Assets

As of March 31	Millions of Yen 2017	Millions of Yen 2016	Millions of U.S. Dollars 2017
Prepaid Expenses	**¥ 727**	¥ 3,033	**$ 6**
Accrued Income	**199,457**	190,175	**1,778**
Derivatives other than for Trading	**414,707**	502,223	**3,697**
Cash Collateral Paid for Financial Instruments	**149,628**	305,005	**1,333**
Other	**237,367**	36,563	**2,116**
Total	**¥1,001,888**	¥1,037,001	**$8,931**

8. Tangible Fixed Assets and Intangible Fixed Assets

Tangible Fixed Assets

As of March 31	Millions of Yen 2017	Millions of Yen 2016	Millions of U.S. Dollars 2017
Buildings	**¥ 45,206**	¥ 43,237	**$ 403**
Land	**48,100**	50,499	**428**
Lease Assets	**21,394**	10,958	**190**
Construction in Progress	**158**	775	**1**
Other	**2,931**	2,833	**26**
Total Net Book Value	**117,791**	108,304	**1,050**
Accumulated Depreciation Deducted	**¥ 99,340**	¥ 97,239	**$ 885**

Intangible Fixed Assets

As of March 31	Millions of Yen 2017	Millions of Yen 2016	Millions of U.S. Dollars 2017
Software	**¥11,639**	¥10,326	**$103**
Lease Assets	**5,882**	3,304	**52**
Other	**13,618**	6,732	**121**
Total	**¥31,141**	¥20,362	**$277**

9. Assets Pledged

Assets pledged as collateral comprise the following:

As of March 31	Millions of Yen 2017	Millions of Yen 2016	Millions of U.S. Dollars 2017
Securities	**¥23,610,647**	¥21,226,818	**$210,489**
Loans and Bills Discounted	**3,144,874**	9,904,048	**28,036**

Liabilities secured by the above assets are as follows:

As of March 31	Millions of Yen 2017	Millions of Yen 2016	Millions of U.S. Dollars 2017
Payables under Repurchase Agreements	**¥19,645,010**	¥18,488,218	**$175,136**
Payables under Securities Lending Transactions	**1,013**	890,858	**9**
Borrowed Money	**2,734,650**	1,472,638	**24,379**

In addition, as of March 31, 2017 and 2016, Securities (including transactions of Money Held in Trust) of ¥10,447,759 million ($93,142 million) and ¥7,889,305 million, respectively, were pledged as collateral for settlement of exchange and derivative transactions or as margins of futures transactions.

As of March 31, 2017 and 2016, initial margins of futures markets of ¥3,944 million ($35 million) and ¥987 million, respectively, cash collateral paid for financial instruments of ¥149,628 million ($1,333 million) and ¥305,005 million, respectively, other cash collateral paid of ¥162,161 million ($1,445 million) and ¥8,467 million, respectively, and guarantee deposits of ¥7,673 million ($68 million) and ¥7,609 million, respectively, were included in Other Assets.

10. Deposits

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2017**	2016	**2017**
Time Deposits	**¥54,440,528**	¥51,169,171	**$485,339**
Deposits at Notice	**36,227**	40,207	**322**
Ordinary Deposits	**2,978,001**	2,940,952	**26,548**
Current Deposits	**87,726**	129,347	**782**
Other Deposits	**4,343,702**	4,543,695	**38,724**
Total	**¥61,886,185**	¥58,823,374	**$551,717**

11. Debentures

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2017**	2016	**2017**
Long-term Coupon Debentures	**¥2,412,824**	¥3,122,077	**$21,510**
Total	**¥2,412,824**	¥3,122,077	**$21,510**

12. Bonds

Bonds were subordinated bonds of ¥ — million ($ — million) and ¥50,000 million as of March 31, 2017 and 2016, respectively.

13. Trading Liabilities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2017**	2016	**2017**
Derivatives of Securities Related to Trading Transactions	**¥ 9**	¥ 15	**$ 0**
Trading-related Financial Derivatives	**6,141**	8,461	**54**
Total	**¥6,150**	¥8,476	**$54**

14. Borrowed Money

Borrowed Money includes subordinated borrowings of ¥1,513,296 million ($13,491 million) and ¥1,513,296 million as of March 31, 2017 and 2016, respectively, which have a special agreement that requires the fulfillment of the payment obligations of such borrowing to be subordinated to other general liabilities. Above subordinated borrowing includes ¥1,415,480 million ($12,619 million) and ¥1,415,480 million qualifying Tier 2 capital stipulated in Notification No. 4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of Management of the Norinchukin Bank) issued in 2006.

15. Foreign Exchange Liabilities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2017**	2016	**2017**
Foreign Bills Payable	**¥2**	¥17	**$0**
Total	**¥2**	¥17	**$0**

16. Other Liabilities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2017**	2016	**2017**
Accrued Expenses	**¥ 60,751**	¥ 61,751	**$ 541**
Income Taxes Payable	**12,534**	40,450	**111**
Unearned Income	**688**	785	**6**
Derivatives other than for Trading	**228,773**	456,097	**2,039**
Accounts Payable for Securities Purchased	**4,115,602**	1,695,774	**36,690**
Other	**511,073**	391,099	**4,556**
Total	**¥4,929,423**	¥2,645,958	**$43,946**

17. Retirement Benefit Plans

(1) Outline of the adopted Retirement Benefit Plans

The Bank has a point based plan on which points are granted according to years of employees' service etc. The Bank has a defined benefit pension plan (funded) and, in addition, has a lump-sum payment pension plan (originally unfunded, but establishing a retirement benefit trust makes this plan funded). On the defined benefit pension plan, a lump-sum payment or pension is granted based on employees' salary and length of service. On the lump-sum payment pension plan, a lump-sum payment is granted based on employees' salary and length of service. Additional retirement benefits are paid to employees in certain cases.

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

(2) Defined Benefit Plan

a. The changes in the retirement benefit obligations for the years ended March 31, 2017 and 2016, except for the plans accounted for by the simplified method, are as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2017**	2016	**2017**
Balance at the Beginning of the Fiscal Year	**¥137,796**	¥111,675	**$1,228**
Service Cost	**3,945**	10,005	**35**
Interest Cost	**416**	1,340	**3**
Actuarial Differences	**1,075**	20,552	**9**
Retirement Benefit Paid	**(4,237)**	(3,583)	**(37)**
Other	**—**	(2,194)	**—**
Balance at the End of the Fiscal Year	**¥138,996**	¥137,796	**$1,239**

b. The changes in plan assets for the years ended March 31, 2017 and 2016, except for the plans accounted for by the simplified method, are as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2017**	2016	**2017**
Balance at the Beginning of the Fiscal Year	**¥127,587**	¥129,287	**$1,137**
Expected Return on Plan Assets	**1,913**	1,994	**17**
Actuarial Differences	**18,646**	(3,441)	**166**
Contributions by the Bank	**1,748**	1,732	**15**
Retirement Benefit Paid	**(2,067)**	(1,984)	**(18)**
Balance at the End of the Fiscal Year	**¥147,829**	¥127,587	**$1,317**

c. The changes in Net Defined Benefit Liability of the plans accounted for by the simplified method for the years ended March 31, 2017 and 2016 are as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2017**	2016	**2017**
Balance at the Beginning of the Fiscal Year	**¥1,577**	¥1,402	**$14**
Retirement Benefit Expense	**663**	518	**5**
Retirement Benefit Paid	**(229)**	(184)	**(2)**
Contributions to the Plans	**(151)**	(158)	**(1)**
Balance at the End of the Fiscal Year	**¥1,860**	¥1,577	**$16**

d. The following table sets forth the funded status of the plans and the amounts recognized in the Consolidated Balance Sheet as of March 31, 2017 and 2016 for the Bank's and the consolidated subsidiaries' defined benefit plans:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2017**	2016	**2017**
Funded Retirement Benefit Obligations	**¥ 142,340**	¥ 140,829	**$ 1,268**
Plan Assets at Fair Value	**(149,900)**	(129,566)	**(1,336)**
	(7,559)	11,262	**(67)**
Unfunded Retirement Benefit Obligations	**588**	523	**5**
Net Amount of Liabilities and Assets Recorded in the Consolidated Balance Sheet	**(6,971)**	11,786	**(62)**
Net Defined Benefit Liability	**38,624**	39,756	**344**
Net Defined Benefit Asset	**45,596**	27,969	**406**
Net Amount of Liabilities and Assets Recorded in the Consolidated Balance Sheet	**¥ (6,971)**	¥ 11,786	**$ (62)**

Note: The above table includes the plans accounted for by the simplified method.

e. The components of retirement benefit expense are as follows:

	Millions of Yen		Millions of U.S. Dollars
For the fiscal years ended March 31	**2017**	2016	**2017**
Service Cost	**¥ 3,945**	¥10,005	**$ 35**
Interest Cost	**416**	1,340	**3**
Expected Return on Plan Assets	**(1,913)**	(1,994)	**(17)**
Amortization of Actuarial Differences	**(26)**	(6,499)	**(0)**
Amortization of Prior Service Cost	**159**	159	**1**
Retirement Benefit Expense by the Simplified Method	**663**	518	**5**
Other	**878**	563	**7**
Retirement Benefit Expense on Defined Benefit Plan	**¥ 4,124**	¥ 4,093	**$ 36**

f. Effect of Remeasurements of Defined Benefit Plans on Consolidated Statement of Comprehensive Income

The components of Remeasurements of Defined Benefit Plans recognized on the Consolidated Statement of Comprehensive Income (before tax effect) are as follows:

	Millions of Yen		Millions of U.S. Dollars
For the fiscal years ended March 31	**2017**	2016	**2017**
Prior Service Cost	**¥ 159**	¥ 159	**$ 1**
Actuarial Differences	**17,544**	(30,494)	**156**
Total	**¥17,704**	¥(30,335)	**$157**

g. Effect of Remeasurements of Defined Benefit Plans on Consolidated Balance Sheet

The components of Remeasurements of Defined Benefit Plans recognized on the Consolidated Balance Sheet (before tax effect) are as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2017**	2016	**2017**
Unrecognized Prior Service Cost	**¥ (371)**	¥ (531)	**$ (3)**
Unrecognized Actuarial Differences	**18,602**	1,057	**165**
Total	**¥18,230**	¥ 526	**$162**

h. Particulars of Plan Assets

(a) The fair value of Plan Assets, by major category, as a percentage of total Plan Assets are as follows:

As of March 31	**2017**	2016
Bonds	**15%**	16%
Stocks	**74%**	72%
Insurance Assets (General Account)	**10%**	11%
Other	**1%**	1%
Total	**100%**	100%

(b) Method for estimating the expected rates of return on Plan Assets

The expected rates of return on Plan Assets have been estimated based on the current and anticipated allocation to each asset class and the current and expected long-term returns on assets held in each category of Plan Assets.

i. The assumptions used in accounting for the above plan

The major assumptions used in accounting for the above plan are as follows:

As of or for the fiscal years ended March 31	**2017**	2016
Discount Rate	**0.3%**	0.3%
Expected Rates of Increase in Salary	**1.1–4.6%**	1.1–4.6%
Expected Rates of Return on Plan Assets	**0–3.0%**	0–3.0%

18. Accounting for Income Taxes

Components of deferred tax assets and liabilities are as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2017**	2016	**2017**
Deferred Tax Assets:			
Reserve for Possible Loan Losses	**¥ 7,133**	¥ 21,921	**$ 63**
Write-off of Loans	**2,313**	2,403	**20**
Losses on Revaluation of Securities	**32,448**	35,870	**289**
Net Defined Benefit Liability	**11,566**	11,423	**103**
Depreciation Expense	**430**	423	**3**
Net Operating Losses Carried Forward	**83**	18	**0**
Unrealized Losses on Other Securities	**1**	4	**0**
Deferred Losses on Hedging Instruments	**84,760**	108,755	**755**
Unrealized Losses on Reclassification	**6,780**	10,229	**60**
Other	**75,967**	68,144	**677**
Subtotal	**221,485**	259,194	**1,974**
Valuation Allowance	**(60,492)**	(87,432)	**(539)**
Total Deferred Tax Assets	**160,992**	171,762	**1,435**
Deferred Tax Liabilities:			
Gains from Contribution of Securities to Employee Retirement Benefit Trust	**(10,027)**	(5,114)	**(89)**
Unrealized Gains on Other Securities	**(587,335)**	(791,679)	**(5,236)**
Deferred Gains on Hedging Instruments	**(74,507)**	(19,788)	**(664)**
Unrealized Gains on Reclassification	**(17,992)**	(23,553)	**(160)**
Other	**(42,947)**	(35,555)	**(382)**
Total Deferred Tax Liabilities	**(732,809)**	(875,691)	**(6,533)**
Net Deferred Tax Liabilities	**¥(571,816)**	¥(703,929)	**$(5,097)**

19. Acceptances and Guarantees

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2017**	2016	**2017**
Guarantees	**¥1,215,882**	¥1,087,130	**$10,839**
Total	**¥1,215,882**	¥1,087,130	**$10,839**

All contingent liabilities arising in connection with customers' foreign trade and other transactions are classified under Acceptances and Guarantees. As a contra account, Customers' Liabilities for Acceptances and Guarantees, is classified as an asset representing the Bank's right of indemnity from customers.

20. Commitments to Overdrafts and Loans

Commitments related to overdrafts and loans represent agreements to extend overdrafts or loans up to the pre-agreed amount at the customer's request as long as no violation of the conditions stipulated in the commitment agreement exists. The amounts of undrawn commitments in relation to such agreements were ¥3,238,210 million ($28,868 million) and ¥3,101,581 million as of March 31, 2017 and 2016, respectively. The amounts of the undrawn commitments, which the Bank and its consolidated subsidiaries could cancel at any time without cause, were ¥2,194,610 million ($19,565 million) and ¥2,096,553 million as of March 31, 2017 and 2016, respectively.

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.

21. Securities Loaned

Securities include securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) of ¥850,039 million ($7,578 million) and ¥861,590 million as of March 31, 2017 and 2016, respectively.

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 ¥ — million ($ — million) and ¥12,911 million as of March 31, 2017 and 2016, respectively, and securities held without re-pledge of ¥487,411 million ($4,345 million) and ¥2,398,140 million as of March 31, 2017 and 2016, respectively. No such securities are re-loaned to the third parties.

22. Paid-in Capital

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2017**	2016	**2017**
Common Stock	**¥3,455,488**	¥3,455,488	**$30,805**
Preferred Stock	**24,999**	24,999	**222**
Total	**¥3,480,488**	¥3,480,488	**$31,028**

The Common Stock account includes lower dividend rate stock with a total par value of ¥3,029,771 million ($27,010 million) and ¥3,029,771 million as of March 31, 2017 and 2016, respectively.

Lower dividend rate stock is similar to regular common stock but has been issued on the condition that the dividend yield will be set below that relating to common stock.

23. Trading Income

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	**2017**	2016	**2017**
Income from Trading Securities and Derivatives	**¥ 2**	¥185	**$ 0**
Income from Securities and Derivatives Related to Trading Transactions	**—**	82	**—**
Income from Trading-related Financial Derivatives	**3**	—	**0**
Total	**¥ 5**	¥268	**$ 0**

24. Other Operating Income

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	**2017**	2016	**2017**
Gains on Foreign Exchange Transactions	**¥ 1,356**	¥ 6,814	**$ 12**
Gains on Sales of Bonds	**28,200**	34,223	**251**
Gains on Redemption of Bonds	**708**	1,026	**6**
Gains on Derivatives other than for Trading or Hedging	**2,861**	117	**25**
Other	**48,320**	47,651	**430**
Total	**¥81,447**	¥89,833	**$726**

25. Other Income

Fiscal years ended March 31	Millions of Yen 2017	2016	Millions of U.S. Dollars 2017
Gains on Sales of Stocks and Other Securities	**¥ 34,653**	¥ 4,721	**$ 308**
Gains on Money Held in Trust	**96,921**	103,672	**864**
Equity in Earnings of Affiliates	**—**	533	**—**
Gains on Disposal of Fixed Assets	**8,149**	76	**72**
Recoveries of Written-off Claims	**425**	276	**3**
Reversal of Reserve for Possible Loan Losses	**—**	22,135	**—**
Other	**16,130**	5,535	**143**
Total	**¥156,280**	¥136,952	**$1,393**

26. Trading Expenses

Fiscal years ended March 31	Millions of Yen 2017	2016	Millions of U.S. Dollars 2017
Expenses on Securities and Derivatives Related to Trading Transactions	**¥ 4**	¥ —	**$ 0**
Expenses on Trading-related Financial Derivatives	**—**	201	**—**
Total	**¥ 4**	¥201	**$ 0**

27. Other Operating Expenses

Fiscal years ended March 31	Millions of Yen 2017	2016	Millions of U.S. Dollars 2017
Amortization of Debenture Issuance Costs	**¥ 111**	¥ 252	**$ 0**
Losses on Sales of Bonds	**25,021**	17,665	**223**
Losses on Redemption of Bonds	**0**	2	**0**
Other	**37,607**	38,580	**335**
Total	**¥62,740**	¥56,500	**$559**

28. Other Expenses

Fiscal years ended March 31	Millions of Yen 2017	2016	Millions of U.S. Dollars 2017
Write-off of Loans	**¥ 3**	¥ 2,289	**$ 0**
Provision of Reserve for Possible Loan Losses	**2,924**	—	**26**
Losses on Sales of Stocks and Other Securities	**50**	1,518	**0**
Losses on Revaluation of Stocks and Other Securities	**0**	245	**0**
Losses on Money Held in Trust	**37,114**	389	**330**
Equity in Losses of Affiliates	**615**	—	**5**
Losses on Disposal of Fixed Assets	**1,262**	1,385	**11**
Other	**9,970**	7,926	**88**
Total	**¥51,941**	¥13,755	**$463**

29. Other Comprehensive Income

Reclassification adjustments and income tax effects on the Other Comprehensive Income are as follows:

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	**2017**	2016	**2017**
Net Unrealized Gains (Losses) on Other Securities:			
Gains (Losses) arising during the fiscal year	**¥(705,311)**	¥(289,394)	**$(6,287)**
Reclassification adjustments to profit or loss	**(35,681)**	(13,252)	**(318)**
Amounts before income tax effects	**(740,992)**	(302,646)	**(6,605)**
Income tax effects	**206,412**	82,639	**1,840**
Total	**(534,579)**	(220,006)	**(4,765)**
Net Deferred Gains (Losses) on Hedging Instruments:			
Gains (Losses) arising during the fiscal year	**(39,827)**	(374,292)	**(355)**
Reclassification adjustments to profit or loss	**323,481**	198,802	**2,883**
Amounts before income tax effects	**283,653**	(175,490)	**2,528**
Income tax effects	**(78,713)**	48,698	**(701)**
Total	**204,940**	(126,791)	**1,827**
Foreign Currency Transaction Adjustments:			
Gains (Losses) arising during the fiscal year	**(1)**	(12)	**(0)**
Reclassification adjustments to profit or loss	**—**	—	**—**
Amounts before income tax effects	**(1)**	(12)	**(0)**
Income tax effects	**—**	—	**—**
Total	**(1)**	(12)	**(0)**
Remeasurements of Defined Benefit Plans:			
Gains (Losses) arising during the fiscal year	**17,570**	(23,994)	**156**
Reclassification adjustments to profit or loss	**133**	(6,340)	**1**
Amounts before income tax effects	**17,704**	(30,335)	**157**
Income tax effects	**(4,912)**	8,417	**(43)**
Total	**12,791**	(21,917)	**114**
Share of Other Comprehensive Income of Affiliates accounted for by the equity method:			
Gains (Losses) during the fiscal year	**434**	(1,196)	**3**
Reclassification adjustments to profit or loss	**130**	(471)	**1**
Total	**565**	(1,668)	**5**
Total Other Comprehensive Income	**¥(316,284)**	¥(370,395)	**$(2,819)**

30. Cash Flows

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

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2017**	2016	**2017**
Cash and Due from Banks	**¥22,939,086**	¥15,057,960	**$204,502**
Less: Interest-bearing Due from Banks	**(709,475)**	(1,434,347)	**(6,325)**
Cash and Cash Equivalents at the End of the Fiscal Year	**¥22,229,610**	¥13,623,612	**$198,177**

31. Segment Information

Fiscal year ended March 31, 2017

(1) Segment Information

Segment Information is not shown in these statements, since the banking business is the only reportable segment.

(2) Related Information

a. Information about Services

	Millions of Yen			
Fiscal year ended March 31, 2017	Loan Business	Securities Investment Business	Others	Total
Ordinary Income from External Customers	**¥65,421**	**¥1,188,035**	**¥111,907**	**¥1,365,365**

	Millions of U.S. Dollars			
Fiscal year ended March 31, 2017	Loan Business	Securities Investment Business	Others	Total
Ordinary Income from External Customers	**$583**	**$10,591**	**$997**	**$12,172**

Notes: 1. Ordinary Income represents Total Income less certain special income.
2. Ordinary Income is shown in place of Sales for non-financial companies.

b. Information about Geographic Areas

(a) Ordinary Income

	Millions of Yen				
Fiscal year ended March 31, 2017	Japan	Americas	Europe	Others	Total
	¥1,340,349	**¥11,881**	**¥4,030**	**¥9,104**	**¥1,365,365**

	Millions of U.S. Dollars				
Fiscal year ended March 31, 2017	Japan	Americas	Europe	Others	Total
	$11,949	**$105**	**$35**	**$81**	**$12,172**

Notes: 1. Ordinary Income represents Total Income less certain special income.
2. Ordinary Income is shown in place of Sales for non-financial companies.
3. Ordinary Income is categorized by countries or areas based on the location of the Bank's head office, branches and its consolidated subsidiaries.
4. Americas includes the United States of America and Cayman Islands. Europe includes the United Kingdom.

(b) Tangible Fixed Assets

	Millions of Yen				
As of March 31, 2017	Japan	Americas	Europe	Others	Total
	¥116,749	**¥315**	**¥456**	**¥269**	**¥117,791**

	Millions of U.S. Dollars				
As of March 31, 2017	Japan	Americas	Europe	Others	Total
	$1,040	**$2**	**$4**	**$2**	**$1,050**

c. Information about Major Customers

		Millions of Yen	
Fiscal year ended March 31, 2017	Name of Customer	Ordinary Income	Name of Related Segments
	U.S. Department of the Treasury	**¥310,346**	—

		Millions of U.S. Dollars	
Fiscal year ended March 31, 2017	Name of Customer	Ordinary Income	Name of Related Segments
	U.S. Department of the Treasury	**$2,766**	—

Notes: 1. Ordinary Income represents Total Income less certain special income.
2. Ordinary Income is shown in place of Sales for non-financial companies.

(3) Information about Impairment Loss of Fixed Assets in Reportable Segments

Information about Impairment Loss of Fixed Assets in Reportable Segments is not shown in these statements, since the banking business is the only reportable segment.

(4) Information about Amortization and Unamortized Balance of Goodwill in Reportable Segments

None

(5) Information about Gain on Recognition of Negative Goodwill in Reportable Segments

None

Fiscal year ended March 31, 2016

(1) Segment Information

Segment Information is not shown in these statements, since the banking business is the only reportable segment.

(2) Related Information

a. Information about Services

	Millions of Yen			
Fiscal year ended March 31, 2016	Loan Business	Securities Investment Business	Others	Total
Ordinary Income from External Customers	¥87,174	¥1,094,273	¥106,460	¥1,287,909

Notes: 1. Ordinary Income represents Total Income less certain special income.
2. Ordinary Income is shown in place of Sales for non-financial companies.

b. Information about Geographic Areas

(a) Ordinary Income

	Millions of Yen				
Fiscal year ended March 31, 2016	Japan	Americas	Europe	Others	Total
	¥1,258,915	¥9,565	¥7,059	¥12,368	¥1,287,909

Notes: 1. Ordinary Income represents Total Income less certain special income.
2. Ordinary Income is shown in place of Sales for non-financial companies.
3. Ordinary Income is categorized by countries or areas based on the location of the Bank's head office, branches and its consolidated subsidiaries.
4. Americas includes the United States of America and Cayman Islands. Europe includes the United Kingdom.

(b) Tangible Fixed Assets

	Millions of Yen				
As of March 31, 2016	Japan	Americas	Europe	Others	Total
	¥107,096	¥333	¥566	¥307	¥108,304

c. Information about Major Customers

		Millions of Yen	
Fiscal year ended March 31, 2016	Name of Customer	Ordinary Income	Name of Related Segments
	U.S. Department of the Treasury	¥282,574	—

Notes: 1. Ordinary Income represents Total Income less certain special income.
2. Ordinary Income is shown in place of Sales for non-financial companies.

(3) Information about Impairment Loss of Fixed Assets in Reportable Segments

Information about Impairment Loss of Fixed Assets in Reportable Segments is not shown in these statements, since the banking business is the only reportable segment.

(4) Information about Amortization and Unamortized Balance of Goodwill in Reportable Segments

None

(5) Information about Gain on Recognition of Negative Goodwill in Reportable Segments

None

32. Financial Instruments

(1) Particulars of Financial Instruments

a. Policy on Financial Instruments

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

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

b. Contents and Risk of Financial Instruments

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

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

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

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

Ref: Summary of Significant Accounting Policies (3) Financial Instruments c. Hedge Accounting for hedged items and hedging instruments related to hedge accounting, hedge policy and hedge effectiveness

c. Risk Management for Financial Instruments

(a) Integrated Risk Management

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

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

(b) Market Risk Management

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

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

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

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

The Bank adopts the variance-covariance method to measure the VaR of the trading securities within Trading Assets and certain interest-related, bond-related or other derivative transactions within Derivative Instruments, which are accounted for as trading operations. The market risk (the estimate of the potential loss) of the Bank's trading operations as of March 31, 2017 and 2016 summed up to ¥31 million ($0 million) and ¥25 million, respectively, in total under the variance-covariance method with the holding period of one business day, a 99% confidence interval, and the observation period of 1,000 business days.

In order to measure the VaR of the financial assets and liabilities from the banking operations (the operations other than trading operations), the Bank adopts the historical simulation method. The market risk (the estimate of the potential net loss) of the Bank from the banking operations totaled ¥2,143,551 million ($19,109 million) and ¥1,878,262 million as of March 31, 2017 and 2016, respectively, under the historical simulation method with holding period of 1 year, a 99.5% confidence interval, and the observation period from fiscal year 1995 to recent day. Since the Bank adopts mid- to long-term investment policies, as to the impact of the short-term market volatilities, the variance-covariance method VaR and others are separately calculated while market risks are basically measured by using the historical simulation method VaR as mentioned above.

The Bank also performs a back-testing to compare the model-measured VaR with the actual profits and losses. From the back-testing for the fiscal years ended March 31, 2017 and 2016 actual results, the Bank had only one exception for each fiscal year where the actual loss exceeded VaR and concludes that the adopted measurement method provides a sufficient accuracy of the market risk measurement. VaR, however, is designed to measure the market risk under the certain occurrence probability hypothesis based on the statistical calculation of the historical market movements. Therefore, VaR may not cover the risks in extremely volatile market conditions. The Bank measures losses under various scenarios (stress test) to complement the said limits and weakness of the model.

(c) Credit Risk Management

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

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

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

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

(d) Liquidity Risk Management

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

d. Supplementary Explanations for the Fair Value of Financial Instruments and Other Items

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

(2) Disclosures Regarding the Fair Value of Financial Instruments and Other Items

"Consolidated Balance Sheet Amount," "Fair Value" and "Difference" as of March 31, 2017 and 2016 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			Millions of U.S. Dollars		
As of March 31, 2017	Consolidated Balance Sheet Amount	Fair Value	Difference	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and Due from Banks	**¥ 22,939,086**	**¥ 22,939,086**	**¥ —**	**$204,502**	**$204,502**	**$ —**
(2) Call Loans and Bills Bought	**146,220**	**146,220**	**—**	**1,303**	**1,303**	**—**
(3) Monetary Claims Bought	**257,888**	**258,178**	**289**	**2,299**	**2,301**	**2**
(4) Trading Assets (*2)						
Trading Securities	**3,913**	**3,913**	**—**	**34**	**34**	**—**
(5) Money Held in Trust (*1)						
Other Money Held in Trust	**6,983,234**	**6,990,266**	**7,031**	**62,255**	**62,318**	**62**
(6) Securities						
Held-to-Maturity Debt Securities	**18,228,748**	**18,326,729**	**97,981**	**162,510**	**163,383**	**873**
Other Securities	**43,210,952**	**43,210,952**	**—**	**385,227**	**385,227**	**—**
(7) Loans and Bills Discounted	**12,058,289**			**107,500**		
Reserve for Possible Loan Losses (*1)	**(53,437)**			**(476)**		
	12,004,851	**12,040,569**	**35,717**	**107,023**	**107,342**	**318**
Total Assets	**¥103,774,896**	**¥103,915,916**	**¥141,020**	**$925,157**	**$926,414**	**$1,257**
(1) Deposits	**¥ 61,886,185**	**¥ 61,886,225**	**¥ 40**	**$551,717**	**$551,718**	**$ 0**
(2) Negotiable Certificates of Deposit	**3,689,270**	**3,689,270**	**—**	**32,889**	**32,889**	**—**
(3) Debentures	**2,412,824**	**2,422,617**	**9,793**	**21,510**	**21,597**	**87**
(4) Call Money and Bills Sold	**3,365**	**3,365**	**—**	**30**	**30**	**—**
(5) Payables under Repurchase Agreements	**19,645,010**	**19,645,010**	**—**	**175,136**	**175,136**	**—**
(6) Borrowed Money	**4,371,611**	**4,371,611**	**—**	**38,973**	**38,973**	**—**
(7) Short-term Entrusted Funds	**1,257,432**	**1,257,432**	**—**	**11,210**	**11,210**	**—**
Total Liabilities	**¥ 93,265,699**	**¥ 93,275,532**	**¥ 9,833**	**$831,467**	**$831,555**	**$ 87**
Derivative Instruments (*3)						
Transactions not Accounted for as Hedge Transactions	**¥ 3,691**	**¥ 3,691**	**¥ —**	**$ 32**	**$ 32**	**$ —**
Transactions Accounted for as Hedge Transactions	**182,696**	**182,696**	**—**	**1,628**	**1,628**	**—**
Total Derivative Instruments	**¥ 186,387**	**¥ 186,387**	**¥ —**	**$ 1,661**	**$ 1,661**	**$ —**

(*) 1. Money Held in Trust and Loans and Bills Discounted 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.

As of March 31, 2016	Millions of Yen Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and Due from Banks	¥15,057,960	¥15,057,960	¥ —
(2) Call Loans and Bills Bought	139,877	139,877	—
(3) Monetary Claims Bought	244,023	244,751	727
(4) Trading Assets (*2)			
Trading Securities	5,077	5,077	—
(5) Money Held in Trust (*1)			
Other Money Held in Trust	4,922,392	4,931,540	9,147
(6) Securities			
Held-to-Maturity Debt Securities	17,828,600	17,913,765	85,165
Other Securities	39,888,734	39,888,734	—
(7) Loans and Bills Discounted	18,022,160		
Reserve for Possible Loan Losses (*1)	(92,299)		
	17,929,861	17,957,229	27,367
Total Assets	¥96,016,528	¥96,138,936	¥122,408
(1) Deposits	¥58,823,374	¥58,823,431	¥ 57
(2) Negotiable Certificates of Deposit	3,598,338	3,598,338	—
(3) Debentures	3,122,077	3,137,162	15,085
(4) Call Money and Bills Sold	4,276	4,276	—
(5) Payables under Repurchase Agreements	18,488,218	18,488,218	—
(6) Borrowed Money	3,090,120	3,090,371	251
(7) Short-term Entrusted Funds	1,397,731	1,397,731	—
Total Liabilities	¥88,524,136	¥88,539,530	¥ 15,394
Derivative Instruments (*3)			
Transactions not Accounted for as Hedge Transactions	¥ (2,461)	¥ (2,461)	¥ —
Transactions Accounted for as Hedge Transactions	48,841	48,841	—
Total Derivative Instruments	¥ 46,380	¥ 46,380	¥ —

(*) 1. Money Held in Trust and Loans and Bills Discounted 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) 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.

(2) Call Loans and Bills Bought

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

(3) Monetary Claims Bought

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

(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) 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 (6) and (7) below.

Relevant notes concerning the fair value of Money Held in Trust of each classification are described in section 34. Fair Value of Money Held in Trust.

(6) 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.

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

As for investments for “Partnership” and “Limited Partnership” (“Investments in Partnership and Others”), fair value is based on the share of NAV which is valued assets of “Partnership” or “Limited Partnership,” if available.

Relevant notes about the fair value of securities of each classification are described in section 33. Fair Value of Securities.

(7) Loans and Bills Discounted

The carrying value of Loans and Bills Discounted with floating rates approximates the fair value since they are repriced reflecting market interest fluctuations within a short period, unless the creditworthiness of the debtors has been revised. Accordingly, the carrying value is deemed to be the fair value. As for Loans and Bills Discounted with fixed rates, the fair value is calculated according to the Discounted Cash Flow method. The price-determining variables include the default rates based on each credit rating, recovery rates, and other variables. As for mortgages, the fair value is calculated according to the Discounted Cash Flow method. The price-determining variables include the default rates, recovery rates, pre-payment rates and other variables.

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

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

Liabilities

(1) Deposits

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

(2) Negotiable Certificates of Deposit

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

(3) Debentures

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

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

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

(6) Borrowed Money

The carrying value of Borrowed Money with floating rates approximates the fair value since it is repriced reflecting market interest rate fluctuations within a short period (1 year or less), unless the creditworthiness of the Bank and its consolidated subsidiaries has changed. Accordingly, the carrying value is deemed to be the fair value. Some contractual terms are short-term (1 year or less), and the fair value approximates the carrying value. 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.

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.

Relevant notes regarding the fair value of derivative instruments are described in section 35. Fair Value of Derivative Instruments.

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

"Assets (6) Securities" in "Disclosures Regarding the Fair Value of Financial Instruments and Other Items" excludes these financial instruments.

As of March 31, 2017	Millions of Yen	Millions of U.S. Dollars
Unlisted Stocks and Others (*1) (*2)	**¥349,956**	**$3,119**
Investments in Partnership and Others (*3)	**289,433**	**2,580**
Total	**¥639,389**	**$5,700**

(*) 1. Unlisted Stocks and Others are excluded from "Disclosures Regarding the Fair Value of Financial Instruments and Other Items," since there are no market prices and their fair value is extremely difficult to determine.
2. The amount of revaluation losses for the fiscal year ended March 31, 2017 was ¥0 million ($0 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."

As of March 31, 2016	Millions of Yen
Unlisted Stocks and Others (*1) (*2)	¥323,319
Investments in Partnership and Others (*3)	265,737
Total	¥589,056

(*) 1. Unlisted Stocks and Others are excluded from "Disclosures Regarding the Fair Value of Financial Instruments and Other Items," since there are no market prices and their fair value is extremely difficult to determine.
2. The amount of revaluation losses for the fiscal year ended March 31, 2016 was ¥17 million on Unlisted Stocks and Others.
3. Out of Investments in Partnership and Others, certain "Partnership" or "Limited Partnership" whose fair value is extremely difficult to determine are excluded from "Disclosures Regarding the Fair Value of Financial Instruments and Other Items."

