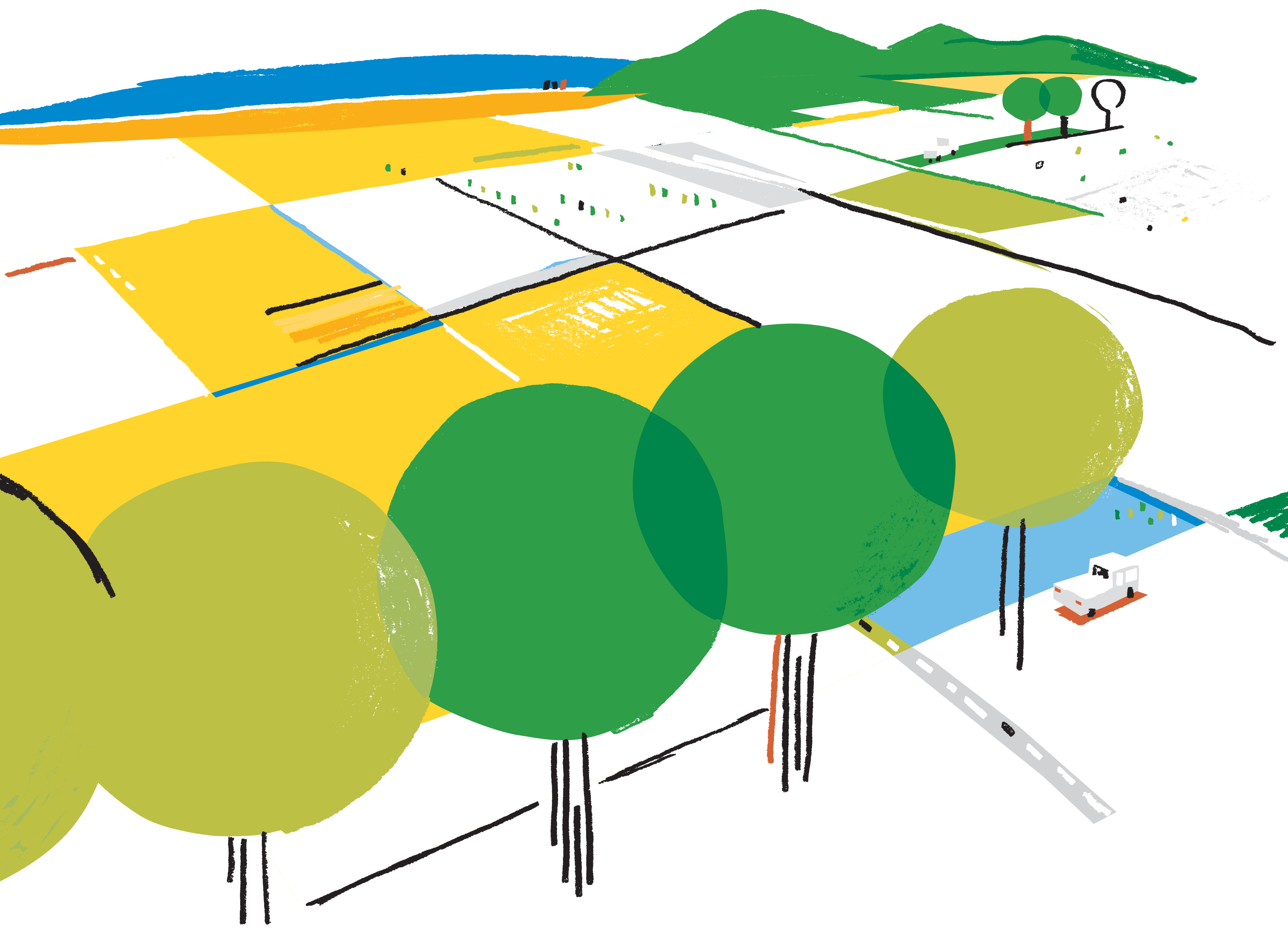
2018

# ANNUAL REPORT



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) | | |

## 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** ■ Toru Nakaya

**President and Chief Executive Officer** ■ Kazuto Oku

**Paid-in capital** ■ ¥3,480.4 billion (US$32.7 billion) (As of March 31, 2018)
*All capital is from private parties (members and investors in preferred securities).

**Total assets (On a consolidated basis)** ■ ¥104,927.7 billion (US$987.5 billion) (As of March 31, 2018)

**Capital ratio (On a consolidated basis, Basel III standard)**
- ■ Common Equity Tier 1 Capital Ratio 19.02% (As of March 31, 2018)
- ■ Tier 1 Capital Ratio 19.02% (As of March 31, 2018)
- ■ Total Capital Ratio 23.50% (As of March 31, 2018)

**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: 3,585)
(As of March 31, 2018)

**Number of employees** ■ 3,608 (As of March 31, 2018)

**Business locations**
(In Japan) ■ Head office: 1 ■ Branch: 19
■ Branch annex: 1 ■ Office: 17
(Overseas) ■ Branch: 3
■ Representative office: 2
(As of March 31, 2018)

**Ratings** (As of March 31, 2018)

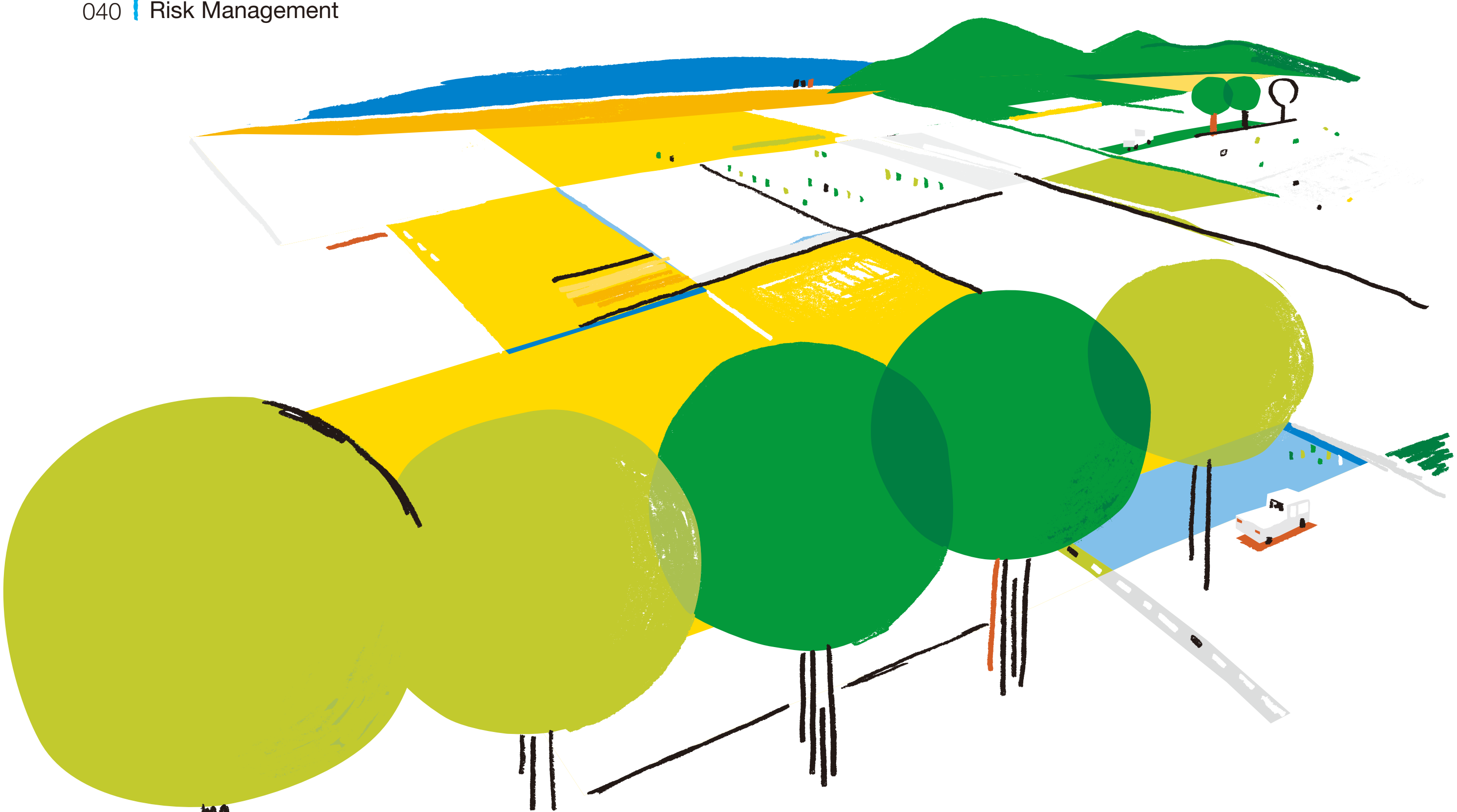
| Rating agency | Long-term debt | Short-term debt |
|---|---|---|
| S&P | A | A-1 |
| Moody's Investors Service | A1 | P-1 |

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

**Forward-Looking Statements**
This report contains information about the financial condition and performance of the Bank as of March 31, 2018 (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.

# Contents





# 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 2017, as well as a summary 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 progress on 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 2018

TORU NAKAYA

Toru Nakaya
Chairman of the Supervisory Committee

Kazuto Oku

Kazuto Oku
President and Chief Executive Officer

# Message from the CEO

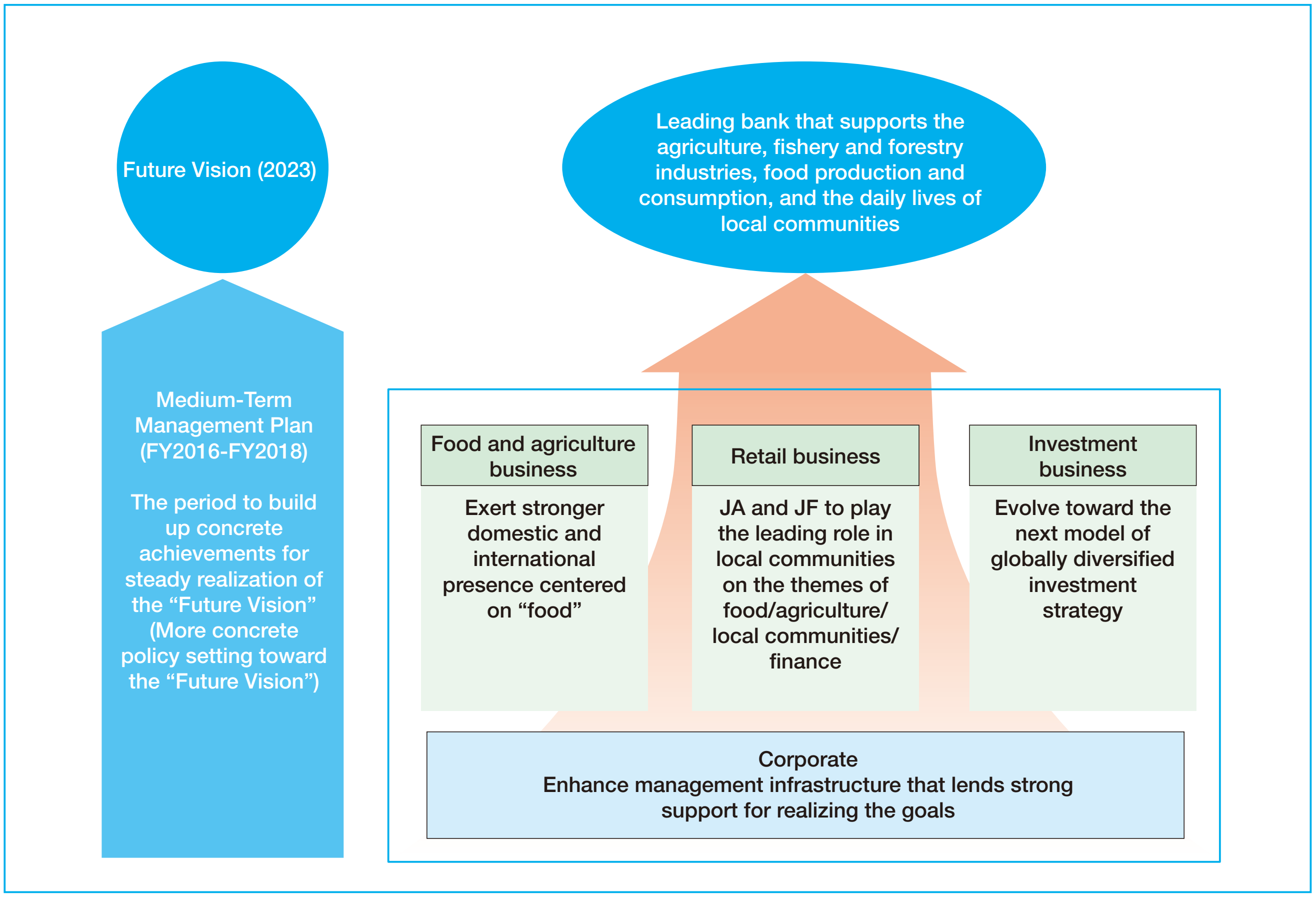
**Toward a leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities**

## 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 2017

During fiscal 2017, which is the mid-year of the "Medium-Term Management Plan (fiscal 2016 through fiscal 2018)," based on the "Management Plan for Fiscal 2017," the Bank strengthened its business management system by implementing pillar measures—increasing the number of Representative Directors, changing the composition of Directors and introducing an Executive Officer system—from the perspective of achieving quick decision making, policy development and implementation, and the flexible use of management resources. In addition, to establish the three business areas of the "food and agriculture business," the "retail business" and the "investment business," the Bank has implemented policies for each business.

## Financial Results and Capital Adequacy in Fiscal 2017

In fiscal 2017, the Bank recorded an ordinary profit of ¥171.0 billion and profit attributable to owners of parent of ¥147.6 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 19.02%, a Tier 1 Capital Ratio of 19.02% and a Total Capital Ratio of 23.50%.

### Summary of Earnings

(Billions of Yen)

| | FY2015 | FY2016 | **FY2017** |
|---|---|---|---|
| Ordinary Profit | 324.9 | 214.0 | **171.0** |
| Profit Attributable to Owners of Parent | 271.2 | 206.1 | **147.6** |
| Net Assets | 7,186.7 | 7,008.8 | **6,746.0** |
| Common Equity Tier 1 Capital Ratio | 18.94% | 19.31% | **19.02%** |
| Tier 1 Capital Ratio | 18.99% | 19.34% | **19.02%** |
| Total Capital Ratio | 25.07% | 24.39% | **23.50%** |

## 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

After the start of the Medium-Term Management Plan (fiscal 2016 through fiscal 2018), the Bank introduced a four-headquarters system in fiscal 2016, increased the number of Representative Directors, changed the composition of Directors and introduced an Executive Officer system in fiscal 2017. Furthermore, to grasp changes in the business environment surrounding the Bank appropriately and address diverse and highly-specialized management issues quickly and accurately, we started the following initiatives from fiscal 2018.

**(1) Start business management under a new system from the first day of the Management Plan (April 1)**

To promptly undertake the Management Plan from the start date thereof, we shall determine and make an informal decision within the prior fiscal year on the officer system for the new fiscal year.

**(2) Strengthen the Four-Headquarters System**

Given that business management based on the four-headquarters system has been familiarized within the Bank, under the CEO, who oversees the entire operation, each of the four Senior Managing Directors (Representative Directors) is in charge of operations at the respective headquarters as the head of the business, aiming for business management that is more flexible and collaborative among the four headquarters.

## In Conclusion

The Bank's future vision is to become a "leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities." To meet expectations and gain the trust of our members and all other various stakeholders, 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

**Tetsuya Kanamaru**

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.

A severe situation persists in the environment surrounding the agriculture, fishery and forestry industries with the impact of various factors such as a declining population and a weakening production base despite partial bright signs such as an increase in exports and an increase in the number of new farmers. In the "food and agriculture business," we take a centralized approach to diverse issues faced by the local and global food and agriculture value chains, which cover production, processing, distribution, sales and exports 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.

In the "food and agriculture business," through ongoing dialogues with customers, we will address management issues not only from the financial aspect, but also from the perspective of business operations and offer thorough solutions to solve issues. Performing the Bank's role as a bridge connecting the second and third industries with production sites, and as a coordinator of initiatives to improve productivity and increase sales, we will create added value for the food and agriculture value chain.

## Retail Banking Business

**Shozo Goto**

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 initiatives and basic policies.

# Global Investments

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 the investment environment is predicted to remain difficult for financial institutions with higher foreign currency funding costs and increasing market volatility due to rising concern over geopolitical risks, while each country's monetary policy is being normalized, we recognize the need to carefully examine market trends and steadily promote the building of solid and high-quality portfolios. In addition, it is fair to say that the tasks of addressing international financial regulations steadily and enhancing our foreign currency funding ability are major challenges 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 evolution of "globally diversified investments" through the further enhancement of our earnings base. Specifically, the Bank's head office, overseas branches and representative offices will jointly explore new investment areas, by leveraging the Bank's stable and ample fund, information network and various relationships nurtured in global markets to date.

**Keito Shimbu**

Head of Global Investments

### Major Initiatives

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

# Corporate & Shared Services

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."

For these three business areas, as well as the Group companies' intent to fulfill their roles and achieve the future vision, we recognize the paramount importance of ensuring quicker decision making and policy implementation and development by each headquarters. Based on that recognition, since the start of the Medium-Term Management Plan (fiscal 2016 through fiscal 2018), the Bank has implemented measures steadily to strengthen its business management system such as introducing and strengthening the four-headquarters system and deploying executive officers in charge of regions to the branches, aiming to reinforce the management of headquarters and onsite capability.

In addition, given that the environment surrounding financial institutions is increasingly uncertain and severe, we will support the further promotion of initiatives in each business through the bold redeployment of management resources. To that end, the Bank will thoroughly enhance operational efficiency by fully utilizing digital technologies and through a fundamental review of existing operations.

Moreover, by paying careful attention to fast changes in the management environment including the rapid advancement of digital technologies and tightening domestic and overseas regulations, as well as to society's requests and expectations, while properly fulfilling our role as a "navigator," we will build up concrete achievements with a sense of mission of turning the agriculture, fishery and forestry industries into growth industries to realize our vision of becoming a "leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities."

**Kazuhiko Otake**

Head of Corporate & Shared Services

### Major Initiatives

- Strengthen the business management system that covers the Group companies
- Enhance operational efficiency and make other improvements to further promote the initiatives of each business
- Upgrade its risk management with awareness of global standards

# 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 the revitalization of local communities especially the "Support Program for Increasing Agricultural Income and Revitalizing Local Communities (total amount of ¥100 billion)"; (2) arrangement of the business environment so that JA can make its best efforts in agricultural businesses; and (3) the 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, and promoted initiatives to expand sales of agricultural products, increase agricultural production and add higher value to agriculture. Specifically, the Bank is promoting exports of agricultural products, supporting the expansion of sales channels by continuing to host business conventions and conducting business matching in Japan. The Bank is also providing sixth industrialization support.

Moreover, toward the reduction of production costs, the Bank has 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 has provided support for hosting seminars and consultations aimed at helping advance farm management; strengthened management consultation functions mainly through the operation of 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 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, "*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 production and processing and sales, etc., 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 2017, approximately 90,000 loans, totaling ¥1.6 billion, were provided, and in the cumulative total up to fiscal 2017, ¥11.5 billion in subsidies were granted for 640,000 agricultural loans.

| Product | Number of loans | Loaned amount |
|---|---|---|
| Agri-Seed Loan (since December 2009) | 155 | ¥3,281 million |

*Cumulative total as of March 31, 2018

**Types of Loans** (As of March 31, 2018)

<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<br>Management Improvement Support Loan<br>Reconstruction Loan (Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan)<br>Disaster Funds</td><td>Agriculture Modernization Loan<br>Agricultural Management Assistance Support Loan<br>New Farming Fund for Young Persons<br>Agricultural Management Improvement Promotion Loan (New Super S Fund)<br>Mountainous Region Revitalization Loan<br>etc.</td></tr>
<tr><td>Fishery</td><td rowspan="2"></td><td>Fisheries Modernization Loan<br>Fisheries Management Improvement Promotion Loan<br>Mountainous Region Revitalization Loan<br>etc.</td></tr>
<tr><td>Forestry</td><td>Forestry Development Promotion Loan<br>Mountainous Region Revitalization Loan<br>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) | ¥4.0 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 Middle East Gulf States | $50 million |
| Investment Limited Partnership for Renewable Energy in Agriculture, Forestry and Fisheries | Renewable energy power generation project undertaken by associates of agricultural, forestry and fishery villages to contribute to revitalizing local communities | ¥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 | ¥14.6 billion |
| Total | — | ¥50.0 billion |

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

Since April 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 capital investments has reached 288 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 22.

| Product | Number of investments | Invested amount |
|---|---|---|
| Agri-Seed Fund (since April 2010) | 288 | ¥2,181 million |
| Support Fund for Business Entities of Agricultural Leaders (since June 2013) | 22 | ¥615 million |

*Cumulative total as of March 31, 2018

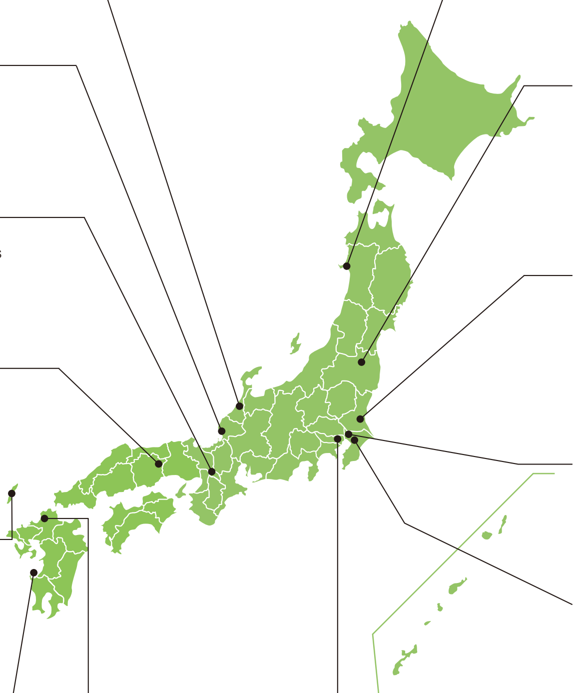
### Agriculture, Forestry and Fisheries Cooperative Fund (JA Sixth Industrialization Fund, JF Sixth Industrialization Fund and JForest Sixth Industrialization Fund)

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 13 entities (as of March 31, 2018), the largest number of investments made among 47 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



### Export Promotion Support Fund

In March 2016, the Bank collaborated with Mizuho Bank to establish a private equity fund “Gulf Japan Food Fund” with the aim of providing financial support to address the need to expand exports of Japanese food and agricultural, fishery and forestry products and related production and operational technologies, as well as the food security needs, etc., of the six Middle East Gulf States. Through investments in Japanese companies engaging in business expansion in the Middle East region and food and agriculture-related companies from the Middle East, the Bank strives to grow and promote food and agricultural industries in this region and aims at value-adding and market creation from new alliances and partnerships.

### 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 improve productivity through the practices of ICT-based agriculture, a total of nine 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 offering financial and nonfinancial services including brokerage with general business corporations and the dispatching of staff.

As part of such initiatives, in September 2017, the Bank via a joint investment among seven companies including JA Zen-Noh and the Bank, contributed to increasing the capital of Nileworks Inc., an agricultural drone company, through the allocation of new shares to a third party. Through an investment in this company, the Bank promotes the reduction of agricultural production costs.

### 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 2017, 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 (implemented in Osaka in addition to seminars regularly held in Tokyo), (3) implemented test marketing (conducted in a local high-quality supermarket in Singapore in March 2018), (4) participated in overseas trade fairs (exhibited at the HKTDC Food Expo and FOOD TAIPEI), and (5) offered an opportunity to participate in the Great Okinawa Trade Fair.


*Yushutsu-no-Ibuki*

Test marketing conducted in Singapore

### 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. In fiscal 2017, 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.

JA Group Japanese Agricultural and Livestock Products Business Conference

### Nationwide and Block Business Conferences Held in Fiscal 2017

| Venue | Date | Name | Number of sellers | Number of buyers |
|---|---|---|---|---|
| Aichi | November 2017 | Four Prefectures in the Tokai Region, JA Group Food and Agriculture Business Conference | 114 | 553 |
| Osaka | November 2017 | JA/JF Group Kinki and Shikoku Business Conference | 123 | 347 |
| Ishikawa | January 2018 | JA/JF Group Hokushinetsu Business Conference | 28 | 47 |
| Fukuoka | January 2018 | JA, JF Group Business Conference to Introduce Kyushu and Okinawa Foods (small-scale conference for certain targeted buyers; reservation required) | 32 | 6 |
| Miyagi | February 2018 | Tohoku Food and Agriculture Business Conference Sponsored by JA Group | 55 | 68 |
| Tokyo | March 2018 | JA Group Japanese Agricultural and Livestock Products Business Conference | 147 | 1,917 |

## ● 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.

Specifically, by introducing a flexible tank/hopper, the task of cramming seeds into a flexible tank was alleviated, resulting in the expansion of the planted area, thereby showcasing the effects of cost reduction and scale expansion.

Flexible tank/hopper adopted

### 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 and individual consultations that are held at JA Banks nationwide. In fiscal 2017, 105 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 2016. In July 2017, 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. The number of members of "Agriweb" was 3,296 as of March 31, 2018.

"Agriweb" site screen

### 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. As the fourth program, the Bank implemented a support program for the consistent supply of items to address horticultural consumer needs.


Leaflet for the "DNA Chip Dissemination Promotion Support Program for Livestock and Dairy Business"

## 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 2017, the Bank provided subsidies of ¥400 million for approximately 3,600 businesses that help independent agricultural entrants with their farming operation costs and subsidies of ¥200 million for approximately 800 businesses that accept potential agricultural entrants (trainees).

Leaflet for the "Agricultural Entrant Support Program"

## ● 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, 61 students have graduated and started engaging in farming nationwide. At present, fifth and sixth year students are studying hard, encouraging each other as colleagues sharing the same aspiration in the school located on one of the floors of The Norinchukin Bank Shinagawa Training Center.

## ● 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. In 2017, part of the $CO_2$ emitted from the "Farmers' & Kids' Festival 2017" sponsored by the Japan Agricultural Corporations Association was offset using J-VER, which was brokered by the Bank. The Bank continues to support initiatives for environmentally-responsible agricultural and forestry operations such as forest improvement and environmental measures of companies by acting as a broker of J-VER trading derived from the agriculture, fishery and forestry industries.

## ● 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 32 projects. For fiscal 2018, the Fund started solicitation in June 2018.


Poster introducing the recipients of subsidiaries from the "Agricultural, Forestry, and Fisheries Future Fund"

## ● 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.

In fiscal 2017, the Bank sponsored the "Farmers' & Kids' Festival," at which agricultural corporations, etc., from throughout the nation display and sell agricultural products and offer workshops for consumers in the metropolitan area where the festival is held annually. The Bank also cosponsored the "Next Generation Agriculture Summit" soliciting self-motivated young farmers. In addition, at the National Federation of Agricultural Labor Support Conference, the Bank promoted an alliance to eliminate the labor shortage problem.

In addition to the national initiatives, prefecture-level alliances are ongoing such as a partnership agreement concluded by the Kumamoto Association of agricultural corporations and the Bank's Kumamoto branch for an alliance covering the Kumamoto Prefecture region in fiscal 2017.


Next Generation Agriculture Summit

### 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 six tours. For the sixth tour, which was conducted in March 2018, as an effort to support the reconstruction of Kumamoto and Oita prefectures, where the number of domestic tourists has been declining due to the 2016 Kumamoto earthquakes, the Bank conducted Food and Agriculture Green Tourism targeting domestic tourists in an alliance with local governmental administrations and corporations, etc.


### 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 2017, we donated 1.33 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.

| Product | Number of loans, etc. | Amount |
|---|---|---|
| Reconstruction Loan (Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan) | Number of loans<br>152 | Loaned amount<br>¥45.8 billion |
| Reconstruction Fund (Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund) | Number of investments<br>59 | Invested amount<br>¥1.3 billion |
| Lease subsidies | Number of subsidies<br>1,528 | Total lease amount<br>¥5.8 billion |
| Interest subsidies to JA/JF disaster funds | Number of support cases<br>4,018 | Loaned amount<br>¥16.7 billion |

*Cumulative total as of March 31, 2018


Harvesting by a reconstruction fund recipient


Farmers' market operated by a reconstruction loan recipient


Support for fishery workers with cooling ice used in test operations


Bench donated to a fish market


Wooden sandbox donated to a certified children center


Business conference about Tohoku's foods and agriculture

### 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 Fishery 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.

Seven 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 32,000 people (as of March 2018) forced to live in temporary housing, and looking at the disaster-affected areas as a whole, there are regions where 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.

### ■ 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)

## Response to the Principles of Fiduciary Duty

In March 2017, the Financial Services Agency announced the seven Principles of Fiduciary Duty, which are based on an awareness of the need to realize a mechanism to achieve a well-balanced portfolio of household financial assets toward a goal of "achieving the stable asset building of the Japanese nation." Under such a mechanism, financial business operators compete in offering customer-oriented, high-quality financial products and services and customers choose those that provide better products/services. To achieve the stable asset building of the nation, it is necessary to encourage a transition from the savings-centered management of household financial assets to a well-balanced portfolio.

At JA Bank as well, to accurately address the needs of individual members and customers for asset building, asset management and succession, the Bank established the dedicated JA Bank System Asset Building Division in July 2017 to review the product lineup, plan and implement the development of human resources and make other efforts to provide services of increasingly high quality.

In addition, the Bank and the Bank's group companies, as well as JA and JA Shinnoren, both of which handle mutual funds, have adopted the seven Principles of Fiduciary Duty and announced policies and measures to address those principles. Going forward, with the steady implementation of the items under those policies, and the regular review of the content to make necessary updates, we aim to employ best business practices and prepare proposals to provide financial products and services tailored to the true needs of individual members and customers in line with their life plans as the corporate culture of JA Bank and the Bank's group.

# 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.

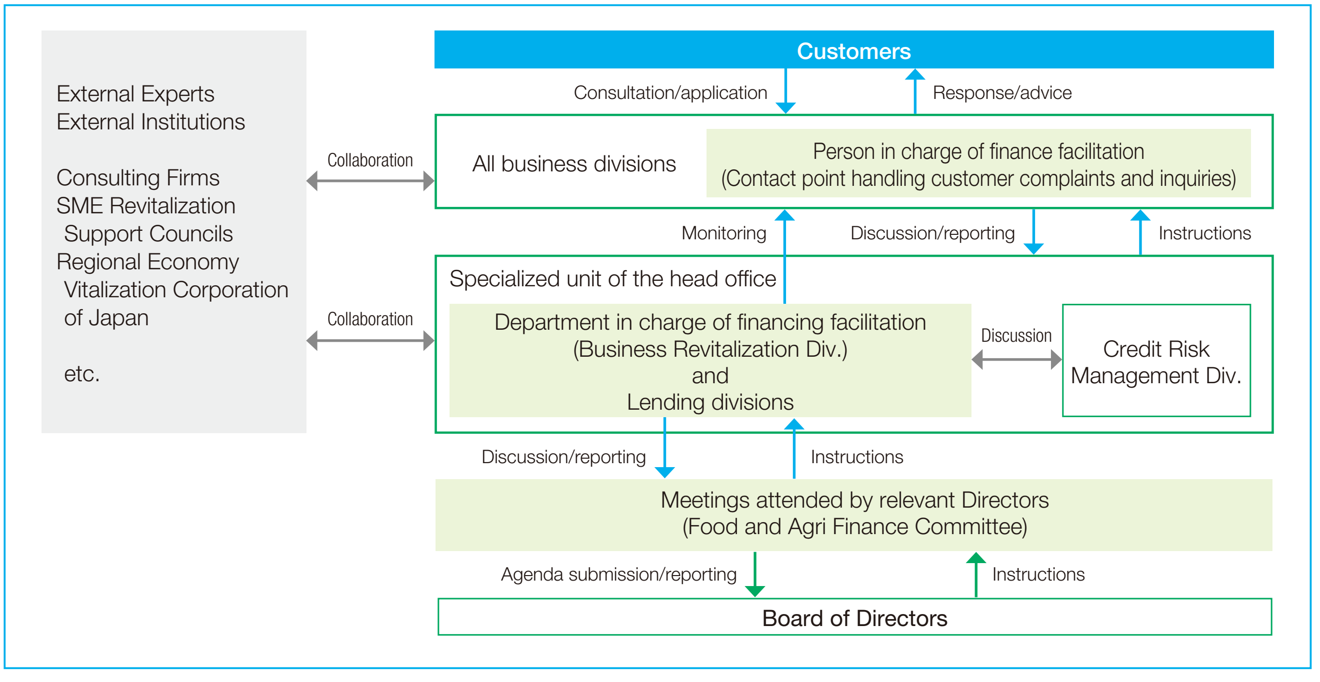
## ● Management Support Initiatives for Customers

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.