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

	Millions of Yen					
As of March 31, 2017	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
Due from Banks (*1)	**¥22,843,712**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Call Loans and Bills Bought	**146,220**	**—**	**—**	**—**	**—**	**—**
Monetary Claims Bought	**93,000**	**—**	**1,756**	**20,532**	**57,332**	**85,259**
Securities						
Held-to-Maturity Debt Securities	**3,371,960**	**4,284,045**	**5,172,618**	**696,286**	**1,631,502**	**3,062,116**
Other Securities held that have Maturity	**2,536,550**	**10,932,845**	**7,300,803**	**2,811,831**	**4,770,740**	**2,936,063**
Loans and Bills Discounted (*2)	**6,258,385**	**2,107,300**	**2,017,712**	**756,037**	**599,056**	**269,793**
Total	**¥35,249,829**	**¥17,324,191**	**¥14,492,890**	**¥4,284,688**	**¥7,058,632**	**¥6,353,232**

	Millions of U.S. Dollars					
As of March 31, 2017	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
Due from Banks (*1)	**$203,652**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Call Loans and Bills Bought	**1,303**	**—**	**—**	**—**	**—**	**—**
Monetary Claims Bought	**829**	**—**	**15**	**183**	**511**	**760**
Securities						
Held-to-Maturity Debt Securities	**30,061**	**38,192**	**46,114**	**6,207**	**14,544**	**27,298**
Other Securities held that have Maturity	**22,613**	**97,466**	**65,086**	**25,067**	**42,531**	**26,175**
Loans and Bills Discounted (*2)	**55,793**	**18,786**	**17,987**	**6,740**	**5,340**	**2,405**
Total	**$314,253**	**$154,445**	**$129,204**	**$38,198**	**$62,927**	**$56,639**

(*) 1. Demand deposits within Due from Banks are included in the entry for "1 Year or Less."
2. Loans to debtors in bankruptcy, debtors in default, doubtful debtors and others of ¥40,004 million ($356 million) for which the redemption date cannot be estimated, and loans with no maturity of ¥10,000 million ($89 million) within Loans and Bills Discounted, are excluded from the table above.

	Millions of Yen					
As of March 31, 2016	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
Due from Banks (*1)	¥14,946,767	¥ —	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	139,877	—	—	—	—	—
Monetary Claims Bought	98,200	—	351	19,313	19,709	106,418
Securities						
Held-to-Maturity Debt Securities	1,323,217	5,759,449	5,014,778	2,832,932	1,115,805	1,775,439
Other Securities held that have Maturity	1,253,851	8,677,462	11,504,978	2,422,933	992,844	2,826,022
Loans and Bills Discounted (*2)	13,417,511	1,803,344	1,469,876	621,924	439,355	164,464
Total	¥31,179,426	¥16,240,256	¥17,989,985	¥5,897,103	¥2,567,714	¥4,872,344

(*) 1. Demand deposits within Due from Banks are included in the entry for "1 Year or Less."
2. Debtors in bankruptcy, debtors in default, loans to doubtful debtors and others of ¥105,684 million within Loans and Bills Discounted, for which the redemption date cannot be estimated, are excluded from the table above.

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

	Millions of Yen					
As of March 31, 2017	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
Deposits (*1)	**¥61,742,857**	**¥ 126,876**	**¥ 16,452**	**¥ —**	**¥ —**	**¥ —**
Negotiable Certificates of Deposit	**3,689,270**	**—**	**—**	**—**	**—**	**—**
Debentures	**770,684**	**1,111,060**	**531,072**	**6**	**—**	**—**
Call Money and Bills Sold	**3,365**	**—**	**—**	**—**	**—**	**—**
Payables under Repurchase Agreements	**19,645,010**	**—**	**—**	**—**	**—**	**—**
Borrowed Money (*2)	**820,147**	**881,612**	**1,146,392**	**1,392,795**	**32,847**	**97,816**
Short-term Entrusted Funds	**1,257,432**	**—**	**—**	**—**	**—**	**—**
Total	**¥87,928,767**	**¥2,119,549**	**¥1,693,917**	**¥1,392,801**	**¥32,847**	**¥97,816**

	Millions of U.S. Dollars					
As of March 31, 2017	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
Deposits (*1)	**$550,440**	**$ 1,131**	**$ 146**	**$ —**	**$ —**	**$ —**
Negotiable Certificates of Deposit	**32,889**	**—**	**—**	**—**	**—**	**—**
Debentures	**6,870**	**9,905**	**4,734**	**0**	**—**	**—**
Call Money and Bills Sold	**30**	**—**	**—**	**—**	**—**	**—**
Payables under Repurchase Agreements	**175,136**	**—**	**—**	**—**	**—**	**—**
Borrowed Money (*2)	**7,311**	**7,859**	**10,220**	**12,416**	**292**	**872**
Short-term Entrusted Funds	**11,210**	**—**	**—**	**—**	**—**	**—**
Total	**$783,888**	**$18,895**	**$15,101**	**$12,416**	**$292**	**$872**

(*) 1. Demand deposits within Deposits are included in the entry for "1 Year or Less."
2. Subordinated borrowings within Borrowed Money are included in the entry for "Over 10 Years."

	Millions of Yen					
As of March 31, 2016	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
Deposits (*1)	¥58,660,194	¥ 143,140	¥ 20,039	¥ —	¥ —	¥ —
Negotiable Certificates of Deposit	3,598,338	—	—	—	—	—
Debentures	833,906	1,408,485	879,679	7	—	—
Call Money and Bills Sold	4,276	—	—	—	—	—
Payables under Repurchase Agreements	18,488,218	—	—	—	—	—
Borrowed Money (*2)	680,341	198,519	696,774	852	1,415,816	97,816
Short-term Entrusted Funds	1,397,731	—	—	—	—	—
Total	¥83,663,007	¥1,750,144	¥1,596,492	¥859	¥1,415,816	¥97,816

(*) 1. Demand deposits within Deposits are included in the entry for "1 Year or Less."
2. Subordinated borrowings within Borrowed Money are included in the entry for "Over 10 Years."

33. Fair Value of Securities

Trading Securities

	Millions of Yen		Millions of U.S. Dollars
	2017	2016	**2017**
As of March 31	Unrealized Gain Recognized as Income	Unrealized Gain Recognized as Income	Unrealized Gain Recognized as Income
Trading Securities	**¥(26)**	¥15	**$(0)**

Note: The above analysis of Trading Securities includes Trading Securities disclosed as Trading Assets in the consolidated balance sheet.

Held-to-Maturity Debt Securities

As of March 31, 2017	Type	Millions of Yen: Consolidated Balance Sheet Amount	Millions of Yen: Fair Value	Millions of Yen: Difference	Millions of U.S. Dollars: Consolidated Balance Sheet Amount	Millions of U.S. Dollars: Fair Value	Millions of U.S. Dollars: Difference
Transactions for Fair Value exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	**¥ 3,467,509**	**¥ 3,484,835**	**¥ 17,325**	**$ 30,912**	**$ 31,067**	**$ 154**
	Municipal Government Bonds	**—**	**—**	**—**	**—**	**—**	**—**
	Short-term Corporate Bonds	**—**	**—**	**—**	**—**	**—**	**—**
	Corporate Bonds	**4,294**	**4,338**	**43**	**38**	**38**	**0**
	Other	**9,437,325**	**9,530,257**	**92,931**	**84,134**	**84,962**	**828**
	Foreign Bonds	**9,373,453**	**9,466,025**	**92,571**	**83,564**	**84,389**	**825**
	Other	**63,872**	**64,232**	**360**	**569**	**572**	**3**
	Sub total	**12,909,129**	**13,019,430**	**110,300**	**115,085**	**116,068**	**983**
Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	**4,008,361**	**4,001,310**	**(7,050)**	**35,734**	**35,671**	**(62)**
	Municipal Government Bonds	**—**	**—**	**—**	**—**	**—**	**—**
	Short-term Corporate Bonds	**—**	**—**	**—**	**—**	**—**	**—**
	Corporate Bonds	**—**	**—**	**—**	**—**	**—**	**—**
	Other	**1,532,549**	**1,527,570**	**(4,978)**	**13,662**	**13,618**	**(44)**
	Foreign Bonds	**1,375,129**	**1,370,220**	**(4,908)**	**12,259**	**12,215**	**(43)**
	Other	**157,420**	**157,349**	**(70)**	**1,403**	**1,402**	**(0)**
	Sub total	**5,540,910**	**5,528,881**	**(12,029)**	**49,397**	**49,290**	**(107)**
Total		**¥18,450,040**	**¥18,548,312**	**¥ 98,271**	**$164,482**	**$165,358**	**$ 876**

Note: The above analysis of Held-to-Maturity Debt Securities includes Securities and trust beneficiary interests in Monetary Claims Bought in the consolidated balance sheet.

As of March 31, 2016	Type	Millions of Yen: Consolidated Balance Sheet Amount	Millions of Yen: Fair Value	Millions of Yen: Difference
Transactions for Fair Value exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	¥ 4,639,067	¥ 4,668,056	¥ 28,988
	Municipal Government Bonds	—	—	—
	Short-term Corporate Bonds	—	—	—
	Corporate Bonds	5,773	5,877	104
	Other	6,354,177	6,462,245	108,068
	Foreign Bonds	6,265,918	6,373,258	107,340
	Other	88,258	88,986	727
	Sub total	10,999,018	11,136,179	137,161
Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	2,887,353	2,880,280	(7,073)
	Municipal Government Bonds	—	—	—
	Short-term Corporate Bonds	—	—	—
	Corporate Bonds	—	—	—
	Other	4,035,705	3,991,510	(44,195)
	Foreign Bonds	4,030,487	3,986,292	(44,194)
	Other	5,218	5,218	(0)
	Sub total	6,923,059	6,871,791	(51,268)
Total		¥17,922,077	¥18,007,970	¥ 85,893

Note: The above analysis of Held-to-Maturity Debt Securities includes Securities and trust beneficiary interests in Monetary Claims Bought in the consolidated balance sheet.

Other Securities

As of March 31, 2017	Type	Millions of Yen: Consolidated Balance Sheet Amount	Millions of Yen: Acquisition Cost	Millions of Yen: Difference	Millions of U.S. Dollars: Consolidated Balance Sheet Amount	Millions of U.S. Dollars: Acquisition Cost	Millions of U.S. Dollars: Difference
Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Stocks	¥ 689,558	¥ 263,441	¥ 426,116	$ 6,147	$ 2,348	$ 3,798
	Bonds	5,926,081	5,637,229	288,852	52,831	50,256	2,575
	Japanese Government Bonds	5,703,478	5,414,754	288,724	50,846	48,272	2,573
	Municipal Government Bonds	148	140	7	1	1	0
	Short-term Corporate Bonds	150,000	149,999	0	1,337	1,337	0
	Corporate Bonds	72,454	72,334	120	645	644	1
	Other	28,297,495	26,748,303	1,549,191	252,273	238,462	13,811
	Foreign Bonds	19,472,160	18,916,497	555,663	173,595	168,641	4,953
	Foreign Stocks	19,328	7,092	12,236	172	63	109
	Investment Trusts	8,504,081	7,602,743	901,337	75,814	67,778	8,035
	Other	301,924	221,969	79,954	2,691	1,978	712
	Sub total	34,913,135	32,648,974	2,264,161	311,251	291,066	20,185
Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost	Stocks	7,560	9,224	(1,663)	67	82	(14)
	Bonds	195,872	196,354	(481)	1,746	1,750	(4)
	Japanese Government Bonds	—	—	—	—	—	—
	Municipal Government Bonds	—	—	—	—	—	—
	Short-term Corporate Bonds	—	—	—	—	—	—
	Corporate Bonds	195,872	196,354	(481)	1,746	1,750	(4)
	Other	8,156,216	8,397,771	(241,554)	72,712	74,866	(2,153)
	Foreign Bonds	4,404,572	4,504,248	(99,676)	39,266	40,155	(888)
	Foreign Stocks	—	—	—	—	—	—
	Investment Trusts	3,581,199	3,719,376	(138,177)	31,926	33,158	(1,231)
	Other	170,445	174,146	(3,701)	1,519	1,552	(32)
	Sub total	8,359,650	8,603,349	(243,699)	74,526	76,699	(2,172)
Total		¥43,272,786	¥41,252,324	¥2,020,462	$385,778	$367,766	$18,012

Notes: 1. The above analysis of Other Securities includes Securities, negotiable certificates of deposit disclosed as Cash and Due from Banks and trust beneficiary interests in Monetary Claims Bought in the consolidated balance sheet.
2. Investment Trusts include Japanese trusts and foreign trusts.

As of March 31, 2016	Type	Millions of Yen: Consolidated Balance Sheet Amount	Millions of Yen: Acquisition Cost	Millions of Yen: Difference
Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Stocks	¥ 656,880	¥ 270,813	¥ 386,066
	Bonds	5,989,380	5,577,211	412,169
	Japanese Government Bonds	5,952,106	5,540,021	412,085
	Municipal Government Bonds	213	201	12
	Short-term Corporate Bonds	—	—	—
	Corporate Bonds	37,060	36,988	71
	Other	30,768,219	28,863,009	1,905,210
	Foreign Bonds	21,248,609	20,301,993	946,616
	Foreign Stocks	15,434	7,556	7,878
	Investment Trusts	9,248,126	8,353,423	894,702
	Other	256,048	200,035	56,013
	Sub total	37,414,480	34,711,034	2,703,445
Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost	Stocks	13,479	16,201	(2,722)
	Bonds	42,943	43,022	(79)
	Japanese Government Bonds	—	—	—
	Municipal Government Bonds	—	—	—
	Short-term Corporate Bonds	—	—	—
	Corporate Bonds	42,943	43,022	(79)
	Other	2,602,190	2,660,833	(58,643)
	Foreign Bonds	248,802	250,522	(1,719)
	Foreign Stocks	—	—	—
	Investment Trusts	2,047,119	2,100,221	(53,101)
	Other	306,267	310,089	(3,821)
	Sub total	2,658,612	2,720,057	(61,445)
Total		¥40,073,092	¥37,431,092	¥2,642,000

Notes: 1. The above analysis of Other Securities includes Securities, negotiable certificates of deposit disclosed as Cash and Due from Banks and trust beneficiary interests in Monetary Claims Bought in the consolidated balance sheet.
2. Investment Trusts include Japanese trusts and foreign trusts.

Held-to-Maturity Debt Securities Sold during the Fiscal Year

The Bank and its consolidated subsidiaries sold no held-to-maturity debt securities for the fiscal years ended March 31, 2017 and 2016.

Other Securities Sold during the Fiscal Year

Fiscal year ended March 31, 2017	Millions of Yen: Sales Proceeds	Millions of Yen: Gains on Sales	Millions of Yen: Losses on Sales	Millions of U.S. Dollars: Sales Proceeds	Millions of U.S. Dollars: Gains on Sales	Millions of U.S. Dollars: Losses on Sales
Stocks	**¥ 47,219**	**¥32,654**	**¥ 47**	**$ 420**	**$291**	**$ 0**
Bonds	**315,415**	**9,664**	**—**	**2,811**	**86**	**—**
Japanese Government Bonds	**315,415**	**9,664**	**—**	**2,811**	**86**	**—**
Municipal Government Bonds	**—**	**—**	**—**	**—**	**—**	**—**
Short-term Corporate Bonds	**—**	**—**	**—**	**—**	**—**	**—**
Corporate Bonds	**—**	**—**	**—**	**—**	**—**	**—**
Other	**1,622,061**	**20,536**	**25,025**	**14,460**	**183**	**223**
Foreign Bonds	**1,604,130**	**17,945**	**25,020**	**14,300**	**159**	**223**
Foreign Stocks	**515**	**0**	**3**	**4**	**0**	**0**
Investment Trusts	**14,559**	**2,002**	**0**	**129**	**17**	**0**
Other	**2,855**	**587**	**0**	**25**	**5**	**0**
Total	**¥1,984,695**	**¥62,856**	**¥25,072**	**$17,693**	**$560**	**$223**

Note: Investment Trusts include Japanese trusts and foreign trusts.

Fiscal year ended March 31, 2016	Millions of Yen Sales Proceeds	 Gains on Sales	 Losses on Sales
Stocks	¥ 6,202	¥ 2,593	¥ 19
Bonds	6,697	5	2
Japanese Government Bonds	—	—	—
Municipal Government Bonds	419	0	0
Short-term Corporate Bonds	—	—	—
Corporate Bonds	6,277	5	1
Other	1,476,781	35,216	19,164
Foreign Bonds	1,375,545	16,842	2,910
Foreign Stocks	21,350	1,650	1,356
Investment Trusts	23,204	492	156
Other	56,681	16,230	14,741
Total	¥1,489,681	¥37,815	¥19,186

Note: Investment Trusts include Japanese trusts and foreign trusts.

Securities Recognized for Revaluation Loss

Securities other than those for trading purposes and those whose fair value is difficult to determine, are revalued to their fair value, and the difference between the acquisition cost (and other) and the fair value is treated as a realized loss for the fiscal years ended March 31, 2017 and 2016 (“revaluation loss”), if the fair value has significantly deteriorated from the acquisition cost (and other), and unless a recovery in the fair value is deemed probable.

The amount of revaluation loss for the fiscal year ended March 31, 2017 was nil.

The amount of revaluation loss for the fiscal year ended March 31, 2016 was ¥227 million including ¥227 million on Stocks.

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

34. Fair Value of Money Held in Trust

Money Held in Trust for Trading Purposes

	Millions of Yen		Millions of U.S. Dollars	
As of March 31, 2017	Consolidated Balance Sheet Amount	Unrealized Gain Recognized as Income	Consolidated Balance Sheet Amount	Unrealized Gain Recognized as Income
Money Held in Trust for Trading Purposes	**¥ —**	**¥ —**	**$ —**	**$ —**

	Millions of Yen	
As of March 31, 2016	Consolidated Balance Sheet Amount	Unrealized Gain Recognized as Income
Money Held in Trust for Trading Purposes	¥269	¥ —

Other Money Held in Trust (Money Held in Trust other than that for trading purposes or held-to-maturity)

	Millions of Yen				
As of March 31, 2017	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	**¥6,983,612**	**¥6,862,223**	**¥121,388**	**¥192,531**	**¥71,143**

	Millions of U.S. Dollars				
As of March 31, 2017	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	**$62,259**	**$61,176**	**$1,082**	**$1,716**	**$634**

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."

	Millions of Yen				
As of March 31, 2016	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	¥4,922,653	¥4,689,473	¥233,180	¥233,592	¥412

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."

35. Fair Value of Derivative Instruments

(1) Derivative Instruments not accounted for as hedges

Regarding the derivative instruments which are not accounted for as hedge transactions, Contract Amount or Notional Amount, Fair Value and Unrealized Gain or Loss for each type of derivative transactions, respectively, at the consolidated balance sheet date, and determination of fair value are as follows.

Contract Amount or Notional Amount does not show by itself market risk of derivative instruments.

Interest Rate-Related Derivative Instruments

	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
As of March 31, 2017	Total	Over 1 Year			Total	Over 1 Year		
Exchange-traded Transactions								
Interest Rate Futures:								
Sold	**¥1,611,185**	**¥ —**	**¥ (466)**	**¥ (466)**	**$14,363**	**$ —**	**$ (4)**	**$ (4)**
Purchased	**42,135**	**—**	**(0)**	**(0)**	**375**	**—**	**(0)**	**(0)**
Interest Rate Options:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Over-the-counter Transactions								
Forward Rate Agreements:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Interest Rate Swaps:								
Rec.: Fix.-Pay.: Flt.	**263,159**	**236,171**	**6,094**	**6,094**	**2,346**	**2,105**	**54**	**54**
Rec.: Flt.-Pay.: Fix.	**261,819**	**235,904**	**(5,430)**	**(5,430)**	**2,334**	**2,103**	**(48)**	**(48)**
Rec.: Flt.-Pay.: Flt.	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Interest Rate Options:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Other:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**¥ /**	**¥ /**	**¥ 196**	**¥ 196**	**$ /**	**$ /**	**$ 1**	**$ 1**

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.
2. Determination of fair value:
The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo Financial Exchange or other relevant exchanges.
The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.

	Millions of Yen			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
As of March 31, 2016	Total	Over 1 Year		
Exchange-traded Transactions				
Interest Rate Futures:				
Sold	¥ 41,849	¥ 41,849	¥ (24)	¥ (24)
Purchased	41,865	16,712	23	23
Interest Rate Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Over-the-counter Transactions				
Forward Rate Agreements:				
Sold	—	—	—	—
Purchased	—	—	—	—
Interest Rate Swaps:				
Rec.: Fix.-Pay.: Flt.	6,627,053	605,711	10,980	10,980
Rec.: Flt.-Pay.: Fix.	226,006	201,895	(8,392)	(8,392)
Rec.: Flt.-Pay.: Flt.	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	—	—	—	—
Total	¥ /	¥ /	¥ 2,588	¥ 2,588

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.
2. Determination of fair value:
The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo Financial Exchange or other relevant exchanges.
The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.

Currency-Related Derivative Instruments

	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
As of March 31, 2017	Total	Over 1 Year			Total	Over 1 Year		
Exchange-traded Transactions								
Currency Futures:								
Sold	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**$ —**	**$—**	**$—**	**$—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Currency Options:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Over-the-counter Transactions								
Currency Swaps	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Forwards:								
Sold	**217,305**	**3,070**	**905**	**905**	**1,937**	**27**	**8**	**8**
Purchased	**336,804**	**3,097**	**2,584**	**2,584**	**3,002**	**27**	**23**	**23**
Currency Options:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Other:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**¥ /**	**¥ /**	**¥3,489**	**¥3,489**	**$ /**	**$ /**	**$31**	**$31**

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.
2. Determination of fair value:
Fair value is determined based on the discounted net present value model.

	Millions of Yen			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
As of March 31, 2016	Total	Over 1 Year		
Exchange-traded Transactions				
Currency Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Over-the-counter Transactions				
Currency Swaps	—	—	—	—
Forwards:				
Sold	779,780	5,086	7,185	7,185
Purchased	945,889	5,082	(12,233)	(12,233)
Currency Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	—	—	—	—
Total	¥ /	¥ /	¥ (5,048)	¥ (5,048)

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.
2. Determination of fair value:
Fair value is determined based on the discounted net present value model.

Stock-Related Derivative Instruments

	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
As of March 31, 2017	Total	Over 1 Year			Total	Over 1 Year		
Exchange-traded Transactions								
Equity Price Index Futures:								
Sold	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**$ —**	**$ —**	**$ —**	**$ —**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Equity Price Index Options:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Over-the-counter Transactions								
Equity Options:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Equity Price Index Swaps:								
Rec.: Stock Index	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Pay.: Flt. Rate								
Rec.: Flt. Rate	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Pay.: Stock Index								
Other:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**208**	**—**	**—**	**—**	**1**	**—**	**—**	**—**
Total	**¥ /**	**¥ /**	**¥ —**	**¥ —**	**$ /**	**$ /**	**$ —**	**$ —**

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.
2. Determination of fair value:
The fair value of exchange-traded derivative instruments is based on closing prices at Osaka Exchange or other relevant exchanges.
The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.
3. Derivative instruments without a fair value included in "Over-the-counter Transactions, Other" are valued at cost. The amount of Derivative instruments as of March 31, 2017 was ¥208 million ($1 million).

As of March 31, 2016	Millions of Yen			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year		
Exchange-traded Transactions				
Equity Price Index Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
Equity Price Index Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Over-the-counter Transactions				
Equity Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Equity Price Index Swaps:				
Rec.: Stock Index	—	—	—	—
Pay.: Flt. Rate				
Rec.: Flt. Rate	—	—	—	—
Pay.: Stock Index				
Other:				
Sold	—	—	—	—
Purchased	496	—	—	—
Total	¥ /	¥ /	¥ —	¥ —

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.
2. Determination of fair value:
The fair value of exchange-traded derivative instruments is based on closing prices at Osaka Exchange or other relevant exchanges.
The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.
3. Derivative instruments without a fair value included in "Over-the-counter Transactions, Other" are valued at cost. The amount of Derivative instruments as of March 31, 2016 was ¥496 million.

Bond-Related Derivative Instruments

As of March 31, 2017	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year			Total	Over 1 Year		
Exchange-traded Transactions								
Bond Futures:								
Sold	**¥5,642**	**¥ —**	**¥ (4)**	**¥ (4)**	**$ 50**	**$ —**	**$ (0)**	**$ (0)**
Purchased	**6,061**	**—**	**8**	**8**	**54**	**—**	**0**	**0**
Bond Futures Options:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Over-the-counter Transactions								
Bond Options:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Other:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**¥ /**	**¥ /**	**¥ 4**	**¥ 4**	**$ /**	**$ /**	**$ 0**	**$ 0**

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.
2. Determination of fair value:
The fair value of exchange-traded derivative instruments is based on closing prices at Osaka Exchange or other relevant exchanges.
The fair value of over-the-counter traded derivative instruments is determined based on an option pricing model or other models as appropriate.

As of March 31, 2016	Millions of Yen: Contract Amount or Notional Amount: Total	Over 1 Year	Fair Value	Unrealized Gain/Loss
Exchange-traded Transactions				
Bond Futures:				
Sold	¥12,123	¥ —	¥ (7)	¥ (7)
Purchased	828	—	5	5
Bond Futures Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Over-the-counter Transactions				
Bond Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	—	—	—	—
Total	¥ /	¥ /	¥ (1)	¥ (1)

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.
2. Determination of fair value:
The fair value of exchange-traded derivative instruments is based on closing prices at Osaka Exchange or other relevant exchanges.
The fair value of over-the-counter traded derivative instruments is determined based on an option pricing model or other models as appropriate.

Commodities-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no Commodities-Related Derivative Instruments as of March 31, 2017 and 2016.

Credit Derivative Instruments

The Bank and its consolidated subsidiaries held no Credit Derivative Instruments as of March 31, 2017 and 2016.

(2) Derivative Instruments accounted for as hedges

Regarding the derivative instruments which are accounted for as hedge transactions, Contract Amount or Notional Amount, and Fair Value for each type of derivative transactions, respectively, at the consolidated balance sheet date, and determination of fair value are as follows.

Contract Amount or Notional Amount does not show by itself market risk of derivative instruments.

Interest Rate-Related Derivative Instruments

As of March 31, 2017

Method of Hedges	Type of Derivative Instruments	Hedged Items	Millions of Yen: Contract Amount or Notional Amount: Total	Millions of Yen: Over 1 Year	Millions of Yen: Fair Value	Millions of U.S. Dollars: Contract Amount or Notional Amount: Total	Millions of U.S. Dollars: Over 1 Year	Millions of U.S. Dollars: Fair Value
The Deferral Method	Interest Rate Swaps (Rec.: Fix.-Pay.: Flt.)	Debentures	**¥2,050,000**	**¥1,290,000**	**¥ 9,036**	**$18,275**	**$11,500**	**$ 80**
	Interest Rate Swaps (Rec.:Flt.-Pay.: Fix.)	Yen-denominated Securities, Deposits and Others	**7,387,948**	**7,023,957**	**(19,159)**	**65,863**	**62,618**	**(170)**
The Accrual Method	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Loans and Bills Discounted, Yen-denominated Securities and Others	**224,687**	**210,921**	Note 3	**2,003**	**1,880**	Note 3
Total			**¥ /**	**¥ /**	**¥(10,123)**	**$ /**	**$ /**	**$ (90)**

Notes: 1. Primarily, the Bank applies the deferral method of hedge accounting 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, issued on February 13, 2002).
2. Determination of fair value:
The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo Financial Exchange or other relevant exchanges. The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.
3. 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 (ref: 32. Financial Instruments (2) Disclosures Regarding the Fair Value of Financial Instruments and Other Items).

As of March 31, 2016

Method of Hedges	Type of Derivative Instruments	Hedged Items	Millions of Yen: Contract Amount or Notional Amount: Total	Over 1 Year	Fair Value
The Deferral Method	Interest Rate Swaps (Rec.: Fix.-Pay.: Flt.)	Debentures	¥2,720,000	¥1,920,000	¥ 22,963
	Interest Rate Swaps (Rec.:Flt.-Pay.: Fix.)	Yen-denominated Securities, Deposits and Others	7,058,945	6,968,785	(377,114)
The Accrual Method	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Loans and Bills Discounted, Yen-denominated Securities and Others	221,838	212,044	Note 3
Total			¥ /	¥ /	¥(354,150)

Notes: 1. Primarily, the Bank applies the deferral method of hedge accounting 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, issued on February 13, 2002).
2. Determination of fair value:
The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo Financial Exchange or other relevant exchanges. The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.
3. 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 (ref: 32. Financial Instruments (2) Disclosures Regarding the Fair Value of Financial Instruments and Other Items).

Currency-Related Derivative Instruments

As of March 31, 2017

Method of Hedges	Type of Derivative Instruments	Hedged Items	Millions of Yen: Contract Amount or Notional Amount: Total	Over 1 Year	Fair Value	Millions of U.S. Dollars: Contract Amount or Notional Amount: Total	Over 1 Year	Fair Value
The Deferral Method	Currency Swaps	Foreign Currency Denominated Securities and Others	**¥12,790,388**	**¥7,209,195**	**¥127,092**	**$114,026**	**$64,270**	**$1,133**
	Forex Forward		**7,041,046**	**—**	**65,728**	**62,771**	**—**	**585**
Total			**¥ /**	**¥ /**	**¥192,820**	**$ /**	**$ /**	**$1,719**

Notes: 1. Primarily, the Bank applies the deferral method of hedge accounting 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, issued on July 29, 2002).
2. Determination of fair value:
Fair value is determined based on the discounted net present value model.

As of March 31, 2016

Method of Hedges	Type of Derivative Instruments	Hedged Items	Millions of Yen: Contract Amount or Notional Amount: Total	Over 1 Year	Fair Value
The Deferral Method	Currency Swaps	Foreign Currency Denominated Securities and Others	¥11,518,238	¥5,573,454	¥263,890
	Forex Forward		6,281,258	—	139,101
Total			¥ /	¥ /	¥402,992

Notes: 1. Primarily, the Bank applies the deferral method of hedge accounting 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, issued on July 29, 2002).
2. Determination of fair value:
Fair value is determined based on the discounted net present value model.

Stock-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no Stock-Related Derivative Instruments as of March 31, 2017 and 2016.

Bond-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no Bond-Related Derivative Instruments as of March 31, 2017 and 2016.

36. The Norinchukin Bank (Parent Company)

(1) Non-consolidated Balance Sheet

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2017**	2016	**2017**
Assets			
Cash and Due from Banks	**¥ 22,912,982**	¥ 15,031,730	**$204,270**
Call Loans	**146,220**	139,877	**1,303**
Receivables under Securities Borrowing Transactions	**1,173**	2,049,052	**10**
Monetary Claims Bought	**257,888**	244,023	**2,299**
Trading Assets	**10,715**	14,284	**95**
Money Held in Trust	**6,982,774**	4,922,102	**62,251**
Securities	**62,108,251**	58,329,733	**553,697**
Loans and Bills Discounted	**11,948,542**	17,915,833	**106,521**
Foreign Exchange Assets	**224,101**	237,332	**1,997**
Other Assets	**997,741**	1,032,564	**8,894**
Tangible Fixed Assets	**115,392**	106,405	**1,028**
Intangible Fixed Assets	**28,425**	18,597	**253**
Prepaid Pension Cost	**12,903**	8,111	**115**
Customers' Liabilities for Acceptances and Guarantees	**120,867**	173,161	**1,077**
Reserve for Possible Loan Losses	**(54,203)**	(91,370)	**(483)**
Reserve for Possible Investment Losses	**(1,344)**	(1,344)	**(11)**
Total Assets	**¥105,812,432**	¥100,130,096	**$943,322**
Liabilities and Net Assets			
Liabilities			
Deposits	**¥ 61,904,218**	¥ 58,838,558	**$551,878**
Negotiable Certificates of Deposit	**3,689,270**	3,598,338	**32,889**
Debentures	**2,423,827**	3,133,079	**21,608**
Call Money	**3,365**	4,276	**30**
Payables under Repurchase Agreements	**19,645,010**	18,488,218	**175,136**
Payables under Securities Lending Transactions	**1,013**	903,887	**9**
Trading Liabilities	**6,150**	8,476	**54**
Borrowed Money	**4,315,111**	3,085,120	**38,469**
Foreign Exchange Liabilities	**2**	17	**0**
Short-term Entrusted Funds	**1,257,432**	1,397,731	**11,210**
Other Liabilities	**4,894,665**	2,611,934	**43,636**
Reserve for Bonus Payments	**6,302**	6,227	**56**
Reserve for Retirement Benefits	**22,301**	18,846	**198**
Reserve for Directors' Retirement Benefits	**938**	850	**8**
Reserve for Agriculture, Fishery and Forestry Industry Subsidies	**523**	12,684	**4**
Deferred Tax Liabilities	**573,768**	705,782	**5,115**
Deferred Tax Liabilities for Land Revaluation	**8,607**	9,263	**76**
Acceptances and Guarantees	**120,867**	173,161	**1,077**
Total Liabilities	**98,873,376**	92,996,456	**881,460**
Net Assets			
Paid-in Capital	**3,480,488**	3,480,488	**31,028**
Capital Surplus	**25,020**	25,020	**223**
Retained Earnings	**1,862,453**	1,725,717	**16,603**
Total Owners' Equity	**5,367,962**	5,231,226	**47,855**
Net Unrealized Gains on Other Securities, net of taxes	**1,583,476**	2,118,027	**14,116**
Net Deferred Losses on Hedging Instruments, net of taxes	**(26,695)**	(231,634)	**(237)**
Revaluation Reserve for Land, net of taxes	**14,312**	16,020	**127**
Total Valuation and Translation Adjustments	**1,571,093**	1,902,413	**14,006**
Total Net Assets	**6,939,055**	7,133,639	**61,861**
Total Liabilities and Net Assets	**¥105,812,432**	¥100,130,096	**$943,322**

(2) Non-consolidated Statement of Operations

	Millions of Yen		Millions of U.S. Dollars
For the fiscal years ended March 31	**2017**	2016	**2017**
Income			
Interest Income:	**¥1,107,459**	¥1,036,962	**$ 9,873**
Interest on Loans and Bills Discounted	**59,733**	61,332	**532**
Interest and Dividends on Securities	**1,030,871**	955,300	**9,190**
Interest on Call Loans	**(607)**	514	**(5)**
Interest on Receivables under Resale Agreements	**(0)**	1	**(0)**
Interest on Receivables under Securities Borrowing Transactions	**244**	71	**2**
Interest on Due from Banks	**10,507**	18,069	**93**
Other Interest Income	**6,710**	1,672	**59**
Fees and Commissions	**15,456**	13,351	**137**
Trading Income	**5**	268	**0**
Other Operating Income	**79,380**	87,698	**707**
Other Income	**157,999**	136,434	**1,408**
Total Income	**1,360,300**	1,274,715	**12,127**
Expenses			
Interest Expenses:	**858,766**	715,859	**7,655**
Interest on Deposits	**52,753**	37,146	**470**
Interest on Negotiable Certificates of Deposit	**23,324**	12,010	**207**
Interest on Debentures	**9,038**	13,495	**80**
Interest on Borrowed Money	**80,568**	81,081	**718**
Interest on Call Money	**68**	514	**0**
Interest on Payables under Repurchase Agreements	**69,927**	45,154	**623**
Interest on Payables under Securities Lending Transactions	**3**	746	**0**
Other Interest Expenses	**623,082**	525,710	**5,554**
Fees and Commissions	**14,327**	13,188	**127**
Trading Expenses	**4**	201	**0**
Other Operating Expenses	**62,738**	56,485	**559**
General and Administrative Expenses	**153,436**	154,593	**1,367**
Other Expenses	**50,652**	13,656	**451**
Total Expenses	**1,139,927**	953,985	**10,162**
Income before Income Taxes	**220,373**	320,729	**1,964**
Income Taxes — Current	**21,942**	56,011	**195**
Income Taxes — Deferred	**(4,984)**	(6,861)	**(44)**
Total Income Taxes	**16,958**	49,149	**151**
Net Income	**¥ 203,414**	¥ 271,580	**$ 1,813**

	Yen		U.S. Dollars
	2017	2016	**2017**
Net Income per Share	**¥37.45**	¥53.72	**$0.33**

37. Appropriation of Retained Earnings

The following dividends were approved at the Council of Delegates held on June 23, 2017.

	Millions of Yen	Millions of U.S. Dollars
Cash Dividends		
Special Dividends	**¥39,818**	**$354**
Dividends on Common Stock (at the rate of 6% of the ¥100 face value, or ¥6.00 per share)	**25,543**	**227**
Dividends on Lower Dividend Rate Stock (at the rate of 0.1% of the ¥100 face value, or ¥0.10 per share)	**3,029**	**27**
Dividends on Preferred Stock (at the rate of 20% of the ¥100 face value, or ¥20.00 per share)	**1,115**	**9**

38. Subsequent Events

The Bank, Mitsubishi UFJ Financial Group, Inc. (MUFG), and Mitsubishi UFJ NICOS Co., Ltd. (MUN) have reached agreement as follows on May 15, 2017:

(1) Funding a new company

The Bank and MUN will jointly establish a company (JA Card Co., Ltd. (tentative name)) whose main purpose will be to provide settlement solutions to the JA Card business of the JA Group. The Bank will take a 51% stake in this new entity and MUN a 49% stake.

(2) The objectives of the new company

Providing specialized settlement solutions to other JA Group members leveraging sophisticated infrastructure and know-how contributed by MUN.

(3) Planned establishment

October 1, 2017.

(4) Review of capital arrangements

MUFG will acquire the Bank's 15% stake in MUN through a share exchange agreement under which MUN will be 100% owned by MUFG.

Building a better working world

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Independent Auditor's Report

The Board of Directors
The Norinchukin Bank

We have audited the accompanying consolidated financial statements of The Norinchukin Bank and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2017, and the consolidated statements of operations, comprehensive income, capital surplus and retained earnings, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Norinchukin Bank and its consolidated subsidiaries as at March 31, 2017, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 23, 2017

Capital Adequacy (Consolidated)

Disclosure Regarding Capital Adequacy

The Bank calculates its capital adequacy ratio based on the formula contained in Notification No. 4 of the 2006 Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries of Japan entitled "Standards for Judging the Soundness of Management of The Norinchukin Bank" (hereinafter, "Notification Regarding Capital Adequacy Ratio"). In addition, to calculate risk-weighted assets for credit risk, the Bank has adopted the "Advanced Internal Ratings-Based Approach (A-IRB) (partially the Foundation Internal Ratings-Based Approach (F-IRB))" and "The Standardized Approach (TSA)" for calculating operational risk capital charges.

Regarding the calculation of capital adequacy ratio, the Bank has been audited by Ernst & Young ShinNihon LLC pursuant to "Treatment of Inspection of the Capital Ratio Calculation Framework Based on Agreed-upon Procedures" (JICPA Industry Committee Report No. 30). It does not constitute a part of the audit on financial statements by law, but a review on agreed-upon procedures on internal control of the capital adequacy calculation. Accordingly, Ernst & Young ShinNihon LLC does not express any audit opinion as a result of the review.

The disclosure requirements for the Bank are provided in Notification No. 6 of the 2007 Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries of Japan entitled "Disclosure Items Related to Capital Adequacy of The Norinchukin Bank" (hereinafter, "Disclosure Notification"). These disclosures can be found in this annual report as well as in the IR Library of the Bank's website at https://www.nochubank.or.jp/.

Remarks on Computation of the Consolidated Capital Adequacy Ratio

Scope of Consolidation

- Reason for discrepancies between companies belonging to the Bank's group that are required to compute a consolidated capital adequacy ratio, as specified in the Notification Regarding Capital Adequacy Ratio, Article 3 (hereinafter, "the Consolidated Group") and the companies included in the scope of consolidation, based on "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statement" under Ministerial Ordinance No. 28, issued by the Ministry of Finance in 1976:
  Not applicable
- As of March 31, 2017, the Bank had 12 consolidated subsidiaries. The names and principal lines of business of the primary subsidiaries are as follows:
  1. Norinchukin Trust & Banking Co., Ltd.: Trust and banking business
  2. Kyodo Housing Loan Co., Ltd.: Loans and guarantees for housing
- Companies belonging to the Consolidated Group but not included in the scope of consolidation:
  Not applicable
- Companies not belonging to the Consolidated Group but included in the scope of consolidation:
  Not applicable
- Affiliated companies engaged in financial service business that were subject to the provisions of Article 9 of the Notification Regarding Capital Adequacy Ratio:
  Not applicable
- Restrictions on the transfer of funds and capital between the members of the Consolidated Group:
  Not applicable

Companies with Less than the Regulatory Required Capital and the Amount of Shortfall

With regard to the group companies that are subject to capital deduction, as provided for in the Notification Regarding Capital Adequacy Ratio, the names of those companies whose capital is less than the regulatory required capital and the total amount of shortfall in their capital:

Not applicable

Capital Ratio Information (Consolidated)

Composition of Capital (Consolidated)

(Millions of Yen, %)

Basel III Template No.	Items	As of March 31, 2017	Amounts excluded under transitional arrangements	As of March 31, 2016	Amounts excluded under transitional arrangements	Ref. No.
Common Equity Tier 1 capital: instruments and reserves						
1a+2-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	**5,296,239**		5,157,954		
1a	of which: capital and capital surplus	**3,455,509**		3,455,509		E1.1-E1.2+E1.3
2	of which: retained earnings	**1,910,262**		1,770,832		E2
26	of which: cash dividends to be paid	**69,531**		68,387		
	of which: other than the above	**—**		—		E3
3	Accumulated other comprehensive income and other disclosed reserves	**1,267,699**	**316,924**	1,141,575	761,050	E4
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	**—**		—		E8.1
	Total of items included in Common Equity Tier 1 capital: instruments and reserves under phase-out arrangements	**960**		1,754		
	of which: minority interests and other items corresponding to common share capital issued by consolidated subsidiaries (amount allowed to be included in group Common Equity Tier 1)	**960**		1,754		
6	Common Equity Tier 1 capital: instruments and reserves (A)	**6,564,899**		6,301,284		
Common Equity Tier 1 capital: regulatory adjustments						
8+9	Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	**29,690**	**7,422**	18,142	12,095	
8	of which: goodwill (net of related tax liability, including those equivalent)	**11,087**	**2,771**	9,021	6,014	A1.1+A1.2
9	of which: other intangible assets other than goodwill and mortgage servicing rights (net of related tax liability)	**18,602**	**4,650**	9,121	6,080	A2.1-A2.2
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	**—**	**—**	—	—	A3
11	Deferred gains or losses on derivatives under hedge accounting	**15,538**	**3,884**	(34,238)	(22,825)	E7
12	Shortfall of eligible provisions to expected losses	**14,971**	**3,742**	26,436	17,624	
13	Securitisation gain on sale	**—**	**—**	—	—	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	**—**	**—**	—	—	
15	Net defined-benefit asset	**26,354**	**6,588**	12,124	8,083	A4-D3
16	Investments in own shares (excluding those reported in the Net Assets section)	**—**	**—**	—	—	A5
17	Reciprocal cross-holdings in common equity	**—**	**—**	—	—	A6
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (“Other Financial Institutions”), net of eligible short positions, where the bank does not own more than 10% of the issued share capital	**—**	**—**	—	—	A7

(Millions of Yen, %)

Basel III Template No.		Items	As of March 31, 2017	Amounts excluded under transitional arrangements	As of March 31, 2016	Amounts excluded under transitional arrangements	Ref. No.
19+20+21		Amount exceeding the 10% threshold on specified items	—	—	—	—	
19		of which: significant investments in the common stock of financials	—	—	—	—	A8
20		of which: mortgage servicing rights	—	—	—	—	A9
21		of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—	A10
22		Amount exceeding the 15% threshold on specified items	—	—	—	—	
23		of which: significant investments in the common stock of financials	—	—	—	—	A11
24		of which: mortgage servicing rights	—	—	—	—	A12
25		of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—	A13
27		Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	—		—		
28		Common Equity Tier 1 capital: regulatory adjustments (B)	**86,555**		22,465		
Common Equity Tier 1 capital (CET1)							
29		Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	**6,478,344**		6,278,818		
Additional Tier 1 capital: instruments							
30	31a	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	**49,000**		49,000		E5.1+E5.2
30	31b	Subscription rights to Additional Tier 1 instruments	—		—		
30	32	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—		—		D1.1+D1.2
30		Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—		—		
34-35		Additional Tier 1 instruments issued by subsidiaries and held by third parties (amount allowed in group Additional Tier 1)	**3,254**		2,982		E8.2
33+35		Eligible Tier 1 capital instruments under phase-out arrangements included in Additional Tier 1 capital: instruments	**424**		509		
33		of which: instruments issued by banks and their special purpose vehicles	**424**		509		
35		of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	—		—		
		Total of items included in Additional Tier 1 capital: instruments under phase-out arrangements	**(10)**		(19)		
		of which: amounts of counted in to base instruments of Additional Tier 1 under phase-out arrangements that related other comprehensive income	**(10)**		(19)		
36		Additional Tier 1 capital: instruments (D)	**52,668**		52,473		

(Millions of Yen, %)

Basel III Template No.	Items	As of March 31, 2017	Amounts excluded under transitional arrangements	As of March 31, 2016	Amounts excluded under transitional arrangements	Ref. No.
Additional Tier 1 capital: regulatory adjustments						
37	Investments in own Additional Tier 1 instruments	**—**	**—**	—	—	A14
38	Reciprocal cross-holdings in Additional Tier 1 instruments	**—**	**—**	—	—	A15
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	**—**	**—**	—	—	A16
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	**40,027**	**10,006**	29,222	19,481	A17
	Total of items included in Additional Tier 1 capital: regulatory adjustments under phase-out arrangements	**1,871**		8,812		
	of which: 50% of balance due to pay of eligible provisions	**1,871**		8,812		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	**—**		—		
43	Additional Tier 1 capital: regulatory adjustments (E)	**41,898**		38,034		
Additional Tier 1 capital (AT1)						
44	Additional Tier 1 capital (AT1) ((D)-(E)) (F)	**10,769**		14,439		
Tier 1 capital (T1=CET1+AT1)						
45	Tier 1 capital (T1=CET1+AT1) ((C)+(F)) (G)	**6,489,114**		6,293,257		
Tier 2 capital: instruments and provisions						
46	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and its breakdown	**—**		—		E6
46	Subscription rights to Tier 2 instruments	**—**		—		
46	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	**1,415,480**		1,415,480		D2.1+D2.2
46	Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	**—**		—		
48-49	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	**96**		197		E8.3
47+49	Eligible Tier 2 capital instruments under phase-out arrangements included in Tier 2: instruments and provisions	**97,816**		147,816		
47	of which: instruments issued by banks and their special purpose vehicles	**97,816**		147,816		
49	of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	**—**		—		
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	**12**		6		
50a	of which: general reserve for possible loan losses	**12**		6		A18
50b	of which: eligible provisions	**—**		—		A19
	Total of items included in Tier 2 capital: instruments and provisions under phase-out arrangements	**192,795**		487,276		
	of which: amounts of counted in to base instruments of Additional Tier 1 under phase-out arrangements that related other comprehensive income	**192,795**		487,276		
51	Tier 2 capital: instruments and provisions (H)	**1,706,199**		2,050,776		

(Millions of Yen, %)

Basel III Template No.	Items	As of March 31, 2017	Amounts excluded under transitional arrangements	As of March 31, 2016	Amounts excluded under transitional arrangements	Ref. No.
Tier 2 capital: regulatory adjustments						
52	Investments in own Tier 2 instruments	**—**	**—**	—	—	A20
53	Reciprocal cross-holdings in Tier 2 instruments	**—**	**—**	—	—	A21
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	**—**	**—**	—	—	A22
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	**—**	**—**	—	—	A23
	Total of items included in Tier 2 capital: regulatory adjustments under phase-out arrangements	**14,592**		34,192		
	of which: intangibles assets other than mortgage servicing rights	**2,771**		6,014		
	of which: 50% of balance due to pay of eligible provisions	**1,871**		8,812		
	of which: significant investments in the additional Tier 1 capital of other financial institutions	**9,948**		19,365		
57	Tier 2 capital: regulatory adjustments (I)	**14,592**		34,192		
Tier 2 capital (T2)						
58	Tier 2 capital (T2) ((H)-(I)) (J)	**1,691,607**		2,016,584		
Total capital (TC=T1+T2)						
59	Total capital (TC=T1+T2) ((G) + (J)) (K)	**8,180,721**		8,309,841		
Risk weighted assets						
	Total of items included in risk weighted assets under phase-out arrangements	**11,533**		14,753		
	of which: intangibles assets other than mortgage servicing rights	**4,650**		6,080		
	of which: net defined-benefit asset	**6,588**		8,083		
	of which: significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	**294**		589		
60	Risk weighted assets (L)	**33,539,401**		33,135,294		
Capital ratio (consolidated)						
61	Common Equity Tier 1 capital ratio (consolidated) ((C)/(L))	**19.31%**		18.94%		
62	Tier 1 capital ratio (consolidated) ((G)/(L))	**19.34%**		18.99%		
63	Total capital ratio (consolidated) ((K)/(L))	**24.39%**		25.07%		
Regulatory adjustments						
72	Non-significant investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	**348,985**		439,019		A24.1+A24.2
73	Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	**46,493**		50,005		A25
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	**—**		—		A26
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	**—**		—		A27

(Millions of Yen, %)

Basel III Template No.	Items	As of March 31, 2017	Amounts excluded under transitional arrangements	As of March 31, 2016	Amounts excluded under transitional arrangements	Ref. No.
Provisions included in Tier 2 capital: instruments and provisions						
76	Provisions (general reserve for possible loan losses)	**12**		6		
77	Cap on inclusion of provisions (general reserve for possible loan losses)	**143**		134		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) (if the amount is negative, report as "nil")	**—**		—		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	**183,999**		176,884		
Capital instruments under phase-out arrangements						
82	Current cap on Additional Tier 1 instruments under phase-out arrangements	**424**		509		
83	Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")	**424**		339		
84	Current cap on Tier 2 instruments under phase-out arrangements	**768,003**		921,604		
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")	**—**		—		

Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements (Consolidated)

As of March 31, 2017

(Millions of Yen)

Items	Consolidated balance sheet amount	Balance sheet amount based on regulatory scope of consolidation	Ref. No.
(Assets)			
Loans and Bills Discounted	**12,058,289**		
of which: non-significant investments in the capital instruments of other financial institutions		**103,000**	
Tier 2 capital instruments		**—**	
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)		**103,000**	A24.1
Foreign Exchanges Assets	**224,101**		
Securities	**62,079,090**	**62,079,090**	
Money Held in Trust	**6,983,612**	**6,983,612**	
Securities and Money Held in Trust of which: goodwill and those equivalents (excluding those reported in the Intangible Fixed Assets)		**13,858**	A1.1
Securities and Money Held in Trust of which: investments in own capital instruments		**—**	
Common Equity (excluding those reported in the Net Assets section)		**—**	A5
Additional Tier 1 capital		**—**	A14
Tier 2 capital		**—**	A20
Securities and Money Held in Trust of which: reciprocal cross-holdings in capital instruments		**—**	
Common Equity		**—**	A6
Additional Tier 1 capital		**—**	A15
Tier 2 capital		**—**	A21

(Millions of Yen)

Items	Consolidated balance sheet amount	Balance sheet amount based on regulatory scope of consolidation	Ref. No.
Securities and Money Held in Trust of which: investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital		**245,985**	
Common Equity		—	A7
Additional Tier 1 capital		—	A16
Tier 2 capital		—	A22
Non-significant investments in the capital of other financials that are below the thresholds for deduction (before risk weighting)		**245,985**	A24.2
Securities and Money Held in Trust of which: significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		**96,526**	
Amount exceeding the 10% threshold on specified items		—	A8
Amount exceeding the 15% threshold on specified items		—	A11
Additional Tier 1 capital		**50,033**	A17
Tier 2 capital		—	A23
Significant investments in the common stock of financials that are below the thresholds for deduction (before risk weighting)		**46,493**	A25
Trading Assets	**10,715**		
Monetary Claims Bought	**257,888**		
Call Loans and Bills Bought	**146,220**		
Receivables under Resale Agreements	—		
Receivables under Securities Borrowing Transactions	**1,173**		
Cash and Due from Banks	**22,939,086**		
Other Assets	**1,001,888**		
Tangible Fixed Assets	**117,791**		
Buildings	**45,206**		
Land	**48,100**		
Lease Assets	**21,394**		
Construction in Progress	**158**		
Other	**2,931**		
Intangible Fixed Assets	**31,141**	**31,141**	
Software	**11,639**	**11,639**	
Lease Assets	**5,882**	**5,882**	
Other	**13,618**	**13,618**	
of which: goodwill and those equivalents (excluding those reported in the Net Assets section)		—	A1.2
of which: other intangible assets other than goodwill and mortgage servicing rights		**31,141**	A2.1
of which: amount that corresponds to effective tax rate to other intangible assets other than goodwill and mortgage servicing rights		**7,888**	A2.2
of which: mortgage servicing rights (net of related deferred tax liabilities)		—	
Amount exceeding the 10% threshold on specified items		—	A9
Amount exceeding the 15% threshold on specified items		—	A12
Amount below the thresholds for deduction (before risk weighting)		—	A26
Amounts of assets related to retirement benefits	**45,596**	**45,596**	A4
Deferred Tax Assets	**7,010**	**7,010**	
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related deferred tax liabilities)		—	A3
of which: deferred tax assets arising from temporary differences		—	
Amount exceeding the 10% threshold on specified items		—	A10
Amount exceeding the 15% threshold on specified items		—	A13
Amount below the thresholds for deduction (before risk weighting)		—	A27
Customers' Liabilities for Acceptances and Guarantees	**1,215,882**		

(Millions of Yen)

Items	Consolidated balance sheet amount	Balance sheet amount based on regulatory scope of consolidation	Ref. No.
Reserve for Possible Loan Losses	**(56,730)**	**(56,730)**	
of which: general reserve for possible loan losses includes Tier 2		**(12)**	A18
of which: eligible provisions includes Tier 2		—	A19
Reserve for Possible Investment Losses	**(10)**		
Total Assets	**107,062,747**		
(Liabilities)			
Deposits	**61,886,185**		
Negotiable Certificates of Deposit	**3,689,270**		
Debentures	**2,412,824**		
Bonds	—	—	
of which: qualifying Additional Tier 1 instruments		—	D1.1
of which: qualifying Tier 2 instruments		—	D2.1
Trading liabilities	**6,150**		
Borrowed Money	**4,371,611**	**4,371,611**	
of which: qualifying Additional Tier 1 instruments		—	D1.2
of which: qualifying Tier 2 instruments		**1,415,480**	D2.2
Call Money and Bills Sold	**3,365**		
Payables under Repurchase Agreements	**19,645,010**		
Payables under Securities Lending Transactions	**1,013**		
Foreign Exchanges Liabilities	**2**		
Trust Money	**1,257,432**		
Other Liabilities	**4,929,423**		
Reserve for Bonus Payments	**7,894**		
Reserve for Employees' Retirement Benefits	—		
Liabilities related to retirement benefits	**38,624**		
Reserve for Directors' Retirement Benefits	**1,286**		
Reserve for Agriculture, Fishery and Forestry Industry Subsidies	**523**		
Deferred Tax Liabilities	**578,827**	**578,827**	
of which: assets related to retirement benefits		**12,652**	D3
Deferred Tax Liabilities for Land Revaluation	**8,607**	**8,607**	
Acceptances and Guarantees	**1,215,882**		
Total Liabilities	**100,053,934**		
(Net Assets)			
Paid-in Capital	**3,480,488**	**3,480,488**	E1.1
of which: preferred stock		**24,999**	E1.2
of which: directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which classified as equity under applicable accounting standards		**24,500**	E5.1
Capital Surplus	**24,993**	**24,993**	
of which: other capital surplus		**20**	E1.3
of which: directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which classified as equity under applicable accounting standards		**24,500**	E5.2
Retained Earnings	**1,910,262**	**1,910,262**	E2
Treasury Preferred Stock	**(150)**	**(150)**	
Total Owners' Equity	**5,415,594**	**5,415,594**	
of which: others		—	E3
of which: directly issued qualifying Tier 2 instruments plus related capital surplus of which classified as equity under applicable accounting standards		—	E6
Net Unrealized Gains on Other Securities	**1,584,281**	**1,584,281**	
Net Deferred Losses on Hedging Instruments	**(26,550)**	**(26,550)**	
of which: net deferred losses on hedge		**19,422**	E7
Revaluation Reserve for Land	**14,312**	**14,312**	
Foreign Currency Translation Adjustment	**(53)**	**(53)**	
Remeasurements of Defined Benefit Plans	**12,635**	**12,635**	
Total Accumulated Other Comprehensive Income	**1,584,624**	**1,584,624**	E4

(Millions of Yen)

Items	Consolidated balance sheet amount	Balance sheet amount based on regulatory scope of consolidation	Ref. No.
Minority Interests	**8,594**	**8,594**	
of which: common equity issued by subsidiaries and held by third parties (amount allowed in group CET1)		**—**	E8.1
of which: Additional Tier 1 instruments issued by subsidiaries and held by third parties (amount allowed in group AT1)		**3,254**	E8.2
of which: Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		**96**	E8.3
Total Net Assets	**7,008,813**		
Total Liabilities and Net Assets	**107,062,747**		

Notes: 1. "Balance sheet amount based on regulatory scope of consolidation" refers only to the items used in calculating capital adequacy.
2. "Balance sheet amount based on regulatory scope of consolidation" does not reflect transitional arrangements so that the amount of the column consists of the amount included in capital adequacy and the amount excluded under transitional arrangements in "Composition of Capital."

As of March 31, 2016

(Millions of Yen)

Items	Consolidated balance sheet amount	Balance sheet amount based on regulatory scope of consolidation	Ref. No.
(Assets)			
Loans and Bills Discounted	18,022,160		
of which: non-significant investments in the capital instruments of other financial institutions		105,000	
Tier 2 capital instruments		—	
Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)		105,000	A24.1
Foreign Exchanges Assets	237,332		
Securities	58,306,391	58,306,391	
Money Held in Trust	4,922,923	4,922,923	
Securities and Money Held in Trust of which: goodwill and those equivalents (excluding those reported in the Intangible Fixed Assets)		15,035	A1.1
Securities and Money Held in Trust of which: investments in own capital instruments		—	
Common Equity (excluding those reported in the Net Assets section)		—	A5
Additional Tier 1 capital		—	A14
Tier 2 capital		—	A20
Securities and Money Held in Trust of which: reciprocal cross-holdings in capital instruments		—	
Common Equity		—	A6
Additional Tier 1 capital		—	A15
Tier 2 capital		—	A21
Securities and Money Held in Trust of which: investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital		334,019	
Common Equity		—	A7
Additional Tier 1 capital		—	A16
Tier 2 capital		—	A22
Non-significant investments in the capital of other financials that are below the thresholds for deduction (before risk weighting)		334,019	A24.2
Securities and Money Held in Trust of which: significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		98,708	
Amount exceeding the 10% threshold on specified items		—	A8
Amount exceeding the 15% threshold on specified items		—	A11

(Millions of Yen)

Items	Consolidated balance sheet amount	Balance sheet amount based on regulatory scope of consolidation	Ref. No.
Additional Tier 1 capital		48,703	A17
Tier 2 capital		—	A23
Significant investments in the common stock of financials that are below the thresholds for deduction (before risk weighting)		50,005	A25
Trading Assets	14,284		
Monetary Claims Bought	244,023		
Call Loans and Bills Bought	139,877		
Receivables under Resale Agreements	—		
Receivables under Securities Borrowing Transactions	2,049,052		
Cash and Due from Banks	15,057,960		
Other Assets	1,037,001		
Tangible Fixed Assets	108,304		
Buildings	43,237		
Land	50,499		
Lease Assets	10,958		
Construction in Progress	775		
Other	2,833		
Intangible Fixed Assets	20,362	20,362	
Software	10,326	10,326	
Lease Assets	3,304	3,304	
Other	6,732	6,732	
of which: goodwill and those equivalents (excluding those reported in the Net Assets section)		—	A1.2
of which: other intangible assets other than goodwill and mortgage servicing rights		20,362	A2.1
of which: amount that corresponds to effective tax rate to other intangible assets other than goodwill and mortgage servicing rights		5,160	A2.2
of which: mortgage servicing rights (net of related deferred tax liabilities)		—	
Amount exceeding the 10% threshold on specified items		—	A9
Amount exceeding the 15% threshold on specified items		—	A12
Amount below the thresholds for deduction (before risk weighting)		—	A26
Amounts of assets related to retirement benefits	27,969	27,969	A4
Deferred Tax Assets	1,999	1,999	
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related deferred tax liabilities)		—	A3
of which: deferred tax assets arising from temporary differences		—	
Amount exceeding the 10% threshold on specified items		—	A10
Amount exceeding the 15% threshold on specified items		—	A13
Amount below the thresholds for deduction (before risk weighting)		—	A27
Customers' Liabilities for Acceptances and Guarantees	1,087,130		
Reserve for Possible Loan Losses	(93,854)	(93,854)	
of which: general reserve for possible loan losses includes Tier 2		(6)	A18
of which: eligible provisions includes Tier 2		—	A19
Reserve for Possible Investment Losses	—		
Total Assets	101,182,920		
(Liabilities)			
Deposits	58,823,374		
Negotiable Certificates of Deposit	3,598,338		
Debentures	3,122,077		
Bonds	50,000	50,000	
of which: qualifying Additional Tier 1 instruments		—	D1.1
of which: qualifying Tier 2 instruments		—	D2.1
Trading liabilities	8,476		

(Millions of Yen)

Items	Consolidated balance sheet amount	Balance sheet amount based on regulatory scope of consolidation	Ref. No.
Borrowed Money	3,090,120	3,090,120	
of which: qualifying Additional Tier 1 instruments		—	D1.2
of which: qualifying Tier 2 instruments		1,415,480	D2.2
Call Money and Bills Sold	4,276		
Payables under Repurchase Agreements	18,488,218		
Payables under Securities Lending Transactions	903,887		
Foreign Exchanges Liabilities	17		
Trust Money	1,397,731		
Other Liabilities	2,645,958		
Reserve for Bonus Payments	7,711		
Reserve for Employees' Retirement Benefits	—		
Liabilities related to retirement benefits	39,756		
Reserve for Directors' Retirement Benefits	1,179		
Reserve for Agriculture, Fishery and Forestry Industry Subsidies	12,684		
Deferred Tax Liabilities	705,928	705,928	
of which: assets related to retirement benefits		7,761	D3
Deferred Tax Liabilities for Land Revaluation	9,263	9,263	
Acceptances and Guarantees	1,087,130		
Total Liabilities	93,996,130		
(Net Assets)			
Paid-in Capital	3,480,488	3,480,488	E1.1
of which: preferred stock		24,999	E1.2
of which: directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which classified as equity under applicable accounting standards		24,500	E5.1
Capital Surplus	25,020	25,020	
of which: other capital surplus		20	E1.3
of which: directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which classified as equity under applicable accounting standards		24,500	E5.2
Retained Earnings	1,770,832	1,770,832	E2
Treasury Preferred Stock	(150)	(150)	
Total Owners' Equity	5,276,191	5,276,191	
of which: others		—	E3
of which: directly issued qualifying Tier 2 instruments plus related capital surplus of which classified as equity under applicable accounting standards		—	E6
Net Unrealized Gains on Other Securities	2,118,533	2,118,533	
Net Deferred Losses on Hedging Instruments	(231,632)	(231,632)	
of which: net deferred losses on hedge		(57,063)	E7
Revaluation Reserve for Land	16,020	16,020	
Foreign Currency Translation Adjustment	(48)	(48)	
Remeasurements of Defined Benefit Plans	(246)	(246)	
Total Accumulated Other Comprehensive Income	1,902,626	1,902,626	E4
Minority Interests	7,972	7,972	
of which: common equity issued by subsidiaries and held by third parties (amount allowed in group CET1)		—	E8.1
of which: Additional Tier 1 instruments issued by subsidiaries and held by third parties (amount allowed in group AT1)		2,982	E8.2
of which: Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		197	E8.3
Total Net Assets	7,186,790		
Total Liabilities and Net Assets	101,182,920		

Notes: 1. "Balance sheet amount based on regulatory scope of consolidation" refers only to the items used in calculating capital adequacy.
2. "Balance sheet amount based on regulatory scope of consolidation" does not reflect transitional arrangements so that the amount of the column consists of the amount included in capital adequacy and the amount excluded under transitional arrangements in "Composition of Capital."

Capital Adequacy (Consolidated)

(Minimum amount of regulatory required capital and breakdown for each risk category)

Regulatory Required Capital

(Billions of Yen)

Items	As of March 31, 2017 EAD	As of March 31, 2017 Regulatory Required Capital	As of March 31, 2016 EAD	As of March 31, 2016 Regulatory Required Capital
Amount of regulatory required capital for credit risk	**141,673**	**2,551**	132,499	2,479
Exposure subject to Internal Ratings-Based Approach	**125,678**	**2,527**	112,952	2,455
Corporate exposure (excluding Specialized Lending)	**7,454**	**188**	6,586	257
Corporate exposure (Specialized Lending)	**513**	**39**	327	27
Sovereign exposure	**66,106**	**0**	61,832	0
Bank exposure	**16,901**	**108**	16,980	157
Retail exposure	**1,268**	**40**	1,128	37
Retail exposure secured by residential properties	**1,224**	**36**	1,084	32
Qualifying revolving retail exposure	**—**	**—**	—	—
Other retail exposure	**44**	**4**	43	4
Securitization and re-securitization exposure	**6,513**	**42**	4,768	36
Equity portfolios	**1,250**	**200**	1,187	193
Equity portfolios subject to PD/LGD approaches	**802**	**80**	773	81
Equity portfolios subject to simple risk-weighted method	**100**	**34**	89	30
Equities under the internal models approach	**346**	**85**	323	81
Exposure subject to risk-weighted asset calculation for investment fund	**25,111**	**1,892**	19,560	1,720
Other debt purchased	**308**	**4**	362	15
Other exposures	**249**	**12**	219	8
Exposure subject to Standardized Approach	**50**	**0**	52	0
Assets subject to Standardized Approach on a non-consolidated basis	**7**	**0**	6	0
Assets subject to Standardized Approach in consolidated companies (excluding securitization exposure)	**43**	**0**	45	0
Assets subject to Standardized Approach in consolidated companies (securitization exposure)	**—**	**—**	—	—
Amount corresponding to CVA risk	**547**	**4**	675	6
CCP-related exposures	**15,375**	**16**	18,784	14
Items that included by transitional arrangements	**21**	**0**	33	1
Amount of regulatory required capital for market risk	**/**	**136**	/	197
Standardized Approach	**/**	**135**	/	197
Interest rate risk category	**/**	**—**	/	—
Equity risk category	**/**	**—**	/	—
Foreign exchange risk category	**/**	**135**	/	197
Commodity risk category	**/**	**—**	/	—
Option transactions	**/**	**—**	/	—
Internal models Approach	**/**	**0**	/	0
Amount of regulatory required capital for operational risk	**/**	**71**	/	72
Offsets on consolidation	**/**	**2,758**	/	2,749

Notes: 1. Regulatory required capital for credit risk = 8% of risk-weighted assets for credit risk + Expected losses

2. Within the Exposure Subject to the Internal Ratings-Based Approach (excluding retail), the EAD subject to the Advanced Internal Ratings-Based Approach and the amount of regulatory required capital are ¥7,910.6 billion and ¥189.1 billion, respectively.

3. "Risk-weighted asset calculation for investment fund" is risk-weighted assets as calculated according to the method specified in Notification Regarding Capital Adequacy Ratio, Article 144.

4. Risk-weighted asset calculation for investment fund includes ¥172.7 billion EAD and ¥0.3 billion of Required Capital of CPP-related exposures.

5. Under "The Standardized Approach (TSA)," which is a method for computing the amount corresponding to operational risk, the gross profit for one year is allocated among the business activities as specified in Appendix Table 1 of the Notification Regarding Capital Adequacy Ratio. The multiplier specified for each business activity classification is multiplied by the gross profit, and the average of the annual totals for the past three years is taken to be the amount corresponding to operational risk (Notification Regarding Capital Adequacy Ratio, Article 282).

(Billions of Yen)

Item	As of March 31, 2017	As of March 31, 2016
Consolidated total required capital	**2,683**	2,650

Note: Consolidated total required capital is an amount that results from multiplying the denominator of the formula by 8% as stipulated in Notification Regarding Capital Adequacy Ratio, Article 2.

Credit Risk (Consolidated)

(Funds and securitization exposures are excluded)

1. Credit Risk Exposure

Fiscal 2016 (Ended March 31, 2017)

Geographic Distribution of Exposure, Details in Significant Areas by Major Types of Credit Exposure

(Billions of Yen)

Regions	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure
Japan	11,830	15,146	30	23,930	50,938	59
Asia except Japan	291	146	12	388	838	—
Europe	284	10,268	218	10,009	20,781	—
The Americas	841	18,012	38	15,239	34,131	—
Other areas	258	407	14	258	938	—
Amounts held by consolidated subsidiaries	1,268	28	—	54	1,352	5
Total	14,774	44,010	314	49,880	108,980	64

Industry Distribution of Exposure, Details by Major Types of Credit Exposure

(Billions of Yen)

Industries	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure	Write-off of loans (amounts of partial direct write-off)
Manufacturing	2,708	466	1	0	3,176	23	—
Agriculture	47	0	0	0	48	5	0
Forestry	6	—	—	—	6	0	—
Fishing	19	0	—	0	19	11	—
Mining	13	—	—	0	13	—	—
Construction	85	11	—	0	96	0	—
Utility	356	5	—	0	361	—	—
Information/telecommunications	118	8	—	0	127	—	—
Transportation	622	124	2	0	750	7	—
Wholesaling, retailing	1,500	121	0	0	1,622	7	—
Finance and insurance	2,696	7,824	310	49,566	60,396	0	—
Real estate	636	143	—	2	783	0	—
Services	1,482	82	0	1	1,565	3	0
Municipalities	39	0	—	0	39	—	—
Other	3,171	35,192	—	255	38,619	0	—
Amounts held by consolidated subsidiaries	1,268	28	—	54	1,352	5	0
Total	14,774	44,010	314	49,880	108,980	64	1

Note: "Others" within "Finance and insurance" includes repo-type transactions, call loans, and certain other items.