To respond to broadening CSR-related social demands, the Bank organized its CSR priorities into six areas and 17 focal points in fiscal 2016. In these six areas, all directors and employees of the Bank work on the sustainable development of society through their business operations. Moreover, the Bank has participated in the following three international initiatives. Concerning the CSR Report as well, the content of the report has been updated in line with newly organized focal points and has been disclosed on the Bank's website

### Participation in Major Initiatives

| United Nations Global Compact | Equator Principles | CDP |
|---|---|---|
| UN GLOBAL COMPACT Network Japan WE SUPPORT | EQUATOR PRINCIPLES | CDP DRIVING SUSTAINABLE ECONOMIES |

## 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, 2018, there were 646 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 953 JF throughout Japan (as of April 1, 2018) that contribute to the development of the fishery industry and fisheries communities through a broad range of activities in various parts of the country.

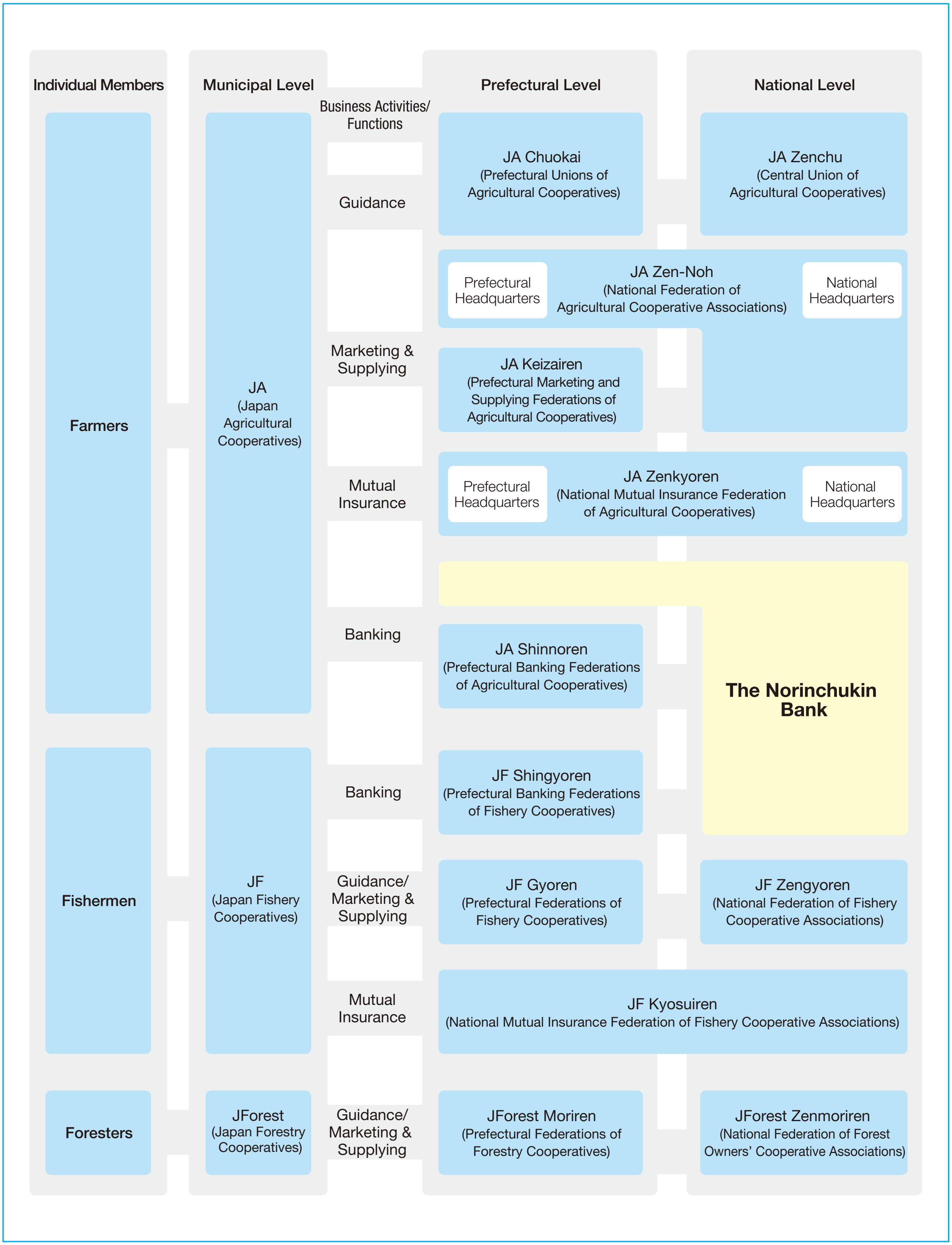
### ● Japan Forestry Cooperatives (JForest)

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, 620 JForest members (as of April 1, 2018) 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

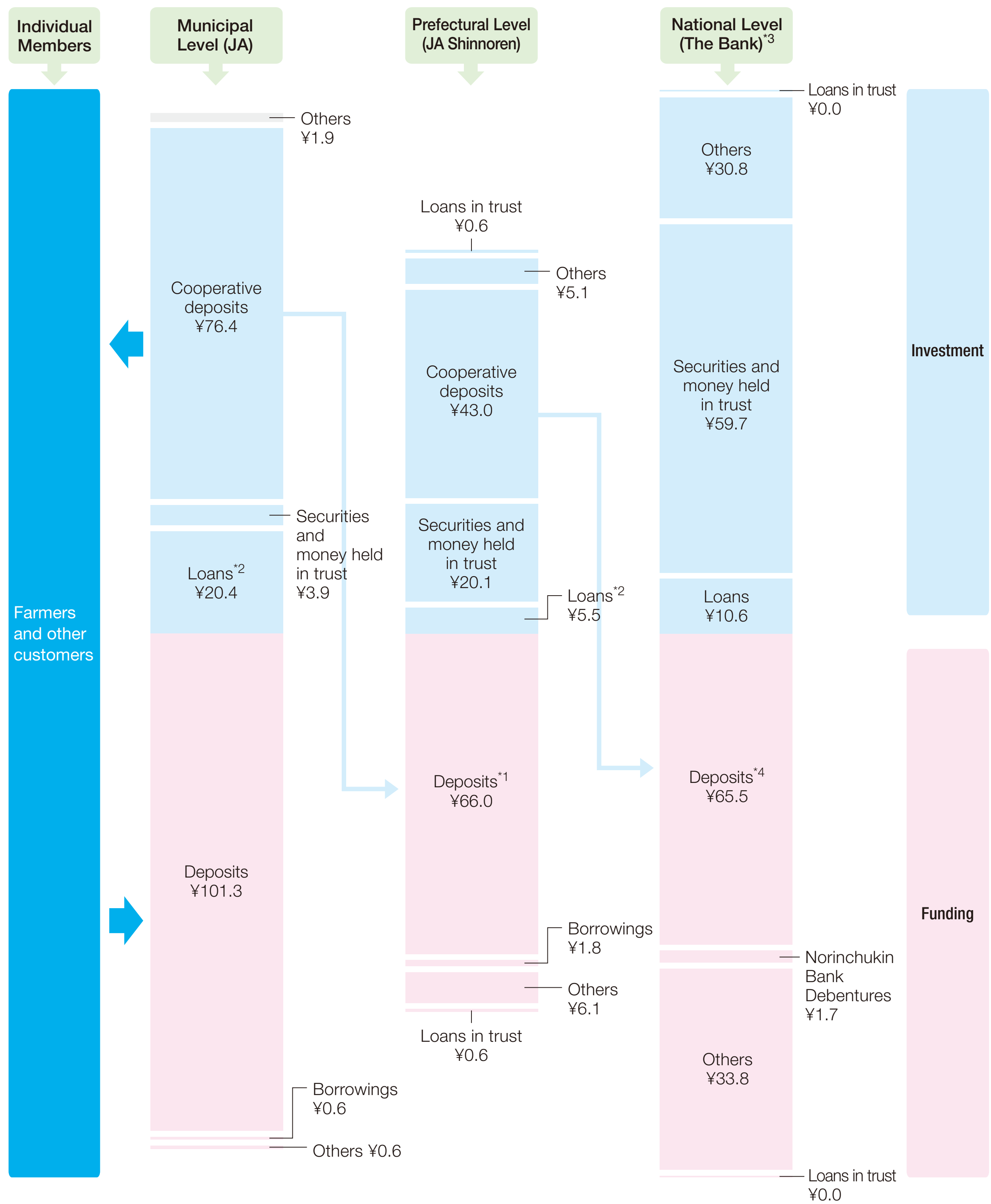
There are many serious problems surrounding agriculture, including an aging society, a shortage of operators and the expansion of abandoned farmland. To pursue the sustainability of Japan's agriculture, it is an urgent issue to increase income for agricultural producers.

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, 2018)

(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 production value is in a recovery trend mainly due to a rise in the prices of fish 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.

With the Forest Environmental Tax (tentative name) and the Forest Environmental Transfer Tax (tentative name), which were decided to be established in December 2017, and in line with the proposal made by the Regulatory Reform Promotion Council, discussion is ongoing regarding the establishment of a "new forest management system." The purpose of this system is to pursue appropriate forest management and administration through the accumulation and consolidation of forest management into highly-motivated and capable forestry management organizations, while leaving public management by municipal entities for unprofitable forests.

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.**

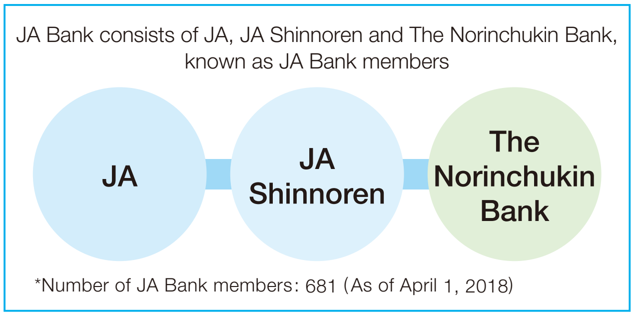
## What is JA Bank?

### ● 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, 2018, JA Bank contained 648 JA, 32 JA Shinnoren and The Norinchukin Bank, for a total of 681 entities.

#### JA Bank



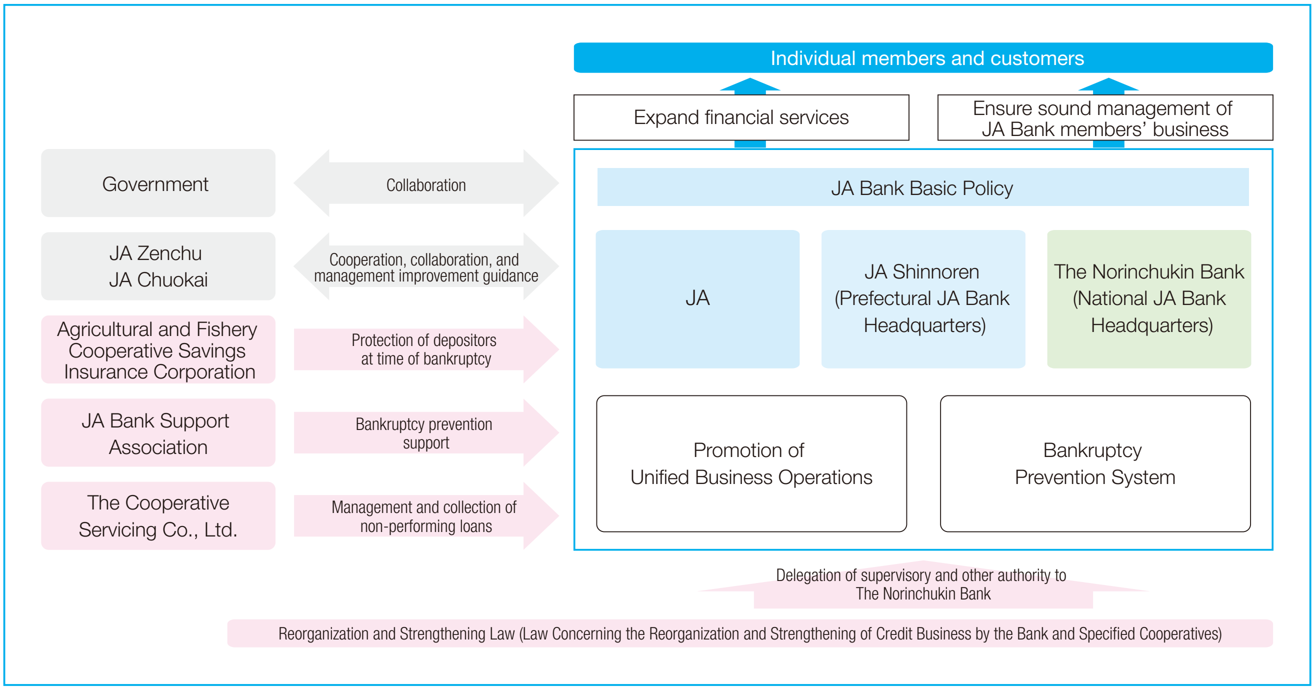

## JA Bank System

### ● 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 plans and the needs of customers.
- We strive to further deepen our relationships with each customer to improve customer satisfaction.

**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, 2018, a total of 10,062 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 2017, the planning and sales of agricultural support financial products were implemented in all prefectures and all JA). 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 loans, savings, receipt of salaries and pensions, credit cards and internet banking tailored to life plans always from the customer's perspective. We are also working on developing a structure to address needs for inheritance advice, asset management 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 working on an upgrade to the next-generation system when the current system's lifecycle ends in 2018. Of our two system centers, the upgrade of one system center has been completed and we are fully preparing for the upgrade of the other center.

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 2017, JA deposits rose 2.9% year on year (a 2.9% increase in deposits from individuals), to a year-end balance of ¥101,306.0 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 increased 0.4% year on year, to a year-end balance of ¥20,456.8 billion. Securities held by JA decreased 3.9% year on year, to a year-end balance of ¥3,920.8 billion.

## ■ Reorganization of JA Bank Business

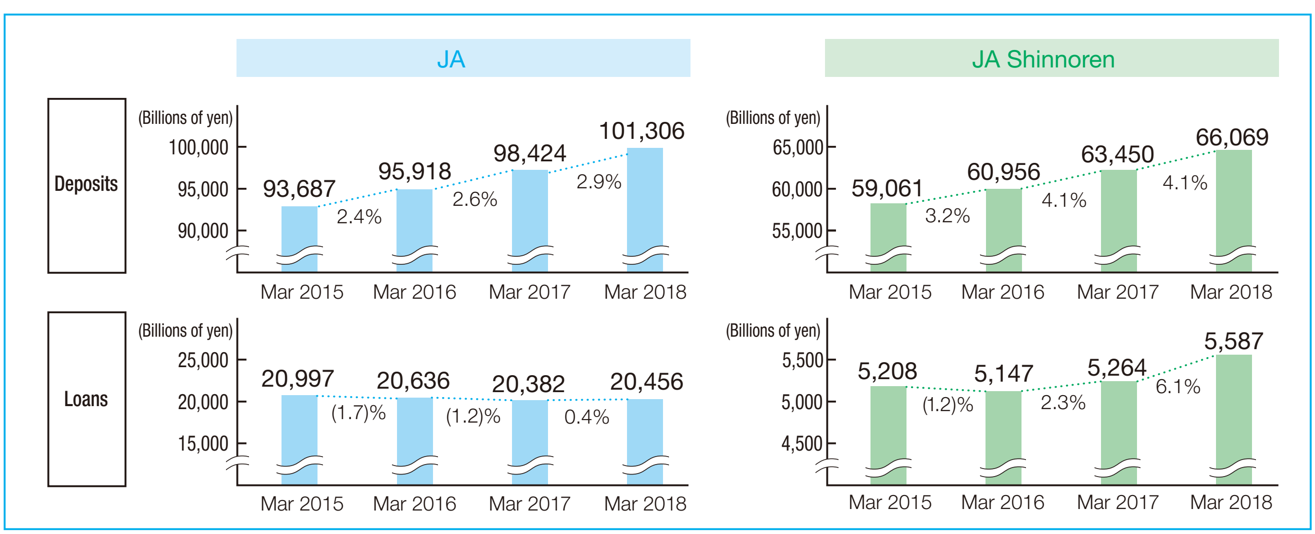
To deal effectively with changes in the operating environment of the agricultural industry as well as individual members and JA, JA Bank has rationalized and streamlined the organization and business of its cooperative banking system.

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, 2018, JF Marine Bank members totaled 106, consisting of 77 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: 106 (As of April 1, 2018)

## ■ 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.

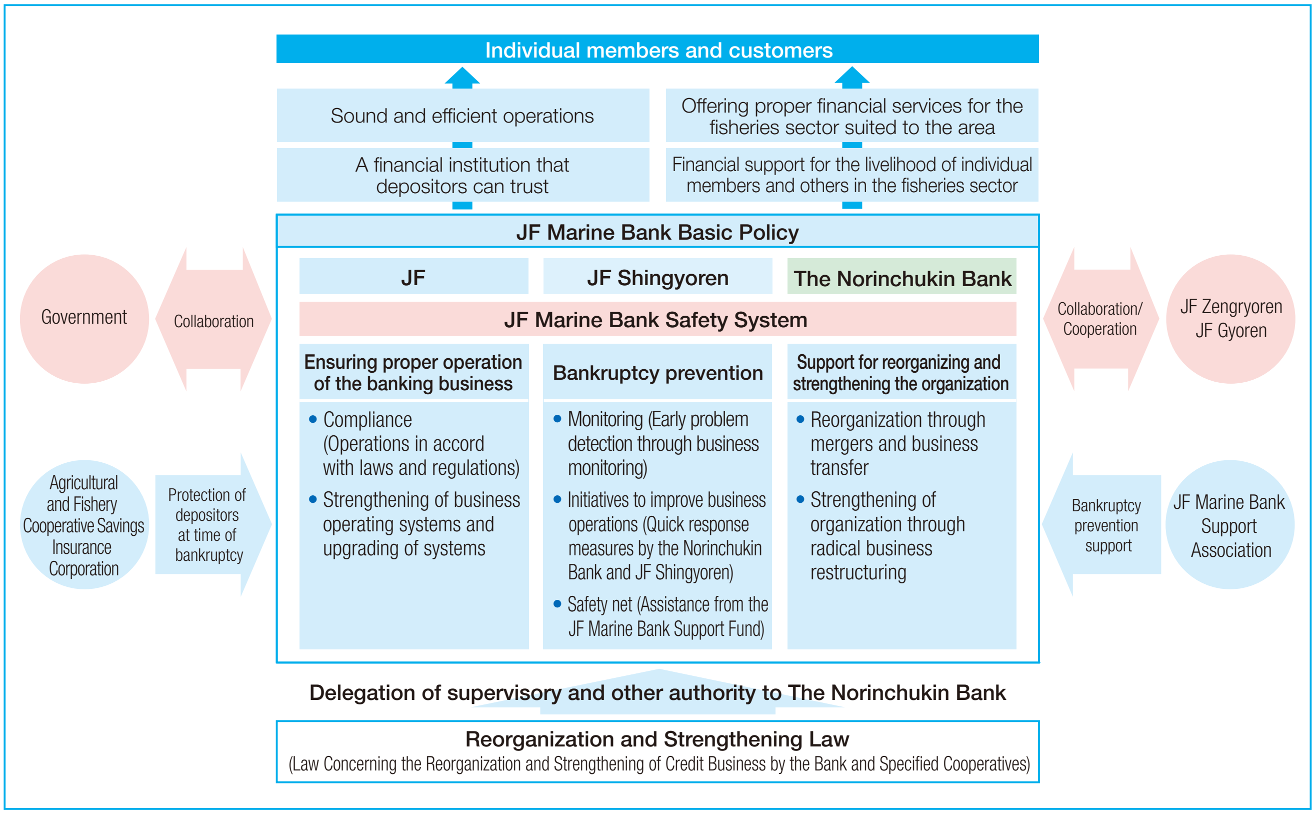
### ● JF Marine Bank Safety System (Stable and Responsible JF Cooperative Banking Business System)

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 1.3% year on year, to ¥2,663.0 billion as of March 31, 2018.

The balance of loans at JF Bank fell 0.9% year on year, to ¥527.6 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, 2018, 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 77 as of April 1, 2018 from 875 on March 31, 2000.

At the same time, the total number of JF, including those not engaged in banking business, decreased by four in fiscal 2017. As a result, the number of JF stood at 953 as of April 1, 2018, 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 four years between fiscal 2014 through 2017, we received 172 applications, we decided on ¥648 million in subsidies after selecting 30 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 three-year period of fiscal 2015 through 2017, ¥287 million was provided to forestry cooperatives and prefectural federations of forestry cooperatives in all 47 prefectures throughout Japan for 1,262 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 2017, the loan facilities were established for 41 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 2017, provided subsidies totaling ¥44 million to 44 prefecture-level organizations for 59 projects, as well as donating wood products worth ¥50 million to 23 parties in areas affected by the Great East Japan Earthquake.

In October 2016, the Bank established an endowed research department at the University of Tokyo for the study of lumber-using systems. Along with this, we also established the Wood Solution Network in which related upstream, midstream and downstream companies and organizations participate to pursue the development of forests and the forestry and lumber industries. This network is working in an alliance with the aforementioned endowed research department to solve various issues to expand the use of lumber as a platform for collaboration among industrial, government, academic and financial sectors.

## ● Support to Strengthen Management System

Furthermore, in collaboration with JForest Zenmoriren (National Federation of Forest Owners' Cooperative Associations), the Bank subsidized the cost of workshops for forestry cooperative auditors education, training sessions for 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.


Loading logs with a forwarder


Safety muster (wearing safety equipment provided through subsidies)

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

**Based on the environmental changes surrounding the cooperative system, 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 such as nurturing "Reform Leaders" who can lead the implementation of management visions.**

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

JA Bank continued to hold the "JA Bank Central Academy – Managers Course" (cumulative total of 597 participants) targeted at directors in charge of the banking business of JA, the "Senior Executives Course" (cumulative total of 339 participants) targeted at senior managers in charge of the banking business of JA, the "Seminar for JA Presidents/Board Chairpersons" (cumulative total of 124 participants) targeted at JA presidents/board chairpersons and the "Block Symposium" (cumulative total of 2,199 participants) targeted at branch managers and mid-career employees of JA. Through these training courses to develop human resources who can lead the reform of JA and JA Shinnoren, the Bank has supported the business reform of JA Bank.

Furthermore, to support JA's initiative to reform its business operational structure, the Bank promoted the introduction of the "CS Improvement Program" and the "Onsite Sales Capability Enhancement Program" to practice business operation and sales activities from the standpoint of customers, and the "Field & Forum-Type Pension Promotion Program" that is being developed to nurture human resources and reform the workplace culture.

## ■ Human Resource Training Initiatives at JF Marine Bank

JF Marine Bank continued with its "Store Operation Course" mainly targeted at store managers of JF Shingyoren. In addition, in fiscal 2017, JF Marine Bank focused on developing the human resources necessary to enhance the fishery financial function by holding the first "Fishery Industry Financial Consultants Step-Up Seminar" (group training) and launching three kinds of training: "Training for Improving Financial Statement Analysis Capability," "Life Planning Training" and "Sales Skills Development Training" with trainers sent from the JF Marine Bank.

## ■ Support for Human Resources Training for JForest Group

JForest Group has held the "Seminars for JForest" targeting the top executives of JForest and JForest Moriren (Prefectural Federations of Forestry Cooperatives). In addition, JForest conducted "JForest Counsellor Training" aimed at personnel holding the title of counsellor, who support the backbone of JForest's practical management. The Bank supported JForest Group's organizational reform initiative by helping to nurture the human resources leading the organization.

## ■ 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 and JA Shinnoren) 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.

# Safety Net for the Cooperative Banking System

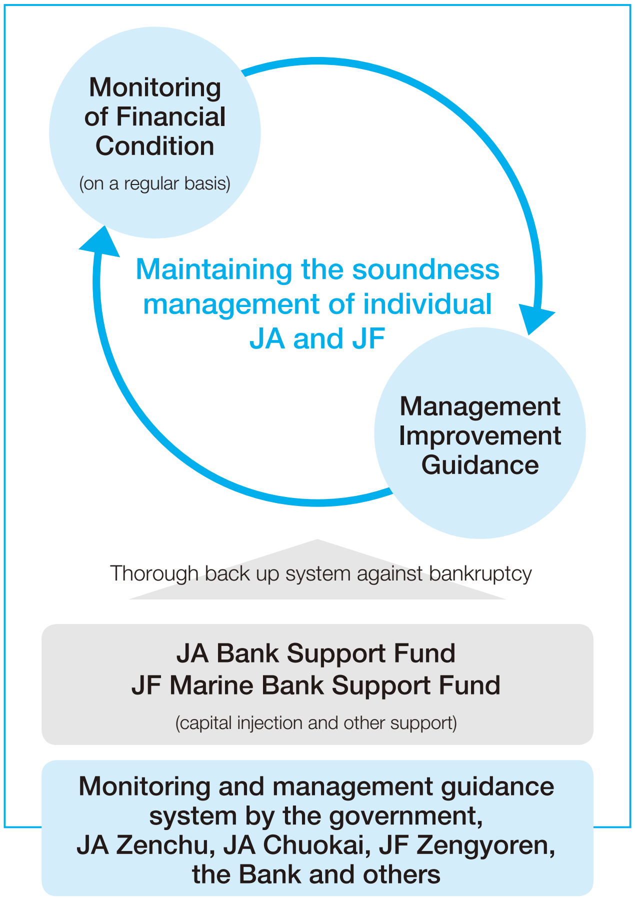
**JA Bank and JF Marine Bank have established a safety net based on the Bankruptcy Prevention System and the Agricultural and Fishery Cooperative Savings Insurance System to provide an increased sense of security for their individual members and customers.**

## ■ 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, 2018, the balance of the JA Bank Support Fund was ¥170.7 billion, and that of the JA Marine Bank Support Fund was ¥22.6 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.

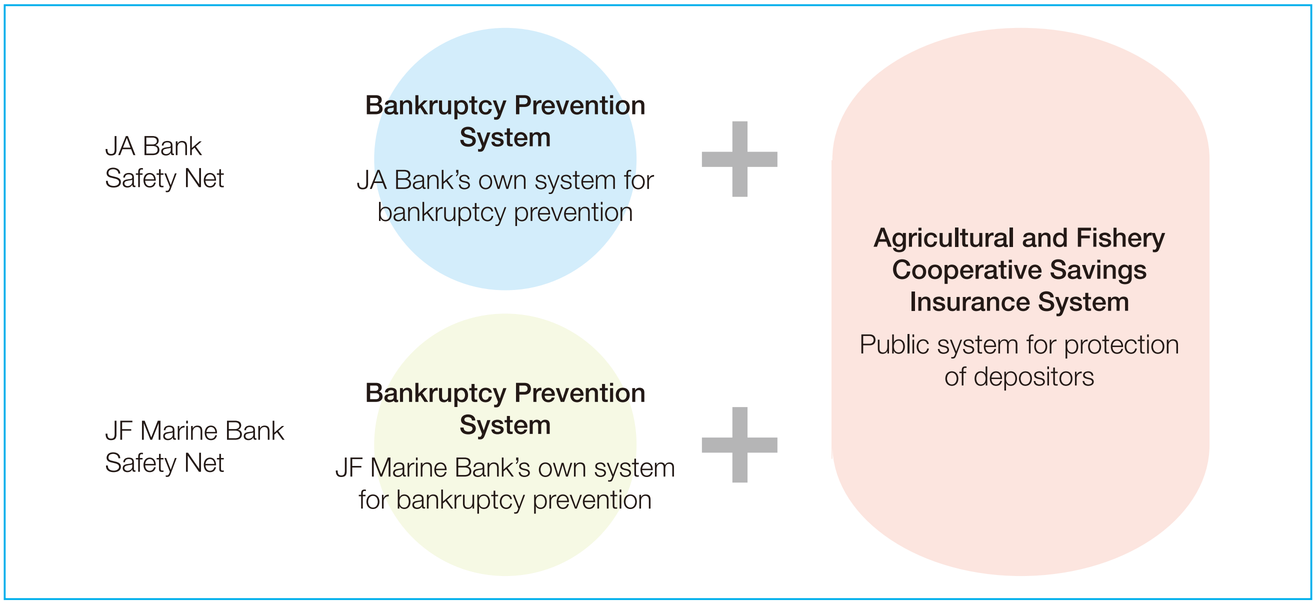
The Agricultural and Fishery Cooperative Savings Insurance System has been established under the Agricultural and Fishery Cooperative Savings Insurance Law. It is managed by the Agricultural and Fishery Cooperative Savings Insurance Corporation, which has been established jointly by the Japanese government, 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, 2018, the balance of the reserve fund of the Agricultural and Fishery Cooperative Savings Insurance System was ¥414.3 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 2017 on a consolidated and a non-consolidated basis, were both maintained at slightly more than 19%, and the total capital ratios for fiscal 2017, on a consolidated and a non-consolidated basis, were both maintained at a level exceeding 23% (Basel III standard).

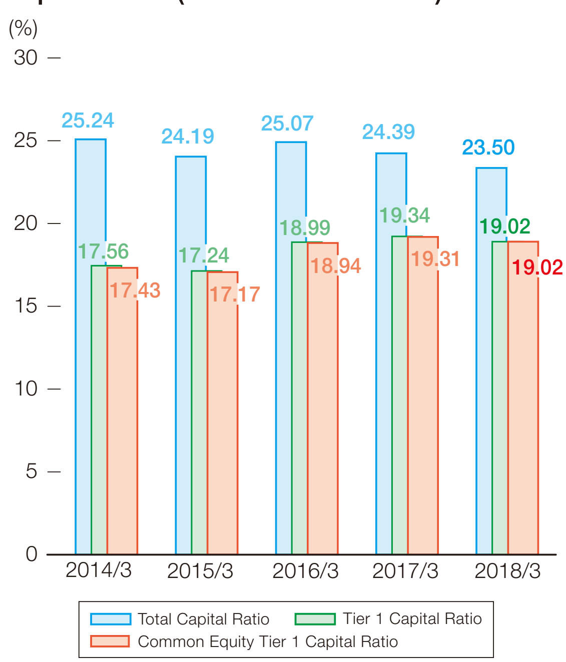
In the years ahead, the focus of the Bank's management agenda will be to fully perform its role as the central bank for the cooperatives, while maintaining its high-quality capital at a sufficiently high level, and to ensure continuing stable returns to its members.