Residual Contractual Maturity Breakdown of Credit Risk Exposure

(Billions of Yen)

Terms to maturity	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure
In 1 year	7,116	5,358	66	49,043	61,583
Over 1 year to 3 years	1,847	14,622	78	0	16,547
Over 3 years to 5 years	2,432	12,043	1	0	14,477
Over 5 years to 7 years	961	3,077	0	0	4,039
Over 7 years	1,146	7,133	168	0	8,448
No term to maturity	2	1,747	—	782	2,532
Amounts held by consolidated subsidiaries	1,268	28	—	54	1,352
Total	14,774	44,010	314	49,880	108,980

Notes: 1. The amount of credit exposure at the end of the period does not substantially differ from the average-risk position during fiscal 2016.
2. The amounts of credit-risk exposure held by consolidated subsidiaries are extremely limited, amounting only to about 1% of consolidated risk exposure, so only the total amounts held by these subsidiaries are shown.
3. Within credit risk exposure, credit risk exposure subject to the Standardized Approach was ¥51.3 billion.
4. Default exposure is classified in the Bank's self-assessment as being under "Debtor Under Requirement of Control."

Fiscal 2015 (Ended March 31, 2016)

Geographic Distribution of Exposure, Details in Significant Areas by Major Types of Credit Exposure

(Billions of Yen)

Regions	Loans, commit-ments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure
Japan	17,930	15,029	52	18,773	51,786	85
Asia except Japan	270	147	27	82	527	—
Europe	277	9,824	108	7,186	17,397	—
The Americas	771	17,141	79	17,480	35,473	—
Other areas	127	441	17	252	838	—
Amounts held by consolidated subsidiaries	1,129	30	—	51	1,211	6
Total	20,506	42,614	286	43,827	107,234	91

Industry Distribution of Exposure, Details by Major Types of Credit Exposure

(Billions of Yen)

Industries	Loans, commit-ments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure	Write-off of loans (amounts of partial direct write-off)
Manufacturing	2,567	395	1	0	2,965	21	0
Agriculture	32	0	0	0	33	5	0
Forestry	7	—	—	—	7	0	—
Fishing	23	0	—	0	23	15	0
Mining	14	—	—	0	14	—	—
Construction	85	10	—	0	96	0	—
Utility	270	6	—	0	277	—	—
Information/telecommunications	80	7	—	0	88	—	—
Transportation	562	121	3	0	687	8	2
Wholesaling, retailing	1,451	113	0	0	1,565	8	0
Finance and insurance	2,379	10,075	280	43,546	56,281	1	—
Real estate	575	133	—	2	711	17	—
Services	1,321	128	0	1	1,451	7	—
Municipalities	57	0	—	0	57	—	—
Other	9,946	31,589	—	224	41,760	0	—
Amounts held by consolidated subsidiaries	1,129	30	—	51	1,211	6	0
Total	20,506	42,614	286	43,827	107,234	91	4

Note: "Others" within "Finance and insurance" includes repo-type transactions, call loans, and certain other items.

Residual Contractual Maturity Breakdown of Credit Risk Exposure

(Billions of Yen)

Terms to maturity	Loans, commit-ments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure
In 1 year	14,389	2,505	132	42,785	59,811
Over 1 year to 3 years	1,603	13,314	146	198	15,262
Over 3 years to 5 years	1,724	16,422	2	0	18,149
Over 5 years to 7 years	789	5,197	0	0	5,988
Over 7 years	865	3,646	4	0	4,516
No term to maturity	5	1,497	—	791	2,294
Amounts held by consolidated subsidiaries	1,129	30	—	51	1,211
Total	20,506	42,614	286	43,827	107,234

Notes: 1. The amount of credit exposure at the end of the period does not substantially differ from the average-risk position during fiscal 2015.
2. The amounts of credit-risk exposure held by consolidated subsidiaries are extremely limited, amounting only to about 1% of consolidated risk exposure, so only the total amounts held by these subsidiaries are shown.
3. Within credit risk exposure, credit risk exposure subject to the Standardized Approach was ¥53.0 billion.
4. Default exposure is classified in the Bank's self-assessment as being under "Debtor Under Requirement of Control."

2. Reserves for Possible Loan Losses

Increase/Decrease in General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and the Specific Reserve for Loans to Countries with Financial Problems by Region

(Billions of Yen)

Regions	As of March 31, 2017	As of March 31, 2016	Increase/(decrease)
General reserve for possible loan losses	**28**	14	**13**
Specific reserve for possible loan losses	**22**	35	**(12)**
Japan	**22**	35	**(12)**
Asia except Japan	**—**	—	**—**
Europe	**—**	—	**—**
The Americas	**—**	—	**—**
Other areas	**—**	—	**—**
Amounts held by consolidated subsidiaries	**3**	3	**0**
Offsets on consolidation	**(1)**	(1)	**0**
Specified reserve for loans to countries with financial problems	**—**	—	**—**
Total	**53**	52	**1**

Increase/Decrease in General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and the Specified Reserve for Loans to Countries with Financial Problems by Industry

(Billions of Yen)

Industries	As of March 31, 2017	As of March 31, 2016	Increase/(decrease)
General reserve for possible loan losses	**28**	14	**13**
Specific reserve for possible loan losses	**22**	35	**(12)**
Manufacturing	**7**	4	**2**
Agriculture	**4**	3	**0**
Forestry	**0**	0	**(0)**
Fishing	**5**	5	**(0)**
Mining	**—**	—	**—**
Construction	**—**	0	**(0)**
Utility	**—**	—	**—**
Information/telecommunications	**—**	—	**—**
Transportation	**1**	3	**(1)**
Wholesaling, retailing	**1**	2	**(0)**
Finance and insurance	**0**	0	**(0)**
Real estate	**—**	9	**(9)**
Services	**1**	5	**(3)**
Municipalities	**—**	—	**—**
Other	**—**	—	**—**
Others	**—**	—	**—**
Amount held by consolidated subsidiaries	**3**	3	**0**
Offsets on consolidation	**(1)**	(1)	**0**
Specified reserve for loans to countries with financial problems	**—**	—	**—**
Total	**53**	52	**1**

3. Exposure Subject to the Internal Ratings-Based Approach

Types of Exposure by Portfolio and Overview of Internal Rating Procedures

■ Corporate, Sovereign and Bank Exposure

Types of Exposure

Corporate exposure includes general business corporate exposure, sovereign (country) exposure, bank exposure, and specialized lending exposure.

Within these categories, general business corporate exposure is subdivided into resident and non-resident corporate, depending on head office location.

Specialized lending is subdivided into Income-Producing Real Estate (IPRE), High-Volatility Commercial Real Estate (HVCRE), Object Finance (OF) and Project Finance (PF).

Overview of Debtor Rating Procedure

In the Bank's general procedure for assigning a debtor rating for corporate, sovereign and bank exposure, the front office is in charge of applying for a rating and then the credit risk management section reviews and approves it. Moreover, the debtor rating is reviewed at least once a year. In addition, when an event occurs that could cause a change in the rating, the Bank conducts an "ad-hoc review.

Overview of Loan Recovery Rating Procedures

At the Bank, a loan recovery rating is assigned to each transaction with corporate, sovereign and bank exposure according to the conservation status.

Moreover, the loan recovery rating is reviewed on a quarterly basis.

	Items for Review	Content of Review
1	Financial rating	Based on quantitative data of an obligor, including financial statements, the relevant quantitative model according to the risk profile of the obligor is applied to assign a financial rating.
2	Adjustments in financial rating	In addition to the process stated above, the Bank takes into account the events which should affect the obligor, and adjusts the financial rating.
3	Qualitative evaluation	Among significant elements to evaluate the credit-worthiness of the obligor, those elements which are not captured fully by quantitative evaluation are evaluated.
4	Country adjustment	The rating of the obligor is adjusted not to exceed the rating of the country.
5	Consideration of external information	Supplemental to quantitative and qualitative evaluation, the Bank may consider other elements, such as changes in agency rating, CDS or corporate bond spread, or stock price, and adjust the rating accordingly.
6	Determination of debtor classification	Determination of the classification of an obligor in accordance with Procedure for Self-Assessment Exercise.
7	Final rating	To reflect the situation of the obligor more accurately, supplemental evaluation may be conducted before the final decision of the internal rating.

■ Equity Exposure

The Bank assigns internal ratings to equity exposures according to the same process used in assigning ratings to corporate exposures whenever possible.

■ Retail Exposure

Retail exposures, such as retail exposure secured by residential properties, qualifying revolving retail exposure and other retail exposures, are managed by grouping individual exposures into eligible retail pools the Bank stipulates and assigning ratings at the pool level.

a. Corporate, Sovereign and Bank Exposure

Relationship between Internal Ratings and Parameter Estimates

At the Bank, the internal estimates, which are divided into four categories—resident corporate, non-resident corporate, sovereign and bank—are adopted as the PD corresponding to the debtor internal rating grades. As the methods for estimating these PDs, the Bank estimates the long-term average default for each PD after mapping the default data by the Bank's internal rating or the default data by the external rating to the internal rating grades.

For the LGD, which corresponds to each level of the loan recovery rating, the internal estimates for transaction with corporate exposure, which is subject to the Advanced Internal Ratings-Based Approach (A-IRB), are adopted. Moreover, as a method for estimating LGD, the long-term average for default ratios is calculated based on the internal default data.

The Bank does not use its own estimates for the EAD.

For specialized lending, the Bank applies slotting criteria to compute risk-weighted assets.

Fiscal 2016 (Ended March 31, 2017)

(Billions of Yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)	Amount of undrawn commitments	Weighted average of credit conversion factor
Corporate Exposure	1.11%	30.00%		32%	7,454	6,254	1,199	698	75.00%
1-1 to 4	0.11%	30.15%		24%	6,909	5,742	1,167	687	75.00%
5 to 7	1.53%	28.02%		74%	388	364	24	10	75.00%
8-1 to 8-2	15.84%	29.05%		209%	103	96	6	0	75.00%
Subtotal	0.41%	30.02%		29%	7,402	6,203	1,198	698	75.00%
8-3 to 10-2	100.00%	27.16%	27.16%	339%	52	51	0	—	—
Sovereign Exposure	0.00%	44.99%		0%	66,106	64,060	2,046	19	75.00%
1-1 to 4	0.00%	44.99%		0%	66,106	64,060	2,046	19	75.00%
5 to 7	1.00%	45.00%		134%	0	0	—	—	—
8-1 to 8-2	9.88%	0.02%		4%	0	0	—	—	—
Subtotal	0.00%	44.99%		0%	66,106	64,060	2,046	19	75.00%
8-3 to 10-2	—	—	—	—	—	—	—	—	—
Bank Exposure	0.05%	19.00%		8%	16,901	5,990	10,911	0	75.00%
1-1 to 4	0.04%	18.98%		8%	16,820	5,913	10,907	0	75.00%
5 to 7	2.02%	25.00%		74%	80	76	3	—	—
8-1 to 8-2	8.94%	45.00%		250%	0	0	0	—	—
Subtotal	0.05%	19.00%		8%	16,901	5,990	10,911	0	75.00%
8-3 to 10-2	—	—	—	—	—	—	—	—	—
Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach	0.17%	90.00%		126%	802	802	—	—	—
1-1 to 4	0.08%	90.00%		122%	789	789	—	—	—
5 to 7	1.93%	90.00%		292%	12	12	—	—	—
8-1 to 8-2	15.84%	90.00%		723%	0	0	—	—	—
Subtotal	0.13%	90.00%		126%	802	802	—	—	—
8-3 to 10-2	100.00%	90.00%	90.00%	1,193%	0	0	—	—	—

Notes: 1. Weighted averages of PD, LGD, EL default and risk weights are computed based on EAD (including on-balance and off-balance items).

2. Risk weights are equivalent to the total of the risk-weighted assets and the amount of dividing the expected loss by 8%, then dividing the result by exposure at default (EAD).

Fiscal 2015 (Ended March 31, 2016)

(Billions of Yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)	Amount of undrawn commitments	Weighted average of credit conversion factor
Corporate Exposure	1.31%	44.96%		49%	6,586	5,819	767	670	75.00%
1-1 to 4	0.12%	45.00%		36%	6,093	5,361	732	655	75.00%
5 to 7	1.72%	44.62%		119%	355	329	26	12	75.00%
8-1 to 8-2	15.84%	44.74%		319%	76	68	8	1	75.00%
Subtotal	0.40%	44.97%		44%	6,526	5,759	766	670	75.00%
8-3 to 10-2	100.00%	43.76%	43.76%	552%	60	59	1	0	75.00%
Sovereign Exposure	0.00%	45.00%		0%	61,832	59,953	1,878	9	75.00%
1-1 to 4	0.00%	45.00%		0%	61,831	59,953	1,878	9	75.00%
5 to 7	0.86%	45.00%		131%	0	0	—	—	—
8-1 to 8-2	9.88%	0.01%		3%	0	0	—	—	—
Subtotal	0.00%	45.00%		0%	61,832	59,953	1,878	9	75.00%
8-3 to 10-2	—	—	—	—	—	—	—	—	—
Bank Exposure	0.05%	23.48%		12%	16,980	7,600	9,380	4	75.00%
1-1 to 4	0.04%	23.50%		11%	16,923	7,547	9,376	4	75.00%
5 to 7	2.43%	19.54%		68%	48	44	4	—	—
8-1 to 8-2	8.94%	5.29%		31%	8	8	0	—	—
Subtotal	0.05%	23.48%		12%	16,980	7,600	9,380	4	75.00%
8-3 to 10-2	100.00%	45.00%	45.00%	563%	0	0	—	—	—
Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach	0.15%	90.00%		132%	773	773	—	—	—
1-1 to 4	0.08%	90.00%		129%	763	763	—	—	—
5 to 7	1.92%	90.00%		295%	8	8	—	—	—
8-1 to 8-2	15.84%	90.00%		549%	1	1	—	—	—
Subtotal	0.15%	90.00%		132%	773	773	—	—	—
8-3 to 10-2	100.00%	90.00%	90.00%	1,193%	0	0	—	—	—

Notes: 1. Weighted averages of PD, LGD, EL default and risk weights are computed based on EAD (including on-balance and off-balance items).
2. Risk weights are equivalent to the total of the risk-weighted assets and the amount of dividing the expected loss by 8%, then dividing the result by exposure at default (EAD).

b. Retail Exposure

Relationship between Retail Pools and Parameter Estimates

On retail exposure, the Bank estimates parameters, namely PD, LGD, and EAD for each retail pool. Each of those parameters is estimated based on observed data of defaults and losses net of recovered amounts as well as external data. The applicable EAD is the end-of-period balance, since the Bank has no exposure for revolving products, with which balances may be changed within the predetermined credit lines at the discretions of the obligors.

The Bank's definition of default used in estimating and validating the parameters satisfies the criteria stipulated in the Notification Regarding Capital Adequacy Ratio.

Details on PD, LGD, RW and EAD Assets
Fiscal 2016 (Ended March 31, 2017)

(Billions of Yen)

Type of exposure	Weighted-average PD	Weighted-average LGD	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)	Amount of undrawn commitments	Weighted average of credit conversion factor
Retail exposure secured by residential properties	0.89%	49.00%	73.26%	39%	1,327	233	1,094	—	—
Not default Not delinquent	0.36%	49.00%		32%	1,313	222	1,090	—	—
Not default Delinquent	24.92%	47.91%		425%	9	6	2	—	—
Not default Subtotal	0.53%	49.00%		35%	1,322	229	1,093	—	—
Default	100.00%		73.26%	1,049%	4	4	0	—	—
Qualifying revolving retail exposure	—	—	—	—	—	—	—	—	—
Not default Not delinquent	—	—		—	—	—	—	—	—
Not default Delinquent	—	—		—	—	—	—	—	—
Not default Subtotal	—	—		—	—	—	—	—	—
Default	—		—	—	—	—	—	—	—
Other retail exposure	5.76%	60.01%	97.15%	128%	44	41	3	—	—
Not default Not delinquent	0.81%	60.02%		61%	42	38	3	—	—
Not default Delinquent	23.36%	57.47%		304%	0	0	0	—	—
Not default Subtotal	0.91%	60.01%		63%	42	39	3	—	—
Default	100.00%		97.15%	1,408%	2	2	0	—	—
Total	1.05%	49.34%	80.73%	42%	1,372	274	1,097	—	—
Not default Not delinquent	0.37%	49.35%		33%	1,355	261	1,094	—	—
Not default Delinquent	24.90%	48.09%		423%	9	6	2	—	—
Not default Subtotal	0.54%	49.34%		36%	1,365	268	1,096	—	—
Default	100.00%		80.73%	1,161%	6	6	0	—	—

Notes: 1. Purchased retail receivables in investment funds using estimated parameters have been included in the amount subject to quantitative disclosure.
2. "Not default Delinquent" does not fall under the default definition in the Notification Regarding Capital Adequacy Ratio, but past-due.
3. Risk weights are equivalent to the total of the risk-weighted assets and the amount of dividing the expected loss by 8%, then dividing the result by exposure at default (EAD).
4. For defaulted exposure, the risk weights have been computed taking account of the unexpected losses on default (LGD default) and the expected losses on default (EL default).
5. As of March 31, 2017, the Bank held no Qualifying revolving retail exposure for which net withdrawals of commitments had occurred.

Fiscal 2015 (Ended March 31, 2016)

(Billions of Yen)

Type of exposure	Weighted-average PD	Weighted-average LGD	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)	Amount of undrawn commitments	Weighted average of credit conversion factor
Retail exposure secured by residential properties	1.04%	48.64%	71.02%	41%	1,207	244	962	—	—
Not default Not delinquent	0.38%	48.65%		34%	1,191	231	960	—	—
Not default Delinquent	25.93%	47.11%		425%	10	8	2	—	—
Not default Subtotal	0.60%	48.64%		37%	1,202	240	962	—	—
Default	100.00%		71.02%	1,020%	5	4	0	—	—
Qualifying revolving retail exposure	—	—	—	—	—	—	—	—	—
Not default Not delinquent	—	—		—	—	—	—	—	—
Not default Delinquent	—	—		—	—	—	—	—	—
Not default Subtotal	—	—		—	—	—	—	—	—
Default	—		—	—	—	—	—	—	—
Other retail exposure	5.95%	59.76%	96.90%	131%	44	40	3	—	—
Not default Not delinquent	0.82%	59.79%		61%	41	38	3	—	—
Not default Delinquent	22.72%	54.28%		282%	0	0	0	—	—
Not default Subtotal	0.92%	59.76%		62%	41	38	3	—	—
Default	100.00%		96.90%	1,413%	2	2	0	—	—
Total	1.21%	49.01%	78.66%	44%	1,251	285	966	—	—
Not default Not delinquent	0.39%	49.03%		34%	1,233	269	963	—	—
Not default Delinquent	25.88%	47.24%		422%	10	8	2	—	—
Not default Subtotal	0.61%	49.01%		38%	1,244	278	965	—	—
Default	100.00%		78.66%	1,136%	7	7	0	—	—

Notes: 1. Purchased retail receivables in investment funds using estimated parameters have been included in the amount subject to quantitative disclosure.
2. "Not default Delinquent" does not fall under the default definition in the Notification Regarding Capital Adequacy Ratio, but past-due.
3. Risk weights are equivalent to the total of the risk-weighted assets and the amount of dividing the expected loss by 8%, then dividing the result by exposure at default (EAD).
4. For defaulted exposure, the risk weights have been computed taking account of the unexpected losses on default (LGD default) and the expected losses on default (EL default).
5. As of March 31, 2016, the Bank held no Qualifying revolving retail exposure for which net withdrawals of commitments had occurred.

c. Actual Losses on Exposure to Corporate, Sovereign, Bank and Retail Exposure

Actual Losses by Exposure Types

(Billions of Yen)

Type of exposure	As of March 31, 2017	As of March 31, 2016	Increase/(decrease)
Corporate exposure	**4**	1	**2**
Sovereign exposure	**—**	—	**—**
Bank exposure	**—**	—	**—**
Equity exposure subject to PD/LGD approach	**—**	0	**(0)**
Retail exposure secured by residential properties	**0**	0	**(0)**
Qualifying revolving retail exposure	**—**	—	**—**
Other retail exposure	**0**	0	**0**
Total	**4**	2	**2**

Note: Actual losses are defined as losses due to direct write-offs, partial direct write-offs, specific reserve for possible loan losses, general reserve for possible loan losses and loan sales of exposure that defaulted up to the end of the previous period.

Comparison between Actual Losses in the Previous Fiscal Year and Past Financial Results and Analysis of Causes

Although credit conditions have generally remained favorable due to the recording of reserves for possible loan losses caused by worsened credit conditions of some entities for which the Bank provided loans, the total value of actual losses for fiscal 2016 were up ¥2.3 billion year-on-year.

Comparison of Estimated Losses and Actual Losses

(Billions of Yen)

Type of exposure	As of March 31, 2017		As of March 31, 2016		As of March 31, 2015	
	Estimated losses	Actual losses	Estimated losses	Actual losses	Estimated losses	Actual losses
Corporate exposure	**14**	**4**	15	1	17	3
Sovereign exposure	**0**	**—**	0	—	0	—
Bank exposure	**1**	**—**	0	—	0	—
Equity exposure subject to PD/LGD approach	**0**	**—**	0	0	0	1
Retail exposure secured by residential properties	**2**	**0**	2	0	2	0
Qualifying revolving retail exposure	**—**	**—**	—	—	—	—
Other retail exposure	**0**	**0**	0	0	0	0

Type of exposure	As of March 31, 2014		As of March 31, 2013		As of March 31, 2012	
	Estimated losses	Actual losses	Estimated losses	Actual losses	Estimated losses	Actual losses
Corporate exposure	20	0	24	1	42	9
Sovereign exposure	0	—	0	—	0	—
Bank exposure	1	—	0	—	0	—
Equity exposure subject to PD/LGD approach	0	—	0	—	2	0
Retail exposure secured by residential properties	2	0	1	0	1	1
Qualifying revolving retail exposure	—	—	—	—	—	—
Other retail exposure	0	0	1	0	0	0

Type of exposure	As of March 31, 2011		As of March 31, 2010		As of March 31, 2009	
	Estimated losses	Actual losses	Estimated losses	Actual losses	Estimated losses	Actual losses
Corporate exposure	73	7	55	43	46	25
Sovereign exposure	0	—	0	—	1	—
Bank exposure	0	—	0	—	0	—
Equity exposure subject to PD/LGD approach	3	0	1	0	0	0
Retail exposure secured by residential properties	1	0	1	0	1	0
Qualifying revolving retail exposure	—	—	—	—	—	—
Other retail exposure	0	0	0	0	0	0

Type of exposure	As of March 31, 2008	
	Estimated losses	Actual losses
Corporate exposure	29	7
Sovereign exposure	1	—
Bank exposure	0	—
Equity exposure subject to PD/LGD approach	1	0
Retail exposure secured by residential properties	1	0
Qualifying revolving retail exposure	—	—
Other retail exposure	0	0

Notes: 1. The scope of estimated and actual losses includes the following accounts on balance sheet: loans, foreign exchange, accrued interests in other assets, suspense payable and customers' liabilities for acceptances and guarantees, as well as securities without quoted market values, money trusts without quoted market values, and monetary claims purchased.
2. Estimated losses of each year are amount of expected losses.

d. Exposure to Specialized Lending Products Subject to Supervisory Slotting Criteria by Risk Weight

Amount of Specialized Lending Exposure Subject to Supervisory Slotting Criteria by Risk Weight

(Billions of Yen)

Classification	As of March 31, 2017	As of March 31, 2016
Specialized Lending exposure subject to supervisory slotting criteria	**587**	373
Specialized Lending, excluding High-Volatility Commercial Real Estate (HVCRE)	**587**	373
Risk weight of 50%	**57**	43
Risk weight of 70%	**366**	201
Risk weight of 90%	**91**	84
Risk weight of 115%	**16**	7
Risk weight of 250%	**17**	18
Risk weight of 0% (default)	**38**	19
High-Volatility Commercial Real Estate (HVCRE)	**—**	—
Risk weight of 70%	**—**	—
Risk weight of 95%	**—**	—
Risk weight of 120%	**—**	—
Risk weight of 140%	**—**	—
Risk weight of 250%	**—**	—
Risk weight of 0% (default)	**—**	—

Notes: 1. "Specialized Lending" refers to loans for Project Finance (PF), Object Finance (OF), Commodity Finance (CF) and Income-Producing Real Estate (IPRE) (as defined in the Notification Regarding Capital Adequacy Ratio, Article 1-1-41).
2. "High-Volatility Commercial Real Estate (HVCRE)" refers to loans that are the financing of commercial real estate that exhibits a higher rate of loss volatility compared to other types of Specialized Lending, as specified in the Notification Regarding Capital Adequacy Ratio, Article 1-1-43.
3. "Specialized Lending exposure subject to supervisory slotting criteria" refers to the amounts of Specialized Lending, subject to the Bank's internal rating system, and have been allotted to the risk asset classifications given in the Notification Regarding Capital Adequacy Ratio, Article 130-4 and Article 130-6, after taking account of risk weights.
4. For risk weights, the Bank has applied the stipulations contained in the Notification Regarding Capital Adequacy Ratio, Article 130-4 and Article 130-6.

e. Equity Exposure Subject to the Simple Risk-Weighted Method of the Market-Based Approach by Risk Weight

Amount of Equity Exposure Subject to the Simple Risk-Weighted Method of the Market-Based Approach

(Billions of Yen)

Classification	As of March 31, 2017	As of March 31, 2016
Equity exposure subject to the simple risk-weighted method of the market-based approach by RW	**100**	89
Risk weight of 300%	**—**	—
Risk weight of 400%	**100**	89

Note: The "simple risk-weighted method of the market-based approach by RW" is a method for computing the amount of risk-weighted assets of equity and other investments. Under this method, the market value of listed stocks is multiplied by a risk weight of 300%, and the estimated value of unlisted stocks is multiplied by a risk weight of 400% (Notification Regarding Capital Adequacy Ratio, Article 143-4).

4. Exposure Subject to Standardized Approach

Overview

The Bank adopts IRB Approach in computing credit risk assets. However, for the assets listed below, the Bank considers that the percentage of such assets in overall credit risk assets is minuscule and that they are not regarded as significant from a credit risk management perspective. Accordingly, the Bank partially applies the Standardized Approach specifically to those assets.

- The on-balance sheet assets and off-balance sheet items of the Bank's consolidated subsidiaries, with the exception of Kyodo Housing Loan Co., Ltd.
- The following assets held by the Bank and Kyodo Housing Loan: Suspense payments (with the exception of the account for securities), prepaid expenses, foreign currency forward contracts for foreign currency deposits of cooperative organizations, and current account overdrafts (to holders of the Bank's debentures).

The Bank applies the ratings of five qualified credit rating agencies (External Credit Assessment Institution (ECAI)) in computing its risk assets, namely Standard & Poor's, Moody's Investors Service, Fitch Ratings, Rating & Investment Information and Japan Credit Rating Agency. The Bank applies a risk weight of 100% to its exposure to corporate, sovereign and bank exposures (excluding past due exposure for three months or more) in accordance with the Notification Regarding Capital Adequacy Ratio, Article 44, regardless of the ratings assigned by these qualified rating agencies.

The Bank plans to apply the Internal Ratings-Based Approach to Norinchukin Australia Pty Limited from March 31, 2020.

Amount of Exposure Subject to Standardized Approach

(Billions of Yen)

Classification	**As of March 31, 2017**		As of March 31, 2016	
	Exposure	**Refer to ECAI**	Exposure	Refer to ECAI
Exposure subject to Standardized Approach	**51**	**—**	53	—
Risk weight of 0%	**37**	**—**	38	—
Risk weight of 10%	**—**	**—**	—	—
Risk weight of 20%	**2**	**—**	3	—
Risk weight of 35%	**—**	**—**	—	—
Risk weight of 50%	**—**	**—**	—	—
Risk weight of 75%	**—**	**—**	—	—
Risk weight of 100%	**10**	**—**	9	—
Risk weight of 150%	**—**	**—**	—	—
Risk weight of 1,250%	**—**	**—**	—	—
Others	**1**	**—**	0	—

Note: Others include investment funds which are measured credit risk assets by look-through approach and the assets which are more than 150% and less than 1,250% risk weight.

Credit Risk Mitigation Techniques (Consolidated)

Overview of Risk Management Policies and Procedures Related to Credit Risk Mitigation Techniques

■ Outline of Evaluation, Administrative Policies and Procedures for Collateral

The Bank regards future cash flows generated from the businesses of debtors as funds for recovery of its claims. Collateral is viewed as supplementary for the recovery of its claims. The Bank applies a collateral evaluation method to ensure that the amount recovered from collateral is not less than the assessed value of the collateral, even in the case that it becomes necessary to recover claims from collateral.

Specifically, the Bank values collateral based on objective evidence such as appraisals, official land valuations for inheritance tax purposes, and market value. Further, it has established detailed valuation procedures that make up its internal rules. In addition, the procedures stipulate the frequency of valuation reviews according to collateral type and the creditworthiness of debtors, which routinely reflects changes in value. The Bank conducts verification whenever possible, even when setting policies for debtors and during self-assessment. The Bank also estimates the recoverable amount by multiplying the weighing factor based on collateral type, and then uses that estimate as a secured amount for the depreciation allowance.

As a part of collateral management, the Bank stipulates the procedures of reviewing the legal efficacy and enforceability of collateral not only at the time of the collateral pledge but also periodically through the term of contract.

■ Principal Types of Collateral

The principal types of collateral are marketable securities, commercial bills and real estate.

■ Types of Guarantors and Principal Counterparties in Credit Derivatives and Explanation of their Credit Standing

The types of guarantors in such transactions are mainly sovereigns, including central and local governments, financial institutions and corporates. When evaluating the creditworthiness of guarantors, the Bank evaluates their financial soundness after assigning a debtor rating and assessing their creditworthiness. There is no transaction for which credit risk is mitigated by a credit derivative.

■ Scope of Credit Risk Mitigation

Taking account of the conditions stated in the Notification Regarding Capital Adequacy Ratio and the Bank's operating practices, the Bank adopts Credit Risk Mitigation (CRM) as follows.

Eligible Financial Collateral

For repo-type transactions and secured derivative transactions (transactions based on a CSA contract), the Bank recognizes the effectiveness of CRM as stipulated in the Notification Regarding Capital Adequacy Ratio.

For transactions other than repo-type transactions and secured derivative transactions, the Bank recognizes the effectiveness of CRM in such case where deposits with the Bank (including Norinchukin Bank Debentures) or stocks, etc., are pledged as collateral.

Other Eligible Collateral

The Bank does not take into account the effects of CRM for collateral such as real estate, commercial bills, and other eligible assets.

Setoff for Loans and Deposits

The Bank does not take into account the effects of CRM for deposits held with the Bank unless they are pledged as collateral.

Guarantees and Credit Derivatives

Guarantees derived from guarantors recognized for maintaining effective guarantees take into account the effects of CRM, including the assignment of a debtor rating higher than that of the guaranteed party. Furthermore, these are not transactions that use credit derivatives to reduce credit risk.

Legally Binding Bilateral Netting Contracts for Derivatives and Repo-Type Transactions

The Bank considers legally binding bilateral netting contracts for derivatives subject to netting in the ISDA Master

Agreement as a means of CRM. Legally binding netting contracts are managed by verifying the necessity of the contract itself and scope of transactions on a regular and as-needed basis.

Regarding repo-type transactions, although the Bank has concluded legally binding netting agreements with its major counterparties, taking account of the stipulations of the Notification Regarding Capital Adequacy Ratio and the Bank's operating practices, the Bank does not consider these agreements as a means of mitigating credit risk.

■ Information about Credit and Market Risk Concentration Arising from the Application of CRM Techniques

For exposures where the credit risk of guaranteed exposure is being transferred from a guaranteed party to a guarantor as a result of CRM techniques, the Bank monitors the concentrations of credit risk, and manages the exposures accordingly. Regarding market risk, there is no exposure of credit derivatives in the Bank's trading accounts.

Amount of Exposure Subject to Credit Risk Mitigation Techniques (Eligible Financial Collateral, Other Eligible IRB Collateral, Guarantees, Credit Derivatives)

(Billions of Yen)

Classification	As of March 31, 2017	As of March 31, 2016
Foundation Internal Ratings-Based Approach	**9,692**	8,230
Eligible financial collateral	**8,940**	7,557
Corporate exposure	**—**	57
Sovereign exposure	**0**	0
Bank exposure	**8,940**	7,499
Other eligible IRB collateral	**—**	—
Corporate exposure	**—**	—
Sovereign exposure	**—**	—
Bank exposure	**—**	—
Guarantees, Credit Derivatives	**751**	673
Corporate exposure	**405**	388
Sovereign exposure	**256**	231
Bank exposure	**89**	52
Retail exposure secured by residential properties	**—**	—
Qualifying revolving retail exposure	**—**	—
Other retail exposure	**—**	—
Standardized Approach	**—**	—
Eligible financial collateral	**—**	—
Guarantees, Credit Derivatives	**—**	—

Note: Exposure subject to risk-weighted asset calculation for investment fund is not included.

Counterparty Credit Risk in Derivative Transactions (Consolidated)

Overview of Risk Management Policies and Procedures for Counterparty Credit Risk in Derivatives and Transactions with a Long Settlement Period

■ Policies for Allocation of Risk Capital and Credit Lines

The Bank manages credit risk involving derivative transactions with financial institutions within the risk limits (Bank Ceiling) established in each group financial institution. A Bank Ceiling is established for each front section on the basis of each entity within the group and each type of transaction (derivatives, financial transactions, loans, etc.). Credit exposures related to derivative transactions are managed so as not to exceed the limits. Under the Bank Ceiling system, the exposure of derivatives that are to be managed is calculated utilizing the current exposure method (the replacement cost (mark-to-market) of the transaction plus an add-on deemed to reflect the potential future exposure).

■ Policies for Calculating the Value of Collateral as Security for Claims and Reserve for Possible Loan Losses

For derivative transactions, the Bank has concluded a CSA contract with major counterparties. In some cases, the Bank receives collateral from these counterparties. The collateral posted may vary depending on the terms of the CSA contract, but mainly it consists of Japanese government bonds (JGBs), Japanese yen cash, U.S. Treasury bonds, and U.S. dollar cash. Regarding replacement costs for derivative transactions (the required cost when renegotiating the same transaction on the market), the Bank has allocated a required reserve depending on the debtor classification of the financial institution counterparty.

■ Remarks on Impact in Case the Bank is Required to Post Additional Collateral when its Credit Standing Deteriorates

If the Bank's credit rating is downgraded, the Bank's financial institution counterparty will reduce its credit risk limit and may demand the Bank to post collateral. However, the Bank has a sufficiently high level of liquid assets, such as government bonds that can be used as collateral, and the amount of those assets is periodically checked by the Portfolio Management Committee. For this reason, even if the Bank is required to post additional collateral, the impact on the Bank will be minimal.