### ■ Strong Capital Base

The Bank is rated by the two leading credit rating agencies in the United States—S&P 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.

**Capital Ratio (Consolidated Basis)**



# Risk Management

## Basic Policies for Risk Management

### ■ Basic Approach

Essential components of financial institution management are generation of stable profits and maintenance of an optimal portfolio. Management must 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.

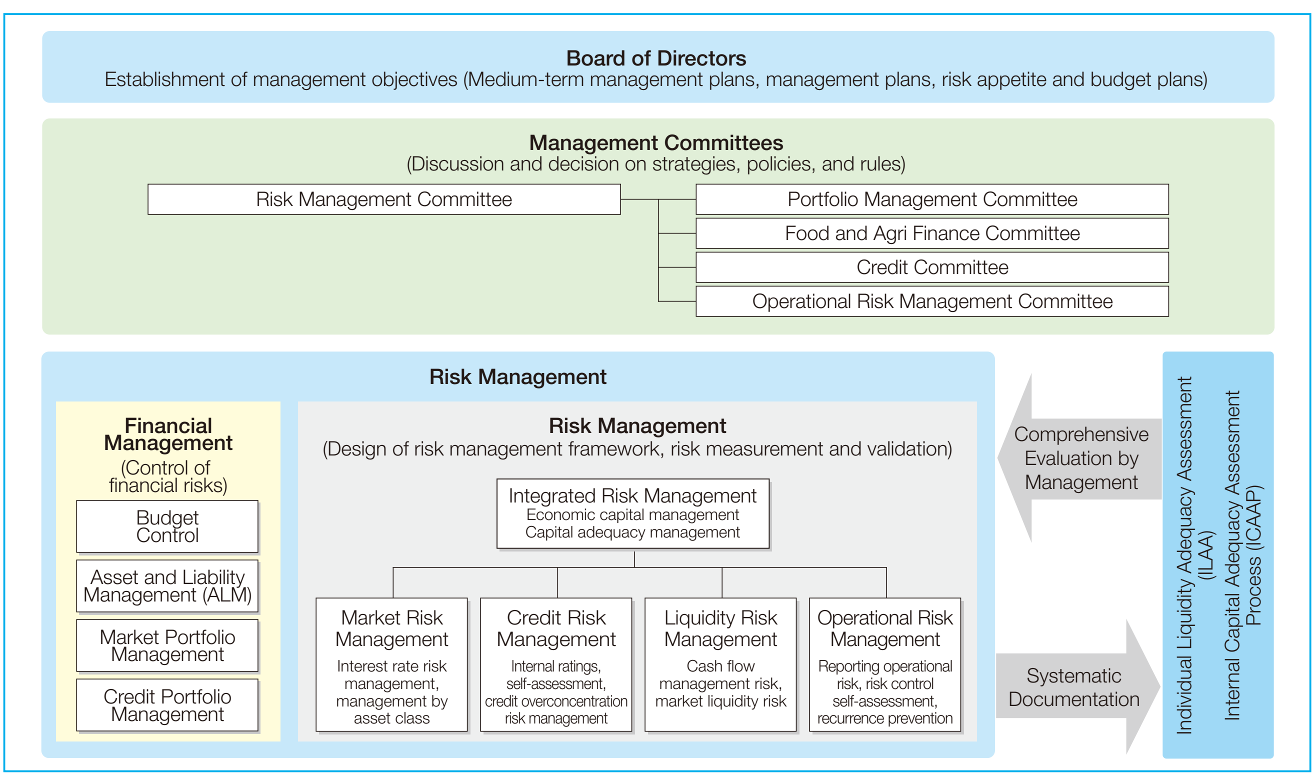
To implement appropriate company-wide risk management, the Bank has formulated the Basic Policies for Risk Management. The policies identify the types of risks to be managed and the basic framework for risk management, including organizational structure and methodology. Based on the Basic Policies, the Bank is working on the management task of ceaselessly upgrading its risk management framework with the managerial goals 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 through the further evolution of its existing globally diversified investments.

### ■ Risk Management Framework

The Bank's risk management framework under its internal control aims to achieve soundness and profitability by maintaining a good balance between risks and capital as well as adequate liquidity which supports business operations toward a management goal of realizing its profit objective and ensure the overall stability and sturdiness of operations.

To ensure the effectiveness of the risk management framework, 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.

**Risk Management System**



## Formulation of 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 from both qualitative and quantitative perspectives.

The Bank's Risk Appetite establishes qualitative and quantitative indicators from the perspectives of capital and liquidity management as well as operational risks. In addition, from fiscal 2018, qualitative indicators relating to conduct risks have been established.

## Risk Management in Group Companies

Based on the Basic Policies for Risk Management of the Bank, each of the Bank's group companies has formulated its own risk management structure including effective risk management policies and a framework after discussion with the Bank and taking into consideration each company's business activities and risk profiles and characteristics.

## Compliance with Basel Regulations

Basel regulations are international agreements relating to various regulations that aim to maintain the soundness of banks operating internationally. Currently, Basel III, which was discussed and agreed upon, learning from the global financial crisis that occurred in 2008, is being adopted incrementally. Moreover, in December 2015, the Bank was selected by the Japanese authorities as a Domestic Systemically Important Bank (D-SIB), thereby an additional capital buffer has applied to the Bank incrementally since fiscal 2016. The Bank is taking appropriate steps mainly for the sophistication of its integrated risk management including the application of the Basel III targets to its internal control, particularly to address the capital adequacy ratio based on the Basel III regulations, and starting to adopt the Interest Rate Risk in the Banking Book (IRRBB) regulation. Keeping a close eye on increasingly tightening regulations, the Bank will continue to respond to new regulatory requirements in an appropriate manner.

### Compliance with the Basel Banking Regulations

| Topics | Compliance with the Basel Regulations |
|---|---|
| **2007** | |
| • U.S. subprime mortgage crisis | |
| **2008** | |
| • Collapse of Lehman Brothers | |
| **2010** | |
| • European Sovereign Debt Crisis<br>• Announcement of Basel III | |
| **2013** | |
| | • Start of application of capital adequacy ratio requirements (Adopting the ratio incrementally through 2019) |
| **2015** | |
| | • Start of application of Liquidity Coverage Ratio (LCR)<br>• Selected as a D-SIB (Domestic Systemically Important Bank) by the Japanese authorities |
| **2017** | |
| • Finalization of Basel III | • Start of application of Advanced Internal Ratings-Based Approach (A-IRB) |
| **2018** | |
| | • Start of application of Interest Rate Risk in the Banking Book (IRRBB) regulation |
| **2019** | |
| | • Start of application of Leverage Ratio<br>• Start of application of Net Stable Funding Ratio (NSFR) |

# Capital Management Framework

## ■ Internal Capital Adequacy Assessment Process (ICAAP)

To manage profit, capital and risk in a consistent and efficient manner, the Bank conducts the Internal Capital Adequacy Assessment Process (ICAAP) and comprehensively manages its capital resources.

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.

**ICAAP Concept**


## ■ 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. This is done by monitoring key volatility factors and by discussing countermeasures at an early stage. Specifically, 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.

# Integrated Risk Management Methodology

## ■ Economic Capital Management

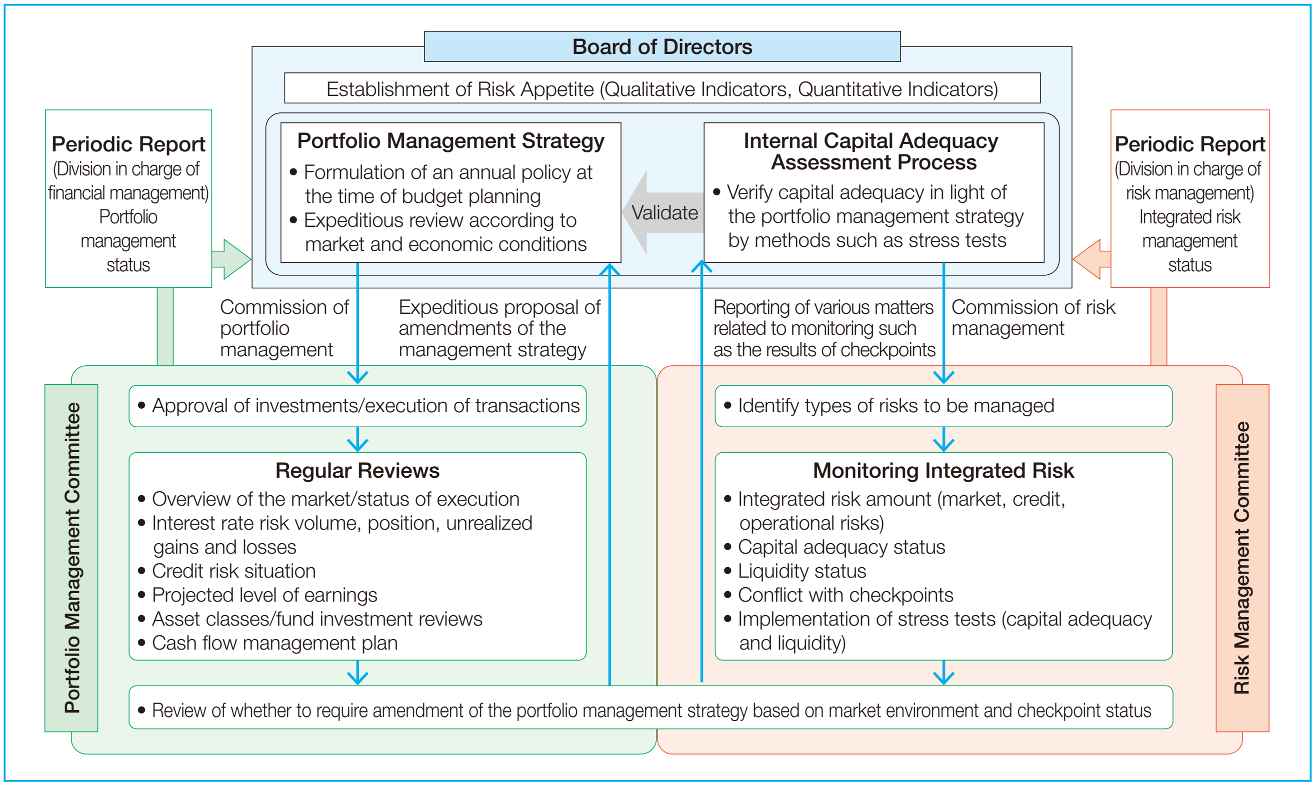
Based on the Basic Policies for Risk Management, the Bank stipulates a core integrated risk management framework that manages risk quantitatively and comprehensively in comparison with capital, which represents its financial strength. The core function in this framework is economic capital management.

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. The Bank manages economic capital on both a consolidated and a non-consolidated basis.

## ■ 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 earnings, 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.

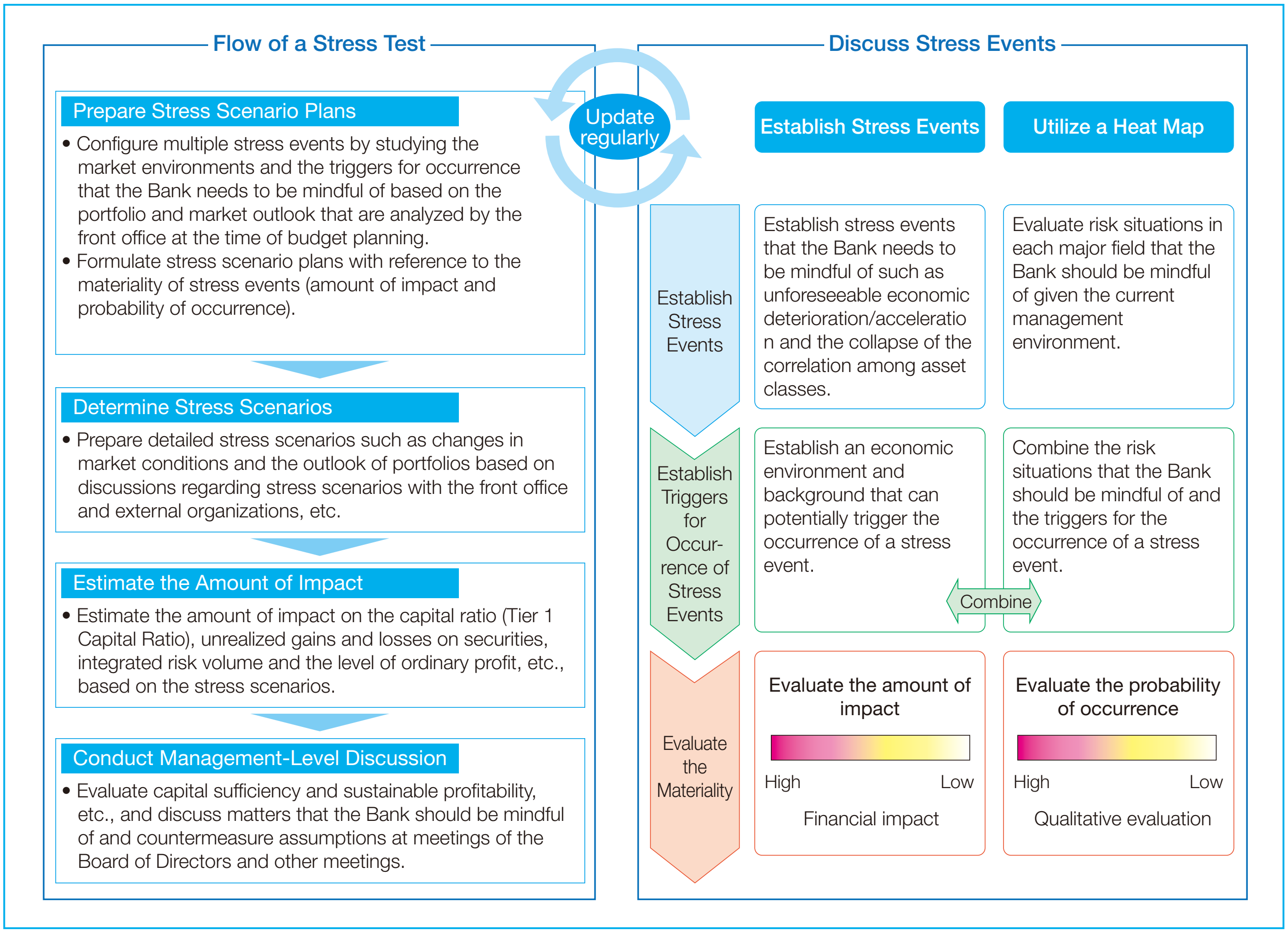
### Risk Management




## ■ Implementation of Stress Tests

Stress tests are performed together with the implementation of the fiscal year's ICAAP and budget planning. By preparing strict stress scenarios that factor in specific timelines and the ripple effects of risks covering the Bank's entire portfolio after analyzing internal and external environments, the Bank verifies the impact of these stresses on profit, capital and risk.

Moreover, stress tests play an important role in the process of formulating portfolio management strategies, which occurs along with budget planning. In addition, the Bank also utilizes stress tests for a forward-looking assessment of internal capital adequacy such as reviewing the countermeasures (management actions) to take at times of stress based on the assumed amount of impact on profitability and capital, etc. resulting from stress tests.




## Market Risk Management

Market risk refers to a risk of loss incurred by changes in value of assets and liabilities (including off-balance sheet items) caused by changes in various market risk factors such as interest rates, foreign currency exchange rates and stock prices. It also refers to a risk of loss incurred by changes in profits generated by assets and liabilities.

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 capital, 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.

### • Market Risk Management Framework

To ensure the effectiveness of market risk management in the execution of market transaction operations, the Bank's Board of Directors formulates and changes portfolio management strategies (decision making), the front office conducts the trading of securities and risk hedging (execution) and the middle office assesses risk amounts (monitoring), operating independently of each other. In addition, the status of portfolio management is reported to the Board of Directors on a regular basis.

In market risk management, the Bank verifies the status of the market portfolio, such as the amount of market risk, the interest rate risk amount for banking accounts (⊿EVE, NII and ⊿NII), the risk-return profile of each asset class and the correlation among asset classes, and manages the risk balance and the level of earnings. In addition, to address changes in the external environment such as the market environment, as well as the internal environment such as the financial position and in line with revisions to the related outlook, the Bank recognizes expeditious and flexible reviews of the market portfolio as an important element in market risk management. To this end, the Bank adopts a framework to quickly capture changes in the market environment by setting an alarm point for losses in each asset class and risk volume increase as well as the impact of short-term market fluctuations, and then review its market portfolio management strategies.

Glossary

⊿EVE: Decrease in Economic Value of Equity (EVE) due to an interest rate shock

⊿NII: Decrease in Net Interest Income (NII) during 12 months from the base date due to the interest rate shock

## 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 and the economic and financial environment 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. Specifically, regarding credit risk that arises from investment/financing activities in the "food and agriculture business" and "investment business," the Bank has established a management framework centered on the Internal Rating System, striving to manage credit risk appropriately.

### ● Credit Risk Assets

The Bank's major credit risk assets in the "food and agriculture business" are loans for and investments in the agricultural, fishery and forestry industries and related companies and other organizations, and those in the "investment business" are credit investments such as domestic and foreign securitized products, bonds and loans, and alternative investments such as private equity and real estate equity.

### ● Credit Risk Management Framework

Adopting the Advanced Internal Ratings-Based Approach, the Bank manages credit risk regarding individual credit and the credit portfolio based on its Internal Rating System, which consists of the Debtor Rating System for the evaluation of each debtor's future debt repayment capacity and the Recovery Rating System for the evaluation of the probability of recovery in case of default.

Credit risk amounts regarding individual credit and credit portfolio have been assessed and measured appropriately based on the internal rating, simulations and stress tests, etc., and are reflected in capital management, write-offs and provisions to reserves.

In the management of individual credit, the Bank formulates a basic strategy, considering the medium- to long-term outlook of credit risks and the evaluation of business viability. Then, a designated authorized person approves the credit to the borrower. The credit risk for each loan is assessed by the Bank's Loan Facility Evaluation System based on the internal rating, the purposes of the loan and loan structure, etc. with the comprehensive consideration of such factors as the risk-return balance and consistency with the basic strategy for the borrower.

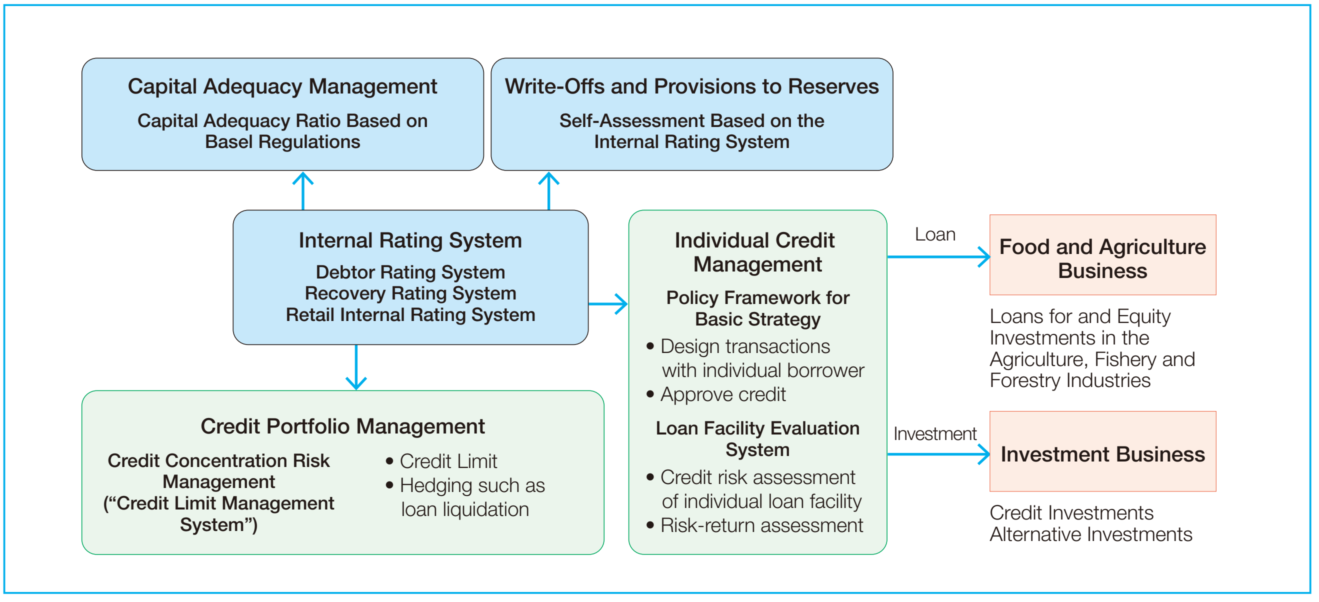
In credit portfolio management, the Bank is focused on managing credit concentration risk as investment and loan projects become increasingly large in scale and globalization progress, etc.

Specifically, the Bank is controlling risks appropriately through the cross-divisional approaches over its "food and agriculture business" and "investment business," from the multifaceted perspectives including borrowers' internal rating, business sector and operational region, mainly by setting a soft limit and monitoring under the "Credit Limit Management System" and hedging by loan liquidation.

### ● Credit Review Framework

The Bank's credit review framework utilizes its expertise developed in making loans for the agriculture, fishery and forestry industries—the Bank's specialized field—and conducting globally diversified investments. Especially in the food and agriculture business, the Bank is striving to strengthen its credit review capability for the evaluation of business viability utilizing its proprietary analysis methods for each business type/project and deliver a consulting function leveraging its research on the food and agricultural industry. In credit review related to the investment business, according to the characteristics of investment products and business fields, the Bank has strengthened due diligence analysis including stress tests at the time of investment and monitoring after investment. For investments in the form of a fund as well, the Bank strives to look through the component assets as much as possible, allocate an internal rating to each asset, apply overconcentration risk management to such investments and evaluate the fund managers' operations.

**The Entire Picture of Credit Risk Management**




## 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 basic framework of the Bank's liquidity management is to manage liquidity limit amounts to control the fund gap (shortage in funding procurement) appropriately through the proper assessment of the market liquidity of each asset held by the Bank, through various types of monitoring to understand any change in the market expeditiously and through switching the liquidity alert level based on the change. With this basic framework, the Bank operates various frameworks for the evaluation of funding ability and the timely understanding of the collateral margin to prepare for unpredicted situations, etc.

### ● 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, the current status and future outlook of liquidity and the verification results thereof. Regarding the “risk appetite,” 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

Operational risk refers to a 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. At the Bank, 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.

For operational risk management, the Bank has established definitions of the risk, its management framework and basic management processes by resolutions of the Board of Directors. In line with these, regarding “risk appetite,” the Bank has clearly formulated basic policies for operational risk management, based on which the level of risk to be managed has been recognized. With this system, for the appropriate management of operational risks that are borne by the Bank’s company-wide operations, the Bank has adopted the operational risk reporting system for the collection and analysis of risk events that have come to light, as well as the Risk & Control Self-Assessment (RCSA) system for the evaluation of potential risks applicable to all divisions and branches.

### ● Organizational Structure of Operational Risk Management

Important issues such as the basic policies and annual planning of the Bank’s operational risk management are first discussed at the Risk Management Committee, and then approved by the Board of Directors. 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 system, including the establishment of a professional team, Computer Security Incident Response Team (CSIRT), concerned with responding to such incidents when they occur.

# 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.

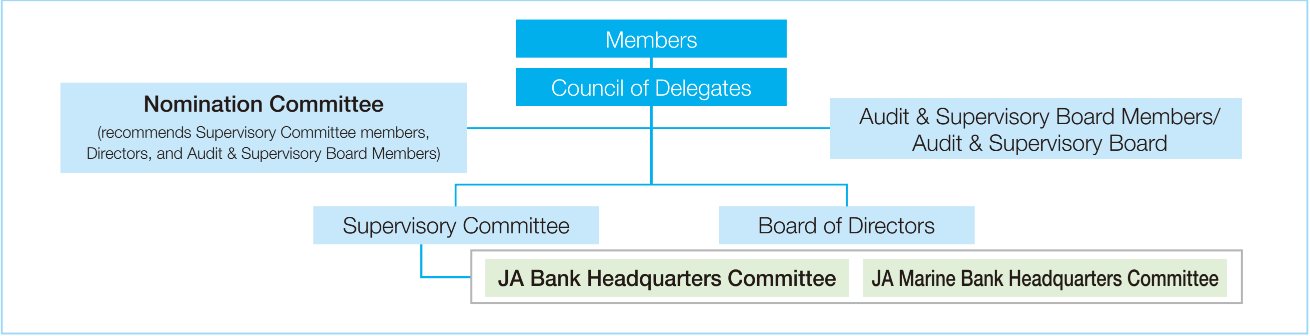
## Board of Directors

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, three 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.

## ■ 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 relating 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.

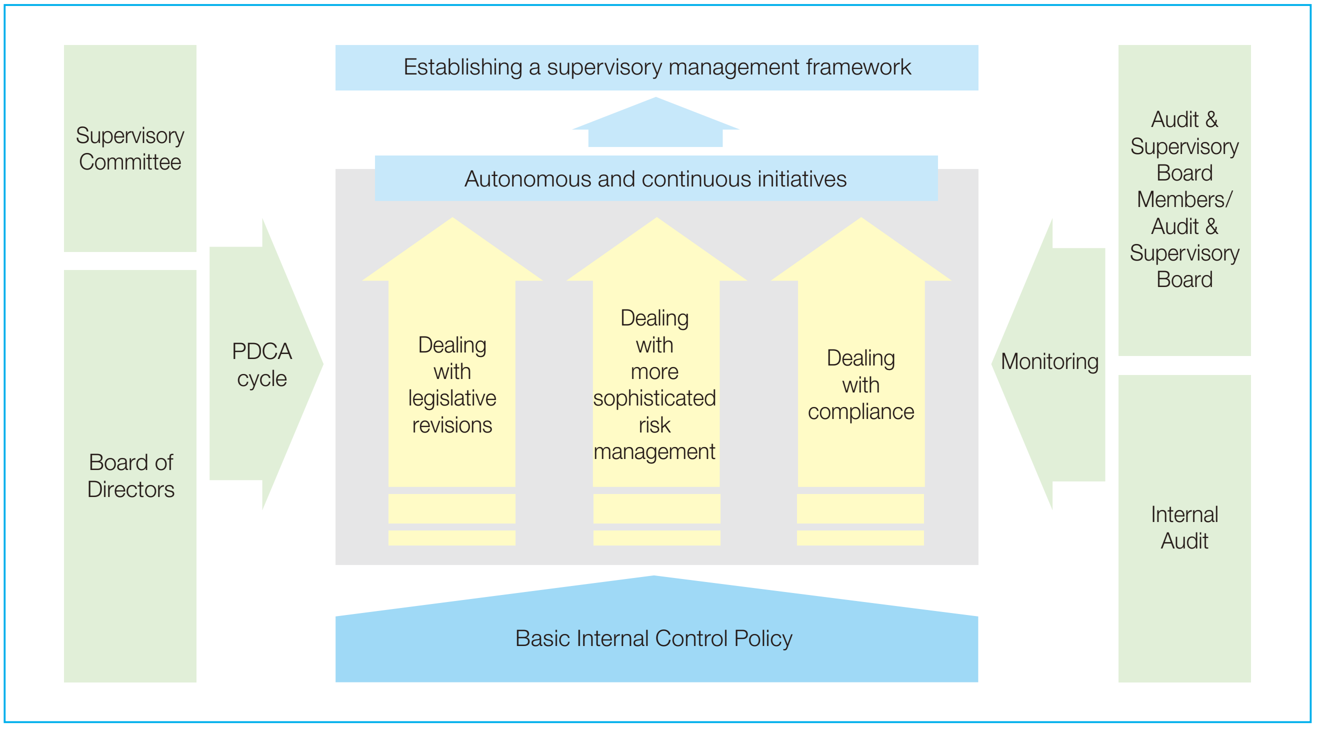
(4) Members of the Internal Audit Division meet periodically and as needed with Audit & Supervisory Board Members and accounting auditors to exchange views and information as well as to better coordinate their auditing activities.

## ● 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 Division, 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 a director in charge 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

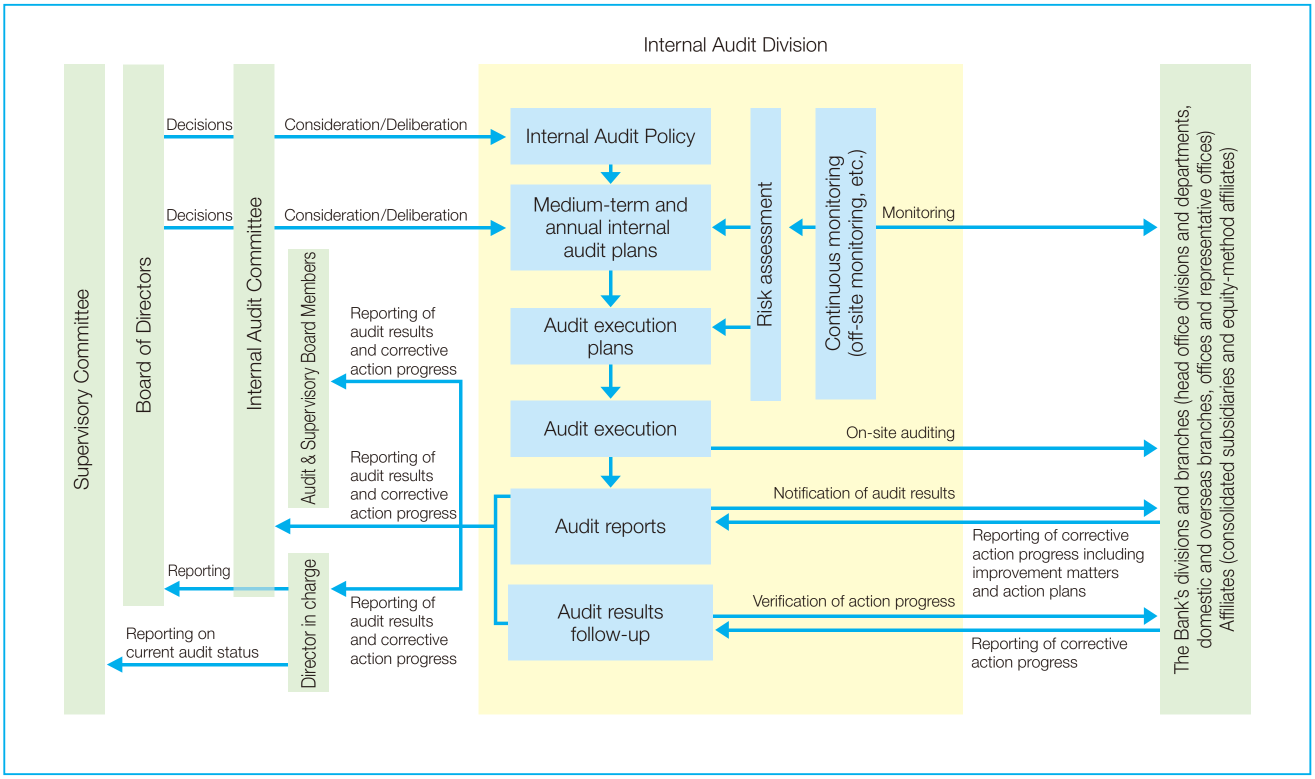
The Internal Audit Division audits the Bank's assets and verifies the accuracy and appropriateness of the Bank's internal ratings, self-assessments, loan write-offs and amounts of capital set aside for reserves.