Methods Used for Calculating Amount of Credit Exposure

The current exposure method has been adopted.

Breakdown of the Amount of Credit Exposure

(Billions of Yen)

Classification		As of March 31, 2017	As of March 31, 2016
Total gross replacement costs (limited to items with a value of greater than zero)	(A)	**420**	510
Total gross add-ons	(B)	**576**	498
Gross credit exposure	(C) = (A)+(B)	**997**	1,008
Foreign exchange related		**719**	880
Interest rate related		**277**	127
Equity related		**0**	0
Credit derivatives		**—**	—
Transactions with a long settlement period		**—**	—
Reduction in credit exposure due to netting contracts (including collateral pledged for CSA)	(D)	**250**	324
Amount of credit exposure before taking into account credit risk mitigation techniques due to collateral	(E) = (C)–(D)	**746**	683
Amount of collateral	(F)	**292**	314
Eligible financial collateral		**292**	314
Amount of credit exposure after taking into account credit risk mitigation techniques due to collateral	(G) = (E)–(F)	**453**	369

Notes: 1. Derivatives transactions included in risk-weighted assets calculation for investment funds are not included.
2. Under the stipulations of the Notification Regarding Capital Adequacy Ratio, Article 56-1, the amount of credit exposure not computed has not been included.

Notional Principal Amount of Credit Derivatives Included in Computation of Credit Exposure

(Billions of Yen)

Classification	As of March 31, 2017	As of March 31, 2016
To buy protection	**—**	—
Credit default swaps	**—**	—
Total return swaps	**—**	—
To sell protection	**—**	—
Credit default swaps	**—**	—
Total return swaps	**—**	—
Notional principal amount of credit derivatives taking into consideration the effect of credit risk mitigation techniques	**—**	—

Notes: 1. Credit derivatives included in risk-weighted assets for investment funds have not been taken into consideration.
2. Under the stipulations of the Notification Regarding Capital Adequacy Ratio, Article 10-2, 3 and Article 56, the amount of credit risk assets not computed has not been included.

Securitization Exposure (Consolidated)

Overview of Risk Management Policies and Risk Characteristics for Securitization Exposure

From the standpoint of globally diversified investments, the Bank invests in securitized (structured finance) transactions. Securitized exposure is a tool enabling the Bank to effectively and efficiently mitigate and acquire credit risk and other forms of risk of underlying assets. The Bank's policy is to continuously utilize securitized transactions while managing the risk arising from those transactions appropriately.

Regarding securitization exposure, after establishing an investment policy for each asset class, the Bank implements the transaction through individual analysis during initial investment research (due diligence) and credit screening. During individual analysis, in general, because of complex investment structures with different risk-return profiles than the underlying assets, after identifying items of due diligence and monitoring of each asset class as well as securitization and re-securitization, the Bank carefully examines risk in underlying assets and structure and conducts quantitative analysis of repayment capacity. After investment, the Bank monitors the credit condition, including underlying asset performance of each project, and analyzes and assesses the market environment taking into account underlying asset trends of each asset class. In the event of credit deterioration, etc., is being seen, a framework of risk management is created including revising investment and holding policies.

The securitization exposure which contains securitization exposure as an underlying asset is called re-securitization exposure. Among the re-securitization exposures, wherein the majority of underlying assets are comprised of securitization exposures, the Bank treats them as secondary and tertiary re-securitization exposures and manages them separately from other re-securitization exposures in order to monitor and manage them closely. The Bank does not plan to acquire new secondary or tertiary re-securitization exposures.

Regarding its securitization exposure, the Bank appropriately calculates the amount of risk-weighted asset for credit risk based on the Notification Regarding Capital Adequacy Ratio. As a part of its integrated risk management, based on the risk profile of the securitization exposure, the Bank computes risk amount.

For securitization transactions, as described above, the Bank has been mainly be involved as an investor, and also involved in arranging securitization and liquidity schemes such as using loan debt as the Group.

As of March 31, 2017, the Bank engaged in no securitization transactions in which the Bank acted as an originator and recognized regulatory risk asset mitigation effects. In addition, the Bank's subsidiaries (excluding consolidated subsidiaries) or affiliates have no securitization exposure involving securitization transactions performed by the Bank in fiscal 2016.

Calculation of Risk-Weighted Asset for Credit Risk in Securitization Exposure

The Bank calculates the amount of risk-weighted asset for credit risk for securitization exposure by applying the "Ratings-Based Approach (RBA)" or "Supervisory Formula (SF)." In cases in which it cannot apply RBA or SF, the Bank applies a risk weight of 1,250%. In addition, the Bank does not use the "Internal Assessment Approach (IAA)."

The Bank has no securitization exposures containing securitization exposure as an underlying asset, for which risk-weighted asset for credit risk is calculated not as re-securitization exposure but as securitization exposure based on rules in the Notification Regarding Capital Adequacy Ratio.

For securitization exposures to which RBA is applied, the Bank relies on the following five qualified credit rating agencies: Standard & Poor's, Moody's Investors Service, Fitch Ratings, Rating & Investment Information and Japan Credit Rating Agency.

The Bank treats securitized instruments in accordance with the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10) and "Practical Guidelines on Accounting Standards for Financial Instruments" (JICPA Laws and Regulations Committee Report No. 14) for accounting purposes.

No material changes have been made to quantitative data. Moreover, the Bank holds no assets for the purpose of securitization transactions.

1. Items to Calculate Risk-Weighted Asset for Credit Risk

Details of Securitization Exposure Held as Originator

(Billions of Yen)

Classification	As of March 31, 2017	As of March 31, 2016
Total amount of underlying assets	—	—
Amounts of assets held by securitization transactions purpose	—	—
Amounts of securitized exposure	—	—
Gains (losses) on sales of securitization transactions	—	—
Amounts of securitization exposure	—	—
Amounts of re-securitization exposure	—	—
Increase in capital due to securitization transactions	—	—
Amounts of securitization exposure that applied risk weight 1,250%	—	—
Amounts of re-securitization exposure subject to credit risk mitigation techniques	—	—

Details of Securitization Exposure Held as Investor by Exposure Type

Fiscal 2016 (Ended March 31, 2017)

(Billions of Yen)

Classification	Total amount of securitization exposure					
			Re-securitization exposure			
	Amount of exposure	Risk weight 1,250%	Amount of exposure	Re-securitization products (Secondary, tertiary)	Re-securitization products peculiar to regulation	Risk weight 1,250%
Amount of exposure	**6,513 (0)**	**0 (—)**	**51**	**0**	**51**	**0**
Individuals						
Asset-Backed Securities (ABS)	**1,071 (—)**	**— (—)**	**—**	**—**	**—**	**—**
Residential Mortgage-Backed Securities (RMBS)	**2,336 (—)**	**— (—)**	**—**	**—**	**—**	**—**
Real estate						
Commercial Mortgage-Backed Securities (CMBS)	**66 (—)**	**— (—)**	**—**	**—**	**—**	**—**
Corporates						
Subtotal of CDOs (CLO, ABS-CDO, CBO)	**3,038 (—)**	**0 (—)**	**51**	**0**	**51**	**0**
Collateralized Loan Obligations (CLO)	**3,038 (—)**	**— (—)**	**51**	**—**	**51**	**—**
Asset-Backed Securities CDOs (ABS-CDO)	**0 (—)**	**0 (—)**	**0**	**0**	**—**	**0**
Collateralized Bond Obligations (CBO)	**— (—)**	**— (—)**	**—**	**—**	**—**	**—**
Others	**0 (0)**	**— (—)**	**—**	**—**	**—**	**—**

Notes: 1. Re-securitization exposure refers to securitization exposure which contains securitization exposure as an underlying asset.
2. The off-balance exposure has been described in parentheses. There is no re-securitization exposure of the off-balance.

Fiscal 2015 (Ended March 31, 2016)

(Billions of Yen)

Classification	Total amount of securitization exposure					
			Re-securitization exposure			
	Amount of exposure	Risk weight 1,250%	Amount of exposure	Re-securitization products (Secondary, tertiary)	Re-securitization products peculiar to regulation	Risk weight 1,250%
Amount of exposure	4,768 (1)	1 (0)	134	0	134	0
Individuals						
Asset-Backed Securities (ABS)	662 (0)	— (—)	—	—	—	—
Residential Mortgage-Backed Securities (RMBS)	1,902 (—)	— (—)	3	—	3	—
Real estate						
Commercial Mortgage-Backed Securities (CMBS)	65 (—)	— (—)	—	—	—	—
Corporates						
Subtotal of CDOs (CLO, ABS-CDO, CBO)	2,136 (—)	0 (—)	130	0	130	0
Collateralized Loan Obligations (CLO)	2,136 (—)	— (—)	130	—	130	—
Asset-Backed Securities CDOs (ABS-CDO)	0 (—)	0 (—)	0	0	—	0
Collateralized Bond Obligations (CBO)	— (—)	— (—)	—	—	—	—
Others	1 (0)	1 (0)	—	—	—	—

Notes: 1. Re-securitization exposure refers to securitization exposure which contains securitization exposure as an underlying asset.
2. The off-balance exposure has been described in parentheses. There is no re-securitization exposure of the off-balance.

Amount of Securitization Exposure Held as Investor and Regulatory Required Capital by Risk-Weighted Category

Fiscal 2016 (Ended March 31, 2017)

(Billions of Yen)

Classification	Amount of exposure			Regulatory required capital		
		On-balance	Off-balance		On-balance	Off-balance
Amount of securitization exposure	**6,461**	**6,461**	**0**	**40**	**40**	**0**
Risk weight: 20% or less	**6,442**	**6,442**	**—**	**39**	**39**	**—**
Risk weight: exceeding 20% to 50% or less	**6**	**6**	**—**	**0**	**0**	**—**
Risk weight: exceeding 50% to 100% or less	**12**	**12**	**—**	**1**	**1**	**—**
Risk weight: exceeding 100% to 250% or less	**—**	**—**	**—**	**—**	**—**	**—**
Risk weight: exceeding 250% to less than 1,250%	**0**	**—**	**0**	**0**	**—**	**0**
Risk weight: 1,250%	**—**	**—**	**—**	**—**	**—**	**—**
Amount of re-securitization exposure	**51**	**51**	**—**	**1**	**1**	**—**
Risk weight: 20% or less	**—**	**—**	**—**	**—**	**—**	**—**
Risk weight: exceeding 20% to 50% or less	**51**	**51**	**—**	**1**	**1**	**—**
Risk weight: exceeding 50% to 100% or less	**—**	**—**	**—**	**—**	**—**	**—**
Risk weight: exceeding 100% to 250% or less	**—**	**—**	**—**	**—**	**—**	**—**
Risk weight: exceeding 250% to less than 1,250%	**—**	**—**	**—**	**—**	**—**	**—**
Risk weight: 1,250%	**0**	**0**	**—**	**0**	**0**	**—**

Fiscal 2015 (Ended March 31, 2016)

(Billions of Yen)

Classification	Amount of exposure			Regulatory required capital		
		On-balance	Off-balance		On-balance	Off-balance
Amount of securitization exposure	4,634	4,633	1	32	32	0
Risk weight: 20% or less	4,618	4,618	0	29	29	0
Risk weight: exceeding 20% to 50% or less	7	7	—	0	0	—
Risk weight: exceeding 50% to 100% or less	1	1	—	0	0	—
Risk weight: exceeding 100% to 250% or less	0	—	0	0	—	0
Risk weight: exceeding 250% to less than 1,250%	5	4	0	1	1	0
Risk weight: 1,250%	1	1	0	1	1	0
Amount of re-securitization exposure	134	134	—	3	3	—
Risk weight: 20% or less	3	3	—	0	0	—
Risk weight: exceeding 20% to 50% or less	130	130	—	3	3	—
Risk weight: exceeding 50% to 100% or less	—	—	—	—	—	—
Risk weight: exceeding 100% to 250% or less	—	—	—	—	—	—
Risk weight: exceeding 250% to less than 1,250%	—	—	—	—	—	—
Risk weight: 1,250%	0	0	—	0	0	—

Amount of Re-Securitization Exposure Held as Investor and Subject to Credit Risk Mitigation Techniques

(Billions of Yen)

Classification	**As of March 31, 2017**		As of March 31, 2016	
	Amount of exposure	**Regulatory required capital**	Amount of exposure	Regulatory required capital
Amount of re-securitization exposure	—	—	—	—
Risk weight applied to guarantor: 20% or less	—	—	—	—
Risk weight applied to guarantor: exceeding 20% to 50% or less	—	—	—	—
Risk weight applied to guarantor: exceeding 50% to 100% or less	—	—	—	—
Risk weight applied to guarantor: exceeding 100% to 250% or less	—	—	—	—
Risk weight applied to guarantor: exceeding 250% to less than 1,250%	—	—	—	—
Risk weight applied to guarantor: 1,250%	—	—	—	—

2. Securitization Exposure Subject to Market Risk

Not applicable

Market Risk (Consolidated)

Methods for Calculating Market Risk Amount and Applicable Valuation Methods

The Bank utilizes an internal models approach to measure "general market risk in trading accounts." The Bank applies a standardized approach for measuring "individual risk in trading accounts," "foreign currency exchange risk," "commodity risk," "assets and liabilities related to trading accounts in consolidated subsidiaries," and "foreign currency exchange risk and commodity risk in consolidated subsidiaries." The amount of market risk in securitization exposure is also calculated using this method.

The financial products pertaining to trading accounts are limited to those with extremely high liquidity such as JGBs, derivatives (interest rate futures, bond futures, interest rate swaps, and other products). Securitization exposure is not covered by these accounts.

Computation of Market Risk Amount by Internal Models Approach

■ Scope of Market Risk Amount Computed by the Internal Models Approach

The model covers general market risk in the trading accounts. The scope of market risk amount is the same on a consolidated and non-consolidated basis.

When computing market risk amount, the assumed holding period is set at 10 business days based on the characteristics of the product handle, and the market risk amount is the combined total of stress VaR calculated after taking into account market fluctuations at times of past stress affecting the portfolio and the VaR measured during the most recent observation period.

■ Internal Models Approach

(1) Applied model: Variance-covariance matrix

(2) Confidence interval: 99th percentile, one-tailed confidence interval

(3) Holding period: 10 business days
(Adjust value for holding period of one business day)

■ VaR

(Millions of Yen)

	Fiscal 2016	Fiscal 2015
Base date of computation	**2017. 3. 31**	2016. 3. 31
VaR (For the most recent 60 business days)		
Base date of computation	**108**	83
Maximum	**128**	88
Minimum	**40**	30
Average	**65**	51

■ Stress VaR

(Millions of Yen)

	Fiscal 2016	Fiscal 2015
Base date of computation	**2017. 3. 31**	2016. 3. 31
Stress VaR (For the most recent 60 business days)		
Base date of computation	**259**	285
Maximum	**311**	285
Minimum	**83**	62
Average	**191**	119

■ Amount of Market Risk

(Millions of Yen)

		Fiscal 2016	Fiscal 2015
For the portion computed with the internal models approach (B)+(G)+(J)	(A)	**769**	512
Value at Risk (MAX (C, D))	(B)	**195**	154
Amount on base date of computation	(C)	**108**	83
Amount determined by multiplying (E) by the average for the most recent 60 business days	(D)	**195**	154
(Multiplier)	(E)	**3.0**	3.0
(Times exceeding VaR in back testing)	(F)	**2**	2
Stress Value at Risk (MAX (H, I))	(G)	**573**	358
Amount on base date of computation	(H)	**259**	285
Amount determined by multiplying (E) by the average for the most recent 60 business days	(I)	**573**	358
Additional amount at the time of measuring individual risk	(J)	**0**	0

Notes: 1. As a result of back testing conducted in fiscal 2016, actual gains and losses did not diverge substantially downward from the VaR value.
2. When discrepancies between the model's estimates and actual results go beyond a certain number of times due to the design of the model, the Bank scrutinizes the relevant model factors and revises the model if necessary.
3. Since the Bank adopts a standardized approach, neither an additional risk nor a comprehensive risk of specific risks of trading account are the measurement objects.

Equity Exposure (Consolidated)

(Includes items such as shares; excludes items in trading accounts)

Overview of Risk Management Policies and Procedures Related to Equity Exposure

The Bank's exposure to equity comprises stocks classified as other securities and stocks of subsidiaries and other associated companies. The amount of risk-weighted asset for credit risk is computed by the methods specified by the Notification Regarding Capital Adequacy Ratio. For internal management purposes, the Bank conducts comprehensive risk management within its economic capital management framework, as described in the section, "Risk Management."

■ Equities Classified as Other Securities

Risk management of equities classified as other securities is managed under a framework of market risk management (including interest rate risk and foreign currency exchange risk). That framework mainly consists of the economic capital management framework. Further details can be found in "Risk Management."

■ Stocks of Subsidiaries and Affiliates

The stocks of subsidiaries and other associated companies are recognized as credit risk assets and managed within the economic capital management framework.

■ Principal Accounting Policies

For accounting purposes, among exposure to equity and other investments, stocks of subsidiaries and other associated companies are valued at cost, determined by the moving average method. Exposure to equity and other investments classified in other securities is valued at the market value prevailing on the date of the closing of accounts, in the case of equities with quoted market values (with book values mainly determined by the moving average method). Equities which are extremely difficult to determine the fair value of are valued at cost, determined by the moving average method. In addition, the valuation difference on other securities is entered directly in the net assets account.

■ Calculating Risk-Weighted Asset of Equity Exposure

The Bank applies the PD/LGD approach to calculate risk-weighted asset for credit risk for equity exposure, and the simple risk-weighted method and internal models approach under the market-based approach.

Amount on the Balance Sheet and Market Value

(Billions of Yen)

Classification	As of March 31, 2017		As of March 31, 2016	
	Amount on the balance sheet	**Market value**	Amount on the balance sheet	Market value
Equity exposure	**1,250**	**/**	1,187	/
Exposure to publicly traded equity	**1,062**	**1,062**	1,009	1,009
Exposure to privately held equity	**187**	**/**	178	/

Note: Regulatory adjustments in numerator provided for by Notification Regarding Capital Adequacy Ratio, Article 2 were not included.

Amount of Gain (Loss) due to Sale or Write-Off

(Billions of Yen)

Item	Fiscal 2016			Fiscal 2015		
	Gains from sale of equities, etc.	**Losses from sales of equities, etc.**	**Write-offs of equities, etc.**	Gains from sale of equities, etc.	Losses from sales of equities, etc.	Write-offs of equities, etc.
Equity exposure	**34**	**0**	**0**	4	1	0

Note: Amounts reflect relevant figures posted in the consolidated income statements.

Amount of Valuation Gains (Losses)

(Billions of Yen)

Item	As of March 31, 2017	As of March 31, 2016
Amount of valuation gains (losses) recognized on the balance sheet and not recognized in the statements of operations	**436**	391

Notes: 1. Exposure is to equity shares issued by both domestic and overseas companies.
2. Regulatory adjustments in numerator provided for by Notification Regarding Capital Adequacy Ratio, Article 2 were not included.

Unrealized Gains (Losses) Not Recognized on Consolidated Balance Sheets or Consolidated Statements of Income

Not applicable

Equity Exposures for Each Portfolio Classification

(Billions of Yen)

Classification	As of March 31, 2017	As of March 31, 2016
	EAD	EAD
Equity portfolios	**1,250**	1,187
Equity portfolios subject to PD/LGD approaches	**802**	773
Equity portfolios subject to simple risk-weighted method	**100**	89
Equities under the internal models approach	**346**	323

Exposure Subject to Risk-Weighted Asset Calculation for Investment Funds (Consolidated)

Overview of Risk Management Policies and Procedures Related to Exposure Subject to Risk-Weighted Asset Calculation for Investment Funds

Exposure subject to risk-weighted asset calculation for investment funds consists mainly of assets managed in investment trusts and money trusts. Assets under management include equities, bonds and credit assets, which are the Bank's primary investment assets. Risk management policies are stipulated for each of the asset's risk. An outline is provided in the section "Risk Management." In addition to assets managed by the Bank itself, the Bank utilizes investment funds in which asset management is entrusted to management firms. Risk is managed by applying methods appropriate for each type of fund in accordance with the Bank's internal rules. In order to select managers and entrust assets with them, the Bank performs thorough due diligence on the manager's ability, including operating organization, risk management, compliance framework, management philosophy and strategies, as well as past performance. In addition, during entrusting assets to managers, the Bank monitors their performance from quantitative and qualitative perspectives and conducts reviews of performance on a regular basis to assess whether to maintain or replace individual managers.

Amount of Exposure Subject to Risk-Weighted Asset Calculation for Investment Fund

(Billions of Yen)

Classification	As of March 31, 2017		As of March 31, 2016	
	Exposure	**(For reference) Weighted-average risk weight**	Exposure	(For reference) Weighted-average risk weight
Look-through approach	**17,571**	**64%**	14,631	72%
Majority approach	**713**	**388%**	677	380%
Mandate approach	**—**	**—**	—	—
Market-based approach	**1,670**	**325%**	1,762	333%
Others (simple approach)	**306**	**428%**	266	429%
Total	**20,261**	**94%**	17,338	109%

Notes: 1. The "Look-through approach" is a method for computing the risk-weighted assets in fund by totaling the amount of risk-weighted assets for credit risk in individual asset categories. (Please refer to Notification Regarding Capital Adequacy Ratio, Article 144-1.)

2. The "Majority approach" is a method for computing the risk-weighted assets in fund by applying risk weight to the fund as well as equity exposure when the exposure of equity, in terms of value, is major in a fund. (Please refer to the Notification Regarding Capital Adequacy Ratio, Article 144-2.)

3. The "Mandate approach" is a method for computing the risk-weighted assets in fund where only the investment mandate of the fund is known. The risk-weighted assets are computed as follows: It is assumed that the fund first invests, to the maximum extent allowed under its mandate, in the asset classes attracting the highest capital requirement, and then continues making investments in descending order until the maximum total investment level is reached. (Please refer to the Notification Regarding Capital Adequacy Ratio, Article 144-3.)

4. The "Market-based approach" is a method for computing the credit risk of exposure regarded as credit risk assets using the Bank's internal model (which is a value-at-risk (VaR) model based on the historical simulation method). (Please refer to the Notification Regarding Capital Adequacy Ratio, Article 144-4.)

5. The "Others (simple approach)" is a method for computing the risk-weighted assets in fund by applying risk weight of 400%, when it is judged the probability that the weighted-average risk weight will be less than 400%. In all other cases, risk weight of 1,250% is applied to funds. (Please refer to the Notification Regarding Capital Adequacy Ratio, Article 144-5.)

6. (For reference) The sum of the amount of risk-weighted assets (excluding CVA risk amount) and the amount resulting from dividing the expected loss by 8% are divided by EAD to yield the risk weight value.

Interest Rate Risk (Consolidated)

(The increase or decrease of the profit and loss or in the economic value from interest rate shocks which are used for internal management purpose, in terms of interest rate risk excluding trading accounts.)

Overview of Risk Management Policies and Procedures for Interest Rate Risk

As described in the "Risk Management" section, in its economic capital management, or the foundation of the Bank's risk management, the Bank primarily conducts overall risk management, taking into account the correlation between asset classes such as bonds, stocks, and credit assets under the Bank's core concept of globally diversified investment.

The Bank manages interest rate risk by performing profit and loss simulation analyses under a wide range of scenarios. The Bank also conducts various interest rate sensitivity analyses, such as BPV and yield-curve risk, and static and dynamic revenue and expenditure impact analyses by major currencies. The Bank manages interest rate risk based on interest rate risk standards for banking accounts as well. The Bank has been constructing a framework that will enable it to properly monitor the multi-faceted effects of interest rate risk.

The Bank verifies the proper operation of interest rate risk management, besides the management of other major risks, from the point of view of the assessment of capital adequacy, by monitoring checkpoints for the Bank's capital management and conducting sets of stress testing.

Key Assumptions for Interest Rate Risk Management and Frequency of Risk Measurement

As previously mentioned, economic capital management forms the core of the Bank's risk management. The Bank measures its securities portfolio risk on a daily basis. In addition, the internal management of interest rate risk based on interest rate risk standards for banking accounts applies a one year holding period and at least a five year historical observation period to measure interest rate volatility. The Bank calculates monthly declines in economic value corresponding to a 99% confidence interval for interest rate volatility. The measurements cover, in principle, all financial assets and liabilities, but the measurement process itself does not take into account inter-grid factors and correlations with other assets.

Interest Rate Risk Volume Computed with the Internal Model in Core Business Accounts (Excluding Trading Accounts)

(Billions of Yen)

Classification	As of March 31, 2017	As of March 31, 2016
Interest rate risk	**2,299**	1,811
Yen interest rate risk	**132**	234
U.S. dollar interest rate risk	**1,714**	1,246
Euro interest rate risk	**437**	311
Interest rate risk in other currencies	**14**	18

Notes: 1. Interest rate risk, without taking into account inter-grid factors and correlations with other assets, calculates a one-year holding period and a historical observation period from 1995 to the most recent year of interest rate volatility. The Bank calculated declines in economic value corresponding to a 99% confidence interval for interest rate volatility. Because the interest rate risk of consolidated subsidiaries is limited from the standpoint of the asset value of subsidiaries, the non-consolidated risk of the Bank is calculated.

2. Regarding core deposits, since the balances of deposits, etc., without maturity dates are limited, the Bank does not currently measure their risk volume. In addition, regarding repayments of mortgage-backed securities and callable securities before maturity, risk volume is measured after taking account of negative convexity due to call conditions and other factors.

Indicators for Assessing Global Systemically Important Banks (G-SIBs)

(In 0.1 Billion Yen)

Description	As of March 31, 2017
1 Total exposures (A)+(B)+(C)+(D): (A) On-balance assets (other than assets specifically identified below (B), (C) and contra-account of guarantees) (B) Sum of counterparty exposure of derivatives contracts, capped notional amount of credit derivatives and potential future exposure of derivatives contracts (C) Adjusted gross value of securities financing transactions (SFTs) and counterparty exposure of SFTs (D) Gross notional amount of off-balance sheet items (other than derivatives contracts and SFTs)	**1,084,445**
2 Intra-financial system assets (A)+(B)+(C)+(D): (A) Funds deposited with or lent to other financial institutions and undrawn committed lines extended to other financial institutions (B) Holdings of securities issued by other financial institutions (Note 1) (C) Net positive current exposure of SFTs with other financial institutions (D) Over-the-counter (OTC) derivatives with other financial institutions that have a net positive fair value	**104,631**
3 Intra-financial system liabilities (A)+(B)+(C): (A) Deposits and debt due to, and undrawn committed lines obtained from, other financial institutions (B) Net negative current exposure of SFTs with other financial institutions (C) OTC derivatives with other financial institutions that have a net negative fair value	**41,658**
4 Securities outstanding (Note 1)	**61,020**
5 Assets under custody	**42,906**
6 Notional amount of OTC derivatives	**305,733**
7 Held-for-trading (HFT) securities and available-for-sale (AFS) securities, excluding HFT and AFS securities that meet the definition of Level 1 assets and Level 2 assets with haircuts (Note 2)	**136,410**
8 Level 3 assets (Note 3)	**11,703**
9 Cross-jurisdictional claims	**536,492**
10 Cross-jurisdictional liabilities	**228,377**

Description	Fiscal 2016
11 Payments (settled through the BOJ-NET, the Japanese Banks' Payment Clearing Network and other similar settlement systems, excluding intragroup payments)	**8,236,236**
12 Underwritten transactions in debt and equity markets (Note 4)	**170**

Notes: 1. Securities refer to secured debt securities, senior unsecured debt securities, subordinated debt securities, commercial paper, certificate of deposits, and common equities.
2. Level 1 and Level 2 assets with haircuts are defined in the Basel III Liquidity Coverage Ratio (LCR).
3. The amount is calculated in accordance with the International Financial Reporting Standards.
4. This refers to underwriting of securities defined in Article 2 Paragraph 8 Item 6 of the Financial Instruments and Exchange Act.

(In 0.1 Billion Yen)

Description	As of March 31, 2016
1 Total exposures (A)+(B)+(C)+(D): (A) On-balance assets (other than assets specifically identified below (B), (C) and contra-account of guarantees) (B) Sum of counterparty exposure of derivatives contracts, capped notional amount of credit derivatives and potential future exposure of derivatives contracts (C) Adjusted gross value of securities financing transactions (SFTs) and counterparty exposure of SFTs (D) Gross notional amount of off-balance sheet items (other than derivatives contracts and SFTs)	1,021,571
2 Intra-financial system assets (A)+(B)+(C)+(D): (A) Funds deposited with or lent to other financial institutions and undrawn committed lines extended to other financial institutions (B) Holdings of securities issued by other financial institutions (Note 1) (C) Net positive current exposure of SFTs with other financial institutions (D) Over-the-counter (OTC) derivatives with other financial institutions that have a net positive fair value	121,963
3 Intra-financial system liabilities (A)+(B)+(C): (A) Deposits and debt due to, and undrawn committed lines obtained from, other financial institutions (B) Net negative current exposure of SFTs with other financial institutions (C) OTC derivatives with other financial institutions that have a net negative fair value	75,399
4 Securities outstanding (Note 1)	67,704
5 Assets under custody	43,952
6 Notional amount of OTC derivatives	363,795
7 Held-for-trading (HFT) securities and available-for-sale (AFS) securities, excluding HFT and AFS securities that meet the definition of Level 1 assets and Level 2 assets with haircuts (Note 2)	152,871
8 Level 3 assets (Note 3)	13,715
9 Cross-jurisdictional claims	483,796
10 Cross-jurisdictional liabilities	223,213

Description	Fiscal 2015
11 Payments (settled through the BOJ-NET, the Japanese Banks' Payment Clearing Network and other similar settlement systems, excluding intragroup payments)	4,498,960
12 Underwritten transactions in debt and equity markets (Note 4)	305

Notes: 1. Securities refer to secured debt securities, senior unsecured debt securities, subordinated debt securities, commercial paper, certificate of deposits, and common equities.

2. Level 1 and Level 2 assets with haircuts are defined in the Basel III Liquidity Coverage Ratio (LCR).

3. The amount is calculated in accordance with the International Financial Reporting Standards.

4. This refers to underwriting of securities defined in Article 2 Paragraph 8 Item 6 of the Financial Instruments and Exchange Act.

Composition of Leverage Ratio Disclosure (Consolidated)

(In Million Yen, %)

Corresponding line # on Basel III disclosure template (Table 2) (*)	Corresponding line # on Basel III disclosure template (Table 1) (*)	Items	As of March 31, 2017	As of March 31, 2016
On-balance sheet exposures (1)				
1		On-balance sheet exposures before deducting adjustment items	**105,152,671**	97,176,350
1a	1	Total assets reported in the consolidated balance sheet	**107,062,747**	101,182,920
1b	2	The amount of assets of subsidiaries that are not included in the scope of the leverage ratio on a consolidated basis (–)		
1c	7	The amount of assets of subsidiaries that are included in the scope of the leverage ratio on a consolidated basis (except those included in the total assets reported in the consolidated balance sheet)	**—**	—
1d	3	The amount of assets that are deducted from the total assets reported in the consolidated balance sheet (except adjustment items) (–)	**1,910,076**	4,006,570
2	7	The amount of adjustment items pertaining to Tier 1 capital (–)	**112,915**	94,738
3		Total on-balance sheet exposures (a)	**105,039,756**	97,081,611
Exposures related to derivative transactions (2)				
4		Replacement cost associated with derivatives transactions, etc.	**314,857**	286,507
5		Add-on amount associated with derivatives transactions, etc.	**428,062**	354,424
		The amount of receivables arising from providing cash marginin relation to derivatives transactions, etc.	**154,189**	305,999
6		The amount of receivables arising from providing cash margin, provided where deducted from the consolidated balance sheet pursuant to the operative accounting framework	**—**	—
7		The amount of deductions of receivables (out of those arising from providing cash variation margin) (–)	**—**	—
8		The amount of client-cleared trade exposures for which a bank or bank holding company acting as clearing member is not obliged to make any indemnification (–)		
9		Adjusted effective notional amount of written credit derivatives	**—**	—
10		The amount of deductions from effective notional amount of written credit derivatives (–)	**—**	—
11	4	Total exposures related to derivative transactions (b)	**897,109**	946,932
Exposures related to repo transactions (3)				
12		The amount of assets related to repo transactions, etc.	**118,494**	2,102,009
13		The amount of deductions from the assets above (line 12) (–)	**—**	—
14		The exposures for counterparty credit risk for repo transactions, etc.	**486,837**	478,305
15		The exposures for agent repo transaction		
16	5	The Total exposures related to repo transactions, etc. (c)	**605,332**	2,580,315
Exposures related to off-balance sheet transactions (4)				
17		Notional amount of off-balance sheet transactions	**3,333,877**	3,087,439
18		The amount of adjustments for conversion in relation to off-balance sheet transactions (–)	**1,390,219**	1,327,908
19	6	Total exposures related to off-balance sheet transactions (d)	**1,943,657**	1,759,530
Leverage ratio on a consolidated basis (5)				
20		The amount of capital (Tier 1 capital) (e)	**6,489,114**	6,293,257
21	8	Total exposures ((a)+(b)+(c)+(d)) (f)	**108,485,856**	102,368,389
22		Leverage ratio on a consolidated basis ((e)/(f))	**5.98%**	6.14%

Quantitative Disclosure Items Concerning a Liquidity Coverage Ratio on a Consolidated Basis

(Unit: Millions of Yen, %, the Number of Items)

Items		The current quarter (January 1 to March 31, 2017)		The previous quarter (October 1 to December 31, 2016)	
High-quality liquid assets (1)					
1	Total high-quality liquid assets		34,774,772		36,898,611
Cash outflows (2)		Amount before multiplying a cash outflow ratio	Amount after multiplying a cash outflow ratio	Amount before multiplying a cash outflow ratio	Amount after multiplying a cash outflow ratio
2	Cash outflows relating to unsecured retail funding	62,351	6,282	62,640	6,321
3	of which: stable deposits	394	12	363	11
4	of which: quasi-stable deposits	61,957	6,270	62,277	6,310
5	Cash outflows relating to unsecured wholesale funding	10,784,581	7,840,327	10,638,295	7,716,219
6	of which: qualifying operational deposits	0	0	0	0
7	of which: capital relating to unsecured wholesale funding, excluding qualifying operational deposits and debt securities	9,712,697	6,768,443	9,501,504	6,579,428
8	of which: debt securities	1,071,884	1,071,884	1,136,791	1,136,791
9	Cash outflows relating to secured funding, etc.		272,185		220,335
10	Cash outflows relating to funding programs and credit/liquidity facilities such as derivative transactions, etc.	2,732,400	1,739,109	2,632,021	1,658,687
11	of which: cash outflows relating to derivative transactions	1,507,960	1,507,960	1,431,857	1,431,857
12	of which: cash outflows relating to funding programs	0	0	0	0
13	of which: cash outflows relating to credit/liquidity facilities	1,224,440	231,150	1,200,164	226,830
14	Cash outflows based on an obligation to provide capital	4,817,513	415,306	4,367,900	220,161
15	Cash outflows relating to contingencies	4,030,056	140,071	3,933,778	128,726
16	Total cash outflows		10,413,281		9,950,449
Cash inflows (3)		Amount before multiplying a cash outflow ratio	Amount after multiplying a cash outflow ratio	Amount before multiplying a cash outflow ratio	Amount after multiplying a cash outflow ratio
17	Cash inflows relating to secured fund management, etc.	1,563,435	0	400,364	0
18	Cash inflows relating to collections of advances, etc.	3,612,503	2,961,234	2,407,666	1,694,270
19	Other cash inflows	6,045,831	908,918	4,160,899	585,832
20	Total cash inflows	11,221,769	3,870,152	6,968,929	2,280,103
Liquidity coverage ratio on a consolidated basis (4)					
21	Sum of high-quality liquid assets that can be included		34,774,772		36,898,611
22	Net cash outflows		6,543,129		7,670,346
23	Liquidity coverage ratio on a consolidated basis		531.4		481.0
24	The number of data for calculating the average value		61		3

Qualitative Disclosure Items Concerning a Liquidity Coverage Ratio on a Consolidated Basis

Items concerning a change in the consolidated liquidity coverage ratio on a time-series basis

The consolidated liquidity coverage ratio for the current quarter maintained a high and stable level.