## ■ 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

**1. Fundamental Mission and Social Responsibility**

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.

**2. Offering High-Quality Services**

We meet the need of customers by offering customer-oriented services, and fulfil a role as a national-level institution engaged in cooperative banking business and contribute to economic and social development through offering high-quality services which are supported by enhancements in security levels to prepare for natural disaster and for cyber-attack which threaten the civil life and corporate activities, and by ensuring business continuity at the time of disaster.

**3. Strict Compliance with Laws and Regulations**

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.

**4. Severing Anti-Social Forces and Combating the Threat of Terrorism**

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. We endeavor to enhance measures against money laundering and financing of terrorism, recognising the current heightened risks of international society being under threat of terrorism, etc.

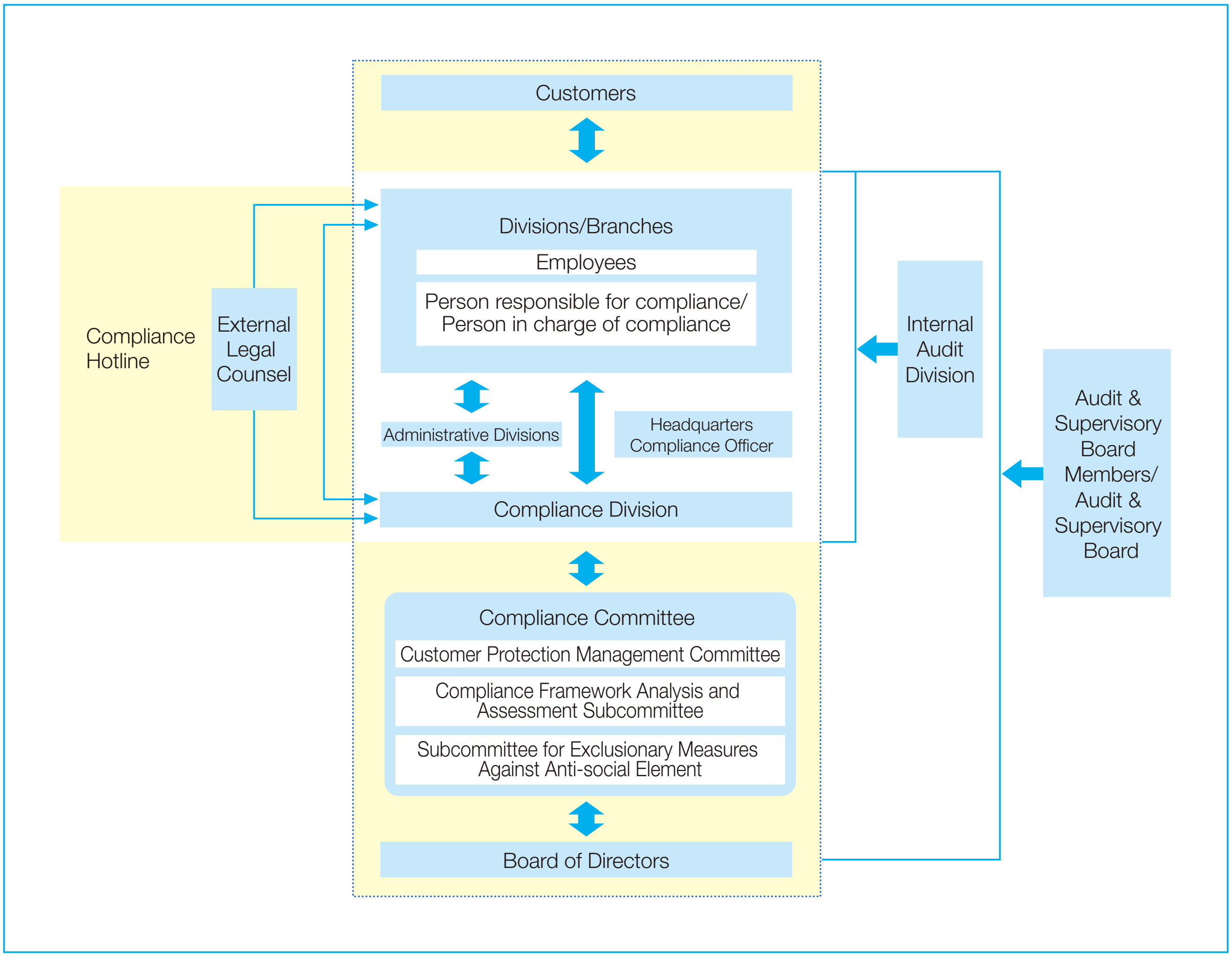
**5. Building Highly Transparent Organizational Culture**

We build a highly transparent organizational culture by respecting employee's individuality and by ensuring pleasant working environment considering employee's health and safety, while endeavoring to enhance communication and maintain satisfactory relationships with society, including proactively and fairly disclosing business information.

**6. Contribution to Sustainable Society**

We, as members of society, work closely with local communities, to support them with respect to the human rights of each person and with social issues such as an environmental issue, and we seek to contribute to the realization of sustainable society.

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 lawyers 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 (Summary)

**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

Overseas language training

### 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.

## ■ 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 People with Disabilities

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

# Business Outline

## 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

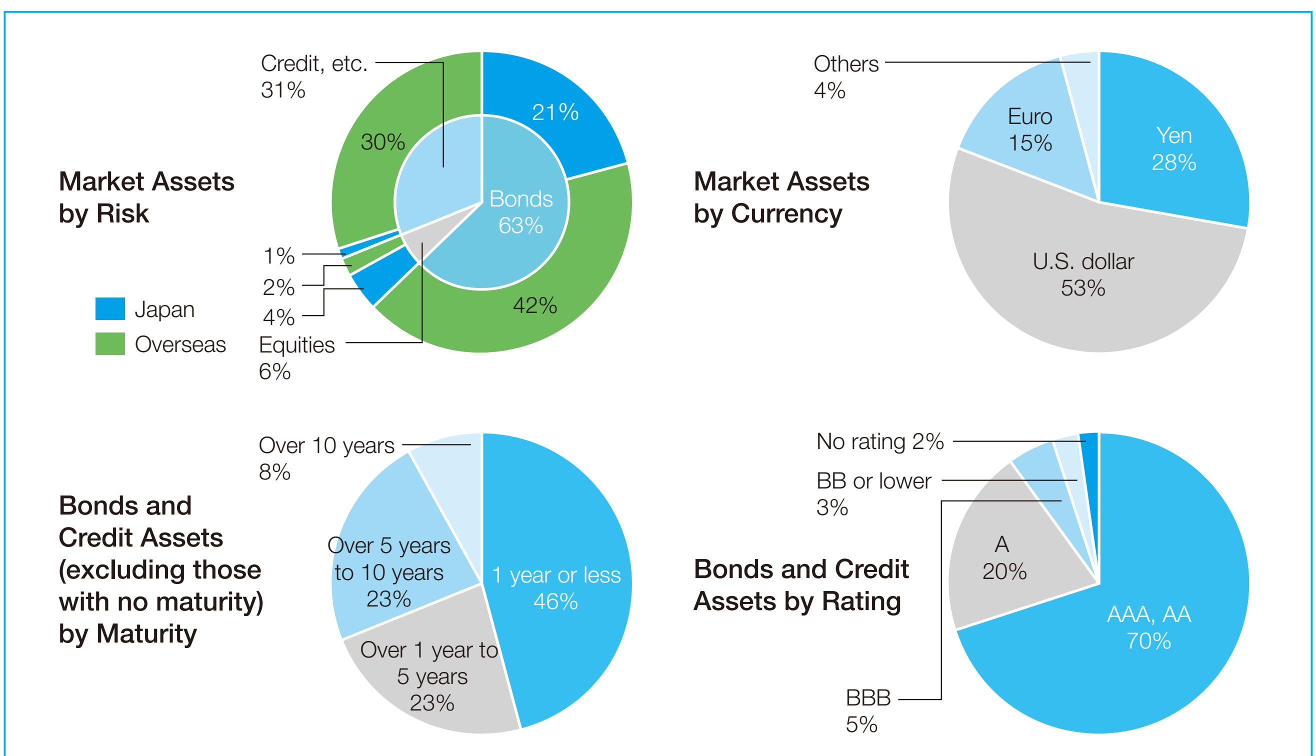
### ■ The Bank's Basic Asset Management Approach

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 ¥61.0 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, 2018)



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.

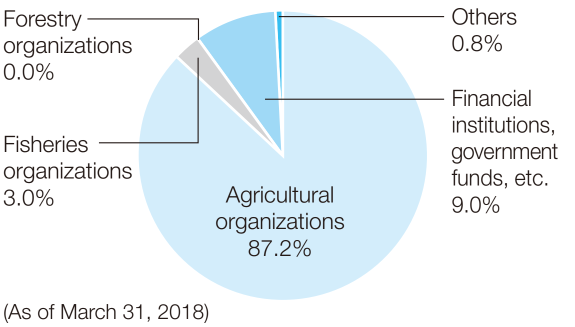
### • Deposits from JA Bank and JF Marine Bank Members

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, 2018)
*Excludes negotiable certificates of deposit

**Total: ¥65,823.8 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, 2018 totaled ¥1,774.4 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 8,000 branches (as of March 31, 2018). 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.

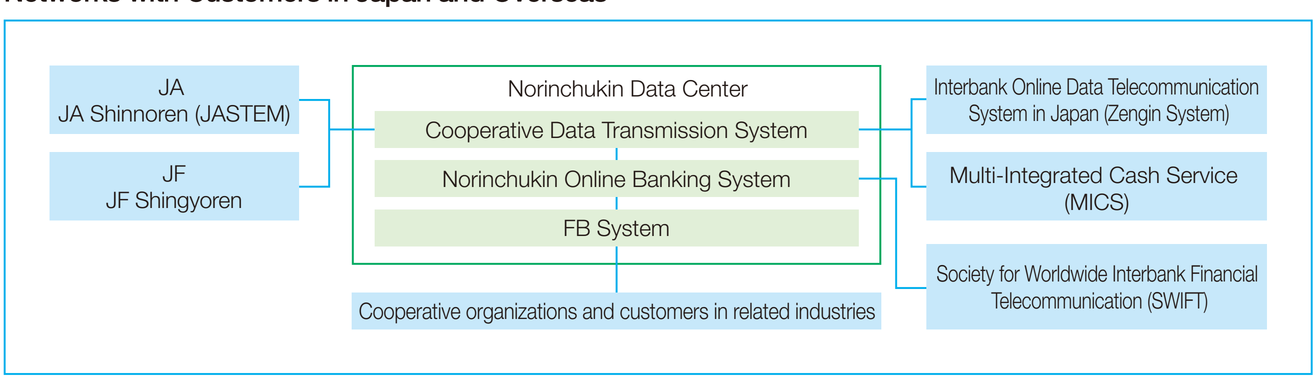
### Number of Branches, Cash Dispensers and ATMs

(As of March 31, 2018)

| | Number of cooperative members* | Number of branches* | Number of cash dispensers and ATMs |
|---|---|---|---|
| Norinchukin Bank | 1 | 20 | 0 |
| JA Shinnoren | 32 | 47 | 732 |
| JA | 652 | 7,682 | 11,289 |
| JF Shingyoren | 28 | 107 | 355 |
| JF | 77 | 127 | 144 |
| Total | 790 | 7,983 | 12,520 |

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

### Networks with Customers in Japan and Overseas




## 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, 2018).

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.

# The Norinchukin Group Companies (As of March 31, 2018)

**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 | 139 |

*Due to a personnel change, Katsuyuki Touyama newly assumed office as President and Representative Director as of April 1, 2018.

## ■ Company That Conducts Project Financing Operations

### Norinchukin Australia Pty Limited

nochu-au.com.au/

Norinchukin Australia Pty Limited conducts project financing operations in Australia and New Zealand.

| | |
|---|---|
| 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 | 80 |

### 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 | 64 |

## ■ 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 | 16 |

*Due to a personnel change, Keito Shimbu newly assumed office as President and Representative Director as of April 1, 2018.

## ■ 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 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 | 27-11, Sendagaya 5-chome, Shibuya-ku, Tokyo 151-0051, Japan |
| Representative | Hideaki Iida, Managing Director |
| Number of directors and employees | 165 |

### JA Card Co., Ltd.

JA Card Co., Ltd. ("JA Card"), was established to strengthen the alliance among the Bank, Mitsubishi UFJ Financial Group, Inc., and Mitsubishi UFJ NICOS Co., Ltd., in the retail field and to plan and promote settlement solutions centering on the JA Card business. JA Card started operation in January 2018.

| | |
|---|---|
| Established | October 2, 2017 |
| Location | 14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo 101-8960, Japan |
| Representative | Yusuke Ikegami, President |
| Number of directors and employees | 41 |

### 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 | 126 |

### 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 | 73 |

*Due to a personnel change, Shinichiro Kawasaki newly assumed office as President & CEO and Representative Director as of April 1, 2018.

### 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 | 875 |

### 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 | 11 |

*Due to a personnel change, Tetsuya Higuchi newly assumed office as Operating Officer and Representative Director as of April 1, 2018.

## ■ 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 | Minoru Ota, President & CEO |
| Number of directors and employees | 136 |

### 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, while expanding the employment of people with disabilities as a special subsidiary company based on the Act on Employment Promotion, etc., of Persons with Disabilities.

| | |
|---|---|
| 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 | 30 |

### 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 | 172 |

### 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 45 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 | 662 |

## 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 | 47 |

### 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, U.S.A. |

### Gulf Japan Food Fund GP

Gulf Japan Food Fund GP operates an investment business 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 |

Note: Mitsubishi UFJ NICOS Co., Ltd. has been excluded from the above list of The Norinchukin Group Companies because the shares held by the Bank in Mitsubishi UFJ NICOS Co., Ltd. were acquired by Mitsubishi UFJ Financial Group, Inc. as of October 1, 2017, therefore Mitsubishi UFJ NICOS Co., Ltd. is no longer a group company of the Bank.

# Financial Review

## ■ Financial Results for the fiscal year ended March 31, 2018 (Consolidated)

**The Norinchukin Bank's ("the Bank") financial results on a consolidated basis as of March 31, 2018 include the results of 13 consolidated subsidiaries and 7 affiliates which are accounted for by the equity method.**

**The following is a summary of Financial Results for the fiscal year 2017 (for the fiscal year ended March 31, 2018).**

### • Balance of Assets and Liabilities

Consolidated Total Assets decreased by ¥2,134.9 billion from the previous fiscal year-end to ¥104,927.7 billion, and consolidated Total Net Assets decreased by ¥262.7 billion from the previous fiscal year-end to ¥6,746.0 billion.

On the assets side, Loans and Bills Discounted decreased by ¥199.3 billion to ¥11,858.9 billion, and Securities decreased by ¥9,757.2 billion to ¥52,321.8 billion from the previous fiscal year-end, respectively.

On the liabilities side, Deposits increased by ¥3,913.3 billion to ¥65,799.5 billion, and Debentures decreased by ¥646.3 billion to ¥1,766.4 billion from the previous fiscal year-end, respectively.

### • Income

Consolidated Ordinary Profits* were ¥171.0 billion, down ¥43.0 billion from the previous fiscal year, and Profit Attributable to Owners of Parent was ¥147.6 billion, down ¥58.5 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 19.02%, Consolidated Tier 1 Capital Ratio 19.02%, and Consolidated Total Capital Ratio 23.50% as of March 31, 2018.

### Key Management Indicators (Consolidated)

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

| | 2014/3 | 2015/3 | 2016/3 | 2017/3 | **2018/3** | **2018/3** |
|---|---|---|---|---|---|---|
| Total Income | ¥ 1,086.9 | ¥ 1,360.0 | ¥ 1,287.9 | ¥ 1,373.5 | **¥ 1,464.4** | **$ 13,782** |
| Total Expenses | 899.8 | 847.0 | 964.4 | 1,152.5 | **1,280.5** | **12,052** |
| Profit Attributable to Owners of Parent | 155.7 | 411.3 | 271.2 | 206.1 | **147.6** | **1,389** |
| Total Comprehensive Income | 251.3 | 1,403.0 | (98.1) | (109.2) | **(192.9)** | **(1,816)** |
| Total Net Assets | 5,976.5 | 7,308.1 | 7,186.7 | 7,008.8 | **6,746.0** | **63,492** |
| Total Assets | 83,143.6 | 94,549.7 | 101,182.9 | 107,062.7 | **104,927.7** | **987,555** |
| Capital Adequacy Ratio (BIS) (Note 2) | | | | | | |
| Common Equity Tier 1 Capital Ratio (%) | 17.43 | 17.17 | 18.94 | 19.31 | **19.02** | **19.02** |
| Tier 1 Capital Ratio (%) | 17.56 | 17.24 | 18.99 | 19.34 | **19.02** | **19.02** |
| Total Capital Ratio (%) | 25.24 | 24.19 | 25.07 | 24.39 | **23.50** | **23.50** |

Notes: 1. U.S. dollars have been converted at the rate of ¥106.25 to U.S. $1, the effective rate of exchange at March 31, 2018.
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, 2018 (Non-consolidated)

### • Balance of Assets and Liabilities

Total Assets of the Bank at the end of the fiscal year decreased by ¥2,394.8 billion to ¥103,417.6 billion from the previous fiscal year-end. Total Net Assets at the end of the fiscal year decreased by ¥284.9 billion to ¥6,654.0 billion from the previous fiscal year-end.

On the assets side, Loans and Bills Discounted was ¥11,742.6 billion, and Securities was ¥52,332.7 billion. On the liabilities side, Deposits amounted to ¥65,823.8 billion, and Debentures was ¥1,774.4 billion.

### • Income

Interest income of the Bank for the fiscal year ended March 31, 2018 totaled to ¥172.9 billion, down ¥101.3 billion from the previous fiscal year.

The total credit costs were ¥4.0 billion in net earnings mainly from the reversal of reserves due to the improvement of our customer's corporate performances.

As for securities investments, net gains/losses on sales were net gains of ¥22.8 billion, down ¥14.9 billion from the previous fiscal year, and the expenses of provisions and impairments for price-decline of securities and other reasons increased by ¥0.7 billion to ¥0.7 billion from the previous fiscal year.

As a result, with all of the factors mentioned above, the Bank recorded ¥158.8 billion in Ordinary Profits, down ¥54.4 billion and ¥129.9 billion in Net Income, down ¥73.4 billion from the previous fiscal year, respectively. The Bank's net operating profits stood at ¥41.7 billion.

### • Capital Adequacy Ratio

The Bank's Non-consolidated Capital Adequacy Ratios (Basel III standard) were as follows: Common Equity Tier 1 Capital Ratio 19.20%, Tier 1 Capital Ratio 19.23%, and Total Capital Ratio 23.78% as of March 31, 2018.

### Key Management Indicators (Non-consolidated)

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

| | 2014/3 | 2015/3 | 2016/3 | 2017/3 | **2018/3** | **2018/3** |
|---|---|---|---|---|---|---|
| Total Income | ¥ 1,062.3 | ¥ 1,340.4 | ¥ 1,274.7 | ¥ 1,360.3 | **¥ 1,425.7** | **$ 13,419** |
| Total Expenses | 890.3 | 837.8 | 953.9 | 1,139.9 | **1,268.4** | **11,938** |
| Net Income | 143.1 | 404.5 | 271.5 | 203.4 | **129.9** | **1,223** |
| Paid-in Capital | 3,425.9 | 3,425.9 | 3,480.4 | 3,480.4 | **3,480.4** | **32,757** |
| Total Net Assets | 5,921.9 | 7,231.8 | 7,133.6 | 6,939.0 | **6,654.0** | **62,626** |
| Total Assets | 82,356.2 | 93,618.4 | 100,130.0 | 105,812.4 | **103,417.6** | **973,342** |
| Deposits | 49,731.1 | 53,486.1 | 58,838.5 | 61,904.2 | **65,823.8** | **619,518** |
| Debentures | 4,037.5 | 3,564.3 | 3,133.0 | 2,423.8 | **1,774.4** | **16,701** |
| Loans and Bills Discounted | 17,295.0 | 19,935.7 | 17,915.8 | 11,948.5 | **11,742.6** | **110,518** |
| Securities | 52,901.4 | 59,738.5 | 58,329.7 | 62,108.2 | **52,332.7** | **492,543** |
| Capital Adequacy Ratio (BIS) (Note 2) | | | | | | |
| Common Equity Tier 1 Capital Ratio (%) | 17.43 | 17.18 | 19.02 | 19.42 | **19.20** | **19.20** |
| Tier 1 Capital Ratio (%) | 17.56 | 17.25 | 19.07 | 19.47 | **19.23** | **19.23** |
| Total Capital Ratio (%) | 25.47 | 24.36 | 25.29 | 24.60 | **23.78** | **23.78** |

Notes: 1. U.S. dollars have been converted at the rate of ¥106.25 to U.S. $1, the effective rate of exchange at March 31, 2018.
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, 2018

| | Millions of Yen | | Millions of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2018** | 2017 | **2018** |
| **Assets** | | | |
| Cash and Due from Banks (Notes 29, 31 and 32) | **¥ 28,756,371** | ¥ 22,939,086 | **$270,648** |
| Call Loans and Bills Bought (Note 31) | **630,000** | 146,220 | **5,929** |
| Receivables under Securities Borrowing Transactions | **—** | 1,173 | **—** |
| Monetary Claims Bought (Notes 31 and 32) | **354,872** | 257,888 | **3,339** |
| Trading Assets (Notes 3, 31 and 32) | **8,582** | 10,715 | **80** |
| Money Held in Trust (Notes 9, 31 and 33) | **7,439,710** | 6,983,612 | **70,020** |
| Securities (Notes 4, 9, 20, 31 and 32) | **52,321,859** | 62,079,090 | **492,441** |
| Loans and Bills Discounted (Notes 5, 9, 19 and 31) | **11,858,949** | 12,058,289 | **111,613** |
| Foreign Exchange Assets (Note 6) | **324,698** | 224,101 | **3,055** |
| Other Assets (Notes 7, 9 and 31) | **1,585,342** | 1,001,888 | **14,920** |
| Tangible Fixed Assets (Note 8) | **122,356** | 117,791 | **1,151** |
| Intangible Fixed Assets (Note 8) | **43,480** | 31,141 | **409** |
| Net Defined Benefit Asset (Note 16) | **52,510** | 45,596 | **494** |
| Deferred Tax Assets (Note 17) | **2,026** | 7,010 | **19** |
| Customers' Liabilities for Acceptances and Guarantees (Note 18) | **1,474,730** | 1,215,882 | **13,879** |
| Reserve for Possible Loan Losses (Note 31) | **(47,716)** | (56,730) | **(449)** |
| Reserve for Possible Investment Losses | **(4)** | (10) | **(0)** |
| Total Assets | **¥104,927,769** | ¥107,062,747 | **$987,555** |
| **Liabilities and Net Assets** | | | |
| **Liabilities** | | | |
| Deposits (Notes 10 and 31) | **¥ 65,799,561** | ¥ 61,886,185 | **$619,289** |
| Negotiable Certificates of Deposit (Note 31) | **2,920,656** | 3,689,270 | **27,488** |
| Debentures (Notes 11 and 31) | **1,766,498** | 2,412,824 | **16,625** |
| Call Money and Bills Sold (Note 31) | **—** | 3,365 | **—** |
| Payables under Repurchase Agreements (Notes 9 and 31) | **15,080,638** | 19,645,010 | **141,935** |
| Payables under Securities Lending Transactions (Note 9) | **—** | 1,013 | **—** |
| Trading Liabilities (Notes 12 and 31) | **5,034** | 6,150 | **47** |
| Borrowed Money (Notes 9, 13 and 31) | **4,641,504** | 4,371,611 | **43,684** |
| Foreign Exchange Liabilities (Note 14) | **38** | 2 | **0** |
| Short-term Entrusted Funds (Note 31) | **1,405,187** | 1,257,432 | **13,225** |
| Other Liabilities (Notes 15 and 31) | **4,569,727** | 4,929,423 | **43,009** |
| Reserve for Bonus Payments | **7,591** | 7,894 | **71** |
| Net Defined Benefit Liability (Note 16) | **35,481** | 38,624 | **333** |
| Reserve for Directors' Retirement Benefits | **1,508** | 1,286 | **14** |
| Reserve for Agriculture, Fishery and Forestry Industry Subsidies | **—** | 523 | **—** |
| Deferred Tax Liabilities (Note 17) | **464,915** | 578,827 | **4,375** |
| Deferred Tax Liabilities for Land Revaluation | **8,607** | 8,607 | **81** |
| Acceptances and Guarantees (Note 18) | **1,474,730** | 1,215,882 | **13,879** |
| Total Liabilities | **98,181,681** | 100,053,934 | **924,062** |
| **Net Assets** | | | |
| Paid-in Capital (Note 21) | **3,480,488** | 3,480,488 | **32,757** |
| Capital Surplus | **24,993** | 24,993 | **235** |
| Retained Earnings | **1,988,359** | 1,910,262 | **18,713** |
| Treasury Preferred Stock | **—** | (150) | **—** |
| Total Owners' Equity | **5,493,842** | 5,415,594 | **51,706** |
| Net Unrealized Gains on Other Securities | **1,152,861** | 1,584,281 | **10,850** |
| Net Deferred Gains (Losses) on Hedging Instruments | **59,823** | (26,550) | **563** |
| Revaluation Reserve for Land | **14,312** | 14,312 | **134** |
| Foreign Currency Transaction Adjustments | **(110)** | (53) | **(1)** |
| Remeasurements of Defined Benefit Plans (Note 16) | **15,876** | 12,635 | **149** |
| Total Accumulated Other Comprehensive Income | **1,242,763** | 1,584,624 | **11,696** |
| Non-controlling Interests | **9,482** | 8,594 | **89** |
| Total Net Assets | **6,746,088** | 7,008,813 | **63,492** |
| Total Liabilities and Net Assets | **¥104,927,769** | ¥107,062,747 | **$987,555** |

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, 2018

| | Millions of Yen | | Millions of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2018** | 2017 | **2018** |
| **Income** | | | |
| Interest Income: | **¥1,146,827** | ¥1,106,541 | **$10,793** |
| Interest on Loans and Bills Discounted | **79,458** | 63,079 | **747** |
| Interest and Dividends on Securities | **1,050,275** | 1,026,605 | **9,884** |
| Interest on Call Loans and Bills Bought | **(912)** | (607) | **(8)** |
| Interest on Receivables under Resale Agreements | **(0)** | (0) | **(0)** |
| Interest on Receivables under Securities Borrowing Transactions | **147** | 244 | **1** |
| Interest on Due from Banks | **12,847** | 10,509 | **120** |
| Other Interest Income | **5,011** | 6,710 | **47** |
| Fees and Commissions | **29,076** | 29,239 | **273** |
| Trading Income (Note 22) | **163** | 5 | **1** |
| Other Operating Income (Note 23) | **92,874** | 81,447 | **874** |
| Other Income (Note 24) | **195,496** | 156,280 | **1,839** |
| Total Income | **1,464,439** | 1,373,514 | **13,782** |
| **Expenses** | | | |
| Interest Expenses: | **1,021,366** | 858,813 | **9,612** |
| Interest on Deposits | **84,872** | 52,753 | **798** |
| Interest on Negotiable Certificates of Deposit | **30,896** | 23,324 | **290** |
| Interest on Debentures | **5,602** | 9,004 | **52** |
| Interest on Borrowed Money | **81,256** | 80,017 | **764** |
| Interest on Call Money and Bills Sold | **13** | 68 | **0** |
| Interest on Payables under Repurchase Agreements | **121,255** | 69,927 | **1,141** |
| Interest on Payables under Securities Lending Transactions | **0** | 3 | **0** |
| Interest on Bonds | **—** | 622 | **—** |
| Other Interest Expenses | **697,469** | 623,092 | **6,564** |
| Fees and Commissions | **17,339** | 16,487 | **163** |
| Trading Expenses (Note 25) | **246** | 4 | **2** |
| Other Operating Expenses (Note 26) | **68,292** | 62,740 | **642** |
| General and Administrative Expenses | **162,899** | 162,574 | **1,533** |
| Other Expenses (Note 27) | **10,402** | 51,941 | **97** |
| Total Expenses | **1,280,546** | 1,152,562 | **12,052** |
| **Income before Income Taxes** | **183,892** | 220,952 | **1,730** |
| Income Taxes — Current | **12,735** | 23,932 | **119** |
| Income Taxes — Deferred | **22,283** | (9,982) | **209** |
| Total Income Taxes | **35,019** | 13,950 | **329** |
| **Profit** | **148,873** | 207,002 | **1,401** |
| Profit Attributable to Non-controlling Interests | **1,268** | 893 | **11** |
| **Profit Attributable to Owners of Parent** | **¥ 147,604** | ¥ 206,109 | **$ 1,389** |

| | Yen | | U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2018** | 2017 | **2018** |
| **Profit Attributable to Owners of Parent per Share** | **¥24.11** | ¥38.08 | **$0.22** |

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, 2018

| | Millions of Yen | | Millions of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2018** | 2017 | **2018** |
| **Profit** | **¥ 148,873** | ¥ 207,002 | **$ 1,401** |
| **Other Comprehensive Income** | **(341,866)** | (316,284) | **(3,217)** |
| Net Unrealized Gains (Losses) on Other Securities (Note 28) | **(431,906)** | (534,579) | **(4,065)** |
| Net Deferred Gains (Losses) on Hedging Instruments (Note 28) | **86,208** | 204,940 | **811** |
| Foreign Currency Transaction Adjustments (Note 28) | **(10)** | (1) | **(0)** |
| Remeasurements of Defined Benefit Plans (Note 28) | **3,128** | 12,791 | **29** |
| Share of Other Comprehensive Income of Affiliates accounted for by the equity method (Note 28) | **713** | 565 | **6** |
| **Total Comprehensive Income** | **¥(192,993)** | ¥(109,282) | **$(1,816)** |
| Attributable to: | | | |
| Owners of Parent | **(194,256)** | (110,184) | **(1,828)** |
| Non-controlling Interests | **1,262** | 902 | **11** |

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, 2018

| | Millions of Yen | | Millions of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2018** | 2017 | **2018** |
| **Capital Surplus** | | | |
| Balance at the Beginning of the Fiscal Year | **¥ 24,993** | ¥ 25,020 | **$ 235** |
| Additions: | **—** | — | **—** |
| Deductions: | | | |
| Capital Increase of Consolidated Subsidiaries | **—** | 26 | **—** |
| Balance at the End of the Fiscal Year | **24,993** | 24,993 | **235** |
| **Retained Earnings** | | | |
| Balance at the Beginning of the Fiscal Year | **1,910,262** | 1,770,832 | **17,978** |
| Additions: | | | |
| Profit Attributable to Owners of Parent | **147,604** | 206,109 | **1,389** |
| Transfer from Revaluation Reserve for Land | **—** | 1,708 | **—** |
| Deductions: | | | |
| Dividends | **69,507** | 68,387 | **654** |
| Balance at the End of the Fiscal Year | **¥1,988,359** | ¥1,910,262 | **$18,713** |