Items concerning evaluation of the level of the consolidated liquidity coverage ratio

The consolidated liquidity coverage ratio for the current quarter has tended to be well above the minimum level.

Items concerning the details of the sum of high-quality liquid assets that can be included

In light of the Bank's liquidity coverage ratio, there is no material item.

Other items concerning the consolidated liquidity coverage ratio

In light of the Bank's liquidity coverage ratio, there is no material item.

Capital Adequacy (Non-Consolidated)

Capital Ratio Information (Non-Consolidated)

Composition of Capital (Non-Consolidated)

(Millions of Yen, %)

Basel III Template No.	Items	As of March 31, 2017	Amounts excluded under transitional arrangements	As of March 31, 2016	Amounts excluded under transitional arrangements	Ref. No.
Common Equity Tier 1 capital: instruments and reserves						
1a+2-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	**5,248,636**		5,113,093		
1a	of which: capital and capital surplus	**3,455,509**		3,455,509		E1.1+E1.2
2	of which: retained earnings	**1,862,634**		1,725,971		E2
26	of which: cash dividends to be paid	**69,507**		68,387		
	of which: other than the above	**—**		—		E3
3	Valuation and translation adjustments and other disclosed reserves	**1,256,883**	**314,220**	1,141,454	760,969	E4
	Total of items included in Common Equity Tier 1 capital: instruments and reserves under phase-out arrangements	**—**		—		
6	Common Equity Tier 1 capital: instruments and reserves (A)	**6,505,519**		6,254,547		
Common Equity Tier 1 capital: regulatory adjustments						
8+9	Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	**16,429**	**4,107**	8,061	5,374	
8	of which: goodwill (net of related tax liability, including those equivalent)	**—**	**—**	—	—	A1.1+A1.2
9	of which: other intangible assets other than goodwill and mortgage servicing rights (net of related tax liability)	**16,429**	**4,107**	8,061	5,374	A2.1-A2.2
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	**—**	**—**	—	—	
11	Deferred gains or losses on derivatives under hedge accounting	**15,423**	**3,855**	(34,239)	(22,826)	E7
12	Shortfall of eligible provisions to expected losses	**11,506**	**2,876**	23,907	15,938	
13	Securitisation gain on sale	**—**	**—**	—	—	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	**—**	**—**	—	—	
15	Defined-benefit pension fund net assets (prepaid pension costs)	**7,458**	**1,864**	3,516	2,344	A3-D3
16	Investments in own shares (excluding those reported in the Net Assets section)	**—**	**—**	—	—	A4
17	Reciprocal cross-holdings in common equity	**—**	**—**	—	—	A5
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital	**—**	**—**	—	—	A6
19+20+21	Amount exceeding the 10% threshold on specified items	**—**	**—**	—	—	
19	of which: significant investments in the common stock of financials	**—**	**—**	—	—	A7
20	of which: mortgage servicing rights	**—**	**—**	—	—	A8
21	of which: deferred tax assets arising from temporary differences (net of related tax liability)	**—**	**—**	—	—	

(Millions of Yen, %)

Basel III Template No.	Items	As of March 31, 2017	Amounts excluded under transitional arrangements	As of March 31, 2016	Amounts excluded under transitional arrangements	Ref. No.
22	Amount exceeding the 15% threshold on specified items	**—**	**—**	—	—	
23	of which: significant investments in the common stock of financials	**—**	**—**	—	—	A9
24	of which: mortgage servicing rights	**—**	**—**	—	—	A10
25	of which: deferred tax assets arising from temporary differences (net of related tax liability)	**—**	**—**	—	—	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	**—**		—		
28	Common Equity Tier 1 capital: regulatory adjustments (B)	**50,818**		1,246		
Common Equity Tier 1 capital (CET1)						
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	**6,454,700**		6,253,301		
Additional Tier 1 capital: instruments						
30 / 31a	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	**49,000**		49,000		E5.1+E5.2
30 / 32	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	**—**		—		D1.1+D1.2
30	Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	**—**		—		
33+35	Eligible Tier 1 capital instruments under phase-out arrangements included in Additional Tier 1 capital: instruments	**499**		599		
	Total of items included in Additional Tier 1 capital: instruments under phase-out arrangements	**2**		4		
	of which: amounts of counted in to base instruments of Additional Tier 1 under phase-out arrangements that related valuation and translation adjustments	**2**		4		
36	Additional Tier 1 capital: instruments (D)	**49,502**		49,604		
Additional Tier 1 capital: regulatory adjustments						
37	Investments in own Additional Tier 1 instruments	**—**	**—**	—	—	A11
38	Reciprocal cross-holdings in Additional Tier 1 instruments	**—**	**—**	—	—	A12
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	**—**	**—**	—	—	A13
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	**31,233**	**7,808**	23,424	15,616	A14
	Total of items included in Additional Tier 1 capital: regulatory adjustments under phase-out arrangements	**1,438**		7,969		
	of which: 50% of balance due to pay of eligible provisions	**1,438**		7,969		

(Millions of Yen, %)

Basel III Template No.	Items	As of March 31, 2017	Amounts excluded under transitional arrangements	As of March 31, 2016	Amounts excluded under transitional arrangements	Ref. No.
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	**—**		—		
43	Additional Tier 1 capital: regulatory adjustments (E)	**32,671**		31,394		
Additional Tier 1 capital (AT1)						
44	Additional Tier 1 capital (AT1) ((D)-(E)) (F)	**16,830**		18,210		
Tier 1 capital (T1=CET1+AT1)						
45	Tier 1 capital (T1=CET1+AT1) ((C)+(F)) (G)	**6,471,531**		6,271,511		
Tier 2 capital: instruments and provisions						
46	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and its breakdown	**—**		—		E6
	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	**1,415,480**		1,415,480		D2.1+D2.2
	Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	**—**		—		
47+49	Eligible Tier 2 capital instruments under phase-out arrangements included in Tier 2: instruments and provisions	**97,816**		147,816		
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	**7**		3		
50a	of which: general reserve for possible loan losses	**7**		3		A15
50b	of which: eligible provisions	**—**		—		A16
	Total of items included in Tier 2 capital: instruments and provisions under phase-out arrangements	**192,720**		487,200		
	of which: amounts of counted in to base instruments of Additional Tier 2 under phase-out arrangements that related valuation and translation adjustments	**192,720**		487,200		
51	Tier 2 capital: instruments and provisions (H)	**1,706,023**		2,050,500		
Tier 2 capital: regulatory adjustments						
52	Investments in own Tier 2 instruments	**—**	**—**	—	—	A17
53	Reciprocal cross-holdings in Tier 2 instruments	**—**	**—**	—	—	A18
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	**—**	**—**	—	—	A19
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	**—**	**—**	—	—	A20
	Total of items included in Tier 2 capital: regulatory adjustments under phase-out arrangements	**1,438**		7,969		
	of which: 50% of balance due to pay of eligible provisions	**1,438**		7,969		
57	Tier 2 capital: regulatory adjustments (I)	**1,438**		7,969		

(Millions of Yen, %)

Basel III Template No.	Items	As of March 31, 2017	Amounts excluded under transitional arrangements	As of March 31, 2016	Amounts excluded under transitional arrangements	Ref. No.
Tier 2 capital (T2)						
58	Tier 2 capital (T2) ((H)-(I)) (J)	**1,704,585**		2,042,530		
Total capital (TC=T1+T2)						
59	Total capital (TC=T1+T2) ((G) + (J)) (K)	**8,176,116**		8,314,042		
Risk weighted assets						
	Total of items included in risk weighted assets under phase-out arrangements	**17,926**		31,627		
	of which: intangibles assets other than mortgage servicing rights	**4,107**		5,374		
	of which: prepaid pension costs	**1,864**		2,344		
	of which: significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	**11,954**		23,908		
60	Risk weighted assets (L)	**33,231,785**		32,874,613		
Capital ratio (non-consolidated)						
61	Common Equity Tier 1 capital ratio (non-consolidated) ((C)/(L))	**19.42%**		19.02%		
62	Tier 1 capital ratio (non-consolidated) ((G)/(L))	**19.47%**		19.07%		
63	Total capital ratio (non-consolidated) ((K)/(L))	**24.60%**		25.29%		
Regulatory adjustments						
72	Non-significant investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	**347,726**		437,777		A21.1+A21.2
73	Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	**67,401**		67,401		A22
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	**—**		—		A23
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	**—**		—		
Provisions included in Tier 2 capital: instruments and provisions						
76	Provisions (general reserve for possible loan losses)	**7**		3		
77	Cap on inclusion of provisions (general reserve for possible loan losses)	**89**		82		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) (if the amount is negative, report as “nil”)	**—**		—		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	**182,328**		175,487		
Capital instruments under phase-out arrangements						
82	Current cap on Additional Tier 1 instruments under phase-out arrangements	**499**		599		
83	Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as “nil”)	**499**		399		
84	Current cap on Tier 2 instruments under phase-out arrangements	**768,003**		921,604		
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as “nil”)	**—**		—		

Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements (Non-Consolidated)

As of March 31, 2017

(Millions of Yen)

Items	Non-Consolidated balance sheet amount	Balance sheet amount based on regulatory scope of consolidation	Ref. No.
(Assets)			
Loans and Bills Discounted	11,948,542		
Loans on deeds	10,476,391		
Loans on bills	370,443		
Overdrafts	1,099,295		
Bills discounted	2,411		
Including non-significant investments in the capital instruments of other financial institutions		103,000	
Tier 2 capital instruments		—	
Non-significant investments in the capital instruments of other financial institutions not subject to deduction		103,000	A21.1
Foreign Exchanges Assets	224,101		
Due from foreign banks	224,101		
Securities	62,108,251	62,108,246	
Japanese government bonds	13,166,759	13,166,759	
Municipal government bonds	148	148	
Short-term corporate bonds	150,000	150,000	
Corporate bonds	272,622	272,622	
Stocks	881,571	881,571	
Other securities	47,637,150	47,637,144	
Money Held in Trust	6,982,774	6,982,774	
Securities and Money Held in Trust of which: goodwill and those equivalents (excluding those reported in the Intangible Fixed Assets)		—	A1.1
Securities and Money Held in Trust of which: investments in own capital instruments		—	—
Common Equity (excluding those reported in the Net Assets section)		—	A4
Additional Tier 1 capital		—	A11
Tier 2 capital		—	A17
Securities and Money Held in Trust of which: reciprocal cross-holdings in capital instruments		—	—
Common Equity		—	A5
Additional Tier 1 capital		—	A12
Tier 2 capital		—	A18
Securities and Money Held in Trust of which: investments in the instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital		244,726	—
Common Equity		—	A6
Additional Tier 1 capital		—	A13
Tier 2 capital		—	A19
Non-significant investments in the capital of other financials that are below the thresholds for deduction (before risk weighting)		244,726	A21.2
Securities and Money Held in Trust of which: significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		106,442	—
Amount exceeding the 10% threshold on specified items		—	A7
Amount exceeding the 15% threshold on specified items		—	A9
Additional Tier 1 capital		39,041	A14
Tier 2 capital		—	A20
Significant investments in the common stock of financials that are below the thresholds for deduction (before risk weighting)		67,401	A22

(Millions of Yen)

Items	Non-Consolidated balance sheet amount	Balance sheet amount based on regulatory scope of consolidation	Ref. No.
Trading Assets	**10,715**		
Trading securities	**3,913**		
Derivatives of trading securities	**4**		
Derivatives of securities related to trading transactions	**8**		
Trading-related financial derivatives	**6,787**		
Monetary Claims Bought	**257,888**		
Call Loans	**146,220**		
Payables under Repurchase Agreements	**—**		
Receivables under Resale Agreements	**1,173**		
Cash and Due from Banks	**22,912,982**		
Cash	**95,371**		
Due from banks	**22,817,610**		
Other Assets	**997,741**	**997,741**	
Domestic exchange settlement account, debit	**194**	**194**	
Prepaid expenses	**418**	**418**	
Accrued income	**196,382**	**196,382**	
Initial margins of futures markets	**3,944**	**3,944**	
Valuation margins of futures markets	**617**	**617**	
Derivatives other than for trading	**414,707**	**414,707**	
Cash collateral paid for financial instruments	**149,628**	**149,628**	
Others	**231,847**	**231,847**	
Defined-benefit pension fund net assets (prepaid pension costs)	**12,903**	**12,903**	A3
Tangible Fixed Assets	**115,392**		
Buildings	**44,345**		
Land	**47,280**		
Lease assets	**21,119**		
Construction in progress	**44**		
Other	**2,601**		
Intangible Fixed Assets	**28,425**	**28,425**	
Software	**9,844**	**9,844**	
Lease assets	**5,880**	**5,880**	
Other	**12,700**	**12,700**	
of which: goodwill and those equivalents (excluding those reported in the Net Assets section)		**—**	A1.2
of which: other intangible assets other than goodwill and mortgage servicing rights		**28,425**	A2.1
of which: amount that corresponds to effective tax rate to other intangible assets other than goodwill and mortgage servicing rights		**7,888**	A2.2
of which: mortgage servicing rights (net of related deferred tax liabilities)		**—**	—
Amount exceeding the 10% threshold on specified items		**—**	A8
Amount exceeding the 15% threshold on specified items		**—**	A10
Amount below the thresholds for deduction (before risk weighting)		**—**	A23
Customers' Liabilities for Acceptances and Guarantees	**120,867**		
Reserve for Possible Loan Losses	**(54,203)**	**(54,203)**	
of which: general reserve for possible loan losses includes Tier 2		**(7)**	A15
of which: eligible provisions includes Tier 2		**—**	A16
Reserve for Possible Investment Losses	**(1,344)**		
Total Assets	**105,812,432**		

(Millions of Yen)

Items	Non-Consolidated balance sheet amount	Balance sheet amount based on regulatory scope of consolidation	Ref. No.
(Liabilities)			
Deposits	**61,904,218**		
Time deposits	**54,444,528**		
Deposits at notice	**36,227**		
Ordinary deposits	**2,988,208**		
Current deposits	**90,932**		
Other deposits	**4,344,321**		
Negotiable Certificates of Deposit	**3,689,270**		
Debentures	**2,423,827**		
Debentures issued	**2,423,827**		
Bonds Payable		**—**	
of which: qualifying Additional Tier 1 instruments of which: classified as liabilities		**—**	D1.1
of which: qualifying Tier 2 instruments of which: classified as liabilities		**—**	D2.1
Trading Liabilities	**6,150**		
Derivatives of trading securities	**—**		
Derivatives of securities related to trading transactions	**9**		
Trading-related financial derivatives	**6,141**		
Borrowed Money	**4,315,111**	**4,315,111**	
Borrowings	**4,315,111**	**4,315,111**	
of which: qualifying Additional Tier 1 instruments		**—**	D1.2
of which: qualifying Tier 2 instruments		**1,415,480**	D2.2
Call Money	**3,365**		
Payables under Repurchase Agreements	**19,645,010**		
Payables under Securities Lending Transactions	**1,013**		
Foreign Exchanges Liabilities	**2**		
Foreign bills payable	**2**		
Trust Money	**1,257,432**		
Other Liabilities	**4,894,665**		
Domestic exchange settlement account, credit	**936**		
Accrued expenses	**62,989**		
Income taxes payable	**11,348**		
Unearned income	**671**		
Employees' deposits	**9,070**		
Variation margins of futures markets	**—**		
Derivatives other than for trading	**228,773**		
Cash collateral received for financial instruments	**433,362**		
Lease liabilities	**24,045**		
Others	**4,123,467**		
Reserve for Bonus Payments	**6,302**		
Reserve for Employees' Retirement Benefits	**22,301**		
Reserve for Directors' Retirement Benefits	**938**		
Reserve for Agriculture, Fishery and Forestry Industry Subsidies	**523**		
Deferred Tax Liabilities	**573,768**	**573,768**	
of which: prepaid pension cost		**3,580**	D3
Deferred Tax Liabilities for Land Revaluation	**8,607**	**8,607**	
Acceptances and Guarantees	**120,867**		
Total Liabilities	**98,873,376**		

(Millions of Yen)

Items	Non-Consolidated balance sheet amount	Balance sheet amount based on regulatory scope of consolidation	Ref. No.
(Net Assets)			
Paid-in Capital	**3,480,488**	**3,480,488**	
Common equity	**3,455,488**	**3,455,488**	E1.1
of which: lower dividend rate stock	**3,029,771**	**3,029,771**	
Preferred stock	**24,999**	**24,999**	
of which: directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which classified as equity under applicable accounting standards		**24,500**	E5.1
Capital Surplus	**25,020**	**25,020**	
Capital surplus	**24,999**	**24,999**	
of which: directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which classified as equity under applicable accounting standards		**24,500**	E5.2
Other capital surplus	**20**	**20**	E1.2
Reserve for revaluation	**20**	**20**	
Retained Earnings	**1,862,453**	**1,862,634**	E2
Legal reserves	**668,466**	**668,466**	
Voluntary reserves	**1,193,987**	**1,194,168**	
Special reserves	**236,400**	**236,400**	
General reserves	**559,403**	**559,403**	
Reserves for tax basis adjustments of fixed assets	**7,596**	**7,596**	
Others	**7**	**7**	
Unappropriated retained earnings	**390,580**	**390,761**	
Net income	**203,414**	**203,342**	
Total Owners' Equity	**5,367,962**	**5,368,149**	
of which: others		**—**	E3
of which: directly issued qualifying Tier 2 instruments plus related capital surplus of which classified as equity under applicable accounting standards		**—**	E6
Net Unrealized Gains on Other Securities	**1,583,476**	**1,583,476**	
Net Deferred Losses on Hedging Instruments	**(26,695)**	**(26,695)**	
of which: net deferred losses on hedge		**19,278**	E7
Revaluation Reserve for Land, net of taxes	**14,312**	**14,312**	
Foreign Currency Translation Adjustment		**10**	
Total Valuation and Translation Adjustment	**1,571,093**	**1,571,103**	E4
Total Net Assets	**6,939,055**		
Total Liabilities and Net Assets	**105,812,432**		

Notes: 1. "Balance sheet amount based on regulatory scope of consolidation" refers only to the items used in calculating capital adequacy.
2. "Balance sheet amount based on regulatory scope of consolidation" does not reflect transitional arrangements so that the amount of the column consists of the amount included in capital adequacy and the amount excluded under transitional arrangements in "Composition of Capital."

As of March 31, 2016

(Millions of Yen)

Items	Non-Consolidated balance sheet amount	Balance sheet amount based on regulatory scope of consolidation	Ref. No.
(Assets)			
Loans and Bills Discounted	17,915,833		
Loans on deeds	16,348,723		
Loans on bills	359,252		
Overdrafts	1,205,150		
Bills discounted	2,705		
Including non-significant investments in the capital instruments of other financial institutions		105,000	
Tier 2 capital instruments		—	
Non-significant investments in the capital instruments of other financial institutions not subject to deduction		105,000	A21.1
Foreign Exchanges Assets	237,332		
Due from foreign banks	237,332		
Securities	58,329,733	58,329,727	
Japanese government bonds	13,463,863	13,463,863	
Municipal government bonds	213	213	
Corporate bonds	85,777	85,777	
Stocks	853,508	853,508	
Other securities	43,926,371	43,926,365	
Money Held in Trust	4,922,102	4,922,102	
Securities and Money Held in Trust of which: goodwill and those equivalents (excluding those reported in the Intangible Fixed Assets)		—	A1.1
Securities and Money Held in Trust of which: investments in own capital instruments		—	—
Common Equity (excluding those reported in the Net Assets section)		—	A4
Additional Tier 1 capital		—	A11
Tier 2 capital		—	A17
Securities and Money Held in Trust of which: reciprocal cross-holdings in capital instruments		—	—
Common Equity		—	A5
Additional Tier 1 capital		—	A12
Tier 2 capital		—	A18
Securities and Money Held in Trust of which: investments in the instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital		332,777	—
Common Equity		—	A6
Additional Tier 1 capital		—	A13
Tier 2 capital		—	A19
Non-significant investments in the capital of other financials that are below the thresholds for deduction (before risk weighting)		332,777	A21.2
Securities and Money Held in Trust of which: significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		106,441	—
Amount exceeding the 10% threshold on specified items		—	A7
Amount exceeding the 15% threshold on specified items		—	A9
Additional Tier 1 capital		39,040	A14
Tier 2 capital		—	A20
Significant investments in the common stock of financials that are below the thresholds for deduction (before risk weighting)		67,401	A22

(Millions of Yen)

Items	Non-Consolidated balance sheet amount	Balance sheet amount based on regulatory scope of consolidation	Ref. No.
Trading Assets	14,284		
Trading securities	5,077		
Derivatives of trading securities	7		
Derivatives of securities related to trading transactions	5		
Trading-related financial derivatives	9,193		
Monetary Claims Bought	244,023		
Call Loans	139,877		
Payables under Repurchase Agreements	—		
Receivables under Resale Agreements	2,049,052		
Cash and Due from Banks	15,031,730		
Cash	111,190		
Due from banks	14,920,540		
Other Assets	1,032,564	1,032,584	
Domestic exchange settlement account, debit	82	82	
Prepaid expenses	2,746	2,746	
Accrued income	187,233	187,253	
Initial margins of futures markets	987	987	
Valuation margins of futures markets	6	6	
Derivatives other than for trading	502,223	502,223	
Cash collateral paid for financial instruments	305,005	305,005	
Others	34,279	34,279	
Defined-benefit pension fund net assets (prepaid pension costs)	8,111	8,111	A3
Tangible Fixed Assets	106,405		
Buildings	42,447		
Land	49,679		
Lease assets	10,912		
Construction in progress	775		
Other	2,589		
Intangible Fixed Assets	18,597	18,597	
Software	9,254	9,254	
Lease assets	3,301	3,301	
Other	6,041	6,041	
of which: goodwill and those equivalents (excluding those reported in the Net Assets section)		—	A1.2
of which: other intangible assets other than goodwill and mortgage servicing rights		18,597	A2.1
of which: amount that corresponds to effective tax rate to other intangible assets other than goodwill and mortgage servicing rights		5,160	A2.2
of which: mortgage servicing rights (net of related deferred tax liabilities)		—	—
Amount exceeding the 10% threshold on specified items		—	A8
Amount exceeding the 15% threshold on specified items		—	A10
Amount below the thresholds for deduction (before risk weighting)		—	A23
Customers' Liabilities for Acceptances and Guarantees	173,161		
Reserve for Possible Loan Losses	(91,370)	(91,290)	
of which: general reserve for possible loan losses includes Tier 2		(3)	A15
of which: eligible provisions includes Tier 2		—	A16
Reserve for Possible Investment Losses	(1,344)		
Total Assets	100,130,096		

(Millions of Yen)

Items	Non-Consolidated balance sheet amount	Balance sheet amount based on regulatory scope of consolidation	Ref. No.
(Liabilities)			
Deposits	58,838,558		
Time deposits	51,173,171		
Deposits at notice	40,207		
Ordinary deposits	2,948,829		
Current deposits	132,441		
Other deposits	4,543,908		
Negotiable Certificates of Deposit	3,598,338		
Debentures	3,133,079		
Debentures issued	3,133,079		
Bonds Payable		50,000	
of which: qualifying Additional Tier 1 instruments of which: classified as liabilities		—	D1.1
of which: qualifying Tier 2 instruments of which: classified as liabilities		—	D2.1
Trading Liabilities	8,476		
Derivatives of trading securities	—		
Derivatives of securities related to trading transactions	15		
Trading-related financial derivatives	8,461		
Borrowed Money	3,085,120	3,035,120	
Borrowings	3,085,120	3,035,120	
of which: qualifying Additional Tier 1 instruments		—	D1.2
of which: qualifying Tier 2 instruments		1,415,480	D2.2
Call Money	4,276		
Payables under Repurchase Agreements	18,488,218		
Payables under Securities Lending Transactions	903,887		
Foreign Exchanges Liabilities	17		
Foreign bills payable	17		
Trust Money	1,397,731		
Other Liabilities	2,611,934		
Domestic exchange settlement account, credit	60		
Accrued expenses	63,746		
Income taxes payable	39,175		
Unearned income	760		
Employees' deposits	8,894		
Variation margins of futures markets	—		
Derivatives other than for trading	456,097		
Cash collateral received for financial instruments	313,410		
Lease liabilities	12,450		
Others	1,717,339		
Reserve for Bonus Payments	6,227		
Reserve for Employees' Retirement Benefits	18,846		
Reserve for Directors' Retirement Benefits	850		
Reserve for Agriculture, Fishery and Forestry Industry Subsidies	12,684		
Deferred Tax Liabilities	705,782	705,805	
of which: prepaid pension cost		2,251	D3
Deferred Tax Liabilities for Land Revaluation	9,263	9,263	
Acceptances and Guarantees	173,161		
Total Liabilities	92,996,456		

(Millions of Yen)

Items	Non-Consolidated balance sheet amount	Balance sheet amount based on regulatory scope of consolidation	Ref. No.
(Net Assets)			
Paid-in Capital	3,480,488	3,480,488	
Common equity	3,455,488	3,455,488	E1.1
of which: lower dividend rate stock	3,029,771	3,029,771	
Preferred stock	24,999	24,999	
of which: directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which classified as equity under applicable accounting standards		24,500	E5.1
Capital Surplus	25,020	25,020	
Capital surplus	24,999	24,999	
of which: directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which classified as equity under applicable accounting standards		24,500	E5.2
Other capital surplus	20	20	E1.2
Reserve for revaluation	20	20	
Retained Earnings	1,725,717	1,725,971	E2
Legal reserves	613,866	613,866	
Voluntary reserves	1,111,851	1,112,105	
Special reserves	181,800	181,800	
General reserves	559,403	559,403	
Reserves for tax basis adjustments of fixed assets	7,139	7,139	
Others	7	7	
Unappropriated retained earnings	363,501	363,754	
Net income	271,580	271,591	
Total Owners' Equity	5,231,226	5,231,486	
of which: others		—	E3
of which: directly issued qualifying Tier 2 instruments plus related capital surplus of which classified as equity under applicable accounting standards		—	E6
Net Unrealized Gains on Other Securities	2,118,027	2,118,027	
Net Deferred Losses on Hedging Instruments	(231,634)	(231,634)	
of which: net deferred losses on hedge		(57,065)	E7
Revaluation Reserve for Land, net of taxes	16,020	16,020	
Foreign Currency Translation Adjustment		11	
Total Valuation and Translation Adjustment	1,902,413	1,902,424	E4
Total Net Assets	7,133,639		
Total Liabilities and Net Assets	100,130,096		

Notes: 1. "Balance sheet amount based on regulatory scope of consolidation" refers only to the items used in calculating capital adequacy.
2. "Balance sheet amount based on regulatory scope of consolidation" does not reflect transitional arrangements so that the amount of the column consists of the amount included in capital adequacy and the amount excluded under transitional arrangements in "Composition of Capital."

Capital Adequacy (Non-Consolidated)

(Minimum amount of regulatory required capital and breakdown for each risk category)

Regulatory Required Capital

(Billions of Yen)

Items	As of March 31, 2017		As of March 31, 2016	
	EAD	**Regulatory Required Capital**	EAD	Regulatory Required Capital
Amount of regulatory required capital for credit risk	**140,505**	**2,521**	131,451	2,453
Exposure subject to Internal Ratings-Based Approach	**124,561**	**2,498**	111,960	2,428
Corporate exposure (excluding Specialized Lending)	**7,514**	**188**	6,640	257
Corporate exposure (Specialized Lending)	**513**	**39**	327	27
Sovereign exposure	**66,106**	**0**	61,832	0
Bank exposure	**16,925**	**108**	16,998	158
Retail exposure	**3**	**1**	3	1
Retail exposure secured by residential properties	**0**	**0**	0	0
Qualifying revolving retail exposure	**—**	**—**	—	—
Other retail exposure	**3**	**1**	3	1
Securitization and re-securitization exposure	**6,513**	**42**	4,768	36
Equity portfolios	**1,316**	**209**	1,249	202
Equity portfolios subject to PD/LGD approaches	**869**	**90**	836	91
Equity portfolios subject to simple risk-weighted method	**100**	**34**	89	30
Equities under the internal models approach	**346**	**85**	323	81
Exposure subject to risk-weighted asset calculation for investment fund	**25,110**	**1,891**	19,559	1,720
Other debt purchased	**308**	**4**	362	15
Other exposures	**248**	**12**	218	8
Exposure subject to Standardized Approach	**7**	**0**	6	0
Overdrafts	**—**	**—**	—	—
Prepaid expenses	**0**	**0**	2	0
Suspense payments	**6**	**0**	3	0
Other	**—**	**—**	—	—
Amount corresponding to CVA risk	**547**	**4**	675	6
CCP-related exposures	**15,375**	**16**	18,784	14
Items that included by transitional arrangements	**13**	**1**	23	2
Amount of regulatory required capital for market risk	**/**	**136**	/	197
Standardized Approach	**/**	**135**	/	197
Interest rate risk category	**/**	**—**	/	—
Equity risk category	**/**	**—**	/	—
Foreign exchange risk category	**/**	**135**	/	197
Commodity risk category	**/**	**—**	/	—
Option transactions	**/**	**—**	/	—
Internal models Approach	**/**	**0**	/	0
Amount of regulatory required capital for operational risk	**/**	**69**	/	70
Offsets on consolidation	**/**	**2,727**	/	2,721

Notes: 1. Regulatory required capital for credit risk = 8% of risk-weighted assets for credit risk + Expected losses

2. Within the Exposure Subject to the Internal Ratings-Based Approach (excluding retail), the EAD subject to the Advanced Internal Ratings-Based Approach and the amount of regulatory required capital are ¥7,973.4 billion and ¥190.3 billion, respectively.

3. "Risk-weighted asset calculation for investment fund" is risk-weighted assets as calculated according to the method specified in Notification Regarding Capital Adequacy Ratio, Article 144.

4. Risk-weighted asset calculation for investment fund includes ¥172.6 billion EAD and ¥0.3 billion of Required Capital of CPP-related exposures.

5. Under "The Standardized Approach (TSA)," which is a method for computing the amount corresponding to operational risk, the gross profit for one year is allocated among the business activities as specified in Appendix Table 1 of the Notification Regarding Capital Adequacy Ratio. The multiplier specified for each business activity classification is multiplied by the gross profit, and the average of the annual totals for the past three years is taken to be the amount corresponding to operational risk (Notification Regarding Capital Adequacy Ratio, Article 282).

(Billions of Yen)

Item	As of March 31, 2017	As of March 31, 2016
Non-consolidated total required capital	**2,658**	2,629

Note: Non-consolidated total required capital is an amount that results from multiplying the denominator of the formula by 8% as stipulated in Notification Regarding Capital Adequacy Ratio, Article 14.

Credit Risk (Non-Consolidated)

(Funds and securitization exposures are excluded)

1. Credit Risk Exposure

Fiscal 2016 (Ended March 31, 2017)

Geographic Distribution of Exposure, Details in Significant Areas by Major Types of Credit Exposure

(Billions of Yen)

Regions	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure
Japan	11,830	15,146	30	23,930	50,938	59
Asia except Japan	291	146	12	388	838	—
Europe	284	10,268	218	10,009	20,781	—
The Americas	841	18,012	38	15,239	34,131	—
Other areas	258	407	14	258	938	—
Total	13,506	43,981	314	49,826	107,628	59

Industry Distribution of Exposure, Details by Major Types of Credit Exposure

(Billions of Yen)

Industries	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure	Write-off of loans (amounts of partial direct write-off)
Manufacturing	2,708	466	1	0	3,176	23	—
Agriculture	47	0	0	0	48	5	0
Forestry	6	—	—	—	6	0	—
Fishing	19	0	—	0	19	11	—
Mining	13	—	—	0	13	—	—
Construction	85	11	—	0	96	0	—
Utility	356	5	—	0	361	—	—
Information/telecommunications	118	8	—	0	127	—	—
Transportation	622	124	2	0	750	7	—
Wholesaling, retailing	1,500	121	0	0	1,622	7	—
Finance and insurance	2,696	7,824	310	49,566	60,396	0	—
Real estate	636	143	—	2	783	0	—
Services	1,482	82	0	1	1,565	3	0
Municipalities	39	0	—	0	39	—	—
Other	3,171	35,192	—	255	38,619	0	—
Total	13,506	43,981	314	49,826	107,628	59	1

Note: "Others" within "Finance and insurance" includes repo-type transactions, call loans, and certain other items.

Residual Contractual Maturity Breakdown of Credit Risk Exposure

(Billions of Yen)

Terms to maturity	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure
In 1 year	7,116	5,358	66	49,043	61,583
Over 1 year to 3 years	1,847	14,622	78	0	16,547
Over 3 years to 5 years	2,432	12,043	1	0	14,477
Over 5 years to 7 years	961	3,077	0	0	4,039
Over 7 years	1,146	7,133	168	0	8,448
No term to maturity	2	1,747	—	782	2,532
Total	13,506	43,981	314	49,826	107,628

Notes: 1. The amount of credit exposure at the end of the period does not substantially differ from the average-risk position during fiscal 2016.
2. Within credit risk exposure, credit risk exposure subject to the Standardized Approach was ¥7.1 billion.
3. Default exposure is classified in the Bank's self-assessment as being under "Debtor Under Requirement of Control."

Fiscal 2015 (Ended March 31, 2016)
Geographic Distribution of Exposure, Details in Significant Areas by Major Types of Credit Exposure

(Billions of Yen)

Regions	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure
Japan	17,930	15,029	52	18,773	51,786	85
Asia except Japan	270	147	27	82	527	—
Europe	277	9,824	108	7,186	17,397	—
The Americas	771	17,141	79	17,480	35,473	—
Other areas	127	441	17	252	838	—
Total	19,377	42,583	286	43,775	106,022	85

Industry Distribution of Exposure, Details by Major Types of Credit Exposure

(Billions of Yen)

Industries	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure	Write-off of loans (amounts of partial direct write-off)
Manufacturing	2,567	395	1	0	2,965	21	0
Agriculture	32	0	0	0	33	5	0
Forestry	7	—	—	—	7	0	—
Fishing	23	0	—	0	23	15	0
Mining	14	—	—	0	14	—	—
Construction	85	10	—	0	96	0	—
Utility	270	6	—	0	277	—	—
Information/telecommunications	80	7	—	0	88	—	—
Transportation	562	121	3	0	687	8	2
Wholesaling, retailing	1,451	113	0	0	1,565	8	0
Finance and insurance	2,379	10,075	280	43,546	56,281	1	—
Real estate	575	133	—	2	711	17	—
Services	1,321	128	0	1	1,451	7	—
Municipalities	57	0	—	0	57	—	—
Other	9,946	31,589	—	224	41,760	0	—
Total	19,377	42,583	286	43,775	106,022	85	3

Note: "Others" within "Finance and insurance" includes repo-type transactions, call loans, and certain other items.