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, 2018

| | Millions of Yen | | Millions of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2018** | 2017 | **2018** |
| **Cash Flows from Operating Activities:** | | | |
| Income before Income Taxes | **¥ 183,892** | ¥ 220,952 | **$ 1,730** |
| Depreciation | **16,362** | 14,654 | **153** |
| Losses on Impairment of Fixed Assets | **—** | 0 | **—** |
| Equity in Losses (Earnings) of Affiliates | **(7,205)** | 615 | **(67)** |
| Net Increase (Decrease) in Reserve for Possible Loan Losses | **(9,013)** | (37,124) | **(84)** |
| Net Increase (Decrease) in Reserve for Possible Investment Losses | **(6)** | 10 | **(0)** |
| Net Increase (Decrease) in Reserve for Bonus Payments | **(302)** | 183 | **(2)** |
| Net Decrease (Increase) in Net Defined Benefit Asset | **(6,914)** | (17,626) | **(65)** |
| Net Increase (Decrease) in Net Defined Benefit Liability | **(3,142)** | (1,131) | **(29)** |
| Net Increase (Decrease) in Reserve for Directors' Retirement Benefits | **221** | 107 | **2** |
| Net Increase (Decrease) in Reserve for Agriculture, Fishery and Forestry Industry Subsidies | **(523)** | (12,161) | **(4)** |
| Interest Income | **(1,146,827)** | (1,106,541) | **(10,793)** |
| Interest Expenses | **1,021,366** | 858,813 | **9,612** |
| Losses (Gains) on Securities | **(48,624)** | (107,341) | **(457)** |
| Losses (Gains) on Money Held in Trust | **(825)** | 36,247 | **(7)** |
| Foreign Exchange Losses (Gains) | **855,626** | 552,865 | **8,052** |
| Losses (Gains) on Disposal of Fixed Assets | **1,400** | (6,887) | **13** |
| Net Decrease (Increase) in Trading Assets | **2,132** | 3,569 | **20** |
| Net Increase (Decrease) in Trading Liabilities | **(1,115)** | (2,325) | **(10)** |
| Net Decrease (Increase) in Loans and Bills Discounted | **199,339** | 5,963,871 | **1,876** |
| Net Increase (Decrease) in Deposits | **3,913,375** | 3,062,811 | **36,831** |
| Net Increase (Decrease) in Negotiable Certificates of Deposit | **(768,613)** | 90,931 | **(7,234)** |
| Net Increase (Decrease) in Debentures | **(646,325)** | (709,253) | **(6,083)** |
| Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowed Money) | **269,892** | 1,281,491 | **2,540** |
| Net Decrease (Increase) in Interest-bearing Due from Banks | **(172,171)** | 724,869 | **(1,620)** |
| Net Decrease (Increase) in Call Loans and Bills Bought and Other | **(580,777)** | (20,233) | **(5,466)** |
| Net Decrease (Increase) in Receivables under Securities Borrowing Transactions | **1,173** | 2,047,879 | **11** |
| Net Increase (Decrease) in Call Money and Bills Sold and Other | **(4,567,737)** | 1,155,880 | **(42,990)** |
| Net Increase (Decrease) in Short-term Entrusted Funds | **147,755** | (140,299) | **1,390** |
| Net Increase (Decrease) in Payables under Securities Lending Transactions | **(1,013)** | (902,874) | **(9)** |
| Net Decrease (Increase) in Foreign Exchange Assets | **(100,597)** | 13,231 | **(946)** |
| Net Increase (Decrease) in Foreign Exchange Liabilities | **36** | (15) | **0** |
| Interest Received | **1,184,377** | 1,137,018 | **11,147** |
| Interest Paid | **(1,017,707)** | (857,507) | **(9,578)** |
| Other, Net | **(497,652)** | 230,348 | **(4,683)** |
| Subtotal | **(1,780,143)** | 13,475,030 | **(16,754)** |
| Income Taxes Paid | **(45,357)** | (51,474) | **(426)** |
| Net Cash Provided by (Used in) Operating Activities | **(1,825,501)** | 13,423,556 | **(17,181)** |

| | Millions of Yen | | Millions of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2018** | 2017 | **2018** |
| **Cash Flows from Investing Activities:** | | | |
| Purchases of Securities | **(14,994,997)** | (13,834,995) | **(141,129)** |
| Proceeds from Sales of Securities | **8,928,067** | 1,925,617 | **84,028** |
| Proceeds from Redemption of Securities | **14,695,131** | 7,363,698 | **138,307** |
| Increase in Money Held in Trust | **(2,085,643)** | (970,421) | **(19,629)** |
| Decrease in Money Held in Trust | **1,022,188** | 825,014 | **9,620** |
| Purchases of Tangible Fixed Assets | **(9,212)** | (7,536) | **(86)** |
| Purchases of Intangible Fixed Assets | **(16,094)** | (11,452) | **(151)** |
| Proceeds from Sales of Tangible Fixed Assets | **1,055** | 11,211 | **9** |
| Purchase of Stocks of Subsidiaries (Affecting the Scope of Consolidation) | **(2)** | — | **(0)** |
| Net Cash Provided by (Used in) Investing Activities | **7,540,491** | (4,698,863) | **70,969** |
| **Cash Flows from Financing Activities:** | | | |
| Payments for Redemption of Subordinated Bonds | **—** | (50,000) | **—** |
| Proceeds from Stock Issuance to Non-controlling Interests | **—** | 88 | **—** |
| Dividends Paid | **(69,507)** | (68,387) | **(654)** |
| Dividends Paid to Non-controlling Interests | **(420)** | (395) | **(3)** |
| Net Cash Provided by (Used in) Financing Activities | **(69,927)** | (118,694) | **(658)** |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | **5,645,062** | 8,605,997 | **53,130** |
| **Cash and Cash Equivalents at the Beginning of the Fiscal Year** | **22,229,610** | 13,623,612 | **209,219** |
| **Cash and Cash Equivalents at the End of the Fiscal Year** (Note 29) | **¥ 27,874,673** | ¥ 22,229,610 | **$ 262,349** |

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 ¥106.25=U.S.$1, the approximate rate of exchange prevailing on March 31, 2018, 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, 2018 and 2017 were 13 and 12, 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.

JA Card Co., Ltd. was consolidated from the fiscal year ended March 31, 2018 due to the acquisition of its shares.

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, 2018 and 2017 were 7 and 8, respectively, all of which were accounted for by the equity method. 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 affiliate accounted for by the equity method is as follows:

JA MITSUI LEASING, LTD.

Mitsubishi UFJ NICOS Co., Ltd. ceased to be affiliates through a share exchange.

### (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 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 bankrupt under the Bankruptcy Law, Special Liquidation under Company Law or other similar laws ("debtors in bankruptcy") or debtors who are substantially bankrupt under those laws ("debtors in default") 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 ¥16,648 million ($156 million) and ¥14,393 million for the fiscal years ended March 31, 2018 and 2017, 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) and other debtors requiring close monitoring going forward 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 primarily 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 (including Executive Officers) and corporate auditors is recognized as the required amount accrued at the end of the period.

### (12) 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.

### (13) Consumption Taxes

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

### (14) 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.

### (15) 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.

## 3. Trading Assets

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2018** | 2017 | **2018** |
| Trading Securities | **¥3,064** | ¥ 3,913 | **$28** |
| Derivatives of Trading Securities | **—** | 4 | **—** |
| Derivatives of Securities Related to Trading Transactions | **24** | 8 | **0** |
| Trading-related Financial Derivatives | **5,493** | 6,787 | **51** |
| Total | **¥8,582** | ¥10,715 | **$80** |

## 4. Securities

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2018** | 2017 | **2018** |
| Japanese Government Bonds | **¥11,621,830** | ¥13,179,349 | **$109,381** |
| Municipal Government Bonds | **8,779** | 148 | **82** |
| Short-term Corporate Bonds | **—** | 150,000 | **—** |
| Corporate Bonds | **679,893** | 272,622 | **6,398** |
| Stocks | **868,728** | 839,360 | **8,176** |
| Other | **39,142,627** | 47,637,610 | **368,401** |
| Foreign Bonds | **26,128,111** | 34,625,316 | **245,911** |
| Foreign Stocks | **38,563** | 37,659 | **362** |
| Investment Trusts | **12,129,913** | 12,274,665 | **114,163** |
| Other | **846,038** | 699,969 | **7,962** |
| Total | **¥52,321,859** | ¥62,079,090 | **$492,441** |

The maturity profile of securities is as follows:

| **As of March 31, 2018** | Millions of Yen<br>1 Year or Less | Over 1 Year to 5 Years | Over 5 Years to 10 Years | Over 10 Years | With no maturity date |
|---|---|---|---|---|---|
| Bonds | **¥1,506,289** | **¥ 9,362,808** | **¥ 19,502** | **¥1,421,903** | **¥ —** |
| Japanese Government Bonds | **1,461,095** | **8,793,134** | **16,338** | **1,351,262** | **—** |
| Municipal Government Bonds | **34** | **8,715** | **25** | **3** | **—** |
| Short-term Corporate Bonds | **—** | **—** | **—** | **—** | **—** |
| Corporate Bonds | **45,159** | **560,958** | **3,138** | **70,637** | **—** |
| Stocks | **—** | **—** | **—** | **—** | **868,728** |
| Other | **2,085,573** | **8,277,965** | **11,701,087** | **6,111,034** | **10,966,967** |
| Foreign Bonds | **2,029,677** | **7,336,425** | **11,297,353** | **5,464,655** | **—** |
| Foreign Stocks | **—** | **—** | **—** | **—** | **38,563** |
| Investment Trusts | **2,053** | **764,099** | **42,168** | **600,400** | **10,721,192** |
| Other | **53,842** | **177,440** | **361,565** | **45,978** | **207,210** |
| Total | **¥3,591,863** | **¥17,640,773** | **¥11,720,590** | **¥7,532,937** | **¥11,835,695** |

| As of March 31, 2017 | Millions of Yen<br>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, 2018** | Millions of U.S. Dollars<br>1 Year or Less | Over 1 Year to 5 Years | Over 5 Years to 10 Years | Over 10 Years | With no maturity date |
|---|---|---|---|---|---|
| Bonds | **$14,176** | **$ 88,120** | **$ 183** | **$13,382** | **$ —** |
| Japanese Government Bonds | **13,751** | **82,758** | **153** | **12,717** | **—** |
| Municipal Government Bonds | **0** | **82** | **0** | **0** | **—** |
| Short-term Corporate Bonds | **—** | **—** | **—** | **—** | **—** |
| Corporate Bonds | **425** | **5,279** | **29** | **664** | **—** |
| Stocks | **—** | **—** | **—** | **—** | **8,176** |
| Other | **19,628** | **77,910** | **110,127** | **57,515** | **103,218** |
| Foreign Bonds | **19,102** | **69,048** | **106,328** | **51,432** | **—** |
| Foreign Stocks | **—** | **—** | **—** | **—** | **362** |
| Investment Trusts | **19** | **7,191** | **396** | **5,650** | **100,905** |
| Other | **506** | **1,670** | **3,402** | **432** | **1,950** |
| Total | **$33,805** | **$166,030** | **$110,311** | **$70,898** | **$111,394** |

*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

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2018** | 2017 | **2018** |
| Loans on Deeds | **¥10,347,290** | ¥10,648,938 | **$ 97,386** |
| Loans on Bills | **401,018** | 370,443 | **3,774** |
| Overdrafts | **1,107,570** | 1,036,495 | **10,424** |
| Bills Discounted | **3,070** | 2,411 | **28** |
| Total | **¥11,858,949** | ¥12,058,289 | **$111,613** |

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2018** | 2017 | **2018** |
| Loans to Borrowers under Bankruptcy Proceedings | **¥ 286** | ¥ 822 | **$ 2** |
| Delinquent Loans | **26,042** | 39,081 | **245** |
| Loans Past Due for Three Months or More | **198** | 189 | **1** |
| Restructured Loans | **15,945** | 15,714 | **150** |
| Total | **¥42,472** | ¥55,807 | **$399** |

*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.*

*Note: Even if debtors' loans past due for six months or more, in case that they are not identified as doubtful debtors or below based on their debt repayment statuses, the prospect of their capacity to eliminate liabilities in excess of assets as well as their business revitalization plan, their loans are included in this scope.*

*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

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2018** | 2017 | **2018** |
| Due from Foreign Banks | **¥324,698** | ¥224,101 | **$3,055** |
| Total | **¥324,698** | ¥224,101 | **$3,055** |

## 7. Other Assets

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2018** | 2017 | **2018** |
| Prepaid Expenses | **¥ 748** | ¥ 727 | **$ 7** |
| Accrued Income | **175,992** | 199,457 | **1,656** |
| Derivatives other than for Trading | **597,343** | 414,707 | **5,622** |
| Cash Collateral Paid for Financial Instruments | **137,702** | 149,628 | **1,296** |
| Other | **673,555** | 237,367 | **6,339** |
| Total | **¥1,585,342** | ¥1,001,888 | **$14,920** |

## 8. Tangible Fixed Assets and Intangible Fixed Assets

**Tangible Fixed Assets**

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2018** | 2017 | **2018** |
| Buildings | **¥ 47,443** | ¥ 45,206 | **$ 446** |
| Land | **47,545** | 48,100 | **447** |
| Lease Assets | **23,347** | 21,394 | **219** |
| Construction in Progress | **5** | 158 | **0** |
| Other | **4,014** | 2,931 | **37** |
| Total Net Book Value | **122,356** | 117,791 | **1,151** |
| Accumulated Depreciation Deducted | **¥ 99,687** | ¥ 99,340 | **$ 938** |

**Intangible Fixed Assets**

| As of March 31 | Millions of Yen 2018 | Millions of Yen 2017 | Millions of U.S. Dollars 2018 |
|---|---|---|---|
| Software | **¥24,550** | ¥11,639 | **$231** |
| Lease Assets | **6,275** | 5,882 | **59** |
| Other | **12,654** | 13,618 | **119** |
| Total | **¥43,480** | ¥31,141 | **$409** |

## 9. Assets Pledged

Assets pledged as collateral comprise the following:

| As of March 31 | Millions of Yen 2018 | Millions of Yen 2017 | Millions of U.S. Dollars 2018 |
|---|---|---|---|
| Securities | **¥19,560,428** | ¥23,610,647 | **$184,098** |
| Loans and Bills Discounted | **1,928,190** | 3,144,874 | **18,147** |

Liabilities secured by the above assets are as follows:

| As of March 31 | Millions of Yen 2018 | Millions of Yen 2017 | Millions of U.S. Dollars 2018 |
|---|---|---|---|
| Payables under Repurchase Agreements | **¥15,080,638** | ¥19,645,010 | **$141,935** |
| Payables under Securities Lending Transactions | **—** | 1,013 | **—** |
| Borrowed Money | **3,011,560** | 2,734,650 | **28,344** |

In addition, as of March 31, 2018 and 2017, Securities (including transactions of Money Held in Trust) of ¥11,344,295 million ($106,769 million) and ¥10,447,759 million, respectively, were pledged as collateral for settlement of exchange and derivative transactions or as margins of futures transactions.

As of March 31, 2018 and 2017, initial margins of futures markets of ¥4,063 million ($38 million) and ¥3,944 million, respectively, cash collateral paid for financial instruments of ¥137,702 million ($1,296 million) and ¥149,628 million, respectively, other cash collateral paid of ¥605,618 million ($5,699 million) and ¥162,161 million, respectively, and guarantee deposits of ¥7,659 million ($72 million) and ¥7,673 million, respectively, were included in Other Assets.

## 10. Deposits

| As of March 31 | Millions of Yen 2018 | Millions of Yen 2017 | Millions of U.S. Dollars 2018 |
|---|---|---|---|
| Time Deposits | **¥56,835,908** | ¥54,440,528 | **$534,926** |
| Deposits at Notice | **32,094** | 36,227 | **302** |
| Ordinary Deposits | **3,427,381** | 2,978,001 | **32,257** |
| Current Deposits | **93,018** | 87,726 | **875** |
| Other Deposits | **5,411,159** | 4,343,702 | **50,928** |
| Total | **¥65,799,561** | ¥61,886,185 | **$619,289** |

## 11. Debentures

| As of March 31 | Millions of Yen 2018 | Millions of Yen 2017 | Millions of U.S. Dollars 2018 |
|---|---|---|---|
| Long-term Coupon Debentures | **¥1,766,498** | ¥2,412,824 | **$16,625** |
| Total | **¥1,766,498** | ¥2,412,824 | **$16,625** |

## 12. Trading Liabilities

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2018** | 2017 | **2018** |
| Derivatives of Securities Related to Trading Transactions | **¥ 18** | ¥ 9 | **$ 0** |
| Trading-related Financial Derivatives | **5,015** | 6,141 | **47** |
| Total | **¥5,034** | ¥6,150 | **$47** |

## 13. Borrowed Money

Borrowed Money includes subordinated borrowings of ¥1,513,296 million ($14,242 million) and ¥1,513,296 million as of March 31, 2018 and 2017, 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 ($13,322 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.

## 14. Foreign Exchange Liabilities

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2018** | 2017 | **2018** |
| Foreign Bills Payable | **¥38** | ¥2 | **$0** |
| Total | **¥38** | ¥2 | **$0** |

## 15. Other Liabilities

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2018** | 2017 | **2018** |
| Accrued Expenses | **¥ 64,431** | ¥ 60,751 | **$ 606** |
| Income Taxes Payable | **2,407** | 12,534 | **22** |
| Unearned Income | **1,110** | 688 | **10** |
| Derivatives other than for Trading | **214,744** | 228,773 | **2,021** |
| Accounts Payable for Securities Purchased | **3,773,492** | 4,115,602 | **35,515** |
| Other | **513,540** | 511,073 | **4,833** |
| Total | **¥4,569,727** | ¥4,929,423 | **$43,009** |

## 16. 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, 2018 and 2017, 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 | **2018** | 2017 | **2018** |
| Balance at the Beginning of the Fiscal Year | **¥138,996** | ¥137,796 | **$1,308** |
| Service Cost | **4,025** | 3,945 | **37** |
| Interest Cost | **427** | 416 | **4** |
| Actuarial Differences | **918** | 1,075 | **8** |
| Retirement Benefit Paid | **(4,836)** | (4,237) | **(45)** |
| Balance at the End of the Fiscal Year | **¥139,531** | ¥138,996 | **$1,313** |

**b. The changes in plan assets for the years ended March 31, 2018 and 2017, 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 | **2018** | 2017 | **2018** |
| Balance at the Beginning of the Fiscal Year | **¥147,829** | ¥127,587 | **$1,391** |
| Expected Return on Plan Assets | **2,004** | 1,913 | **18** |
| Actuarial Differences | **8,881** | 18,646 | **83** |
| Contributions by the Bank | **1,699** | 1,748 | **15** |
| Retirement Benefit Paid | **(2,115)** | (2,067) | **(19)** |
| Balance at the End of the Fiscal Year | **¥158,299** | ¥147,829 | **$1,489** |

**c. The changes in Net Defined Benefit Liability of the plans accounted for by the simplified method for the years ended March 31, 2018 and 2017 are as follows:**

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2018** | 2017 | **2018** |
| Balance at the Beginning of the Fiscal Year | **¥1,860** | ¥1,577 | **$17** |
| Retirement Benefit Expense | **511** | 663 | **4** |
| Retirement Benefit Paid | **(478)** | (229) | **(4)** |
| Contributions to the Plans | **(154)** | (151) | **(1)** |
| Balance at the End of the Fiscal Year | **¥1,739** | ¥1,860 | **$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, 2018 and 2017 for the Bank's and the consolidated subsidiaries' defined benefit plans:**

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2018** | 2017 | **2018** |
| Funded Retirement Benefit Obligations | **¥ 142,697** | ¥ 142,340 | **$ 1,343** |
| Plan Assets at Fair Value | **(160,394)** | (149,900) | **(1,509)** |
| | **(17,696)** | (7,559) | **(166)** |
| Unfunded Retirement Benefit Obligations | **668** | 588 | **6** |
| Net Amount of Liabilities and Assets Recorded in the Consolidated Balance Sheet | **(17,028)** | (6,971) | **(160)** |
| Net Defined Benefit Liability | **35,481** | 38,624 | **333** |
| Net Defined Benefit Asset | **52,510** | 45,596 | **494** |
| Net Amount of Liabilities and Assets Recorded in the Consolidated Balance Sheet | **¥ (17,028)** | ¥ (6,971) | **$ (160)** |

*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 | **2018** | 2017 | **2018** |
| Service Cost | **¥ 4,025** | ¥ 3,945 | **$ 37** |
| Interest Cost | **427** | 416 | **4** |
| Expected Return on Plan Assets | **(2,004)** | (1,913) | **(18)** |
| Amortization of Actuarial Differences | **(3,792)** | (26) | **(35)** |
| Amortization of Prior Service Cost | **159** | 159 | **1** |
| Retirement Benefit Expense by the Simplified Method | **511** | 663 | **4** |
| Other | **1,051** | 878 | **9** |
| Retirement Benefit Expense on Defined Benefit Plan | **¥ 377** | ¥ 4,124 | **$ 3** |

### 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 | **2018** | 2017 | **2018** |
| Prior Service Cost | **¥ 159** | ¥ 159 | **$ 1** |
| Actuarial Differences | **4,170** | 17,544 | **39** |
| Total | **¥4,330** | ¥17,704 | **$40** |

### 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 | **2018** | 2017 | **2018** |
| Unrecognized Prior Service Cost | **¥ (212)** | ¥ (371) | **$ (1)** |
| Unrecognized Actuarial Differences | **22,772** | 18,602 | **214** |
| Total | **¥22,560** | ¥18,230 | **$212** |

### 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 | **2018** | 2017 |
|---|---|---|
| Bonds | **15%** | 15% |
| Stocks | **75%** | 74% |
| Insurance Assets (General Account) | **9%** | 10% |
| 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 | **2018** | 2017 |
|---|---|---|
| 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% |

## 17. 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 | **2018** | 2017 | **2018** |
| Deferred Tax Assets: | | | |
| Reserve for Possible Loan Losses | **¥ 4,489** | ¥ 7,133 | **$ 42** |
| Write-off of Loans | **2,347** | 2,313 | **22** |
| Losses on Revaluation of Securities | **15,503** | 32,448 | **145** |
| Net Defined Benefit Liability | **10,102** | 11,566 | **95** |
| Depreciation Expense | **416** | 430 | **3** |
| Net Operating Losses Carried Forward | **141** | 83 | **1** |
| Unrealized Losses on Other Securities | **6** | 1 | **0** |
| Deferred Losses on Hedging Instruments | **71,621** | 84,760 | **674** |
| Unrealized Losses on Reclassification | **4,428** | 6,780 | **41** |
| Other | **81,236** | 75,967 | **764** |
| Subtotal | **190,293** | 221,485 | **1,791** |
| Valuation Allowance | **(59,161)** | (60,492) | **(556)** |
| Total Deferred Tax Assets | **131,132** | 160,992 | **1,234** |
| Deferred Tax Liabilities: | | | |
| Gains from Contribution of Securities to Employee Retirement Benefit Trust | **(11,228)** | (10,027) | **(105)** |
| Unrealized Gains on Other Securities | **(424,879)** | (587,335) | **(3,998)** |
| Deferred Gains on Hedging Instruments | **(94,480)** | (74,507) | **(889)** |
| Unrealized Gains on Reclassification | **(12,669)** | (17,992) | **(119)** |
| Other | **(50,763)** | (42,947) | **(477)** |
| Total Deferred Tax Liabilities | **(594,021)** | (732,809) | **(5,590)** |
| Net Deferred Tax Liabilities | **¥(462,888)** | ¥(571,816) | **$(4,356)** |

## 18. Acceptances and Guarantees

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2018** | 2017 | **2018** |
| Guarantees | **¥1,474,730** | ¥1,215,882 | **$13,879** |
| Total | **¥1,474,730** | ¥1,215,882 | **$13,879** |

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.

## 19. 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 ¥3,318,911 million ($31,236 million) and ¥3,238,210 million as of March 31, 2018 and 2017, respectively. The amounts of the undrawn commitments, which the Bank and its consolidated subsidiaries could cancel at any time without cause, were ¥2,272,177 million ($21,385 million) and ¥2,194,610 million as of March 31, 2018 and 2017, 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 and its consolidated subsidiaries periodically check the financial condition of its customers based on predefined policies and procedures and acts to secure loans as necessary.

## 20. Securities Loaned

Securities include securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) of ¥1,142,492 million ($10,752 million) and ¥850,039 million as of March 31, 2018 and 2017, 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 held without re-pledge of ¥581,414 million ($5,472 million) and ¥487,411 million as of March 31, 2018 and 2017, respectively. No such securities are re-pledged or re-loaned to the third parties.

## 21. Paid-in Capital

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2018** | 2017 | **2018** |
| Common Stock | **¥3,455,488** | ¥3,455,488 | **$32,522** |
| Preferred Stock | **24,999** | 24,999 | **235** |
| Total | **¥3,480,488** | ¥3,480,488 | **$32,757** |

The Common Stock account includes lower dividend rate stock with a total par value of ¥3,029,771 million ($28,515 million) and ¥3,029,771 million as of March 31, 2018 and 2017, 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.

## 22. Trading Income

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| Fiscal years ended March 31 | **2018** | 2017 | **2018** |
| Income from Trading Securities and Derivatives | **¥ 39** | ¥2 | **$0** |
| Income from Trading-related Financial Derivatives | **124** | 3 | **1** |
| Total | **¥163** | ¥5 | **$1** |

## 23. Other Operating Income

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| Fiscal years ended March 31 | **2018** | 2017 | **2018** |
| Gains on Foreign Exchange Transactions | **¥ —** | ¥ 1,356 | **$ —** |
| Gains on Sales of Bonds | **40,153** | 28,200 | **377** |
| Gains on Redemption of Bonds | **3,462** | 708 | **32** |
| Gains on Derivatives other than for Trading or Hedging | **469** | 2,861 | **4** |
| Other | **48,789** | 48,320 | **459** |
| Total | **¥92,874** | ¥81,447 | **$874** |

## 24. Other Income

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| Fiscal years ended March 31 | **2018** | 2017 | **2018** |
| Gains on Sales of Stocks and Other Securities | **¥ 8,289** | ¥ 34,653 | **$ 78** |
| Gains on Money Held in Trust | **153,500** | 96,921 | **1,444** |
| Equity in Earnings of Affiliates | **7,205** | — | **67** |
| Gains on Disposal of Fixed Assets | **206** | 8,149 | **1** |
| Recoveries of Written-off Claims | **164** | 425 | **1** |
| Reversal of Reserve for Possible Loan Losses | **5,335** | — | **50** |
| Gains on Exchange of Shares of Affiliates | **14,272** | — | **134** |
| Other | **6,521** | 16,130 | **61** |
| Total | **¥195,496** | ¥156,280 | **$1,839** |

## 25. Trading Expenses

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| Fiscal years ended March 31 | **2018** | 2017 | **2018** |
| Expenses on Securities and Derivatives Related to Trading Transactions | **¥246** | ¥4 | **$2** |
| Total | **¥246** | ¥4 | **$2** |

## 26. Other Operating Expenses

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| Fiscal years ended March 31 | **2018** | 2017 | **2018** |
| Amortization of Debenture Issuance Costs | **¥ 105** | ¥ 111 | **$ 0** |
| Losses on Foreign Exchange Transactions | **1,808** | — | **17** |
| Losses on Sales of Bonds | **25,586** | 25,021 | **240** |
| Losses on Redemption of Bonds | **0** | 0 | **0** |
| Other | **40,790** | 37,607 | **383** |
| Total | **¥68,292** | ¥62,740 | **$642** |

## 27. Other Expenses

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| Fiscal years ended March 31 | **2018** | 2017 | **2018** |
| Write-off of Loans | **¥ 25** | ¥ 3 | **$ 0** |
| Provision of Reserve for Possible Loan Losses | **—** | 2,924 | **—** |
| Losses on Sales of Stocks and Other Securities | **7** | 50 | **0** |
| Losses on Revaluation of Stocks and Other Securities | **1,106** | 0 | **10** |
| Losses on Money Held in Trust | **207** | 37,114 | **1** |
| Equity in Losses of Affiliates | **—** | 615 | **—** |
| Losses on Disposal of Fixed Assets | **1,606** | 1,262 | **15** |
| Other | **7,445** | 9,970 | **70** |
| Total | **¥10,402** | ¥51,941 | **$97** |

## 28. 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 | **2018** | 2017 | **2018** |
| Net Unrealized Gains (Losses) on Other Securities: | | | |
| Gains (Losses) arising during the fiscal year | **¥(567,800)** | ¥(705,311) | **$(5,344)** |
| Reclassification adjustments to profit or loss | **(29,631)** | (35,681) | **(278)** |
| Amounts before income tax effects | **(597,431)** | (740,992) | **(5,622)** |
| Income tax effects | **165,524** | 206,412 | **1,557** |
| Total | **(431,906)** | (534,579) | **(4,065)** |
| Net Deferred Gains (Losses) on Hedging Instruments: | | | |
| Gains (Losses) arising during the fiscal year | **(228,616)** | (39,827) | **(2,151)** |
| Reclassification adjustments to profit or loss | **348,013** | 323,481 | **3,275** |
| Amounts before income tax effects | **119,396** | 283,653 | **1,123** |
| Income tax effects | **(33,188)** | (78,713) | **(312)** |
| Total | **86,208** | 204,940 | **811** |
| Foreign Currency Transaction Adjustments: | | | |
| Gains (Losses) arising during the fiscal year | **(10)** | (1) | **(0)** |
| Reclassification adjustments to profit or loss | **—** | — | **—** |
| Amounts before income tax effects | **(10)** | (1) | **(0)** |
| Income tax effects | **—** | — | **—** |
| Total | **(10)** | (1) | **(0)** |
| Remeasurements of Defined Benefit Plans: | | | |
| Gains (Losses) arising during the fiscal year | **7,963** | 17,570 | **74** |
| Reclassification adjustments to profit or loss | **(3,633)** | 133 | **(34)** |
| Amounts before income tax effects | **4,330** | 17,704 | **40** |
| Income tax effects | **(1,201)** | (4,912) | **(11)** |
| Total | **3,128** | 12,791 | **29** |
| Share of Other Comprehensive Income of Affiliates accounted for by the equity method: | | | |
| Gains (Losses) during the fiscal year | **362** | 434 | **3** |
| Reclassification adjustments to profit or loss | **350** | 130 | **3** |
| Total | **713** | 565 | **6** |
| Total Other Comprehensive Income | **¥(341,866)** | ¥(316,284) | **$(3,217)** |

## 29. 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 | **2018** | 2017 | **2018** |
| Cash and Due from Banks | **¥28,756,371** | ¥22,939,086 | **$270,648** |
| Less: Interest-bearing Due from Banks | **(881,697)** | (709,475) | **(8,298)** |
| Cash and Cash Equivalents at the End of the Fiscal Year | **¥27,874,673** | ¥22,229,610 | **$262,349** |

# 30. Segment Information

## Fiscal year ended March 31, 2018

### (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, 2018** | Loan Business | Securities Investment Business | Others | Total |
| Ordinary Income from External Customers | **¥86,599** | **¥1,261,866** | **¥101,489** | **¥1,449,954** |

| | Millions of U.S. Dollars | | | |
|---|---|---|---|---|
| **Fiscal year ended March 31, 2018** | Loan Business | Securities Investment Business | Others | Total |
| Ordinary Income from External Customers | **$815** | **$11,876** | **$955** | **$13,646** |

*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, 2018** | Japan | Americas | Europe | Others | Total |
| | **¥1,417,051** | **¥18,867** | **¥3,118** | **¥10,917** | **¥1,449,954** |

| | Millions of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| **Fiscal year ended March 31, 2018** | Japan | Americas | Europe | Others | Total |
| | **$13,336** | **$177** | **$29** | **$102** | **$13,646** |

*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, 2018** | Japan | Americas | Europe | Others | Total |
| | **¥121,076** | **¥277** | **¥663** | **¥338** | **¥122,356** |

| | Millions of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| **As of March 31, 2018** | Japan | Americas | Europe | Others | Total |
| | **$1,139** | **$2** | **$6** | **$3** | **$1,151** |

### c. Information about Major Customers

| | | Millions of Yen | |
|---|---|---|---|
| **Fiscal year ended March 31, 2018** | Name of Customer | Ordinary Income | Name of Related Segments |
| | U.S. Department of the Treasury | **¥339,973** | — |

| | | Millions of U.S. Dollars | |
|---|---|---|---|
| **Fiscal year ended March 31, 2018** | Name of Customer | Ordinary Income | Name of Related Segments |
| | U.S. Department of the Treasury | **$3,199** | — |

*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

Information about Amortization and Unamortized Balance of Goodwill in Reportable Segments is not shown in these statements, since the banking business is the only reportable segment.

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

None

## 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 |

*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 |

*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 |

#### 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 | — |

*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

## 31. 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 Bills Sold 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 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, 2018 and 2017 summed up to ¥19 million ($0 million) and ¥31 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 ¥2,202,220 million ($20,726 million) and ¥2,143,551 million as of March 31, 2018 and 2017, 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, 2018 and 2017 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 Risk Management Committee, the Portfolio Management Committee and other committees), which determine the credit risk management framework as well as credit investment policy. Front sections execute loan transactions and credit investments in accordance with the credit policy and within the credit limits approved by the committees. Middle sections, which are segregated from the front sections, monitor changes in the credit risk portfolio and report them to the committees. Those reports are used for upgrading the risk management framework and for future credit investment planning.

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

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, 2018 and 2017 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, 2018** | Consolidated Balance Sheet Amount | Fair Value | Difference | Consolidated Balance Sheet Amount | Fair Value | Difference |
| (1) Cash and Due from Banks | **¥ 28,756,371** | **¥ 28,756,371** | **¥ —** | **$270,648** | **$270,648** | **$ —** |
| (2) Call Loans and Bills Bought | **630,000** | **630,000** | **—** | **5,929** | **5,929** | **—** |
| (3) Monetary Claims Bought | **354,872** | **355,047** | **175** | **3,339** | **3,341** | **1** |
| (4) Trading Assets (*2) | | | | | | |
| Trading Securities | **3,064** | **3,064** | **—** | **28** | **28** | **—** |
| (5) Money Held in Trust (*1) | | | | | | |
| Other Money Held in Trust | **7,439,433** | **7,446,785** | **7,351** | **70,018** | **70,087** | **69** |
| (6) Securities | | | | | | |
| Held-to-Maturity Debt Securities | **16,184,983** | **16,253,721** | **68,737** | **152,329** | **152,976** | **646** |
| Other Securities | **35,389,227** | **35,389,227** | **—** | **333,075** | **333,075** | **—** |
| (7) Loans and Bills Discounted | **11,858,949** | **—** | **—** | **111,613** | **—** | **—** |
| Reserve for Possible Loan Losses (*1) | **(45,441)** | **—** | **—** | **(427)** | **—** | **—** |
| | **11,813,507** | **11,797,889** | **(15,618)** | **111,185** | **111,038** | **(146)** |
| Total Assets | **¥100,571,460** | **¥100,632,107** | **¥60,646** | **$946,554** | **$947,125** | **$570** |
| (1) Deposits | **¥ 65,799,561** | **¥ 65,799,582** | **¥ 21** | **$619,289** | **$619,290** | **$ 0** |
| (2) Negotiable Certificates of Deposit | **2,920,656** | **2,920,656** | **—** | **27,488** | **27,488** | **—** |
| (3) Debentures | **1,766,498** | **1,770,670** | **4,172** | **16,625** | **16,665** | **39** |
| (4) Payables under Repurchase Agreements | **15,080,638** | **15,080,638** | **—** | **141,935** | **141,935** | **—** |
| (5) Borrowed Money | **4,641,504** | **4,641,504** | **—** | **43,684** | **43,684** | **—** |
| (6) Short-term Entrusted Funds | **1,405,187** | **1,405,187** | **—** | **13,225** | **13,225** | **—** |
| Total Liabilities | **¥ 91,614,045** | **¥ 91,618,238** | **¥ 4,193** | **$862,249** | **$862,289** | **$ 39** |
| Derivative Instruments (*3) | | | | | | |
| Transactions not Accounted for as Hedge Transactions | **¥ 1,495** | **¥ 1,495** | **¥ —** | **$ 14** | **$ 14** | **$ —** |
| Transactions Accounted for as Hedge Transactions | **381,594** | **381,594** | **—** | **3,591** | **3,591** | **—** |
| Total Derivative Instruments | **¥ 383,090** | **¥ 383,090** | **¥ —** | **$ 3,605** | **$ 3,605** | **$ —** |

*(*) 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, 2017 | Millions of Yen<br>Consolidated Balance Sheet Amount | Fair Value | Difference |
|---|---|---|---|
| (1) Cash and Due from Banks | ¥ 22,939,086 | ¥ 22,939,086 | ¥ — |
| (2) Call Loans and Bills Bought | 146,220 | 146,220 | — |
| (3) Monetary Claims Bought | 257,888 | 258,178 | 289 |
| (4) Trading Assets (*2) | | | |
| Trading Securities | 3,913 | 3,913 | — |
| (5) Money Held in Trust (*1) | | | |
| Other Money Held in Trust | 6,983,234 | 6,990,266 | 7,031 |
| (6) Securities | | | |
| Held-to-Maturity Debt Securities | 18,228,748 | 18,326,729 | 97,981 |
| Other Securities | 43,210,952 | 43,210,952 | — |
| (7) Loans and Bills Discounted | 12,058,289 | | |
| Reserve for Possible Loan Losses (*1) | (53,437) | | |
| | 12,004,851 | 12,040,569 | 35,717 |
| Total Assets | ¥103,774,896 | ¥103,915,916 | ¥141,020 |
| (1) Deposits | ¥ 61,886,185 | ¥ 61,886,225 | ¥ 40 |
| (2) Negotiable Certificates of Deposit | 3,689,270 | 3,689,270 | — |
| (3) Debentures | 2,412,824 | 2,422,617 | 9,793 |
| (4) Call Money and Bills Sold | 3,365 | 3,365 | — |
| (5) Payables under Repurchase Agreements | 19,645,010 | 19,645,010 | — |
| (6) Borrowed Money | 4,371,611 | 4,371,611 | — |
| (7) Short-term Entrusted Funds | 1,257,432 | 1,257,432 | — |
| Total Liabilities | ¥ 93,265,699 | ¥ 93,275,532 | ¥ 9,833 |
| Derivative Instruments (*3) | | | |
| Transactions not Accounted for as Hedge Transactions | ¥ 3,691 | ¥ 3,691 | ¥ — |
| Transactions Accounted for as Hedge Transactions | 182,696 | 182,696 | — |
| Total Derivative Instruments | ¥ 186,387 | ¥ 186,387 | ¥ — |

*(*) 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 33. 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 32. 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) Payables under Repurchase Agreements and (6) Short-term Entrusted Funds

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

### (5) 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 34. 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, 2018 | Millions of Yen | Millions of U.S. Dollars |
|---|---|---|
| Unlisted Stocks and Others (*1) (*2) | **¥128,707** | **$1,211** |
| Investment Trusts (*3) | **274,236** | **2,581** |
| Investments in Partnership and Others (*4) | **344,703** | **3,244** |
| Total | **¥747,648** | **$7,036** |

*(*) 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, 2018 was ¥988 million ($9 million) on Unlisted Stocks and Others.*
*3. Out of Investments in Investment Trusts, certain "Private REIT" whose fair value is extremely difficult to determine are excluded from "Disclosures Regarding the Fair Value of Financial Instruments and Other Items."*
*4. 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, 2017 | Millions of Yen |
|---|---|
| Unlisted Stocks and Others (*1) (*2) | ¥160,571 |
| Investment Trusts (*3) | 189,384 |
| Investments in Partnership and Others (*4) | 289,433 |
| Total | ¥639,389 |

*(*) 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 on Unlisted Stocks and Others.*
*3. Out of Investments in Investment Trusts, certain "Private REIT" whose fair value is extremely difficult to determine are excluded from "Disclosures Regarding the Fair Value of Financial Instruments and Other Items."*
*4. 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, 2018** | 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) | **¥28,700,497** | **¥ —** | **¥ —** | **¥ —** | **¥ —** | **¥ —** |
| Call Loans and Bills Bought | **630,000** | **—** | **—** | **—** | **—** | **—** |
| Monetary Claims Bought | **138,100** | **—** | **4,674** | **7,460** | **93,768** | **110,878** |
| Securities | | | | | | |
| Held-to-Maturity Debt Securities | **2,016,848** | **4,928,726** | **3,081,722** | **462,712** | **2,000,846** | **3,684,906** |
| Other Securities held that have Maturity | **1,548,256** | **6,982,544** | **2,225,358** | **2,561,571** | **6,915,427** | **3,421,980** |
| Loans and Bills Discounted (*2) | **4,982,022** | **2,571,835** | **2,486,183** | **784,145** | **657,036** | **341,788** |
| Total | **¥38,015,725** | **¥14,483,105** | **¥7,797,938** | **¥3,815,890** | **¥9,667,079** | **¥7,559,553** |

| | Millions of U.S. Dollars | | | | | |
|---|---|---|---|---|---|---|
| **As of March 31, 2018** | 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) | **$270,122** | **$ —** | **$ —** | **$ —** | **$ —** | **$ —** |
| Call Loans and Bills Bought | **5,929** | **—** | **—** | **—** | **—** | **—** |
| Monetary Claims Bought | **1,299** | **—** | **43** | **70** | **882** | **1,043** |
| Securities | | | | | | |
| Held-to-Maturity Debt Securities | **18,982** | **46,388** | **29,004** | **4,354** | **18,831** | **34,681** |
| Other Securities held that have Maturity | **14,571** | **65,718** | **20,944** | **24,108** | **65,086** | **32,206** |
| Loans and Bills Discounted (*2) | **46,889** | **24,205** | **23,399** | **7,380** | **6,183** | **3,216** |
| Total | **$357,795** | **$136,311** | **$73,392** | **$35,914** | **$90,984** | **$71,148** |

*(*) 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 ¥25,938 million ($244 million) for which the redemption date cannot be estimated, and loans with no maturity of ¥10,000 million ($94 million) within Loans and Bills Discounted, are excluded from the table above.*

| | 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 |

*(*) 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 for which the redemption date cannot be estimated, and loans with no maturity of ¥10,000 million within Loans and Bills Discounted, 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, 2018** | 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) | **¥65,696,356** | **¥ 102,694** | **¥ 510** | **¥ —** | **¥ —** | **¥ —** |
| Negotiable Certificates of Deposit | **2,920,656** | **—** | **—** | **—** | **—** | **—** |
| Debentures | **638,093** | **875,946** | **252,455** | **2** | **—** | **—** |
| Payables under Repurchase Agreements | **15,080,638** | **—** | **—** | **—** | **—** | **—** |
| Borrowed Money (*2) | **588,949** | **1,780,537** | **751,243** | **1,392,315** | **30,642** | **97,816** |
| Short-term Entrusted Funds | **1,405,187** | **—** | **—** | **—** | **—** | **—** |
| Total | **¥86,329,881** | **¥2,759,177** | **¥1,004,209** | **¥1,392,318** | **¥30,642** | **¥97,816** |

| | Millions of U.S. Dollars | | | | | |
|---|---|---|---|---|---|---|
| **As of March 31, 2018** | 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) | **$618,318** | **$ 966** | **$ 4** | **$ —** | **$ —** | **$ —** |
| Negotiable Certificates of Deposit | **27,488** | **—** | **—** | **—** | **—** | **—** |
| Debentures | **6,005** | **8,244** | **2,376** | **0** | **—** | **—** |
| Payables under Repurchase Agreements | **141,935** | **—** | **—** | **—** | **—** | **—** |
| Borrowed Money (*2) | **5,543** | **16,757** | **7,070** | **13,104** | **288** | **920** |
| Short-term Entrusted Funds | **13,225** | **—** | **—** | **—** | **—** | **—** |
| Total | **$812,516** | **$25,968** | **$9,451** | **$13,104** | **$288** | **$920** |

*(*) 1. Demand deposits within Deposits are included in the entry for "1 Year or Less."*
*2. Perpetual subordinated borrowings within Borrowed Money are included in the entry for "Over 10 Years."*

| | 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 |

*(*) 1. Demand deposits within Deposits are included in the entry for "1 Year or Less."*
*2. Perpetual subordinated borrowings within Borrowed Money are included in the entry for "Over 10 Years."*

## 32. Fair Value of Securities

### Trading Securities

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | **2018** | 2017 | **2018** |
| **As of March 31** | Unrealized Gain Recognized as Income | Unrealized Gain Recognized as Income | Unrealized Gain Recognized as Income |
| Trading Securities | **¥30** | ¥(26) | **$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, 2018 | 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 | **¥ 2,483,403** | **¥ 2,492,183** | **¥ 8,780** | **$ 23,373** | **$ 23,455** | **$ 82** |
| | Municipal Government Bonds | **—** | **—** | **—** | **—** | **—** | **—** |
| | Short-term Corporate Bonds | **—** | **—** | **—** | **—** | **—** | **—** |
| | Corporate Bonds | **3,325** | **3,353** | **27** | **31** | **31** | **0** |
| | Other | **8,536,234** | **8,612,380** | **76,146** | **80,341** | **81,057** | **716** |
| | Foreign Bonds | **8,460,921** | **8,536,819** | **75,897** | **79,632** | **80,346** | **714** |
| | Other | **75,312** | **75,560** | **248** | **708** | **711** | **2** |
| | Subtotal | **11,022,963** | **11,107,917** | **84,954** | **103,745** | **104,545** | **799** |
| Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount | Japanese Government Bonds | **4,326,845** | **4,313,750** | **(13,094)** | **40,723** | **40,600** | **(123)** |
| | Municipal Government Bonds | **—** | **—** | **—** | **—** | **—** | **—** |
| | Short-term Corporate Bonds | **—** | **—** | **—** | **—** | **—** | **—** |
| | Corporate Bonds | **—** | **—** | **—** | **—** | **—** | **—** |
| | Other | **1,165,007** | **1,162,060** | **(2,946)** | **10,964** | **10,937** | **(27)** |
| | Foreign Bonds | **910,487** | **907,613** | **(2,874)** | **8,569** | **8,542** | **(27)** |
| | Other | **254,519** | **254,446** | **(72)** | **2,395** | **2,394** | **(0)** |
| | Subtotal | **5,491,852** | **5,475,810** | **(16,041)** | **51,688** | **51,537** | **(150)** |
| Total | | **¥16,514,815** | **¥16,583,728** | **¥ 68,912** | **$155,433** | **$156,082** | **$ 648** |

*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, 2017 | 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 | ¥ 3,467,509 | ¥ 3,484,835 | ¥ 17,325 |
| | Municipal Government Bonds | — | — | — |
| | Short-term Corporate Bonds | — | — | — |
| | Corporate Bonds | 4,294 | 4,338 | 43 |
| | Other | 9,437,325 | 9,530,257 | 92,931 |
| | Foreign Bonds | 9,373,453 | 9,466,025 | 92,571 |
| | Other | 63,872 | 64,232 | 360 |
| | Subtotal | 12,909,129 | 13,019,430 | 110,300 |
| Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount | Japanese Government Bonds | 4,008,361 | 4,001,310 | (7,050) |
| | Municipal Government Bonds | — | — | — |
| | Short-term Corporate Bonds | — | — | — |
| | Corporate Bonds | — | — | — |
| | Other | 1,532,549 | 1,527,570 | (4,978) |
| | Foreign Bonds | 1,375,129 | 1,370,220 | (4,908) |
| | Other | 157,420 | 157,349 | (70) |
| | Subtotal | 5,540,910 | 5,528,881 | (12,029) |
| Total | | ¥18,450,040 | ¥18,548,312 | ¥ 98,271 |

*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

| | | Millions of Yen | | | Millions of U.S. Dollars | | |
|---|---|---|---|---|---|---|---|
| **As of March 31, 2018** | Type | Consolidated Balance Sheet Amount | Acquisition Cost | Difference | Consolidated Balance Sheet Amount | Acquisition Cost | Difference |
| Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost | Stocks | **¥ 749,167** | **¥ 261,147** | **¥ 488,020** | **$ 7,050** | **$ 2,457** | **$ 4,593** |
| | Bonds | **4,930,821** | **4,665,916** | **264,905** | **46,407** | **43,914** | **2,493** |
| | Japanese Government Bonds | **4,811,581** | **4,547,363** | **264,217** | **45,285** | **42,798** | **2,486** |
| | Municipal Government Bonds | **83** | **78** | **5** | **0** | **0** | **0** |
| | Short-term Corporate Bonds | **—** | **—** | **—** | **—** | **—** | **—** |
| | Corporate Bonds | **119,156** | **118,474** | **682** | **1,121** | **1,115** | **6** |
| | Other | **15,637,228** | **14,374,162** | **1,263,066** | **147,173** | **135,286** | **11,887** |
| | Foreign Bonds | **8,795,279** | **8,504,075** | **291,203** | **82,779** | **80,038** | **2,740** |
| | Foreign Stocks | **21,923** | **7,736** | **14,187** | **206** | **72** | **133** |
| | Investment Trusts | **6,395,997** | **5,556,975** | **839,022** | **60,197** | **52,300** | **7,896** |
| | Other | **424,027** | **305,374** | **118,653** | **3,990** | **2,874** | **1,116** |
| | Subtotal | **21,317,217** | **19,301,226** | **2,015,991** | **200,632** | **181,658** | **18,974** |
| Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost | Stocks | **7,492** | **8,908** | **(1,415)** | **70** | **83** | **(13)** |
| | Bonds | **566,107** | **566,636** | **(529)** | **5,328** | **5,333** | **(4)** |
| | Japanese Government Bonds | **—** | **—** | **—** | **—** | **—** | **—** |
| | Municipal Government Bonds | **8,695** | **8,700** | **(4)** | **81** | **81** | **(0)** |
| | Short-term Corporate Bonds | **—** | **—** | **—** | **—** | **—** | **—** |
| | Corporate Bonds | **557,411** | **557,936** | **(524)** | **5,246** | **5,251** | **(4)** |
| | Other | **13,547,356** | **13,978,852** | **(431,495)** | **127,504** | **131,565** | **(4,061)** |
| | Foreign Bonds | **7,961,423** | **8,180,330** | **(218,906)** | **74,931** | **76,991** | **(2,060)** |
| | Foreign Stocks | **—** | **—** | **—** | **—** | **—** | **—** |
| | Investment Trusts | **5,459,679** | **5,670,260** | **(210,581)** | **51,385** | **53,367** | **(1,981)** |
| | Other | **126,253** | **128,260** | **(2,007)** | **1,188** | **1,207** | **(18)** |
| | Subtotal | **14,120,956** | **14,554,397** | **(433,440)** | **132,903** | **136,982** | **(4,079)** |
| Total | | **¥35,438,174** | **¥33,855,623** | **¥1,582,551** | **$333,535** | **$318,641** | **$14,894** |

*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, 2017 | Type | Millions of Yen<br>Consolidated Balance Sheet Amount | Acquisition Cost | Difference |
|---|---|---|---|---|
| Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost | Stocks | ¥ 689,558 | ¥ 263,441 | ¥ 426,116 |
| | Bonds | 5,926,081 | 5,637,229 | 288,852 |
| | Japanese Government Bonds | 5,703,478 | 5,414,754 | 288,724 |
| | Municipal Government Bonds | 148 | 140 | 7 |
| | Short-term Corporate Bonds | 150,000 | 149,999 | 0 |
| | Corporate Bonds | 72,454 | 72,334 | 120 |
| | Other | 28,297,495 | 26,748,303 | 1,549,191 |
| | Foreign Bonds | 19,472,160 | 18,916,497 | 555,663 |
| | Foreign Stocks | 19,328 | 7,092 | 12,236 |
| | Investment Trusts | 8,504,081 | 7,602,743 | 901,337 |
| | Other | 301,924 | 221,969 | 79,954 |
| | Subtotal | 34,913,135 | 32,648,974 | 2,264,161 |
| Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost | Stocks | 7,560 | 9,224 | (1,663) |
| | Bonds | 195,872 | 196,354 | (481) |
| | Japanese Government Bonds | — | — | — |
| | Municipal Government Bonds | — | — | — |
| | Short-term Corporate Bonds | — | — | — |
| | Corporate Bonds | 195,872 | 196,354 | (481) |
| | Other | 8,156,216 | 8,397,771 | (241,554) |
| | Foreign Bonds | 4,404,572 | 4,504,248 | (99,676) |
| | Foreign Stocks | — | — | — |
| | Investment Trusts | 3,581,199 | 3,719,376 | (138,177) |
| | Other | 170,445 | 174,146 | (3,701) |
| | Subtotal | 8,359,650 | 8,603,349 | (243,699) |
| Total | | ¥43,272,786 | ¥41,252,324 | ¥2,020,462 |

*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, 2018 and 2017.

### Other Securities Sold during the Fiscal Year

| | Millions of Yen | | | Millions of U.S. Dollars | | |
|---|---|---|---|---|---|---|
| **Fiscal year ended March 31, 2018** | Sales Proceeds | Gains on Sales | Losses on Sales | Sales Proceeds | Gains on Sales | Losses on Sales |
| Stocks | **¥ 8,644** | **¥ 4,706** | **¥ 6** | **$ 81** | **$ 44** | **$ 0** |
| Bonds | **—** | **—** | **—** | **—** | **—** | **—** |
| Japanese Government Bonds | **—** | **—** | **—** | **—** | **—** | **—** |
| Municipal Government Bonds | **—** | **—** | **—** | **—** | **—** | **—** |
| Short-term Corporate Bonds | **—** | **—** | **—** | **—** | **—** | **—** |
| Corporate Bonds | **—** | **—** | **—** | **—** | **—** | **—** |
| Other | **8,854,330** | **43,736** | **25,586** | **83,334** | **411** | **240** |
| Foreign Bonds | **8,838,475** | **38,265** | **23,701** | **83,185** | **360** | **223** |
| Foreign Stocks | **11** | **—** | **0** | **0** | **—** | **0** |
| Investment Trusts | **7,860** | **3,591** | **0** | **73** | **33** | **0** |
| Other | **7,983** | **1,879** | **1,884** | **75** | **17** | **17** |
| Total | **¥8,862,974** | **¥48,443** | **¥25,593** | **$83,416** | **$455** | **$240** |

*Note: Investment Trusts include Japanese trusts and foreign trusts.*

| | Millions of Yen | | |
|---|---|---|---|
| Fiscal year ended March 31, 2017 | Sales Proceeds | Gains on Sales | Losses on Sales |
| Stocks | ¥ 47,219 | ¥32,654 | ¥ 47 |
| Bonds | 315,415 | 9,664 | — |
| Japanese Government Bonds | 315,415 | 9,664 | — |
| Municipal Government Bonds | — | — | — |
| Short-term Corporate Bonds | — | — | — |
| Corporate Bonds | — | — | — |
| Other | 1,622,061 | 20,536 | 25,025 |
| Foreign Bonds | 1,604,130 | 17,945 | 25,020 |
| Foreign Stocks | 515 | 0 | 3 |
| Investment Trusts | 14,559 | 2,002 | 0 |
| Other | 2,855 | 587 | 0 |
| Total | ¥1,984,695 | ¥62,856 | ¥25,072 |

*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, 2018 and 2017 (“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, 2018 was ¥117 million ($1 million) including ¥117 million ($1 million) on Stocks.

The amount of revaluation loss for the fiscal year ended March 31, 2017 was nil.

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

## 33. Fair Value of Money Held in Trust

### 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, 2018** | 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 | **¥7,439,710** | **¥7,467,227** | **¥(27,517)** | **¥149,633** | **¥177,150** |

| | Millions of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| **As of March 31, 2018** | 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 | **$70,020** | **$70,279** | **$(258)** | **$1,408** | **$1,667** |

*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, 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 |

*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."*

## 34. 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, 2018** | Total | Over 1 Year | | | Total | Over 1 Year | | |
| Exchange-traded Transactions | | | | | | | | |
| Interest Rate Futures: | | | | | | | | |
| Sold | **¥ 47,735** | **¥ 47,735** | **¥ 140** | **¥ 140** | **$ 449** | **$ 449** | **$ 1** | **$ 1** |
| Purchased | **126,752** | **19,606** | **(81)** | **(81)** | **1,192** | **184** | **(0)** | **(0)** |
| Interest Rate Options: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Over-the-counter Transactions | | | | | | | | |
| Forward Rate Agreements: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Interest Rate Swaps: | | | | | | | | |
| Rec.: Fix.-Pay.: Flt. | **260,751** | **152,285** | **5,023** | **5,023** | **2,454** | **1,433** | **47** | **47** |
| Rec.: Flt.-Pay.: Fix. | **232,794** | **153,257** | **(4,597)** | **(4,597)** | **2,191** | **1,442** | **(43)** | **(43)** |
| Rec.: Flt.-Pay.: Flt. | — | — | — | — | — | — | — | — |
| Interest Rate Options: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Other: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Total | **¥ /** | **¥ /** | **¥ 485** | **¥ 485** | **$ /** | **$ /** | **$ 4** | **$ 4** |

*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.*

| As of March 31, 2017 | Millions of Yen | | | |
|---|---|---|---|---|
| | Contract Amount or Notional Amount | | Fair Value | Unrealized Gain/Loss |
| | Total | Over 1 Year | | |
| Exchange-traded Transactions | | | | |
| Interest Rate Futures: | | | | |
| Sold | ¥1,611,185 | ¥ — | ¥ (466) | ¥ (466) |
| Purchased | 42,135 | — | (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 |
| Rec.: Flt.-Pay.: Fix. | 261,819 | 235,904 | (5,430) | (5,430) |
| Rec.: Flt.-Pay.: Flt. | — | — | — | — |
| Interest Rate Options: | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| Other: | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| Total | ¥ / | ¥ / | ¥ 196 | ¥ 196 |

*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

| **As of March 31, 2018** | 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 | | | | | | | | |
| Currency Futures: | | | | | | | | |
| Sold | **¥ —** | **¥ —** | **¥ —** | **¥ —** | **$ —** | **$—** | **$—** | **$—** |
| Purchased | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| Currency Options: | | | | | | | | |
| Sold | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| Purchased | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| Over-the-counter Transactions | | | | | | | | |
| Currency Swaps | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| Forwards: | | | | | | | | |
| Sold | **128,818** | **9,640** | **1,599** | **1,599** | **1,212** | **90** | **15** | **15** |
| Purchased | **143,097** | **9,644** | **(595)** | **(595)** | **1,346** | **90** | **(5)** | **(5)** |
| Currency Options: | | | | | | | | |
| Sold | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| Purchased | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| Other: | | | | | | | | |
| Sold | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| Purchased | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| Total | **¥ /** | **¥ /** | **¥1,004** | **¥1,004** | **$ /** | **$ /** | **$ 9** | **$ 9** |

*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.*

| As of March 31, 2017 | Millions of Yen: Contract Amount or Notional Amount: Total | Over 1 Year | Fair Value | Unrealized Gain/Loss |
|---|---|---|---|---|
| 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 |
| Purchased | 336,804 | 3,097 | 2,584 | 2,584 |
| Currency Options: | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| Other: | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| Total | ¥ / | ¥ / | ¥3,489 | ¥3,489 |

*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

The Bank and its consolidated subsidiaries held no Stock-Related Derivative Instruments as of March 31, 2018.

| As of March 31, 2017 | Millions of Yen: Contract Amount or Notional Amount: Total | Over 1 Year | Fair Value | Unrealized Gain/Loss |
|---|---|---|---|---|
| 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 | — | — | — |
| 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.*

## Bond-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, 2018** | Total | Over 1 Year | | | Total | Over 1 Year | | |
| Exchange-traded Transactions | | | | | | | | |
| Bond Futures: | | | | | | | | |
| Sold | **¥ 1,024** | **¥ —** | **¥(17)** | **¥(17)** | **$ 9** | **$ —** | **$ (0)** | **$ (0)** |
| Purchased | **10,027** | **—** | **23** | **23** | **94** | **—** | **0** | **0** |
| Bond Futures Options: | | | | | | | | |
| Sold | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| Purchased | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| Over-the-counter Transactions | | | | | | | | |
| Bond Options: | | | | | | | | |
| Sold | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| Purchased | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| Other: | | | | | | | | |
| Sold | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| Purchased | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| Total | **¥ /** | **¥ /** | **¥ 5** | **¥ 5** | **$ /** | **$ /** | **$ 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.*

| | Millions of Yen | | | |
|---|---|---|---|---|
| | Contract Amount or Notional Amount | | Fair Value | Unrealized Gain/Loss |
| As of March 31, 2017 | Total | Over 1 Year | | |
| Exchange-traded Transactions | | | | |
| Bond Futures: | | | | |
| Sold | ¥5,642 | ¥ — | ¥ (4) | ¥ (4) |
| Purchased | 6,061 | — | 8 | 8 |
| Bond Futures Options: | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| Over-the-counter Transactions | | | | |
| Bond Options: | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| Other: | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| Total | ¥ / | ¥ / | ¥ 4 | ¥ 4 |

*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, 2018 and 2017.

## Credit Derivative Instruments

The Bank and its consolidated subsidiaries held no Credit Derivative Instruments as of March 31, 2018 and 2017.

### (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, 2018**

| Method of Hedges | Type of Derivative Instruments | Hedged Items | Millions of Yen: Contract Amount or Notional Amount: Total | Millions of Yen: Contract Amount or Notional Amount: Over 1 Year | Millions of Yen: Fair Value | Millions of U.S. Dollars: Contract Amount or Notional Amount: Total | Millions of U.S. Dollars: Contract Amount or Notional Amount: Over 1 Year | Millions of U.S. Dollars: Fair Value |
|---|---|---|---|---|---|---|---|---|
| The Deferral Method | Interest Rate Swaps (Rec.: Fix.-Pay.: Flt.) | Debentures | **¥1,425,000** | **¥ 825,000** | **¥ 4,366** | **$13,411** | **$ 7,764** | **$ 41** |
| | Interest Rate Swaps (Rec.:Flt.-Pay.: Fix.) | Yen-denominated Securities, Deposits and Others | **7,308,939** | **7,019,564** | **104,040** | **68,790** | **66,066** | **979** |
| The Accrual Method | Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.) | Loans and Bills Discounted, Yen-denominated Securities and Others | **245,540** | **230,924** | Note 3 | **2,310** | **2,173** | Note 3 |
| Total | | | **¥ /** | **¥ /** | **¥108,407** | **$ /** | **$ /** | **$1,020** |

*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: 31. Financial Instruments (2) Disclosures Regarding the Fair Value of Financial Instruments and Other Items).*

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: Contract Amount or Notional Amount: Over 1 Year | Millions of Yen: Fair Value |
|---|---|---|---|---|---|
| The Deferral Method | Interest Rate Swaps (Rec.: Fix.-Pay.: Flt.) | Debentures | ¥2,050,000 | ¥1,290,000 | ¥ 9,036 |
| | Interest Rate Swaps (Rec.:Flt.-Pay.: Fix.) | Yen-denominated Securities, Deposits and Others | 7,387,948 | 7,023,957 | (19,159) |
| 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 |
| Total | | | ¥ / | ¥ / | ¥(10,123) |

*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: 31. Financial Instruments (2) Disclosures Regarding the Fair Value of Financial Instruments and Other Items).*

### Currency-Related Derivative Instruments

**As of March 31, 2018**

| Method of Hedges | Type of Derivative Instruments | Hedged Items | Millions of Yen: Contract Amount or Notional Amount — Total | Millions of Yen: Contract Amount or Notional Amount — Over 1 Year | Millions of Yen: Fair Value | Millions of U.S. Dollars: Contract Amount or Notional Amount — Total | Millions of U.S. Dollars: Contract Amount or Notional Amount — Over 1 Year | Millions of U.S. Dollars: Fair Value |
|---|---|---|---|---|---|---|---|---|
| The Deferral Method | Currency Swaps | Foreign Currency Denominated Securities and Others | **¥13,386,163** | **¥7,160,947** | **¥222,272** | **$125,987** | **$67,397** | **$2,091** |
| | Forex Forward | | **4,882,459** | **—** | **50,915** | **45,952** | **—** | **479** |
| Total | | | **¥ /** | **¥ /** | **¥273,187** | **$ /** | **$ /** | **$2,571** |

*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, 2017

| Method of Hedges | Type of Derivative Instruments | Hedged Items | Millions of Yen: Contract Amount or Notional Amount — Total | Millions of Yen: Contract Amount or Notional Amount — Over 1 Year | Millions of Yen: Fair Value |
|---|---|---|---|---|---|
| The Deferral Method | Currency Swaps | Foreign Currency Denominated Securities and Others | ¥12,790,388 | ¥7,209,195 | ¥127,092 |
| | Forex Forward | | 7,041,046 | — | 65,728 |
| Total | | | ¥ / | ¥ / | ¥192,820 |

*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, 2018 and 2017.