Residual Contractual Maturity Breakdown of Credit Risk Exposure

(Billions of Yen)

Terms to maturity	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure
In 1 year	14,389	2,505	132	42,785	59,811
Over 1 year to 3 years	1,603	13,314	146	198	15,262
Over 3 years to 5 years	1,724	16,422	2	0	18,149
Over 5 years to 7 years	789	5,197	0	0	5,988
Over 7 years	865	3,646	4	0	4,516
No term to maturity	5	1,497	—	791	2,294
Total	19,377	42,583	286	43,775	106,022

Notes: 1. The amount of credit exposure at the end of the period does not substantially differ from the average-risk position during fiscal 2015.
2. Within credit risk exposure, credit risk exposure subject to the Standardized Approach was ¥6.6 billion.
3. Default exposure is classified in the Bank's self-assessment as being under "Debtor Under Requirement of Control."

2. Reserves for Possible Loan Losses

Increase/Decrease in General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and the Specific Reserve for Loans to Countries with Financial Problems by Region

(Billions of Yen)

Regions	As of March 31, 2017	As of March 31, 2016	Increase/(decrease)
General reserve for possible loan losses	**28**	14	**13**
Specific reserve for possible loan losses	**22**	35	**(12)**
Japan	**22**	35	**(12)**
Asia except Japan	**—**	—	**—**
Europe	**—**	—	**—**
The Americas	**—**	—	**—**
Other areas	**—**	—	**—**
Specified reserve for loans to countries with financial problems	**—**	—	**—**
Total	**51**	50	**0**

Increase/Decrease in General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and the Specified Reserve for Loans to Countries with Financial Problems by Industry

(Billions of Yen)

Industries	As of March 31, 2017	As of March 31, 2016	Increase/(decrease)
General reserve for possible loan losses	**28**	14	**13**
Specific reserve for possible loan losses	**22**	35	**(12)**
Manufacturing	**7**	4	**2**
Agriculture	**4**	3	**0**
Forestry	**0**	0	**(0)**
Fishing	**5**	5	**(0)**
Mining	**—**	—	**—**
Construction	**—**	0	**(0)**
Utility	**—**	—	**—**
Information/telecommunications	**—**	—	**—**
Transportation	**1**	3	**(1)**
Wholesaling, retailing	**1**	2	**(0)**
Finance and insurance	**0**	0	**(0)**
Real estate	**—**	9	**(9)**
Services	**1**	5	**(3)**
Municipalities	**—**	—	**—**
Other	**—**	—	**—**
Others	**—**	—	**—**
Specified reserve for loans to countries with financial problems	**—**	—	**—**
Total	**51**	50	**0**

3. Exposure Subject to the Internal Ratings-Based Approach

a. Corporate, Sovereign and Bank Exposure

Fiscal 2016 (Ended March 31, 2017)

(Billions of Yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)	Amount of undrawn commitments	Weighted average of credit conversion factor
Corporate Exposure	1.08%	30.00%		31%	7,514	6,314	1,199	698	75.00%
1-1 to 4	0.11%	30.15%		24%	6,972	5,805	1,167	687	75.00%
5 to 7	1.52%	27.98%		74%	387	363	24	10	75.00%
8-1 to 8-2	15.84%	29.02%		208%	103	96	6	0	75.00%
Subtotal	0.40%	30.02%		29%	7,463	6,265	1,198	698	75.00%
8-3 to 10-2	100.00%	26.54%	26.54%	332%	50	49	0	—	—
Sovereign Exposure	0.00%	44.99%		0%	66,106	64,060	2,046	19	75.00%
1-1 to 4	0.00%	44.99%		0%	66,106	64,060	2,046	19	75.00%
5 to 7	1.00%	45.00%		134%	0	0	—	—	—
8-1 to 8-2	9.88%	0.02%		4%	0	0	—	—	—
Subtotal	0.00%	44.99%		0%	66,106	64,060	2,046	19	75.00%
8-3 to 10-2	—	—	—	—	—	—	—	—	—
Bank Exposure	0.05%	19.04%		8%	16,925	5,989	10,935	0	75.00%
1-1 to 4	0.04%	19.01%		8%	16,844	5,912	10,931	0	75.00%
5 to 7	2.02%	25.00%		74%	80	76	3	—	—
8-1 to 8-2	8.94%	45.00%		250%	0	0	0	—	—
Subtotal	0.05%	19.04%		8%	16,925	5,989	10,935	0	75.00%
8-3 to 10-2	—	—	—	—	—	—	—	—	—
Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach	0.17%	90.00%		130%	869	869	—	—	—
1-1 to 4	0.09%	90.00%		127%	854	854	—	—	—
5 to 7	2.08%	90.00%		293%	13	13	—	—	—
8-1 to 8-2	15.84%	90.00%		723%	0	0	—	—	—
Subtotal	0.13%	90.00%		130%	868	868	—	—	—
8-3 to 10-2	100.00%	90.00%	90.00%	1,193%	0	0	—	—	—

Notes: 1. Weighted averages of PD, LGD, EL default and risk weights are computed based on EAD (including on-balance and off-balance items).
2. Risk weights are equivalent to the total of the risk-weighted assets and the amount of dividing the expected loss by 8%, then dividing the result by exposure at default (EAD).

Fiscal 2015 (Ended March 31, 2016)

(Billions of Yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)	Amount of undrawn commitments	Weighted average of credit conversion factor
Corporate Exposure	1.25%	44.96%		49%	6,640	5,873	767	670	75.00%
1-1 to 4	0.12%	45.00%		36%	6,151	5,419	732	655	75.00%
5 to 7	1.71%	44.62%		118%	355	329	26	12	75.00%
8-1 to 8-2	15.84%	44.74%		319%	76	68	8	1	75.00%
Subtotal	0.39%	44.97%		44%	6,583	5,817	766	670	75.00%
8-3 to 10-2	100.00%	43.70%	43.70%	551%	57	56	1	0	75.00%
Sovereign Exposure	0.00%	45.00%		0%	61,832	59,953	1,878	9	75.00%
1-1 to 4	0.00%	45.00%		0%	61,831	59,953	1,878	9	75.00%
5 to 7	0.86%	45.00%		131%	0	0	—	—	—
8-1 to 8-2	9.88%	0.01%		3%	0	0	—	—	—
Subtotal	0.00%	45.00%		0%	61,832	59,953	1,878	9	75.00%
8-3 to 10-2	—	—	—	—	—	—	—	—	—
Bank Exposure	0.05%	23.51%		12%	16,998	7,599	9,398	4	75.00%
1-1 to 4	0.04%	23.53%		11%	16,941	7,547	9,394	4	75.00%
5 to 7	2.43%	19.54%		68%	48	44	4	—	—
8-1 to 8-2	8.94%	5.29%		31%	8	8	0	—	—
Subtotal	0.05%	23.51%		12%	16,998	7,599	9,398	4	75.00%
8-3 to 10-2	100.00%	45.00%	45.00%	563%	0	0	—	—	—
Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach	0.15%	90.00%		136%	836	836	—	—	—
1-1 to 4	0.09%	90.00%		133%	824	824	—	—	—
5 to 7	2.15%	90.00%		299%	9	9	—	—	—
8-1 to 8-2	15.84%	90.00%		541%	2	2	—	—	—
Subtotal	0.15%	90.00%		136%	836	836	—	—	—
8-3 to 10-2	100.00%	90.00%	90.00%	1,193%	0	0	—	—	—

Notes: 1. Weighted averages of PD, LGD, EL default and risk weights are computed based on EAD (including on-balance and off-balance items).
2. Risk weights are equivalent to the total of the risk-weighted assets and the amount of dividing the expected loss by 8%, then dividing the result by exposure at default (EAD).

b. Retail Exposure

Details on PD, LGD, RW and EAD Assets

Fiscal 2016 (Ended March 31, 2017)

(Billions of Yen)

Type of exposure	Weighted-average PD	Weighted-average LGD	Weighted-average EL default	Weighted-average risk weight	EAD				
						EAD (on-balance sheet)	EAD (off-balance sheet)		
								Amount of undrawn commitments	Weighted average of credit conversion factor
Retail exposure secured by residential properties	4.79%	43.92%	59.39%	86%	103	103	—	—	—
Not default Not delinquent	0.64%	43.92%		43%	94	94	—	—	—
Not default Delinquent	27.39%	43.92%		407%	5	5	—	—	—
Not default Subtotal	2.12%	43.92%		63%	100	100	—	—	—
Default	100.00%		59.39%	902%	2	2	—	—	—
Qualifying revolving retail exposure	—	—	—	—	—	—	—	—	—
Not default Not delinquent	—	—		—	—	—	—	—	—
Not default Delinquent	—	—		—	—	—	—	—	—
Not default Subtotal	—	—		—	—	—	—	—	—
Default	—		—	—	—	—	—	—	—
Other retail exposure	20.55%	89.55%	97.78%	378%	3	1	2	—	—
Not default Not delinquent	2.15%	89.62%		143%	3	0	2	—	—
Not default Delinquent	26.36%	42.79%		246%	0	0	0	—	—
Not default Subtotal	2.19%	89.55%		143%	3	0	2	—	—
Default	100.00%		97.78%	1,395%	0	0	0	—	—
Total	5.34%	45.25%	67.00%	96%	107	104	2	—	—
Not default Not delinquent	0.68%	45.32%		46%	97	95	2	—	—
Not default Delinquent	27.39%	43.92%		407%	5	5	0	—	—
Not default Subtotal	2.13%	45.25%		66%	103	101	2	—	—
Default	100.00%		67.00%	1,000%	3	3	0	—	—

Notes: 1. As of March 31, 2017, the majority of retail exposure is purchased retail receivables which are included in investment funds. Purchased retail receivables in investment funds using estimated parameters have been included in the amount subject to quantitative disclosure.

2. "Not default Delinquent" does not fall under the default definition in the Notification Regarding Capital Adequacy Ratio, but past-due.

3. Risk weights are equivalent to the total of the risk-weighted assets and the amount of dividing the expected loss by 8%, then dividing the result by exposure at default (EAD).

4. For defaulted exposure, the risk weights have been computed taking account of the unexpected losses on default (LGD default) and the expected losses on default (EL default).

5. As of March 31, 2017, the Bank held no Qualifying revolving retail exposure for which net withdrawals of commitments had occurred.

Fiscal 2015 (Ended March 31, 2016)

(Billions of Yen)

Type of exposure	Weighted-average PD	Weighted-average LGD	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)	Amount of undrawn commitments	Weighted average of credit conversion factor
Retail exposure secured by residential properties	5.13%	43.53%	59.45%	89%	122	122	—	—	—
Not default Not delinquent	0.64%	43.53%		43%	111	111	—	—	—
Not default Delinquent	27.77%	43.53%		405%	7	7	—	—	—
Not default Subtotal	2.27%	43.53%		65%	119	119	—	—	—
Default	100.00%		59.45%	895%	3	3	—	—	—
Qualifying revolving retail exposure	—	—	—	—	—	—	—	—	—
Not default Not delinquent	—	—		—	—	—	—	—	—
Not default Delinquent	—	—		—	—	—	—	—	—
Not default Subtotal	—	—		—	—	—	—	—	—
Default	—		—	—	—	—	—	—	—
Other retail exposure	26.76%	83.45%	98.26%	458%	3	1	2	—	—
Not default Not delinquent	2.07%	84.20%		133%	2	0	2	—	—
Not default Delinquent	21.03%	46.54%		225%	0	0	0	—	—
Not default Subtotal	2.45%	83.45%		135%	2	0	2	—	—
Default	100.00%		98.26%	1,432%	0	0	0	—	—
Total	5.79%	44.47%	67.58%	100%	126	124	2	—	—
Not default Not delinquent	0.68%	44.53%		45%	114	112	2	—	—
Not default Delinquent	27.71%	43.55%		404%	7	7	0	—	—
Not default Subtotal	2.28%	44.47%		67%	121	119	2	—	—
Default	100.00%		67.58%	1,008%	4	4	0	—	—

Notes: 1. As of March 31, 2016, the majority of retail exposure is purchased retail receivables which are included in investment funds. Purchased retail receivables in investment funds using estimated parameters have been included in the amount subject to quantitative disclosure.
2. "Not default Delinquent" does not fall under the default definition in the Notification Regarding Capital Adequacy Ratio, but past-due.
3. Risk weights are equivalent to the total of the risk-weighted assets and the amount of dividing the expected loss by 8%, then dividing the result by exposure at default (EAD).
4. For defaulted exposure, the risk weights have been computed taking account of the unexpected losses on default (LGD default) and the expected losses on default (EL default).
5. As of March 31, 2016, the Bank held no Qualifying revolving retail exposure for which net withdrawals of commitments had occurred.

c. Actual Losses on Exposure to Corporate, Sovereign, Bank and Retail Exposure

Actual Losses by Exposure Types

(Billions of Yen)

Type of exposure	As of March 31, 2017	As of March 31, 2016	Increase/(decrease)
Corporate exposure	**4**	1	**2**
Sovereign exposure	**—**	—	**—**
Bank exposure	**—**	—	**—**
Equity exposure subject to PD/LGD approach	**—**	0	**(0)**
Retail exposure secured by residential properties	**—**	0	**(0)**
Qualifying revolving retail exposure	**—**	—	**—**
Other retail exposure	**0**	0	**0**
Total	**4**	1	**2**

Note: Actual losses are defined as losses due to direct write-offs, partial direct write-offs, specific reserve for possible loan losses, general reserve for possible loan losses and loan sales of exposure that defaulted up to the end of the previous period.

Comparison between Actual Losses in the Previous Fiscal Year and Past Financial Results and Analysis of Causes

Although credit conditions have generally remained favorable due to the recording of reserves for possible loan losses caused by worsened credit conditions of some entities for which the Bank provided loans, the total value of actual losses for fiscal 2016 were up ¥2.4 billion year-on-year.

Comparison of Estimated Losses and Actual Losses

(Billions of Yen)

Type of exposure	As of March 31, 2017		As of March 31, 2016		As of March 31, 2015	
	Estimated losses	**Actual losses**	Estimated losses	Actual losses	Estimated losses	Actual losses
Corporate exposure	**14**	**4**	15	1	17	3
Sovereign exposure	**0**	**—**	0	—	0	—
Bank exposure	**1**	**—**	0	—	0	—
Equity exposure subject to PD/LGD approach	**0**	**—**	0	0	0	1
Retail exposure secured by residential properties	**0**	**—**	0	0	—	—
Qualifying revolving retail exposure	**—**	**—**	—	—	—	—
Other retail exposure	**0**	**0**	0	0	0	0

Type of exposure	As of March 31, 2014		As of March 31, 2013		As of March 31, 2012	
	Estimated losses	Actual losses	Estimated losses	Actual losses	Estimated losses	Actual losses
Corporate exposure	20	0	24	1	42	9
Sovereign exposure	0	—	0	—	0	—
Bank exposure	1	—	0	—	0	—
Equity exposure subject to PD/LGD approach	0	—	0	—	2	0
Retail exposure secured by residential properties	—	—	—	—	—	—
Qualifying revolving retail exposure	—	—	—	—	—	—
Other retail exposure	0	0	0	0	0	0

Type of exposure	As of March 31, 2011		As of March 31, 2010		As of March 31, 2009	
	Estimated losses	Actual losses	Estimated losses	Actual losses	Estimated losses	Actual losses
Corporate exposure	73	7	55	42	45	23
Sovereign exposure	0	—	0	—	1	—
Bank exposure	0	—	0	—	0	—
Equity exposure subject to PD/LGD approach	3	0	1	0	0	0
Retail exposure secured by residential properties	—	—	—	—	—	—
Qualifying revolving retail exposure	—	—	—	—	—	—
Other retail exposure	0	0	0	0	0	0

Type of exposure	As of March 31, 2008	
	Estimated losses	Actual losses
Corporate exposure	28	6
Sovereign exposure	1	—
Bank exposure	0	—
Equity exposure subject to PD/LGD approach	1	0
Retail exposure secured by residential properties	—	—
Qualifying revolving retail exposure	—	—
Other retail exposure	0	0

Notes: 1. The scope of estimated and actual losses includes the following accounts on balance sheet: loans, foreign exchange, accrued interests in other assets, suspense payable and customers' liabilities for acceptances and guarantees, as well as securities without quoted market values, money trusts without quoted market values, and monetary claims purchased.

2. Estimated losses of each year are amount of expected losses.

d. Exposure to Specialized Lending Products Subject to Supervisory Slotting Criteria by Risk Weight

Amount of Specialized Lending Exposure Subject to Supervisory Slotting Criteria by Risk Weight

(Billions of Yen)

Classification	As of March 31, 2017	As of March 31, 2016
Specialized Lending exposure subject to supervisory slotting criteria	**587**	373
Specialized Lending, excluding High-Volatility Commercial Real Estate (HVCRE)	**587**	373
Risk weight of 50%	**57**	43
Risk weight of 70%	**366**	201
Risk weight of 90%	**91**	84
Risk weight of 115%	**16**	7
Risk weight of 250%	**17**	18
Risk weight of 0% (default)	**38**	19
High-Volatility Commercial Real Estate (HVCRE)	**—**	—
Risk weight of 70%	**—**	—
Risk weight of 95%	**—**	—
Risk weight of 120%	**—**	—
Risk weight of 140%	**—**	—
Risk weight of 250%	**—**	—
Risk weight of 0% (default)	**—**	—

Notes: 1. "Specialized Lending" refers to loans for Project Finance (PF), Object Finance (OF), Commodity Finance (CF) and Income-Producing Real Estate (IPRE) (as defined in the Notification Regarding Capital Adequacy Ratio, Article 1-1-41).

2. "High-Volatility Commercial Real Estate (HVCRE)" refers to loans that are the financing of commercial real estate that exhibits a higher rate of loss volatility compared to other types of Specialized Lending, as specified in the Notification Regarding Capital Adequacy Ratio, Article 1-1-43.

3. "Specialized Lending exposure subject to supervisory slotting criteria" refers to the amounts of Specialized Lending, subject to the Bank's internal rating system, and have been allotted to the risk asset classifications given in the Notification Regarding Capital Adequacy Ratio, Article 130-4 and Article 130-6, after taking account of risk weights.

4. For risk weights, the Bank has applied the stipulations contained in the Notification Regarding Capital Adequacy Ratio, Article 130-4 and Article 130-6.

e. Equity Exposure Subject to the Simple Risk-Weighted Method of the Market-Based Approach by Risk Weight

Amount of Equity Exposure Subject to the Simple Risk-Weighted Method of the Market-Based Approach

(Billions of Yen)

Classification	As of March 31, 2017	As of March 31, 2016
Equity exposure subject to the simple risk-weighted method of the market-based approach by RW	**100**	89
Risk weight of 300%	**—**	—
Risk weight of 400%	**100**	89

Note: The "simple risk-weighted method of the market-based approach by RW" is a method for computing the amount of risk-weighted assets of equity and other investments. Under this method, the market value of listed stocks is multiplied by a risk weight of 300%, and the estimated value of unlisted stocks is multiplied by a risk weight of 400% (Notification Regarding Capital Adequacy Ratio, Article 143-4).

4. Exposure Subject to Standardized Approach

Amount of Exposure Subject to Standardized Approach

(Billions of Yen)

Classification	As of March 31, 2017		As of March 31, 2016	
	Exposure		Exposure	
		Refer to ECAI		Refer to ECAI
Exposure subject to Standardized Approach	**7**	**—**	6	—
Risk weight of 0%	**—**	**—**	—	—
Risk weight of 10%	**—**	**—**	—	—
Risk weight of 20%	**—**	**—**	—	—
Risk weight of 35%	**—**	**—**	—	—
Risk weight of 50%	**—**	**—**	—	—
Risk weight of 75%	**—**	**—**	—	—
Risk weight of 100%	**7**	**—**	6	—
Risk weight of 150%	**—**	**—**	—	—
Risk weight of 1,250%	**—**	**—**	—	—
Others	**—**	**—**	—	—

Note: Others include investment funds which are measured credit risk assets by look-through approach and the assets which are more than 150% and less than 1,250% risk weight.

Credit Risk Mitigation Techniques (Non-Consolidated)

Amount of Exposure Subject to Credit Risk Mitigation Techniques (Eligible Financial Collateral, Other Eligible IRB Collateral, Guarantees, Credit Derivatives)

(Billions of Yen)

Classification	As of March 31, 2017	As of March 31, 2016
Foundation Internal Ratings-Based Approach	**9,692**	8,230
Eligible financial collateral	**8,940**	7,557
Corporate exposure	**—**	57
Sovereign exposure	**0**	0
Bank exposure	**8,940**	7,499
Other eligible IRB collateral	**—**	—
Corporate exposure	**—**	—
Sovereign exposure	**—**	—
Bank exposure	**—**	—
Guarantees, Credit Derivatives	**751**	673
Corporate exposure	**405**	388
Sovereign exposure	**256**	231
Bank exposure	**89**	52
Retail exposure secured by residential properties	**—**	—
Qualifying revolving retail exposure	**—**	—
Other retail exposure	**—**	—
Standardized Approach	**—**	—
Eligible financial collateral	**—**	—
Guarantees, Credit Derivatives	**—**	—

Note: Exposure subject to risk-weighted asset calculation for investment fund is not included.

Counterparty Credit Risk in Derivative Transactions (Non-Consolidated)

Methods Used for Calculating Amount of Credit Exposure

The current exposure method has been adopted.

Breakdown of the Amount of Credit Exposure

(Billions of Yen)

Classification		As of March 31, 2017	As of March 31, 2016
Total gross replacement costs (limited to items with a value of greater than zero)	(A)	**420**	510
Total gross add-ons	(B)	**576**	498
Gross credit exposure	(C) = (A)+(B)	**997**	1,008
Foreign exchange related		**719**	880
Interest rate related		**277**	127
Equity related		**0**	0
Credit derivatives		**—**	—
Transactions with a long settlement period		**—**	—
Reduction in credit exposure due to netting contracts (including collateral pledged for CSA)	(D)	**250**	324
Amount of credit exposure before taking into account credit risk mitigation techniques due to collateral	(E) = (C)–(D)	**746**	683
Amount of collateral	(F)	**292**	314
Eligible financial collateral		**292**	314
Amount of credit exposure after taking into account credit risk mitigation techniques due to collateral	(G) = (E)–(F)	**453**	369

Notes: 1. Derivatives transactions included in risk-weighted assets calculation for investment funds are not included.
2. Under the stipulations of the Notification Regarding Capital Adequacy Ratio, Article 56-1, the amount of credit exposure not computed has not been included.

Notional Principal Amount of Credit Derivatives Included in Computation of Credit Exposure

(Billions of Yen)

Classification	As of March 31, 2017	As of March 31, 2016
To buy protection	**—**	—
Credit default swaps	**—**	—
Total return swaps	**—**	—
To sell protection	**—**	—
Credit default swaps	**—**	—
Total return swaps	**—**	—
Notional principal amount of credit derivatives taking into consideration the effect of credit risk mitigation techniques	**—**	—

Notes: 1. Credit derivatives included in risk-weighted assets for investment funds have not been taken into consideration.
2. Under the stipulations of the Notification Regarding Capital Adequacy Ratio, Article 21-2, 3 and Article 56, the amount of credit risk assets not computed has not been included.

Securitization Exposure (Non-Consolidated)

1. Items to Calculate Risk-Weighted Asset for Credit Risk

Details of Securitization Exposure Held as Originator

(Billions of Yen)

Classification	As of March 31, 2017	As of March 31, 2016
Total amount of underlying assets	**—**	—
Amounts of assets held by securitization transactions purpose	**—**	—
Amounts of securitized exposure	**—**	—
Gains (losses) on sales of securitization transactions	**—**	—
Amounts of securitization exposure	**—**	—
Amounts of re-securitization exposure	**—**	—
Increase in capital due to securitization transactions	**—**	—
Amounts of securitization exposure that applied risk weight 1,250%	**—**	—
Amounts of re-securitization exposure subject to credit risk mitigation techniques	**—**	—

Details of Securitization Exposure Held as Investor by Exposure Type

Fiscal 2016 (Ended March 31, 2017)

(Billions of Yen)

Classification	Total amount of securitization exposure					
			Re-securitization exposure			
	Amount of exposure	Risk weight 1,250%	Amount of exposure	Re-securitization products (Secondary, tertiary)	Re-securitization products peculiar to regulation	Risk weight 1,250%
Amount of exposure	**6,513 (0)**	**0 (—)**	**51**	**0**	**51**	**0**
Individuals						
Asset-Backed Securities (ABS)	**1,071 (—)**	**— (—)**	**—**	**—**	**—**	**—**
Residential Mortgage-Backed Securities (RMBS)	**2,336 (—)**	**— (—)**	**—**	**—**	**—**	**—**
Real estate						
Commercial Mortgage-Backed Securities (CMBS)	**66 (—)**	**— (—)**	**—**	**—**	**—**	**—**
Corporates						
Subtotal of CDOs (CLO, ABS-CDO, CBO)	**3,038 (—)**	**0 (—)**	**51**	**0**	**51**	**0**
Collateralized Loan Obligations (CLO)	**3,038 (—)**	**— (—)**	**51**	**—**	**51**	**—**
Asset-Backed Securities CDOs (ABS-CDO)	**0 (—)**	**0 (—)**	**0**	**0**	**—**	**0**
Collateralized Bond Obligations (CBO)	**— (—)**	**— (—)**	**—**	**—**	**—**	**—**
Others	**0 (0)**	**— (—)**	**—**	**—**	**—**	**—**

Notes: 1. Re-securitization exposure refers to securitization exposures of the underlying assets in the securitization exposure.
2. The off-balance exposure has been described in parentheses. There is no re-securitization exposure of the off-balance.

Fiscal 2015 (Ended March 31, 2016)

(Billions of Yen)

Classification	Total amount of securitization exposure		Re-securitization exposure			
	Amount of exposure	Risk weight 1,250%	Amount of exposure	Re-securitization products (Secondary, tertiary)	Re-securitization products peculiar to regulation	Risk weight 1,250%
Amount of exposure	4,768 (1)	1 (0)	134	0	134	0
Individuals						
Asset-Backed Securities (ABS)	662 (0)	— (—)	—	—	—	—
Residential Mortgage-Backed Securities (RMBS)	1,902 (—)	— (—)	3	—	3	—
Real estate						
Commercial Mortgage-Backed Securities (CMBS)	65 (—)	— (—)	—	—	—	—
Corporates						
Subtotal of CDOs (CLO, ABS-CDO, CBO)	2,136 (—)	0 (—)	130	0	130	0
Collateralized Loan Obligations (CLO)	2,136 (—)	— (—)	130	—	130	—
Asset-Backed Securities CDOs (ABS-CDO)	0 (—)	0 (—)	0	0	—	0
Collateralized Bond Obligations (CBO)	— (—)	— (—)	—	—	—	—
Others	1 (0)	1 (0)	—	—	—	—

Notes: 1. Re-securitization exposure refers to securitization exposures of the underlying assets in the securitization exposure.
2. The off-balance exposure has been described in parentheses. There is no re-securitization exposure of the off-balance.

Amount of Securitization Exposure Held as Investor and Regulatory Required Capital by Risk-Weighted Category

Fiscal 2016 (Ended March 31, 2017)

(Billions of Yen)

Classification	Amount of exposure			Regulatory required capital		
		On-balance	Off-balance		On-balance	Off-balance
Amount of securitization exposure	**6,461**	**6,461**	**0**	**40**	**40**	**0**
Risk weight: 20% or less	**6,442**	**6,442**	**—**	**39**	**39**	**—**
Risk weight: exceeding 20% to 50% or less	**6**	**6**	**—**	**0**	**0**	**—**
Risk weight: exceeding 50% to 100% or less	**12**	**12**	**—**	**1**	**1**	**—**
Risk weight: exceeding 100% to 250% or less	**—**	**—**	**—**	**—**	**—**	**—**
Risk weight: exceeding 250% to less than 1,250%	**0**	**—**	**0**	**0**	**—**	**0**
Risk weight: 1,250%	**—**	**—**	**—**	**—**	**—**	**—**
Amount of re-securitization exposure	**51**	**51**	**—**	**1**	**1**	**—**
Risk weight: 20% or less	**—**	**—**	**—**	**—**	**—**	**—**
Risk weight: exceeding 20% to 50% or less	**51**	**51**	**—**	**1**	**1**	**—**
Risk weight: exceeding 50% to 100% or less	**—**	**—**	**—**	**—**	**—**	**—**
Risk weight: exceeding 100% to 250% or less	**—**	**—**	**—**	**—**	**—**	**—**
Risk weight: exceeding 250% to less than 1,250%	**—**	**—**	**—**	**—**	**—**	**—**
Risk weight: 1,250%	**0**	**0**	**—**	**0**	**0**	**—**

Fiscal 2015 (Ended March 31, 2016)

(Billions of Yen)

Classification	Amount of exposure			Regulatory required capital		
		On-balance	Off-balance		On-balance	Off-balance
Amount of securitization exposure	4,634	4,633	1	32	32	0
Risk weight: 20% or less	4,618	4,618	0	29	29	0
Risk weight: exceeding 20% to 50% or less	7	7	—	0	0	—
Risk weight: exceeding 50% to 100% or less	1	1	—	0	0	—
Risk weight: exceeding 100% to 250% or less	0	—	0	0	—	0
Risk weight: exceeding 250% to less than 1,250%	5	4	0	1	1	0
Risk weight: 1,250%	1	1	0	1	1	0
Amount of re-securitization exposure	134	134	—	3	3	—
Risk weight: 20% or less	3	3	—	0	0	—
Risk weight: exceeding 20% to 50% or less	130	130	—	3	3	—
Risk weight: exceeding 50% to 100% or less	—	—	—	—	—	—
Risk weight: exceeding 100% to 250% or less	—	—	—	—	—	—
Risk weight: exceeding 250% to less than 1,250%	—	—	—	—	—	—
Risk weight: 1,250%	0	0	—	0	0	—

Amount of Re-Securitization Exposure Held as Investor and Subject to Credit Risk Mitigation Techniques

(Billions of Yen)

Classification	**As of March 31, 2017**		As of March 31, 2016	
	Amount of exposure	**Regulatory required capital**	Amount of exposure	Regulatory required capital
Amount of re-securitization exposure	—	—	—	—
Risk weight applied to guarantor: 20% or less	—	—	—	—
Risk weight applied to guarantor: exceeding 20% to 50% or less	—	—	—	—
Risk weight applied to guarantor: exceeding 50% to 100% or less	—	—	—	—
Risk weight applied to guarantor: exceeding 100% to 250% or less	—	—	—	—
Risk weight applied to guarantor: exceeding 250% to less than 1,250%	—	—	—	—
Risk weight applied to guarantor: 1,250%	—	—	—	—

2. Securitization Exposure Subject to Market Risk

Not applicable

Market Risk (Non-Consolidated)

Computation of Market Risk Amount by Internal Models Approach

■ VaR

(Millions of Yen)

	Fiscal 2016	Fiscal 2015
Base date of computation	**2017. 3. 31**	2016. 3. 31
VaR (For the most recent 60 business days)		
Base date of computation	**108**	83
Maximum	**128**	88
Minimum	**40**	30
Average	**65**	51

■ Stress VaR

(Millions of Yen)

	Fiscal 2016	Fiscal 2015
Base date of computation	**2017. 3. 31**	2016. 3. 31
Stress VaR (For the most recent 60 business days)		
Base date of computation	**259**	285
Maximum	**311**	285
Minimum	**83**	62
Average	**191**	119

■ Amount of Market Risk

(Millions of Yen)

		Fiscal 2016	Fiscal 2015
For the portion computed with the internal models approach (B)+(G)+(J)	(A)	**769**	512
Value at Risk (MAX (C, D))	(B)	**195**	154
Amount on base date of computation	(C)	**108**	83
Amount determined by multiplying (E) by the average for the most recent 60 business days	(D)	**195**	154
(Multiplier)	(E)	**3.0**	3.0
(Times exceeding VaR in back testing)	(F)	**2**	2
Stress Value at Risk (MAX (H, I))	(G)	**573**	358
Amount on base date of computation	(H)	**259**	285
Amount determined by multiplying (E) by the average for the most recent 60 business days	(I)	**573**	358
Additional amount at the time of measuring individual risk	(J)	**0**	0

Notes: 1. As a result of back testing conducted in fiscal 2016, actual gains and losses did not diverge substantially downward from the VaR value.
2. When discrepancies between the model's estimates and actual results go beyond a certain number of times due to the design of the model, the Bank scrutinizes the relevant model factors and revises the model if necessary.
3. Since the Bank adopts a standardized approach, neither an additional risk nor a comprehensive risk of specific risks of trading account are the measurement objects.

Equity Exposure (Non-Consolidated)

(Includes items such as shares; excludes items in trading accounts)

Amount on the Balance Sheet and Market Value

(Billions of Yen)

Classification	As of March 31, 2017		As of March 31, 2016	
	Amount on the balance sheet	Market value	Amount on the balance sheet	Market value
Equity exposure	**1,316**	/	1,249	/
Exposure to publicly traded equity	**1,062**	**1,062**	1,009	1,009
Exposure to privately held equity	**253**	/	240	/

Note: Regulatory adjustments in numerator provided for by Notification Regarding Capital Adequacy Ratio, Article 14 were not included.

Amount of Gain (Loss) due to Sale or Write-Off

(Billions of Yen)

Item	Fiscal 2016			Fiscal 2015		
	Gains from sale of equities, etc.	**Losses from sales of equities, etc.**	**Write-offs of equities, etc.**	Gains from sale of equities, etc.	Losses from sales of equities, etc.	Write-offs of equities, etc.
Equity exposure	**34**	**0**	**0**	4	1	0

Note: Amounts reflect relevant figures posted in the income statements.

Amount of Valuation Gains (Losses)

(Billions of Yen)

Item	As of March 31, 2017	As of March 31, 2016
Amount of valuation gains (losses) recognized on the balance sheet and not recognized in the statements of operations	**436**	391

Notes: 1. Exposure is to equity shares issued by both domestic and overseas companies.
2. Regulatory adjustments in numerator provided for by Notification Regarding Capital Adequacy Ratio, Article 14 were not included.