### Bond-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no Bond-Related Derivative Instruments as of March 31, 2018 and 2017.

## 35. The Norinchukin Bank (Parent Company)

### (1) Non-consolidated Balance Sheet

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2018** | 2017 | **2018** |
| **Assets** | | | |
| Cash and Due from Banks | **¥ 28,729,996** | ¥ 22,912,982 | **$270,399** |
| Call Loans | **630,000** | 146,220 | **5,929** |
| Receivables under Securities Borrowing Transactions | **—** | 1,173 | **—** |
| Monetary Claims Bought | **354,872** | 257,888 | **3,339** |
| Trading Assets | **8,582** | 10,715 | **80** |
| Money Held in Trust | **7,438,320** | 6,982,774 | **70,007** |
| Securities | **52,332,765** | 62,108,251 | **492,543** |
| Loans and Bills Discounted | **11,742,630** | 11,948,542 | **110,518** |
| Foreign Exchange Assets | **324,698** | 224,101 | **3,055** |
| Other Assets | **1,580,600** | 997,741 | **14,876** |
| Tangible Fixed Assets | **120,920** | 115,392 | **1,138** |
| Intangible Fixed Assets | **40,043** | 28,425 | **376** |
| Prepaid Pension Cost | **20,821** | 12,903 | **195** |
| Customers' Liabilities for Acceptances and Guarantees | **141,073** | 120,867 | **1,327** |
| Reserve for Possible Loan Losses | **(46,681)** | (54,203) | **(439)** |
| Reserve for Possible Investment Losses | **(1,032)** | (1,344) | **(9)** |
| Total Assets | **¥103,417,613** | ¥105,812,432 | **$973,342** |
| | | | |
| **Liabilities and Net Assets** | | | |
| **Liabilities** | | | |
| Deposits | **¥ 65,823,858** | ¥ 61,904,218 | **$619,518** |
| Negotiable Certificates of Deposit | **2,920,656** | 3,689,270 | **27,488** |
| Debentures | **1,774,498** | 2,423,827 | **16,701** |
| Call Money | **—** | 3,365 | **—** |
| Payables under Repurchase Agreements | **15,080,638** | 19,645,010 | **141,935** |
| Payables under Securities Lending Transactions | **—** | 1,013 | **—** |
| Trading Liabilities | **5,034** | 6,150 | **47** |
| Borrowed Money | **4,585,004** | 4,315,111 | **43,152** |
| Foreign Exchange Liabilities | **38** | 2 | **0** |
| Short-term Entrusted Funds | **1,405,187** | 1,257,432 | **13,225** |
| Other Liabilities | **4,528,441** | 4,894,665 | **42,620** |
| Reserve for Bonus Payments | **6,022** | 6,302 | **56** |
| Reserve for Retirement Benefits | **24,614** | 22,301 | **231** |
| Reserve for Directors' Retirement Benefits | **1,121** | 938 | **10** |
| Reserve for Agriculture, Fishery and Forestry Industry Subsidies | **—** | 523 | **—** |
| Deferred Tax Liabilities | **458,731** | 573,768 | **4,317** |
| Deferred Tax Liabilities for Land Revaluation | **8,607** | 8,607 | **81** |
| Acceptances and Guarantees | **141,073** | 120,867 | **1,327** |
| Total Liabilities | **96,763,528** | 98,873,376 | **910,715** |
| | | | |
| **Net Assets** | | | |
| Paid-in Capital | **3,480,488** | 3,480,488 | **32,757** |
| Capital Surplus | **25,020** | 25,020 | **235** |
| Retained Earnings | **1,922,906** | 1,862,453 | **18,097** |
| Total Owners' Equity | **5,428,416** | 5,367,962 | **51,090** |
| Net Unrealized Gains on Other Securities, net of taxes | **1,151,642** | 1,583,476 | **10,838** |
| Net Deferred Gains (Losses) on Hedging Instruments, net of taxes | **59,713** | (26,695) | **562** |
| Revaluation Reserve for Land, net of taxes | **14,312** | 14,312 | **134** |
| Total Valuation and Translation Adjustments | **1,225,668** | 1,571,093 | **11,535** |
| Total Net Assets | **6,654,084** | 6,939,055 | **62,626** |
| Total Liabilities and Net Assets | **¥103,417,613** | ¥105,812,432 | **$973,342** |

### (2) Non-consolidated Statement of Operations

| For the fiscal years ended March 31 | Millions of Yen 2018 | Millions of Yen 2017 | Millions of U.S. Dollars 2018 |
|---|---|---|---|
| **Income** | | | |
| Interest Income: | **¥1,147,253** | ¥1,107,459 | **$10,797** |
| Interest on Loans and Bills Discounted | **76,152** | 59,733 | **716** |
| Interest and Dividends on Securities | **1,054,024** | 1,030,871 | **9,920** |
| Interest on Call Loans | **(912)** | (607) | **(8)** |
| Interest on Receivables under Resale Agreements | **(0)** | (0) | **(0)** |
| Interest on Receivables under Securities Borrowing Transactions | **147** | 244 | **1** |
| Interest on Due from Banks | **12,830** | 10,507 | **120** |
| Other Interest Income | **5,011** | 6,710 | **47** |
| Fees and Commissions | **15,082** | 15,456 | **141** |
| Trading Income | **163** | 5 | **1** |
| Other Operating Income | **90,360** | 79,380 | **850** |
| Other Income | **172,925** | 157,999 | **1,627** |
| Total Income | **1,425,786** | 1,360,300 | **13,419** |
| **Expenses** | | | |
| Interest Expenses: | **1,021,264** | 858,766 | **9,611** |
| Interest on Deposits | **84,872** | 52,753 | **798** |
| Interest on Negotiable Certificates of Deposit | **30,896** | 23,324 | **290** |
| Interest on Debentures | **5,619** | 9,038 | **52** |
| Interest on Borrowed Money | **81,266** | 80,568 | **764** |
| Interest on Call Money | **13** | 68 | **0** |
| Interest on Payables under Repurchase Agreements | **121,255** | 69,927 | **1,141** |
| Interest on Payables under Securities Lending Transactions | **0** | 3 | **0** |
| Other Interest Expenses | **697,340** | 623,082 | **6,563** |
| Fees and Commissions | **15,292** | 14,327 | **143** |
| Trading Expenses | **246** | 4 | **2** |
| Other Operating Expenses | **68,299** | 62,738 | **642** |
| General and Administrative Expenses | **153,013** | 153,436 | **1,440** |
| Other Expenses | **10,299** | 50,652 | **96** |
| Total Expenses | **1,268,416** | 1,139,927 | **11,938** |
| **Income before Income Taxes** | **157,369** | 220,373 | **1,481** |
| Income Taxes — Current | **10,141** | 21,942 | **95** |
| Income Taxes — Deferred | **17,267** | (4,984) | **162** |
| Total Income Taxes | **27,409** | 16,958 | **257** |
| **Net Income** | **¥ 129,960** | ¥ 203,414 | **$ 1,223** |

| | Yen 2018 | Yen 2017 | U.S. Dollars 2018 |
|---|---|---|---|
| **Net Income per Share** | **¥19.96** | ¥37.45 | **$0.18** |

## 36. Appropriation of Retained Earnings

The following dividends were approved at the Council of Delegates held on June 22, 2018.

| | Millions of Yen | Millions of U.S. Dollars |
|---|---|---|
| Cash Dividends | | |
| Special Dividends | **¥40,811** | **$384** |
| Dividends on Common Stock (at the rate of 6% of the ¥100 face value, or ¥6.00 per share) | **25,543** | **240** |
| Dividends on Lower Dividend Rate Stock (at the rate of 0.1% of the ¥100 face value, or ¥0.10 per share) | **3,029** | **28** |
| Dividends on Preferred Stock (at the rate of 20% of the ¥100 face value, or ¥20.00 per share) | **1,115** | **10** |

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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, 2018, 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, 2018, 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 22, 2018

# Capital Adequacy (Consolidated)

## Disclosure Regarding Capital Adequacy and Features of Regulatory Capital Instruments

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 (on a consolidated and a non-consolidated basis), 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 part of the audit on consolidated financial statements or financial statements by law, but an inspection of part of the internal control related to the capital ratio calculation, which the Bank recognized as necessary, using the procedures that were agreed upon between the Bank and Ernst & Young ShinNihon LLC. The results of the review are reported to the Bank. Accordingly, Ernst & Young ShinNihon LLC does not express any audit opinion regarding the capital ratio itself and/or the internal control regarding the calculation of the capital ratio.

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 as well as the features of regulatory capital instruments can be found in the IR Library of the Bank's website at http://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, 2018, the Bank had 13 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

## Overview of Internal Capital Adequacy Assessment Process

The Bank annually conducts its Internal Capital Adequacy Assessment Process (ICAAP) regarding the qualitative and quantitative sufficiency of its internal capital to demonstrate appropriate management of the risks and maintenance of sufficient capital to cover the risks in terms of consistency and the forward-looking robustness of its capital management framework. Through the ICAAP, the Bank intends to achieve a balance among "capital," "risk" and "return" at an elevated level and gain a deep understanding from various stakeholders on the soundness of its business.

The ICAAP process mainly focuses on the following three points: (1) the current status of the Bank's capital (regulatory capital management and economic capital management); (2) the framework for assessing capital adequacy; and (3) the robustness and flexibility of capital from a forward-looking viewpoint (comprehensive, medium time line stress tests and management action). Furthermore, to ensure comprehensive assessment, the ICAAP also covers (4) the impact of the "uncertainties" that are difficult to measure via statistical methods or that might arise in special circumstances exceeding the quantitative measurement assumptions on capital.

## Overview of the Risk Characteristics and Risk Management Policies, Procedures and Framework of the Entire Consolidated Group

### Overview of the Risk Characteristics and Risk Management Policies, Procedures and Framework of the Entire Consolidated Group

#### ■ Approach to Risk Management

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.

In line with the Basic Policies for Risk Management, the Bank's group companies have established their own risk management systems by setting effective management policies and frameworks, etc., according to the content of their businesses and risk characteristics, in consultation with the Bank.

## ■ 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. Any cases where the amount of risk reaches the applied internal capital need to be handled by the Board of Directors. To control various risks, upper limits are set on respective risks according to their importance and other factors.

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.

Measurement of risks is conducted as to all financial assets and liabilities in the Bank's portfolio, in principle. Market risk is measured primarily using a method which simulates scenarios such as interest rate and stock price fluctuations, based on past data (historical simulation method). Credit risk is mainly measured using simulations of scenarios such as default, downgrading and greater credit spread, upon consideration of credit concentration risk on certain corporate groups, industries and regions. On that basis, in order that the correlation between the risks of market and credit are reflected consistently, their Value-at-Risk (VaR), with a 99.50% confidence interval and one-year holding period, is centrally simulated to measure the integrated risk amount. Also, operational risk is measured by VaR, which is measured using statistical methods with a 99.90% confidence interval and one-year holding period and using potential risk event scenarios and risk events that have come to light.

## ■ Implementation of Stress Tests

Stress tests are performed together with the implementation of the fiscal year's ICAAP and budget planning, covering the Bank's entire portfolio. For the stress tests, detailed stress scenarios are prepared by drafting stress scenarios from among several stress events reflecting the Bank's vulnerability and by reference to the significance based on the assessment of their impact amounts and probability of occurrence based on an analysis of the internal and external environments, and factoring in specific time lines and the ripple effects of risks regarding interest rates, stocks and foreign exchange rates in Japan and abroad as well as credit cost, in consultation with the front office, etc.

In addition, by referring to the impact amounts based on the capital adequacy ratio, unrealized gains and losses on securities and other factors under the stress scenarios, things that the Bank should be mindful of and possible management actions are discussed at the management level to help decision making on day-to-day portfolio management.

## ■ Market Risk Management

Market risk is the possibility of loss arising from a market event such as fluctuations in the value of assets and liabilities (including off-balance-sheet items) due to fluctuations in various market risk factors, including interest rates, foreign exchange rates and stock prices, and fluctuations in the income generated from those assets and liabilities.

In its portfolio management under the basic concept of "globally diversified investment," the Bank positions market risk as a significant risk factor affecting its earnings base and aims to retain a stable level of profit through active risk-taking supported by an appropriate risk management framework.

### ■ Market Risk Management Framework

The Bank's market risk management is conducted through the Risk Management Committee being responsible for overall integrated risk management, the Portfolio Management Committee setting market portfolio allocation policies, the front office executing transactions and the middle office independent of the front office monitoring the amount of risk.

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. These functions are fulfilled by the middle office, which is independent of the front office. Matters relevant to market portfolio management (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. 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.

## Matters Relating to Credit Risk

### Overview of Credit Risk Characteristics and Risk Management Policies, Procedures and Framework

### ■ 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 and economic environment that causes an asset (including off-balance sheet items) to lose value or to be significantly impaired. At 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. Specifically, credit risk arising from investment and loan activities for the "food and agriculture business" and "investment business" is appropriately managed by building a management framework centering on the Internal Rating System.

### ■ Credit Risk Management Framework

The Bank adopts a business model of taking the deposits received by cooperative members from the JA Bank's membership and investing them effectively and consistently and providing stable returns. Therefore, the Bank not only conducts traditional loan and deposit businesses but also develops a broad range of globally diversified investments in Japanese and international financial markets, centering on bonds, stocks, credit assets and alternative assets. As a result, its balance of market assets—mainly securities—exceeds that of loan assets.

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, with the Risk Management Division serving as the secretariat, is responsible for deliberation and decision making on the basic framework for overall credit risk management, including the Internal Rating System, self-assessment, economic capital management and credit ceiling for credit overconcentration risk. The Portfolio Management Committee and the Food and Agri Finance Committee, with the Financial Planning & Control Division serving as the secretariat, 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. The Compliance Division checks the appropriateness of business operations from the aspect of compliance by attending various meetings and, if finding any significant fact, reports that to an Audit & Supervisory Board Member.

Under the direction of the Board of Directors, the Internal Audit Division audits the operational status of such meetings and reports the results to the Board of Directors.

## Overview of the Criteria for Write-Offs and Provisions to Reserves

### ■ 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 mainly from historical loss ratio. For substandard debtors 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.

Details on Loans and Bills Discounted and other items are described in the Notes to the Financial Statements.

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

| Internal Rating | Self-Assessment | | | Exposure Requiring Mandatory Disclosure under the Financial Revitalization Law |
|---|---|---|---|---|
| | Debtor Classification | Asset Category | Definition of Asset Category | |
| 1-1, 1-2, 2, 3, 4, 5, 6, 7 | Standard | Category I | 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. | Standard |
| 8-1, 8-2 | Substandard: Other substandard debtors | II | Debtors requiring close monitoring going forward | Standard |
| 8-3, 8-4 | Substandard: Debtors under requirement of control | II | Debtors requiring close monitoring going forward | Special attention |
| 9 | Doubtful | III | Debtors who are highly likely to fall into bankruptcy | Doubtful |
| 10-1 | Debtors in default | IV | Debtor who have effectively fallen into bankruptcy, although no facts have emerged to indicate legal or formal bankruptcy | Bankrupt or de facto bankrupt |
| 10-2 | Debtors in bankruptcy | IV | Debtors who are legally and formally bankrupt | Bankrupt or de facto bankrupt |

On the other hand, the credit risk parameters used to calculate the capital adequacy ratio are different from the parameters used to calculate the general reserves for possible loan losses and are calculated based on a transition to the default (substandard debtors or below) under the Internal Rating System. Among the credit risk parameters, the Probability of Default (PD) is estimated by the Bank based on historical default ratios corresponding to the internal ratings, whereas the Loss Given Default (LGD) is estimated by the Bank based on internal loss data after default. For the Exposure at Default (EAD), the value specified in the Notification Regarding Capital Adequacy Ratio is used.

## ■ Exposure Subject to Standardized Approach

For the assets listed below, 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 plans to apply the Internal Ratings-Based Approach to Norinchukin Australia Pty Limited from March 31, 2020.

The Bank applies the ratings of five qualified credit rating agencies (External Credit Assessment Institution (ECAI)) in computing its risk assets, namely S&P, 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.

## Exposure Subject to the Internal Ratings-Based Approach

### ■ Scope of Internal Ratings-Based (IRB) Approach

The Bank adopts the IRB Approach in computing credit risk assets. The scope of the IRB Approach was defined at the time of adoption as applying to all exposures in principle.

However, insignificant business units and asset categories in computing the amount of credit risk assets are excluded from the application of the IRB Approach, and the Standardized Approach is applied. Whether to apply the Standardized Approach is decided on consideration of the qualitative aspect of credit business, among other factors, in addition to the quantitative requirements specified in the Notification.

#### Outline of the Internal Rating System

The Internal Rating System is introduced and operated as a crucial tool to ensure a good balance between active risk taking and keeping the credit risk amount under control within the limits of the Bank's financial strength such as capital under appropriate risk management.

## Types of Exposure by Portfolio and Overview of Internal Rating Procedures

### ■ Corporate, Sovereign and Bank Exposure

#### Types of Exposure

The types of corporate exposure include general business corporate exposure, bank exposure, sovereign (country) 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 of the collateral.

Moreover, the loan recovery rating is reviewed on a quarterly basis.

### ■ Equity Exposure

The Bank assigns debtor 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 retail 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.

#### Parameter Estimates and Validation Framework

### ■ Corporate, Sovereign and Bank Exposures

**• PD**

For the Probability of Default (PD) for corporate, sovereign and bank exposures, the Bank uses internal estimates corresponding to the debtor rating grades for four categories—resident corporate, non-resident corporate, bank and sovereign.

Among the above exposures, the resident corporate uses default data by the Bank's internal rating, whereas the non-resident corporate, bank and sovereign categories use default data by external ratings mapped to the internal rating grades to calculate long-term average default ratios corresponding to the debtor rating grades, to which the correction and capital floors stipulated in the Notification Regarding Capital Adequacy Ratio are applied to estimate the PDs.

For the bank and sovereign exposures, which are low default portfolios (LDPs), it is difficult to make consistent PD estimates from long-term average default data, which is the case with general corporate exposures. Therefore, after estimating the rating transition matrix, the probability of default that could occur after several years' rating transitions is calculated to estimate the PDs. In addition, a floor is applied to the upper ratings with the default ratio being below the floor level, among the resident corporate, non-resident corporate and bank exposures, thereby raising the PDs.

For the PDs applied in calculating the capital adequacy ratio, more conservative PDs are applied, compared to the long-term average default ratios to ensure stable management. To confirm the validity and conservativeness of the PDs, benchmarking and validation of the assumptions underlying the PD estimation method are conducted, in addition to back-testing using the default data by the Bank's internal ratings and validation by comparing to long-term average default ratios. The continuation of a low-default environment, except for some industries in Japan and globally for the past three fiscal years, led to a discrepancy with the conservative PDs applied in calculating capital adequacy ratio.

**• LGD**

For the Loss Given Default (LGD) for the Bank's general business corporate exposure, internal estimates corresponding to the loan recovery ratings are used.

LGDs are estimated by formulating the long-term average loss ratio and the collateral coverage ratio based on internal loss data after default and reflecting various correction requirements. In particular, a correction concerning the economic slowdown period is measured by applying a certain amount of stress through yearly regression using the average loss ratio and macroeconomic indicators.

For bank and sovereign exposures, which are low-default portfolios, the Bank's internal estimates are not used.

For the LGDs applied in calculating the capital adequacy ratio, validation using back-testing and other methods, based on internal loss data; benchmarking; and validation of the assumptions underlying the LGD estimation method are conducted to confirm the validity and conservativeness of the LGDs.

Although the length of time from default to the liquidation (conclusion) of exposures varies to a certain degree according to the reasons for the liquidation of each individual exposure, the average length of such a period has stayed about the same. Therefore, the average period of conclusion is set and used to estimate the LGDs.

**• EAD**

For the Exposure at Default (EAD) relating to corporate, sovereign and bank exposures, the Bank's internal estimates are not used.

## ■ Retail Exposure

For the Probability of Default (PD) and the Loss Given Default (LGD) for the Bank's retail exposures, internal estimates are used for each pool level classified by the characteristics of exposure and the status of credit risk.

The PDs are estimated by calculating long-term average default ratios based on historical default data for each pool level and applying the correction and capital floor stipulated in the Notification Regarding Capital Adequacy Ratio. To confirm the validity and conservativeness of the PDs, benchmarking and validation concerning the years elapsed and the effect during the year of execution are conducted, in addition to back-testing using default data for each pool level.

The LGDs are estimated for each pool level by calculating the loss ratio using a method appropriate for the default situation in question, based on the loss data after defaults occurring in the past, taking into account the uncertainties during the recovery process, and reflecting various corrections. Regarding a correction factor concerning the economic slowdown, changes in the value of collateral occurred during a certain economic cycle and its loss ratio are reflected in the LGDs.

Because the periods from the time of default to the liquidation (conclusion) of exposures vary depending on the pool due to the difference in the characteristics of each pool, the average period until conclusion for each pool level is set based on historical loss data and used to estimate the LGDs.

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.

## ■ Framework for the Implementation of the Internal Rating System as Well as the Development and Management of Models Used

At the Bank, the middle office, which is independent of the front office, designs the Internal Rating System 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 System to ensure appropriate implementation is performed on a regular basis.

The middle office conducts validation, monitoring and implementation of the internal rating framework, and engages in the development of models as well. The Credit Risk Management Division handles the implementation of models, whereas the Risk Management Division conducts validation thereof and formulates a model maintenance plan, considering opinions from the related Departments, which is to be discussed at the Risk Management Committee.

The design, implementation and validation of the Internal Rating System as well as the formulation of model maintenance plans are audited by the Internal Audit Division independent of the Risk Management Division.

## Credit Risk Mitigation Techniques

### Overview of Risk Characteristics, Risk Management Policies, Procedures and Framework Related to Credit Risk Mitigation Techniques

#### ■ Overview

Credit Risk Mitigation (CRM) Techniques refer to the method to reduce the amounts of credit risk assets by using collateral, guarantees or other means for the recovery of claims. The Bank adjusts the amounts of credit risk assets using eligible financial collateral, guarantees or other means in accordance with the Notification Regarding Capital Adequacy Ratio.

A major eligible type of financial collateral is securities. For securities with market value such as listed stocks, a decline in market value means a reduction in the recoverable amount. The recovery effect is not recognized for stocks of the parent company.

Regarding guarantees, the types of guarantors in such transactions are mainly sovereigns, including central and local governments, financial institutions and corporates. To evaluate the creditworthiness of a guarantor, in principle, the Bank evaluates the entity's financial soundness as a guarantor after assigning a debtor rating and assessing the guarantor's creditworthiness. The effectiveness of CRM is not recognized if the debtor rating of a guarantor declines and falls below that of a guarantee.

To recognize the effectiveness of CRM using collateral and a guarantee, the legal effectiveness and appropriate assessment of the collateral and guarantee are important. Concerning the adequacy of collateral and guarantees, the front office and the Risk Management Division maintain their legal effectiveness and ensure their recoverability, and regularly confirm the marketability (liquidity) of collateral through timely and appropriate assessments.

#### ■ Remarks on Policies for the Use of Netting and Basic Features of the Process and the Usage Status of Netting

For eligible financial collateral (excluding repo-type transactions and secured derivative transactions), the effectiveness of CRM can be recognized if it satisfies the relevant requirements stipulated in the Notification Regarding Capital Adequacy Ratio. The Bank recognizes the effectiveness of CRM only for deposits with the Bank (including Norinchukin Bank Debentures) or stocks, etc. On the other hand, for deposits held with the Bank that are not pledged as collateral, as deposits and loans are not offset, the Bank does not take into account the effects of CRM.

For the application of netting, the Bank specifies detailed procedures in its internal rules, confirms legal efficacy at the time of a collateral pledge and periodically confirms and revaluates whether the function of protection from credit risks is maintained. To calculate the effectiveness of CRM, the amount of eligible financial collateral is used with consideration of the standard volatility adjustment ratios.

### ■ Basic Features of Evaluation of Collateral and Collateral Administrative Policies and Processes

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.

### ■ Remarks on the Status of Market Risk or Credit Risk Concentrations 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.

## Counterparty Credit Risk in Derivative Transactions

### Overview of Risk Characteristics and Risk Management Policies, Procedures and Framework for Counterparty Credit Risk in Derivatives and Repo-Type Transactions

### ■ Policies for Allocation of Risk Capital and Credit Ceiling Concerning Exposures to Counterparties and CCP

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).

### ■ Assessment on Collateral, Guarantee, Netting and Other Credit Risk Mitigation (CRM) Techniques and Overview of Management Policies and Disposal Procedures for Collateral, etc.

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. If the counterparty is not a core company of the group it belongs to, the Bank concludes a guarantee agreement with the core company of the group.

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 transactions, etc., in some cases, the Bank receives collateral such as various types of bonds, depending on the agreements that are concluded with its major counterparties.

The effectiveness of CRM techniques in these transactions is evaluated by the appropriate transaction unit. In case the amounts of collateral, etc., received are insufficient, according to the details of the agreement, the Bank receives additional collateral, thereby managing collateral, etc. In addition, in case of the disposal of collateral, such is executed based on the specifics of the agreement with each counterparty.

### ■ Policies for Recognition, Monitoring and Management of Wrong-Way Risk

"Wrong-way risk" refers to a risk of an increase in loss through interaction with the counterparty, which occurs in case the exposure of derivative transactions to the counterparty is adversely co-dependent with the credit quality of that counterparty.

Regarding risks related to financial institutions, which account for a majority of counterparty credit risks, the Bank conducts appropriate management of such risks including a wrong-way risk, by establishing credit limits for each financial institution based on the Bank Ceiling system and via monitoring on a daily basis.

### ■ 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.

## Securitization Exposure

### Overview of Risk Characteristics, Risk Management Policies, Procedures and Framework Related to 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. The Bank does not plan to conduct securitized transactions in trading accounts.

Securitization exposure is managed mainly by operating the following cycle: After a management framework and an investment policy for each asset class are determined by the four committees consisting of the management—the Risk Management Committee, the Credit Committee, the Portfolio Management Committee and the Food and Agri Finance Committee—the front office executes the transaction through individual analysis during initial investment research (due diligence) and credit screening. The middle office, which is independent of the front office, reports the status of the credit risk portfolio and other related matters to the committees for further review of the management framework, leading to planning and formulation of an investment policy.

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.

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, 2018, 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 2017.

As of March 31, 2018, the Bank had not provided credit support, etc., other than contracts.

### Accounting Policies for Securitization Exposure

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.

For securitization exposures to which RBA is applied, the Bank relies on the following five qualified credit rating agencies: S&P, Moody's Investors Service, Fitch Ratings, Rating & Investment Information and Japan Credit Rating Agency.

The Bank does not use the "Internal Assessment Approach (IAA)."

## Market Risk

### Characteristics of Market Risks and Market Risk Management Policies, Procedures and Framework

The Bank's trading operations refer to operations of trading accounts, etc., to generate profits from short-term fluctuations in market prices and utilizing price or other gaps between markets. The section of the front office in charge of execution of trades is organizationally separated from other sections of the front office handling other transactions. The front office executes trades within the approved position and loss limits predetermined from a risk-return perspective. The middle office, which is independent of the front office, measures the risk amounts including VaR and monitors the status of risk taking by the front office. The results of such monitoring are regularly reported to the Portfolio Management Committee, etc. For risk measurements, the Bank uses internal models based on a variance-covariance method with a one-tailed 99% confidence interval and a 10-business day holding period, and measures VaR on a daily basis.

### Computation of Market Risk Amount by Internal Models Approach

#### ■ VaR and Stress VaR

(1) Scope of Internal Models Approach

An internal models approach based on a variance-covariance method is used, covering general market risk in the trading accounts.

(2) In case multiple models are used at different business bases of the Group, explanation on the models used by each operational base:

Not applicable

(3) Overview of the Models

VaR is measured using the variance-covariance matrix. Regarding the volatility of the variance-covariance matrix, after estimating a long-term stable value by weighing historical data using the exponential weighted moving average (EWMA) method, the generalized autoregressive conditional heteroskedasticity (GARCH) model is used to adjust the variables. For the remaining differences, a "T-distribution" is assumed, taking into account the market's fat-tailed distribution.

(4) Difference between the model used for internal management and the legally stipulated model

There is no difference.

(5) Value at Risk

- Frequency of updates of historical data: daily
- Period of observation of historical data: the most recent 1,000 business days
- Method for weighing historical data: risk-weighing of historical data using the EWMA method.
- VaR calculated based on a holding period of fewer than 10 business days was converted to a VaR for a 10-business day holding period by adjusting the holding period based on the VaR per business day. To adjust the holding period, volatility during one business day is adjusted to volatility during 10 business days using the GARCH model.
- VaR summing method: General market risks and individual risks are simply summed. Different risk factor values are summed, reflecting a correlation that is estimated using the variance-covariance method based on historical data.
- Price reevaluation method: Prices are revaluated by sensitivity analysis.
- Measurement of fluctuations in risk factors: risks related to interest rate are determined via absolute return, whereas risks related to currency exchange rates and bond futures, etc., are determined via bilateral returns.

(6) Remarks on stress VaR

- Stress period selection method and the basis for the selection: Based on the daily profit/loss fluctuations since 1999, the variance of profit/loss fluctuations during 250 days was computed and the period with the largest variance was selected as a stress period.
- Price reevaluation method: Prices are revaluated using price sensitivity analysis.
- For stress VaR computed based on the holding period of fewer than 10 business days, the holding period is adjusted by multiplying by $\sqrt{t}$.

(7) Remarks on stress tests

The Bank conducts stress tests monthly based on multiple stress scenarios assuming radical market changes such as the largest fluctuations in interest rates for the past five years.

(8) Back-testing

The VaR of one business day that is calculated using a model is compared to daily profit/loss fluctuations. In case more than a certain excess was seen due to the model's factors, those factors are analyzed and the model is reviewed on an as-needed basis.

(9) Validation framework for parameters used for internal models

For validation of the parameters used for internal models, the following items are validated on a regular basis:

- Statistical validation concerning suitability with the hypothetical distribution assumed for the variance-covariance matrix
- Statistical validation concerning the significance of the parameters estimated by the GARCH model
- Statistical validation concerning how close the prices revaluated by a sensitivity analysis are to actual profit/loss fluctuations

Based on the analysis results from the Division in charge of management of the internal models, if there any problems, the Risk Management Division discusses whether to review the model.