Unrealized Gains (Losses) Not Recognized on Non-Consolidated Balance Sheets or Non-Consolidated Statements of Income

Not applicable

Equity Exposures for Each Portfolio Classification

(Billions of Yen)

Classification	As of March 31, 2017	As of March 31, 2016
	EAD	EAD
Equity portfolios	**1,316**	1,249
Equity portfolios subject to PD/LGD approaches	**869**	836
Equity portfolios subject to simple risk-weighted method	**100**	89
Equities under the internal models approach	**346**	323

Exposure Subject to Risk-Weighted Asset Calculation for Investment Funds (Non-Consolidated)

Amount of Exposure Subject to Risk-Weighted Asset Calculation for Investment Fund

(Billions of Yen)

Classification	As of March 31, 2017		As of March 31, 2016	
	Exposure	**(For reference) Weighted-average risk weight**	Exposure	(For reference) Weighted-average risk weight
Look-through approach	**17,570**	**64%**	14,630	72%
Majority approach	**713**	**388%**	677	380%
Mandate approach	**—**	**—**	—	—
Market-based approach	**1,670**	**325%**	1,762	333%
Others (simple approach)	**306**	**428%**	266	429%
Total	**20,260**	**94%**	17,337	109%

Notes: 1. The "Look-through approach" is a method for computing the risk-weighted assets in fund by totaling the amount of risk-weighted assets for credit risk in individual asset categories. (Please refer to Notification Regarding Capital Adequacy Ratio, Article 144-1.)

2. The "Majority approach" is a method for computing the risk-weighted assets in fund by applying risk weight to the fund as well as equity exposure when the exposure of equity, in terms of value, is major in a fund. (Please refer to the Notification Regarding Capital Adequacy Ratio, Article 144-2.)

3. The "Mandate approach" is a method for computing the risk-weighted assets in fund where only the investment mandate of the fund is known. The risk-weighted assets are computed as follows: It is assumed that the fund first invests, to the maximum extent allowed under its mandate, in the asset classes attracting the highest capital requirement, and then continues making investments in descending order until the maximum total investment level is reached. (Please refer to the Notification Regarding Capital Adequacy Ratio, Article 144-3.)

4. The "Market-based approach" is a method for computing the credit risk of exposure regarded as credit risk assets using the Bank's internal model (which is a value-at-risk (VaR) model based on the historical simulation method). (Please refer to the Notification Regarding Capital Adequacy Ratio, Article 144-4.)

5. The "Others (simple approach)" is a method for computing the risk-weighted assets in fund by applying risk weight of 400%, when it is judged the probability that the weighted-average risk weight will be less than 400%. In all other cases, risk weight of 1,250% is applied to funds. (Please refer to the Notification Regarding Capital Adequacy Ratio, Article 144-5.)

6. (For reference) The sum of the amount of risk-weighted assets (excluding CVA risk amount) and the amount resulting from dividing the expected loss by 8% are divided by EAD to yield the risk weight value.

Interest Rate Risk (Non-Consolidated)

(The increase or decrease of the profit and loss or in the economic value from interest rate shocks which are used for internal management purpose, in terms of interest rate risk excluding trading accounts.)

Interest Rate Risk Volume Computed with the Internal Model in Core Business Accounts (Excluding Trading Accounts)

(Billions of Yen)

Classification	As of March 31, 2017	As of March 31, 2016
Interest rate risk	**2,299**	1,811
Yen interest rate risk	**132**	234
U.S. dollar interest rate risk	**1,714**	1,246
Euro interest rate risk	**437**	311
Interest rate risk in other currencies	**14**	18

Notes: 1. Interest rate risk, without taking into account inter-grid factors and correlations with other assets, calculates a one-year holding period and a historical observation period from 1995 to the most recent year of interest rate volatility. The Bank calculated declines in economic value corresponding to a 99% confidence interval for interest rate volatility.

2. Regarding core deposits, since the balances of deposits, etc., without maturity dates are limited, the Bank does not currently measure their risk volume. In addition, regarding repayments of mortgage-backed securities and callable securities before maturity, risk volume is measured after taking account of negative convexity due to call conditions and other factors.

Quantitative Disclosure Items Concerning a Liquidity Coverage Ratio on a Non-Consolidated Basis

(Unit: Millions of Yen, %, the Number of Items)

Items		The current quarter (January 1 to March 31, 2017)		The previous quarter (October 1 to December 31, 2016)	
High-quality liquid assets (1)					
1	Total high-quality liquid assets		**34,774,772**		36,898,611
Cash outflows (2)		**Amount before multiplying a cash outflow ratio**	**Amount after multiplying a cash outflow ratio**	Amount before multiplying a cash outflow ratio	Amount after multiplying a cash outflow ratio
2	Cash outflows relating to unsecured retail funding	**62,351**	**6,282**	62,640	6,321
3	of which: stable deposits	**394**	**12**	363	11
4	of which: quasi-stable deposits	**61,957**	**6,270**	62,277	6,310
5	Cash outflows relating to unsecured wholesale funding	**10,744,197**	**7,799,942**	10,595,517	7,673,441
6	of which: qualifying operational deposits	**0**	**0**	0	0
7	of which: capital relating to unsecured wholesale funding, excluding qualifying operational deposits and debt securities	**9,672,087**	**6,727,832**	9,458,476	6,536,400
8	of which: debt securities	**1,072,110**	**1,072,110**	1,137,041	1,137,041
9	Cash outflows relating to secured funding, etc.		**272,185**		220,335
10	Cash outflows relating to funding programs and credit/ liquidity facilities such as derivative transactions, etc.	**2,732,400**	**1,739,109**	2,632,021	1,658,687
11	of which: cash outflows relating to derivative transactions	**1,507,960**	**1,507,960**	1,431,857	1,431,857
12	of which: cash outflows relating to funding programs	**0**	**0**	0	0
13	of which: cash outflows relating to credit/liquidity facilities	**1,224,440**	**231,150**	1,200,164	226,830
14	Cash outflows based on an obligation to provide capital	**4,820,265**	**418,058**	4,367,904	220,165
15	Cash outflows relating to contingencies	**3,161,779**	**120,758**	3,083,385	109,772
16	Total cash outflows		**10,356,335**		9,888,721
Cash inflows (3)		**Amount before multiplying a cash outflow ratio**	**Amount after multiplying a cash outflow ratio**	Amount before multiplying a cash outflow ratio	Amount after multiplying a cash outflow ratio
17	Cash inflows relating to secured fund management, etc.	**1,563,435**	**0**	400,364	0
18	Cash inflows relating to collections of advances, etc.	**3,670,455**	**3,019,545**	2,465,310	1,752,269
19	Other cash inflows	**6,045,408**	**908,496**	4,160,285	585,219
20	Total cash inflows	**11,279,299**	**3,928,041**	7,025,958	2,337,488
Liquidity coverage ratio on a non-consolidated basis (4)					
21	Sum of high-quality liquid assets that can be included		**34,774,772**		36,898,611
22	Net cash outflows		**6,428,294**		7,551,234
23	Liquidity coverage ratio on a non-consolidated basis		**540.9**		488.6
24	The number of data for calculating the average value		**61**		3

Qualitative Disclosure Items Concerning a Liquidity Coverage Ratio on a Non-Consolidated Basis

Items concerning a change in the non-consolidated liquidity coverage ratio on a time-series basis

The non-consolidated liquidity coverage ratio for the current quarter maintained a high and stable level.

Items concerning evaluation of the level of the non-consolidated liquidity coverage ratio

The non-consolidated liquidity coverage ratio for the current quarter has tended to be well above the minimum level.

Items concerning the details of the sum of high-quality liquid assets that can be included

In light of the Bank’s liquidity coverage ratio, there is no material item.

Other items concerning the non-consolidated liquidity coverage ratio

In light of the Bank’s liquidity coverage ratio, there is no material item.

Compensation

Compensation Structure Disclosure

The Bank has disclosed its compensation structure since March 2012 based on Notification No. 10 in 2012 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries of Japan entitled "Matters set forth separately by the Minister of Agriculture, Forestry and Fisheries of Japan and the Financial Services Agency Commissioner, based on Article 112-6 of the Ordinance for Enforcement of The Norinchukin Bank Law, Article 112-6 and Article 113-4 of said Ordinance" (hereinafter "Compensation Notification").

1. Compensation Structure for the Subject Directors and Employees of the Bank

Definition of the Subject Directors and Employees

The scope of the Subject Directors and the Subject Employees stipulated in the Compensation Notification who are subject to compensation disclosure is described below.

Definition of the Subject Directors

The Subject Directors are the Bank's Board members and Audit & Supervisory Board members. The Supervisory Committee members and part-time Audit & Supervisory Board members are excluded from the scope.

Definition of the Subject Employees

Among the Bank's directors other than the Subject Directors, and the Bank's employees, as well as the Bank's major consolidated subsidiaries' directors and employees, who are "Highly Compensated Persons" that exert a major material impact on the business operations or financial status of the Bank or its major subsidiaries are deemed the Subject Employees and are thereby subject to compensation disclosure. None of the Bank's directors other than the Subject Directors, or the Bank's employees, as well as the directors or employees of its major subsidiaries fall under the category of the Subject Employees.

Definition of Major Consolidated Subsidiaries

Major consolidated subsidiaries are the subsidiaries whose ratio of total assets to the Bank's consolidated total assets is 2% or higher, and which have a material impact on the Group management. However, none of the Bank's consolidated subsidiaries fall under this category.

Definition of Highly Compensated Persons

Highly Compensated Persons are those persons whose compensation is higher than the average for the Subject Directors, calculated by dividing the total compensation described in the chart "Total Compensation for the Subject Directors" by the number of directors stipulated in the table. Regarding retirement lump sum payments, once the total retirement lump sum payment has been subtracted from the total compensation, the amount obtained by dividing the total lump sum payment by the number of years in office is then added to the remaining compensation amount. This amount is regarded as a person's total compensation and becomes the basis of the judgment whether the person is a Highly Compensated Person.

Definition of Persons who Exert a Material Impact on the Business Operations or Financial Status of the Group

Persons who Exert a Material Impact on the Business Operations or Financial Status of the Group are those persons whose ordinary transactions and areas of management exert a considerable influence on the business operations of the Bank, the Group and the major consolidated subsidiaries, or persons whose transactions exert a considerable influence on the financial status of the Group through the generation of losses.

Determining the Subject Directors' Compensation

Regarding the Bank's compensation structure for directors, the Bank established the Director Compensation Deliberation Committee as a body under the advisory of the Supervisory Committee that deliberates on compensation issues. The Director Compensation Deliberation Committee deliberates on the Bank's director compensation standards and total compensation of those who are eligible to receive retirement benefit payments, as well as the standards for such payments. The Director Compensation Deliberation Committee is composed of committee members (cooperative organization representatives, attorneys, CPAs, and President and Chief Executive Officer) commissioned by the Supervisory Committee, and the Chairman of the Director Compensation Deliberation Committee is appointed by the Chairman of the Supervisory Committee from among those committee members who are attorneys and CPAs.

Based on the results of the Director Compensation Deliberation Committee's discussions, proposals concerning total director compensation and retirement benefits are presented to the Supervisory Committee, and those proposals are finally discussed and decided at the Council of Delegates.

Within the limits of total compensation decided at the Council of Delegates, the compensation of directors is decided at the Board of Directors meeting and the compensation of Audit & Supervisory Board members is decided through Audit & Supervisory Board members consultation.

In addition, following a resolution at the Council of Delegates, the actual amount of retirement benefits is decided at the Board of Directors meeting for Board members and through Audit & Supervisory Board members consultation for Audit & Supervisory Board members.

Total Compensation Paid to Director Compensation Deliberation Committee Members and Number of Times the Committee has Convened

The Director Compensation Deliberation Committee convened twice between April 2016 and March 2017. The Committee members received no compensation.

2. Matters Related to the Evaluation of the Appropriateness of the Design and Operation of the Bank's Compensation Structure for the Subject Directors

Compensation Policy

Compensation Policy for the Subject Directors

The actual compensation of directors of the Bank is composed of the directors' compensation and retirement benefits.

In light of the special nature of the Bank's role as the central bank for cooperatives, as well as financial institution for farmers, fishermen and foresters, and trends in cooperative groups and other business sectors, director compensation is decided through fixed compensation based on a director's rank and variable compensation, taking into account the achievement of the Bank's management plans. For Audit & Supervisory Board Members, there is no variable compensation based on the achievement of the Bank's management plans.

Retirement benefits are calculated by applying a fixed weighting based on a director's compensation during his or her term of office in line with the retirement benefit payment rules.

The decision-making process for the retirement benefits is as follows. Proposals presented for total director compensation and retirement benefits are decided by the Supervisory Committee based on the results of the Director Compensation Deliberation Committee's discussions. These proposals are then ultimately discussed and decided at the Council of Delegates.

Within the limits of total compensation decided at the Council of Delegates, the compensation of directors is decided at the Board of Directors meeting and the compensation of Audit & Supervisory Board members is decided through Audit & Supervisory Board members consultation.

In addition, following a resolution at the Council of Delegates, the actual amount of retirement benefits is decided at the Board of Directors meeting for Board members and through Audit & Supervisory Board members consultation for Audit & Supervisory Board members.

3. The Bank's Compensation Structure for the Subject Directors, its Risk Management Consistency, and the Link between Compensation and Performance

As described in the previous section, the final decision on the Subject Directors' total compensation is decided at the Council of Delegates.

The Bank's compensation structure has no adverse effect on risk management, nor is it disproportionally linked to performance.

4. Other Matters for Reference Concerning the Bank's Compensation Structure for the Subject Directors

Aside from that mentioned in the preceding paragraph, no matters fall under this category.

Total Compensation for the Subject Directors (from April 1, 2016 to March 31, 2017)

Category	Number of directors	Total compensation (Millions of yen)									
		A+B+C	Total amount of fixed compensation			Total amount of variable compensation				Retirement benefits C	Other
			A	Basic	Other	B	Basic	Bonus	Other		
Subject directors	20	798	453	453	—	166	166	—	—	179	—

Status of Capital and Shareholders

Members and Share Ownership (As of March 31, 2017)

(1) Common Stocks (Including lower dividend rate stocks)

The face value of one common stock is ¥100.

Type of Organization	Number of Members	Stocks Owned
Agricultural Cooperatives	801 (154)	7,034,821,770 (5,999,500,000)
Federations of Agricultural Cooperatives	103 (33)	26,466,319,740 (23,704,080,000)
Forestry Cooperatives	614 (0)	19,588,080 (0)
Forestry Production Cooperatives	11 (0)	14,650 (0)
Federations of Forestry Cooperatives	47 (0)	22,948,340 (0)
Fishery Cooperatives	982 (4)	126,537,351 (66,520,000)
Fishery Production Cooperatives	24 (0)	202,840 (0)
Federations of Fishery Cooperatives	84 (29)	851,528,189 (527,610,000)
Marine Products Processing Cooperatives	39 (0)	620,100 (0)
Federations of Marine Products Processing Cooperatives	6 (0)	694,650 (0)
Mutual Insurance Federation of Fishery Cooperative Associations	1 (0)	7,064,800 (0)
Agricultural Mutual Relief Insurance Associations	39 (0)	699,300 (0)
Federations of Agricultural Mutual Relief Insurance Associations	24 (0)	659,500 (0)
Fishing Boat Insurance Associations	20 (0)	2,454,350 (0)
Agricultural Credit Guarantee Fund Associations	10 (0)	139,650 (0)
Fishery Credit Guarantee Fund Associations	35 (0)	17,158,100 (0)
Fishery Mutual Relief Insurance Associations	12 (0)	132,000 (0)
Federation of Fishery Mutual Relief Insurance Associations	1 (0)	292,800 (0)
Land Improvement Districts	768 (0)	2,875,740 (0)
Federations of Land Improvement Districts	4 (0)	2,850 (0)
Medium and Small-Sized Enterprise Cooperative Associations Related to Sericulture, Forestry or Salt Production	15 (0)	133,500 (0)
Total	3,640 (220)	34,554,888,300 (30,297,710,000)

(2) Preferred Stocks

The face value of one stock is ¥100.

Type of Organization	Number of Members	Stocks Owned
Financial Institutions	9	26,787,410
Securities Companies	3	5,577,700
Other Corporations	19	23,426,340
Total	31	55,791,450

Voting Rights of Members

The Norinchukin Bank is the central financial institution for Japan's agricultural, fishery and forestry cooperative system. The supreme management decision-making organization for the Bank is the Council of Delegates, which consists of representative members and substitutes for the general meetings of all shareholders. Unlike stock companies, where one share represents one vote, the voting rights of the members of the Council of Delegates are equal regardless of the number of investment units they own. For this reason, a list of major shareholders has not been included in this report.

Trends in the Bank's Capital

Millions of Yen

Date	Increase in Capital	Capital after Increase	Method of Increase
November 30, 1983	15,000	45,000	Allotment
November 30, 1990	30,000	75,000	Allotment
November 30, 1992	25,000	100,000	Allotment
February 16, 1995	24,999	124,999	Private placement
September 25, 1997	150,000	274,999	Allotment
March 25, 1998	850,000	1,124,999	Allotment
November 29, 2002	100,000	1,224,999	Allotment
December 1, 2005	225,717	1,450,717	Allotment
March 30, 2006	14,300	1,465,017	Allotment
September 29, 2006	19,000	1,484,017	Allotment
November 26, 2007	15,900	1,499,917	Allotment
February 28, 2008	12,900	1,512,817	Allotment
March 25, 2008	503,216	2,016,033	Allotment
December 29, 2008	24,800	2,040,833	Allotment
March 30, 2009	1,380,537	3,421,370	Allotment
September 28, 2009	4,539	3,425,909	Allotment
September 29, 2015	45,551	3,471,460	Allotment
December 29, 2015	9,028	3,480,488	Allotment

Organizational Diagram (As of July 1, 2017)

- Council of Delegates
  - Supervisory Committee
    - JA Bank Headquarters
    - JF Marine Bank Headquarters
  - Board of Directors
    - Food & Agri Banking Business
      - Food & Agri Business Planning Div.
      - Debt Capital Markets Div.
      - Corporate Business Div. I
      - Corporate Business Div. II
      - Corporate Business Div. III
      - Corporate Business Div. IV
      - Corporate Business Div. V
      - Business Revitalization Div.
    - Retail Banking Business
      - JA Bank System Management Div.
      - JA Bank System Monitoring & Consulting Div.
      - JA Bank System Planning & Promotion Div.
      - JA Bank System Asset Building Div.
      - Cooperative System Human Resource Development Div.
      - JF Marine Bank Management Div.
        - Monitoring & Advisory Dept.
    - Global Investments
      - Fixed Income Investment Div.
      - Equity Investment Div.
      - Credit Investment Div.
      - Alternative Investment Div.
      - Project and Asset Finance Div.
      - Treasury & Forex Div.
      - Legal for Investments Div.
    - Corporate & Shared Services
      - Procedures & Operations Planning Div.
        - Procedures & Operations Risk Management Dept.
      - IT & Systems Planning Div.
      - Settlement & Clearing Service Planning Div.
      - Treasury & Securities Operations Div.
      - Head Office Business Service Div.
      - Foreign Business Operation & Management Div.
      - Compliance Div.
      - Risk Management Div.
      - Credit Risk Management Div.
      - Risk Monitoring Div.
        - Model Management Dept.
      - Operations Planning & Solutions Div.
      - Secretariat
      - Coordination Div.
        - BCP Dept.
      - Legal Div.
      - Personnel Div.
        - Career Development Dept.
      - Corporate Planning Div.
        - Facilities Management Dept.
        - Subsidiaries & Affiliates Management Dept.
        - Business Development Dept.
        - Public Relations & CSR Planning Dept.
      - Corporate Strategy Div.
      - Financial Planning & Control Div.
        - Controller's Dept.
      - Digital Innovation Div.
        - Data Management Dept.
    - Internal Audit Div.
  - Audit & Supervisory Board Members
  - Audit & Supervisory Board
    - Office of Audit & Supervisory Board Members

[Branches]

- Sapporo Branch
- Aomori Branch
- Sendai Branch
  - Morioka Office
- Akita Branch
- Yamagata Branch
- Fukushima Branch
- Utsunomiya Branch
- Maebashi Branch
- Chiba Branch
- Cooperative Finance & Administration (Kanto Area) Div.
  - Mito Office
  - Kofu Office
  - Nagano Office
- Toyama Branch
  - Niigata Office
  - Kanazawa Office
- Nagoya Branch
  - Shizuoka Office
- Osaka Branch
  - Wakayama Office
- Okayama Branch
  - Tottori Office
  - Matsue Office
  - Hiroshima Office
  - Yamaguchi Office
- Takamatsu Branch
  - Tokushima Office
  - Matsuyama Office
  - Kochi Office
- Fukuoka Branch
  - Miyazaki Office
  - Kagoshima Office
- Nagasaki Branch
- Kumamoto Branch
- Oita Branch
- Naha Branch
- New York Branch
  - U.S. Risk Management Dept.
- London Branch
  - U.K. Risk Management Dept.
- Singapore Branch
  - Singapore Risk Management Dept.
- Hong Kong Representative Office
- Beijing Representative Office

Directors and Auditors (As of July 1, 2017)

Supervisory Committee

Choe Okuno
Katsunori Ishikawa
Kazushige Yamagami
Hiroshi Kishi
Shigeyoshi Sato
Akira Sato
Yoshimitsu Nagashima
Yasuhiro Yoshida
Eiichi Mori
Takehisa Yokouchi
Tadashi Kubota
Mikio Aoai
Hideaki Kubori
Mariko Bando
Masahiro Samejima
Yoshio Kono
Masataka Miyazono

Board of Directors

President & Chief Executive Officer

Yoshio Kono

Deputy President & Co-Chief Executive Officer

Masataka Miyazono

Senior Managing Directors (Representative Directors)

Kazuto Oku
Kazuhiko Otake
Katsuyuki Touyama

Managing Directors

Shinichiro Nakano
Kenichi Komon

Audit & Supervisory Board

Joichi Yamazaki
Shigezane Saneshige
Youichi Kanno
Koji Hatsukawa
Ryutaro Edo

Managing Executive Officers

Tetsuya Kanamaru
Satoshi Iwaso
Keito Shimbu
Yasuyuki Matsumoto
Shozo Goto
Takao Nakashima
Seiki Todaka

Executive Officers

Takahiro Nakajima
Ryo Akiyoshi
Yoshio Kimura
Hiroshi Yuda
Masanobu Yagi
Shigeo Miyachi
Koki Ogino
Kiyotsugu Akimoto

History

Milestones in the Bank's 94-Year History

1923 • The Bank is established with government funds under special legislation as the central bank for Japanese cooperatives, "Sangyo Kumiai" (December)

1938 • Fisheries cooperatives become members of the Bank

1943 • Forestry cooperatives become members of the Bank (March)
• The Bank's name is changed to The Norinchukin Bank (September)

1950 • The first Norinchukin Bank debentures are issued

1959 • Redemption of the government's equity stake is completed, thereby making the Bank a private bank

1974 • Foreign exchange operations begin

1977 • Investment and trading in foreign currency denominated bonds begin

1982 • A representative office opens in New York (the Bank's first overseas foothold) (October)

1984 • New York Representative Office is upgraded to branch status (October)

1985 • A representative office opens in London (January)

1986 • Fiduciary services for corporate bonds begin
• Norinchukin International plc opens in London

1989 • The Bank's U.S. dollar denominated notes are issued in the Euromarket

1990 • A representative office opens in Singapore (October)

1991 • London Representative Office is upgraded to branch status (April)

1993 • Singapore Representative Office is upgraded to branch status (April)
• Norinchukin Securities Co., Ltd., is established (July)
• Norinchukin Investment Trust Management Co., Ltd., is established (September)

1995 • Preferred stocks are issued, opening the way for capital increases through the participation of ordinary investors (February)
• The Norinchukin Trust & Banking Co., Ltd., is established (August)

1996 • Laws concerning the integration of the Bank and Shinnoren are enacted (December)

1998 • Capital increase through issue of low dividend rate stocks (¥1 trillion) is conducted (March)
• Market risk investment sections undergo substantial reorganization, upgrading them to match global asset management styles
• Representative offices are opened in Hong Kong and Beijing (July, November)

2000 • Norinchukin Zenkyoren Asset Management Co., Ltd., is established (October)

2001 • The Norinchukin Bank Law is revised (June)
• The Law concerning the Reorganization and Strengthening of Credit Business by the Bank and Specified Cooperatives is revised (June)

2002 • JA Bank System begins (January)
• Capital increase through issue of perpetual subordinated loan notes is conducted (September)
• Capital increase through issue of common stocks (¥100 billion) is conducted (November)
• Consolidation of JA Shinnoren with the Bank begins

2003 • JF Marine Bank implements fundamental policies (January)

2004 • Norinchukin Securities Co., Ltd., is liquidated (September)

2005 • Capital increase through issue of common stocks (¥225.7 billion) is conducted (December)

2006 • Final integration of Okayama JA Shinnoren and Nagasaki JA Shinnoren is completed (January)
• JASTEM is made available in all prefectures (May)
• Capital increase through issue of fixed-term subordinated bonds is conducted (September)
• Kyodo Credit Service Co., Ltd., merges with UFJ Nicos Co., Ltd. (October)
• Financial holding company (FHC) status is granted in the United States (December)
• JA savings deposits top ¥80 trillion (December)

2007 • Final integration of Akita JA Shinnoren is completed (February)
• JA Bank Agri-Support business is established (June)
• Final integration of Tochigi JA Shinnoren is completed (October)

2008 • Final integration of Yamagata JA Shinnoren and Toyama JA Shinnoren is completed (January)
• Capital increase through issue of lower dividend rate stocks (¥503.2 billion) and perpetual subordinated loans notes is conducted (March)
• Final integration of Fukushima JA Shinnoren is completed (October)

2009 • Final integration of Kumamoto JA Shinnoren is completed (January)
• Capital increase through issue of lower dividend rate stocks (¥1,380.5 billion) and perpetual subordinated loan notes is conducted (March)

2010 • Growth Base Reinforcement Fund (¥100.0 billion) is established (August)
• Growth Base Support Fund (¥600.0 billion) is established (December)

2011 • Reconstruction Support Program is established (April)
• Partial Integration of Gunma JA Shinnoren is completed (October)

2012 • Norinchukin Facilities Co., Ltd. becomes wholly-owned subsidiary (May)
• Domestic emission credits (J-VER) service begins (as a broker) (June)
• Final integration of Aomori JA Shinnoren is completed (October)
• Global Seed Fund (¥500 billion) is established (November)
• JA savings deposits top ¥90 trillion (December)

2013 • Partial integration of Chiba JA Shinnoren is completed (July)

2014 • Norinchukin Bank Shinagawa Training Center is completed (February)
• Agricultural, Forestry and Fisheries Future Fund is established (March)
• Capital increase through issue of fixed-term subordinated loans notes is conducted (March)
• Norinchukin Value Investments Co., Ltd. is established (October)
• Final integration of the Gunma Shinnoren is completed (October)

2015 • Final integration of the Chiba Shinnoren is completed (January)

2016 • Headquarters System is introduced (June)
• Norinchukin Business Assist Co., Ltd. is established (December)

2017 • Norinchukin Australia Pty Limited is established (February)

List of Group Companies

(As of March 31, 2017)

Company Name	Address	Nature of Business	Date of Establishment	Capital (Millions of Yen) Percentage of Voting Rights (%)
The Norinchukin Trust & Banking Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Trust & Banking	August 17, 1995	20,000 100.00
Norinchukin Australia Pty Limited	Level 29, 126 Phillip Street, Sydney, NSW2000, Australia	Project finance lending operations in Australia and New Zealand	February 8, 2017	A$5,790 thousand 100.00
Norinchukin Research Institute Co., Ltd.	27-11, Sendagaya 5-chome, Shibuya-ku, Tokyo 151-0051, Japan	Research	March 25, 1986	300 100.00
Norinchukin Facilities Co., Ltd.	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006, Japan	Building Management & Facility Management	August 6, 1956	197 100.00
Nochu Business Support Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Provider of various administrative services for The Norinchukin Bank	August 18, 1998	100 100.00
Norinchukin Business Assist Co., Ltd.	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006, Japan	Provider of administrative services for The Norinchukin Bank	December 1, 2016	30 100.00 (13.34)*
Norinchukin Academy Co., Ltd.	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006, Japan	Training	May 25, 1981	20 100.00
Norinchukin Value Investments Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Investment Advisory Services	October 2, 2014	444 92.50 (27.75)*
Kyodo Housing Loan Co., Ltd.	15-3, Chuocho 1-chome, Meguro-ku, Tokyo 152-0001, Japan	Mortgage Loans & Housing Loan Guarantee	August 10, 1979	10,500 92.12
Nochu Information System Co., Ltd.	2-3, Toyosu 3-chome, Koto-ku, Tokyo 135-0061, Japan	System Development & Maintenance	May 29, 1981	100 90.00
Norinchukin Zenkyoren Asset Management Co., Ltd.	7-9, Hirakawacho 2-chome, Chiyoda-ku, Tokyo 102-0093, Japan	Asset Management & Investment Advice	September 28, 1993	3,420 50.91
Norinchukin Finance (Cayman) Limited	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	Issue of Subordinated Bonds, Provision of Subordinated Loans	August 30, 2006	$50,000 100.00
Ant Capital Partners Co., Ltd.	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan	Private Equity Investments & Fund Management	October 23, 2000	3,086 39.61
The Cooperative Servicing Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Management and Collection of Non-Performing Loans	April 11, 2001	500 37.96
JA MITSUI LEASING, LTD.	13-1, Ginza 8-chome, Chuo-ku, Tokyo 104-0061, Japan	Leasing Business	April 1, 2008	32,000 33.40
Gulf Japan Food Fund GP	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	Investments	July 29, 2015	$50,000 20.10
JAML MRC Holding, Inc.	286 Madison Ave., Suite 301, New York, NY 10017, U.S.A.	Investments	March 6, 2015	$42 million 20.00
The Agribusiness Investment & Consultation Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Investment in Agricultural Corporations	October 24, 2002	4,070 19.97
Mitsubishi UFJ NICOS Co., Ltd.	14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo 101-8960, Japan	Credit Card Business	June 7, 1951	109,312 15.01
Investment Limited Partnership for Renewable Energy in Agriculture, Forestry, and Fisheries	13-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-8420, Japan	Investment in Renewable Energy Projects	April 30, 2014	324 —

** The percentage of share units indirectly owned by The Norinchukin Bank.*

Global Network (As of August 1, 2017)

Overseas Branches

New York Branch
Toru Wada, *General Manager*

21st Floor, 245 Park Avenue,
New York, NY 10167-0104, U.S.A.
Telephone: 1-212-697-1717
Fax: 1-212-697-5754
SWIFT: NOCUUS 33

London Branch
Takeshi Umegaki, *General Manager*

4th Floor, 155 Bishopsgate,
London EC2M 3YX, U.K.
Telephone: 44-20-7588-6589
Fax: 44-20-7588-6585
SWIFT: NOCUGB2L
Company number: BR001902

Singapore Branch
Shin Sugimoto, *General Manager*

12 Marina Boulevard, #38-01/02,
Marina Bay Financial Centre
Tower 3, Singapore 018982
Telephone: 65-6535-1011
Fax: 65-6535-2883
SWIFT: NOCUSGSG

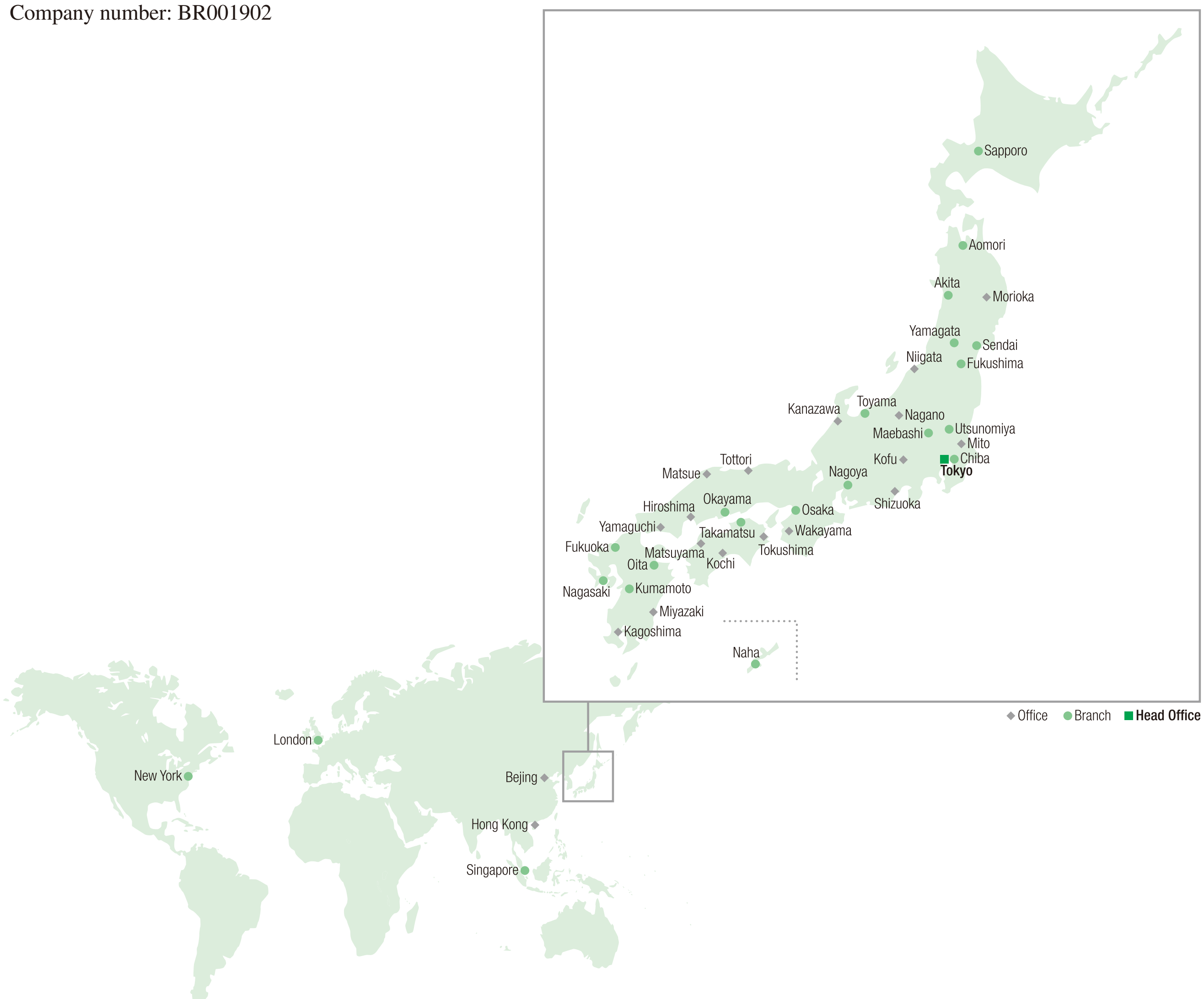
Overseas Representative Offices

Hong Kong Representative Office
Yasushi Kajiyama, *Chief Representative*

34th Floor, Edinburgh Tower,
The Landmark, 15 Queen's Road,
Central, Hong Kong
Telephone: 852-2868-2839
Fax: 852-2918-4430

Beijing Representative Office
Tatsunori Yonesaka, *Chief Representative*

Room 601, Chang Fu Gong Building,
Jia-26, Jianguo Men Wai St.,
Beijing, China 100022
Telephone: 86-10-6513-0858
Fax: 86-10-6513-0859



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NORINCHUKIN