(10) Other remarks on model validation methods

Not applicable

## ■ Additional risk

Not applicable

## ■ Comprehensive risk

Not applicable

## Operational Risk

### Overview of Risk Management Policies and Procedures Related to Operational Risk

#### ■ 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.

#### ■ 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.

#### ■ 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. 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, the Bank has established the Policies and Procedures for Risk Management and other rules to address the situation after occurrence of a disaster and countermeasures to take when a disaster is predicted to occur. In addition, the Bank has worked to verify and enhance the effectiveness of its business continuity framework through regular drills.

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 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.

## Equity Exposure

### Overview of Risk Characteristics, Risk Management Policies, Procedures and Framework Related to Equity Exposure

#### ■ Framework for Correct Recognition, Evaluation, Measurement and Reporting of Risks

Risk measurements are conducted by the middle office, which is independent of the front office. The Bank's exposure to equity comprises stocks classified as other securities and stocks of subsidiaries and affiliates. 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.

### ■ Risk Management Policies for Other Securities and Stocks of Subsidiaries and Affiliates by Category

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. Concerning the stocks of subsidiaries and affiliates, such are recognized as credit risk assets and managed within the economic capital management framework.

### ■ Principal Accounting Policies for Exposures Including Evaluation of Exposure to Equity and Other Investments (Including the items in line with Article 8, Paragraph 3, of the "Ordinance on Terminology, Forms and Preparation Methods of Financial Statement" in case the accounting policies are changed)

For accounting purposes, among exposure to equity and other investments, stocks of subsidiaries and affiliates 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.

## Exposure Subject to Risk-Weighted Asset Calculation for Investment Funds

### 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.

## Interest Rate Risk

### Overview of Risk Management Policies and Procedures Related to Interest Rate Risk

The “globally diversified investment” concept is the basis of the Bank’s portfolio management. With bonds (interest rate), 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. The Bank also utilizes hedge transactions such as derivatives from a perspective of controlling market risks including interest rate risk and maintaining such risks at an adequate level.

For risk management, from the perspective of controlling market risks including interest rate risk and credit risk, etc., while keeping an appropriate risk balance, so that such risks are kept within a range of its capital-based financial strength, the Bank has established capital management checkpoints. For monitoring, ⊿EVE and VaR are measured on a daily basis to grasp the impact of interest rate fluctuations on current market values and NII and ⊿NII to grasp the impact of interest rate fluctuations on the level of earnings. Such data are reported to the management of the Bank.

Moreover, interest risk volume based on VaR is measured using the VaR model by the historical simulation method, with a 99.50% confidence interval and one-year holding period, in the same way as economic capital is measured.

In addition to the above, the Bank conducts periodic stress tests, etc., to perform profit-and-loss simulation analyses under a wide range of scenarios, such as a scenario in which interest rates rise and fall based on a dynamic portfolio. Furthermore, the Bank has established a framework to properly monitor the multifaceted effects of interest rate risk, including 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 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.

### Overview of Interest Rate Risk Calculation Methods

#### ■ Average/longest maturity for a revision of the interest rate allotted to liquid deposits

For deposits without a contractual maturity that the Bank accepts, without applying an internal model, such are instead evaluated as overnight deposits to measure their interest rate risks.

#### ■ Assumptions related to early repayment, etc., before the loan maturity

To evaluate mortgage-backed bonds and housing loans, related interest rate risks are measured, taking potential early repayments into account. In such measurements, the midterm cancellation ratio is estimated by a statistical analysis based on the interest rate situation and the historical repayment and cancellation data.

## ■ Method to tabulate multiple different currencies and the underlying assumption

Regarding the Economic Value of Equity (⊿EVE), from the perspective of consistency with economic capital management, by estimating a correlation structure among different currencies based on historical interest rate fluctuations, ⊿EVE is tabulated for multiple currencies using a method similar to a variance-covariance method, taking the variance effect into account. In case currencies with losses occurred and currencies with profits generated both existed in specific scenarios, from the perspective of carefully estimating the offsetting effect between currencies with profits and currencies with losses, after factoring in the cross-currency offsetting effect into the analysis of the profit-generating currencies, the ⊿EVE of currencies with gains and that of currencies with losses are summed and tabulated.

Concerning Net Interest Income (⊿NII), the ⊿NII among different currencies is simply summed.

## ■ Assumptions regarding the spread (whether to include in the discount interest and/or cash flow, etc., at the time of calculation)

Discounted interest rates are established, considering the appropriate spread for each product. Such spread is set as invariable despite interest rate shocks.

## ■ Other assumptions that pose serious impact on ⊿EVE and/or ⊿NII such as utilization of internal models

Most time deposits with the Bank are cooperative deposits from JA and JA Shinnoren. Cooperative deposits are time deposits that are continually deposited by JA and JA Shinnoren based on the JA Bank Basic Policy from the perspective of safe and efficient management by the entire JA Bank. A source of part of such time deposits is the liquid deposits received by JA and JA Shinnoren from their individual customers.

Therefore, of the cooperative deposits, regarding the balance of liquid deposits that JA and JA Shinnoren receive from their individual customers, statistical analysis is conducted, and projected interest rate, Japan's population dynamics and the trend of deposits and savings are analyzed. Then, maturity—with the average maturity for revision of the interest rate being five years and the longest maturity for revising the interest rate being 10 years—is allotted to each such deposit (core deposit) to recognize the interest rate risks in terms of the ⊿EVE and ⊿NII.

## ■ Remarks on fluctuations since the disclosure at the end of the previous fiscal year

Not applicable

## ■ Other remarks on the interpretation and significance of measured values

Not applicable

# Capital Ratio Information (Consolidated)

## Composition of Capital (Consolidated)

(Millions of Yen, %)

| Basel III Template No. | Items | As of March 31, 2018 | Amounts excluded under transitional arrangements | As of March 31, 2017 | 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 | **5,373,368** | | 5,296,239 | | |
| 1a | of which: capital and capital surplus | **3,455,509** | | 3,455,509 | | E1.1-E1.2+E1.3 |
| 2 | of which: retained earnings | **1,988,359** | | 1,910,262 | | E2 |
| 26 | of which: cash dividends to be paid | **70,500** | | 69,531 | | |
| | of which: other than the above | **—** | | — | | E3 |
| 3 | Accumulated other comprehensive income and other disclosed reserves | **1,242,763** | | 1,267,699 | 316,924 | 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 | | |
| | 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 | | |
| 6 | Common Equity Tier 1 capital: instruments and reserves (A) | **6,616,132** | | 6,564,899 | | |
| Common Equity Tier 1 capital: regulatory adjustments | | | | | | |
| 8+9 | Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights) | **37,007** | | 29,690 | 7,422 | |
| 8 | of which: goodwill (net of related tax liability, including those equivalent) | **4,638** | | 11,087 | 2,771 | A1.1+A1.2 |
| 9 | of which: other intangible assets other than goodwill and mortgage servicing rights (net of related tax liability) | **32,368** | | 18,602 | 4,650 | 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 | **89,100** | | 15,538 | 3,884 | E7 |
| 12 | Shortfall of eligible provisions to expected losses | **21,227** | | 14,971 | 3,742 | |
| 13 | Securitization gain on sale | **—** | | — | — | |
| 14 | Gains and losses due to changes in own credit risk on fair valued liabilities | **—** | | — | — | |
| 15 | Net defined-benefit asset | **37,938** | | 26,354 | 6,588 | 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, 2018 | Amounts excluded under transitional arrangements | As of March 31, 2017 | 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) | **185,274** | | 86,555 | | |
| Common Equity Tier 1 capital (CET1) | | | | | | |
| 29 | Common Equity Tier 1 capital (CET1) ((A)-(B)) (C) | **6,430,858** | | 6,478,344 | | |
| 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 | **49,973** | | 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 |
| 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) | **3,543** | | 3,254 | | E8.2 |
| 33+35 | Eligible Tier 1 capital instruments under phase-out arrangements included in Additional Tier 1 capital: instruments | **—** | | 424 | | |
| 33 | of which: instruments issued by banks and their special purpose vehicles | **—** | | 424 | | |
| 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) | | |
| | of which: amounts of counted in to base instruments of Additional Tier 1 under phase-out arrangements that related other comprehensive income | | | (10) | | |
| 36 | Additional Tier 1 capital: instruments (D) | **53,517** | | 52,668 | | |

(Millions of Yen, %)

| Basel III Template No. | Items | As of March 31, 2018 | Amounts excluded under transitional arrangements | As of March 31, 2017 | 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) | **51,754** | | 40,027 | 10,006 | A17 |
| | Total of items included in Additional Tier 1 capital: regulatory adjustments under phase-out arrangements | | | 1,871 | | |
| | of which: 50% of balance due to pay of eligible provisions | | | 1,871 | | |
| 42 | Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions | **—** | | — | | |
| 43 | Additional Tier 1 capital: regulatory adjustments (E) | **51,754** | | 41,898 | | |
| Additional Tier 1 capital (AT1) | | | | | | |
| 44 | Additional Tier 1 capital (AT1) ((D)-(E)) (F) | **1,763** | | 10,769 | | |
| Tier 1 capital (T1=CET1+AT1) | | | | | | |
| 45 | Tier 1 capital (T1=CET1+AT1) ((C)+(F)) (G) | **6,432,621** | | 6,489,114 | | |
| 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 |
| 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) | **121** | | 96 | | E8.3 |
| 47+49 | Eligible Tier 2 capital instruments under phase-out arrangements included in Tier 2: instruments and provisions | **97,816** | | 97,816 | | |
| 47 | of which: instruments issued by banks and their special purpose vehicles | **97,816** | | 97,816 | | |
| 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 | **72** | | 12 | | |
| 50a | of which: general reserve for possible loan losses | **72** | | 12 | | A18 |
| 50b | of which: eligible provisions | **—** | | — | | A19 |
| | Total of items included in Tier 2 capital: instruments and provisions under phase-out arrangements | | | 192,795 | | |
| | of which: amounts of counted in to base instruments of Additional Tier 1 under phase-out arrangements that related other comprehensive income | | | 192,795 | | |
| 51 | Tier 2 capital: instruments and provisions (H) | **1,513,489** | | 1,706,199 | | |

(Millions of Yen, %)

| Basel III Template No. | Items | As of March 31, 2018 | Amounts excluded under transitional arrangements | As of March 31, 2017 | 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 | | |
| | of which: intangibles assets other than mortgage servicing rights | | | 2,771 | | |
| | of which: 50% of balance due to pay of eligible provisions | | | 1,871 | | |
| | of which: significant investments in the additional Tier 1 capital of other financial institutions | | | 9,948 | | |
| 57 | Tier 2 capital: regulatory adjustments (I) | — | | 14,592 | | |
| Tier 2 capital (T2) | | | | | | |
| 58 | Tier 2 capital (T2) ((H)-(I)) (J) | **1,513,489** | | 1,691,607 | | |
| Total capital (TC=T1+T2) | | | | | | |
| 59 | Total capital (TC=T1+T2) ((G) + (J)) (K) | **7,946,110** | | 8,180,721 | | |
| Risk weighted assets | | | | | | |
| | Total of items included in risk weighted assets under phase-out arrangements | | | 11,533 | | |
| | of which: intangibles assets other than mortgage servicing rights | | | 4,650 | | |
| | of which: net defined-benefit asset | | | 6,588 | | |
| | of which: significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions) | | | 294 | | |
| 60 | Risk weighted assets (L) | **33,810,329** | | 33,539,401 | | |
| Capital ratio (consolidated) | | | | | | |
| 61 | Common Equity Tier 1 capital ratio (consolidated) ((C)/(L)) | **19.02%** | | 19.31% | | |
| 62 | Tier 1 capital ratio (consolidated) ((G)/(L)) | **19.02%** | | 19.34% | | |
| 63 | Total capital ratio (consolidated) ((K)/(L)) | **23.50%** | | 24.39% | | |
| Regulatory adjustments | | | | | | |
| 72 | Non-significant investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting) | **315,503** | | 348,985 | | 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) | **24,445** | | 46,493 | | 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, 2018 | Amounts excluded under transitional arrangements | As of March 31, 2017 | Amounts excluded under transitional arrangements | Ref. No. |
|---|---|---|---|---|---|---|
| Provisions included in Tier 2 capital: instruments and provisions | | | | | | |
| 76 | Provisions (general reserve for possible loan losses) | **72** | | 12 | | |
| 77 | Cap on inclusion of provisions (general reserve for possible loan losses) | **892** | | 143 | | |
| 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 | **189,429** | | 183,999 | | |
| Capital instruments under phase-out arrangements | | | | | | |
| 82 | Current cap on Additional Tier 1 instruments under phase-out arrangements | **—** | | 424 | | |
| 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 | | |
| 84 | Current cap on Tier 2 instruments under phase-out arrangements | **614,402** | | 768,003 | | |
| 85 | Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as “nil”) | **—** | | — | | |

## OV1: Overview of RWA (Consolidated)

(Millions of Yen)

| Basel III Template No. | | a | b | c | d |
|---|---|---|---|---|---|
| | | RWA | | Minimum capital requirements | |
| | | **March 31, 2018** | March 31, 2017 | **March 31, 2018** | March 31, 2017 |
| 1 | Credit risk (excluding counterparty credit risk) | **5,115,398** | 4,904,497 | **432,755** | 415,104 |
| 2 | Of which: standardized approach (SA) | **71,423** | 11,445 | **5,713** | 915 |
| 3 | Of which: internal rating-based (IRB) approach | **4,900,735** | 4,738,491 | **415,582** | 401,824 |
| | Of which: significant investments | **—** | — | **—** | — |
| | Of which: estimated residual value of lease transactions | **—** | — | **—** | — |
| | Others | **143,239** | 154,560 | **11,459** | 12,364 |
| 4 | Counterparty credit risk (CCR) | **478,053** | 427,523 | **39,309** | 34,981 |
| 5 | Of which: standardized approach for counterparty credit risk (SA-CCR) | **—** | — | **—** | — |
| | Of which: current exposure method (CEM) | **42,302** | 37,480 | **3,587** | 3,178 |
| 6 | Of which: expected positive exposure (EPE) method | **—** | — | **—** | — |
| | Of which: credit valuation adjustment (CVA) | **64,705** | 57,766 | **5,176** | 4,621 |
| | Of which: Central counterparty related exposure (CCP) | **191,435** | 207,338 | **15,314** | 16,587 |
| | Others | **179,609** | 124,938 | **15,230** | 10,594 |
| 7 | Equity positions in banking book under market-based approach | **1,587,104** | 1,404,425 | **134,586** | 119,095 |
| | Equity investments in funds (SA) | **—** | — | **—** | — |
| | Equity investments in funds (IRB) | **22,365,018** | 21,861,347 | **1,896,529** | 1,853,819 |
| 11 | Settlement risk | **0** | — | **0** | — |
| 12 | Securitization exposures in banking book | **518,665** | 496,098 | **43,982** | 42,069 |
| 13 | Of which: IRB ratings-based approach (RBA) or IRB internal assessment approach (IAA) | **518,665** | 494,333 | **43,982** | 41,919 |
| 14 | Of which: IRB Supervisory Formula Approach (SFA) | **—** | 1,764 | **—** | 149 |
| 15 | Of which: Standardized approach (SA) | **—** | — | **—** | — |
| | Of which: 1,250% risk weight is applied | **0** | 0 | **0** | 0 |
| 16 | Market risk | **1,197,002** | 1,702,320 | **95,760** | 136,185 |
| 17 | Of which: standardized approach (SA) | **1,171,398** | 1,692,705 | **93,711** | 135,416 |
| 18 | Of which: internal model approaches (IMA) | **25,604** | 9,614 | **2,048** | 769 |
| 19 | Operational risk | **709,217** | 889,187 | **56,737** | 71,135 |
| 20 | Of which: Basic Indicator Approach | **—** | — | **—** | — |
| 21 | Of which: Standardized Approach | **709,217** | 889,187 | **56,737** | 71,135 |
| 22 | Of which: Advanced Measurement Approach | **—** | — | **—** | — |
| 23 | Amounts below the thresholds for deduction | **60,904** | 116,022 | **5,164** | 9,838 |
| | Risk weighted assets subject to transitional arrangements | | 11,533 | | 922 |
| 24 | Floor adjustment | **—** | — | **—** | — |
| 25 | Total | **32,031,365** | 31,812,957 | **2,704,826** | 2,683,152 |

## Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements (Consolidated)

### As of March 31, 2018

(Millions of Yen)

| Items | Consolidated balance sheet amount | Balance sheet amount based on regulatory scope of consolidation | Ref. No. |
|---|---|---|---|
| (Assets) | | | |
| Loans and Bills Discounted | **11,858,949** | | |
| 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 | **324,698** | | |
| Securities | **52,321,859** | **52,321,859** | |
| Money Held in Trust | **7,439,710** | **7,439,710** | |
| Securities and Money Held in Trust of which: goodwill and those equivalents (excluding those reported in the Intangible Fixed Assets) | | **4,638** | 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 | | **212,503** | |
| 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) | | **212,503** | 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) | | **76,199** | |
| Amount exceeding the 10% threshold on specified items | | — | A8 |
| Amount exceeding the 15% threshold on specified items | | — | A11 |
| Additional Tier 1 capital | | **51,754** | A17 |
| Tier 2 capital | | — | A23 |
| Significant investments in the common stock of financials that are below the thresholds for deduction (before risk weighting) | | **24,445** | A25 |
| Trading Assets | **8,582** | | |
| Monetary Claims Bought | **354,872** | | |
| Call Loans and Bills Bought | **630,000** | | |
| Receivables under Securities Borrowing Transactions | — | | |
| Cash and Due from Banks | **28,756,371** | | |
| Other Assets | **1,585,342** | | |

(Millions of Yen)

| Items | Consolidated balance sheet amount | Balance sheet amount based on regulatory scope of consolidation | Ref. No. |
|---|---|---|---|
| Tangible Fixed Assets | **122,356** | | |
| Buildings | **47,443** | | |
| Land | **47,545** | | |
| Lease Assets | **23,347** | | |
| Construction in Progress | **5** | | |
| Other | **4,014** | | |
| Intangible Fixed Assets | **43,480** | **43,480** | |
| Software | **24,550** | **24,550** | |
| Lease Assets | **6,275** | **6,275** | |
| Other | **12,654** | **12,654** | |
| 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 | | **43,480** | A2.1 |
| of which: amount that corresponds to effective tax rate to other intangible assets other than goodwill and mortgage servicing rights | | **11,112** | 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 | **52,510** | **52,510** | A4 |
| Deferred Tax Assets | **2,026** | **2,026** | |
| 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 | **1,474,730** | | |
| Reserve for Possible Loan Losses | **(47,716)** | **(47,716)** | |
| of which: general reserve for possible loan losses includes Tier 2 | | **(72)** | A18 |
| of which: eligible provisions includes Tier 2 | | **—** | A19 |
| Reserve for Possible Investment Losses | **(4)** | | |
| Total Assets | **104,927,769** | | |
| (Liabilities) | | | |
| Deposits | **65,799,561** | | |
| Negotiable Certificates of Deposit | **2,920,656** | | |
| Debentures | **1,766,498** | | |
| Trading liabilities | **5,034** | | |
| Borrowed Money | **4,641,504** | **4,641,504** | |
| of which: qualifying Additional Tier 1 instruments | | **—** | D1 |
| of which: qualifying Tier 2 instruments | | **1,415,480** | D2 |
| Call Money and Bills Sold | **—** | | |
| Payables under Repurchase Agreements | **15,080,638** | | |
| Payables under Securities Lending Transactions | **—** | | |
| Foreign Exchanges Liabilities | **38** | | |
| Trust Money | **1,405,187** | | |
| Other Liabilities | **4,569,727** | | |

(Millions of Yen)

| Items | Consolidated balance sheet amount | Balance sheet amount based on regulatory scope of consolidation | Ref. No. |
|---|---|---|---|
| Reserve for Bonus Payments | **7,591** | | |
| Reserve for Employees' Retirement Benefits | **35,481** | | |
| Reserve for Directors' Retirement Benefits | **1,508** | | |
| Reserve for Agriculture, Fishery and Forestry Industry Subsidies | **—** | | |
| Deferred Tax Liabilities | **464,915** | **464,915** | |
| of which: assets related to retirement benefits | | **14,571** | D3 |
| Deferred Tax Liabilities for Land Revaluation | **8,607** | | |
| Acceptances and Guarantees | **1,474,730** | | |
| Total Liabilities | **98,181,681** | | |
| (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 | | **24,999** | 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 | | **24,973** | E5.2 |
| Retained Earnings | **1,988,359** | **1,988,359** | E2 |
| Treasury Preferred Stock | **—** | **—** | |
| Total Owners' Equity | **5,493,842** | **5,493,842** | |
| 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 | **1,152,861** | **1,152,861** | |
| Net Deferred Losses on Hedging Instruments | **59,823** | **59,823** | |
| of which: net deferred losses on hedge | | **89,100** | E7 |
| Revaluation Reserve for Land | **14,312** | **14,312** | |
| Foreign Currency Translation Adjustment | **(110)** | **(110)** | |
| Remeasurements of Defined Benefit Plans | **15,876** | **15,876** | |
| Total Accumulated Other Comprehensive Income | **1,242,763** | **1,242,763** | E4 |
| Minority Interests | **9,482** | **9,482** | |
| 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) | | **3,543** | E8.2 |
| of which: Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2) | | **121** | E8.3 |
| Total Net Assets | **6,746,088** | | |
| Total Liabilities and Net Assets | **104,927,769** | | |

*Note: "Balance sheet amount based on regulatory scope of consolidation" refers only to the items used in calculating capital adequacy.*

## LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

## Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| | a | b | c | d | e | f | g |
|---|---|---|---|---|---|---|---|
| | | | Carrying values of items: | | | | |
| | Carrying values as reported in published financial statements | Carrying values under scope of regulatory consolidation | Subject to credit risk framework | Subject to counterparty credit risk framework | Subject to the securitization framework | Subject to the market risk framework | Not subject to capital requirements or subject to deduction from capital |
| Assets | | | | | | | |
| Loans and Bills Discounted | 11,858,949 | 11,858,949 | 11,844,939 | — | 14,009 | 1,379,541 | — |
| Foreign Exchange Assets | 324,698 | 324,698 | 324,698 | — | — | 240,551 | — |
| Securities | 52,321,859 | 52,321,859 | 45,288,837 | 21,381,791 | 6,976,629 | 36,173,302 | 56,392 |
| Money Held in Trust | 7,439,710 | 7,439,710 | 7,439,710 | 2,421,431 | — | 6,841,086 | — |
| Trading Assets | 8,582 | 8,582 | — | 5,526 | — | 8,582 | — |
| Monetary Claims Bought | 354,872 | 354,872 | 138,088 | — | 216,784 | — | — |
| Call Loans and Bills Bought | 630,000 | 630,000 | 630,000 | — | — | — | — |
| Cash and Due from Banks | 28,756,371 | 28,756,371 | 28,756,371 | — | — | 76,818 | — |
| Other Assets | 1,585,342 | 1,585,342 | 226,275 | 835,810 | 25,273 | 767,549 | 497,982 |
| Tangible Fixed Assets | 122,356 | 122,356 | 122,356 | — | — | — | — |
| Intangible Fixed Assets | 43,480 | 43,480 | — | — | — | — | 43,480 |
| Net Defined Benefit Asset | 52,510 | 52,510 | — | — | — | — | 52,510 |
| Deferred Tax Assets | 2,026 | 2,026 | — | — | — | — | 2,026 |
| Customers' Liabilities for Acceptances and Guarantees | 1,474,730 | 1,474,730 | 1,474,730 | — | — | 10,640 | — |
| Reserve for Possible Loan Losses | (47,716) | (47,716) | (47,716) | — | — | — | — |
| Reserve for Possible Investment Losses | (4) | (4) | (4) | — | — | — | — |
| Total assets | 104,927,769 | 104,927,769 | 96,198,285 | 24,644,560 | 7,232,697 | 45,498,073 | 652,392 |
| Liabilities | | | | | | | |
| Deposits | 65,799,561 | 65,799,561 | — | 4,424,474 | — | 5,070,005 | 60,729,555 |
| Negotiable Certificates of Deposit | 2,920,656 | 2,920,656 | — | — | — | — | 2,920,656 |
| Debentures | 1,766,498 | 1,766,498 | — | — | — | — | 1,766,498 |
| Trading Liabilities | 5,034 | 5,034 | — | 5,034 | — | 5,034 | — |
| Borrowed Money | 4,641,504 | 4,641,504 | — | — | — | 272,647 | 4,368,856 |
| Payables under Repurchase Agreements | 15,080,638 | 15,080,638 | — | 15,080,638 | — | — | — |
| Foreign Exchange Liabilities | 38 | 38 | — | — | — | 30 | 8 |
| Short-term Entrusted Funds | 1,405,187 | 1,405,187 | — | — | — | — | 1,405,187 |
| Other Liabilities | 4,569,727 | 4,569,727 | — | 634,456 | — | 3,891,211 | 150,280 |
| Reserve for Bonus Payments | 7,591 | 7,591 | — | — | — | — | 7,591 |
| Net Defined Benefit Liability | 35,481 | 35,481 | — | — | — | — | 35,481 |
| Reserve for Directors' Retirement Benefits | 1,508 | 1,508 | — | — | — | — | 1,508 |
| Deferred Tax Liabilities | 464,915 | 464,915 | — | — | — | — | 464,915 |
| Deferred Tax Liabilities for Land Revaluation | 8,607 | 8,607 | — | — | — | — | 8,607 |
| Acceptances and Guarantees | 1,474,730 | 1,474,730 | — | — | — | 10,640 | 1,474,730 |
| Total liabilities | 98,181,681 | 98,181,681 | — | 20,144,604 | — | 9,249,570 | 73,333,877 |

*Notes: 1. Repo-type transactions are classified into two categories of credit risk of securities and counterparty credit risk.*
*2. Foreign currency assets are classified into two categories of market risk at the amount corresponding to the foreign exchange risk and credit risk of the assets that are subject to transactions.*

## LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | | a | b | c | d | e |
|---|---|---|---|---|---|---|
| | | | Items subject to: | | | |
| | | Total | Credit risk framework | Securitization framework | Counterparty credit risk framework | Market risk framework |
| 1 | Asset carrying value amount under scope of regulatory consolidation (as per template LI1) | 104,275,376 | 96,198,285 | 24,644,560 | 7,232,697 | 45,498,073 |
| 2 | Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1) | 24,847,803 | — | 20,144,604 | — | 9,249,570 |
| 3 | Total net amount under regulatory scope of consolidation | 79,427,573 | 96,198,285 | 4,499,956 | 7,232,697 | 36,248,503 |
| 4 | Off-balance sheet amounts | (12,014,712) | 1,380,924 | — | — | (13,395,636) |
| 5 | Differences in valuations | — | — | — | — | — |
| 6 | Differences due to different netting rules, other than those already included in row 2 | — | — | — | — | — |
| 7 | Differences due to consideration of provisions | 47,721 | 47,721 | — | — | — |
| 8 | Differences due to prudential filters | — | — | — | — | — |
| 9 | Others | (202,956) | 56,217 | 21,396,688 | — | (21,655,863) |
| | of which: repo-type transactions differences | 20,438,541 | — | 20,438,541 | — | — |
| | of which: derivative transactions differences | 958,147 | — | 958,147 | — | — |
| 10 | Exposure amounts considered for regulatory purposes | 132,009,494 | 97,683,148 | 25,896,645 | 7,232,697 | 1,197,002 |

*Notes: 1. As differences related to repo-type transactions, mainly the differences arising from a method used to measure the effectiveness of CRM.*
*2. In 9. "Others" market risk, the differences in the foreign currency positions are stated in the amount corresponding to foreign exchange risk.*

## Credit Risk (Consolidated)

(Investment Fund, securitization exposures, repo-type transactions and derivatives transactions are excluded.)

## 1. Credit Risk Exposure

### Fiscal 2017 (Ended March 31, 2018)

### Geographic Distribution of Exposure, Details in Significant Areas by Major Types of Credit Exposure

(Billions of Yen)

| Items | Loans, commitments, off-balance sheet exposure | Securities | Others | Total credit risk exposure | Default exposure | Reserve for default exposure | Write-off of default exposure |
|---|---|---|---|---|---|---|---|
| Japan | 11,397 | 13,260 | 28,712 | 53,370 | 40 | 15 | 3 |
| Asia except Japan | 321 | 145 | 2 | 470 | — | — | — |
| Europe | 340 | 8,672 | 203 | 9,216 | — | — | — |
| The Americas | 931 | 10,066 | 999 | 11,997 | 1 | 1 | — |
| Other areas | 404 | 162 | 242 | 809 | 0 | — | 0 |
| Amounts held by consolidated subsidiaries | 1,548 | 31 | 61 | 1,641 | 4 | 0 | 0 |
| Offsets on consolidation | (160) | (63) | (28) | (252) | — | — | — |
| Total | 14,783 | 32,275 | 30,193 | 77,252 | 46 | 17 | 3 |

## Industry Distribution of Exposure, Details by Major Types of Credit Exposure

(Billions of Yen)

| Items | Loans, commitments, off-balance sheet exposure | Securities | Others | Total credit risk exposure | Default exposure | Reserve for default exposure | Write-off of default exposure |
|---|---|---|---|---|---|---|---|
| Manufacturing | 2,819 | 509 | 140 | 3,469 | 16 | 3 | 2 |
| Agriculture | 63 | 0 | 0 | 64 | 5 | 4 | 0 |
| Forestry | 6 | — | 0 | 6 | 0 | 0 | — |
| Fishing | 17 | 0 | 0 | 18 | 9 | 4 | 0 |
| Mining | 17 | — | 0 | 17 | — | — | — |
| Construction | 86 | 12 | 0 | 98 | 0 | — | — |
| Utility | 464 | 5 | 1 | 471 | — | — | — |
| Information/telecommunications | 133 | 12 | 0 | 146 | — | — | — |
| Transportation | 661 | 180 | 0 | 841 | 1 | 1 | — |
| Wholesaling, retailing | 1,551 | 129 | 1 | 1,682 | 3 | 1 | — |
| Finance and insurance | 3,208 | 4,346 | 29,664 | 37,219 | 0 | 0 | — |
| Real estate | 701 | 45 | 3 | 750 | 0 | 0 | — |
| Services | 1,591 | 70 | 3 | 1,664 | 3 | 1 | — |
| Municipalities | 30 | 0 | 0 | 30 | — | — | — |
| Others | 2,040 | 26,994 | 346 | 29,381 | 0 | — | 0 |
| Amounts held by consolidated subsidiaries | 1,548 | 31 | 61 | 1,641 | 4 | 0 | 0 |
| Offsets on consolidation | (160) | (63) | (28) | (252) | — | — | — |
| Total | 14,783 | 32,275 | 30,193 | 77,252 | 46 | 17 | 3 |

*Notes: 1. "Others" within "Finance and insurance" includes due from the Bank of Japan in Cash and certain other items.*
*2. "Securities" within "Others" includes bonds issued by central government.*

## Residual Contractual Maturity Breakdown of Credit Risk Exposure

(Billions of Yen)

| Items | Loans, commitments, off-balance sheet exposure | Securities | Others | Total credit risk exposure |
|---|---|---|---|---|
| In 1 year | 5,807 | 3,071 | 29,794 | 38,673 |
| Over 1 year to 3 years | 2,375 | 11,701 | 51 | 14,128 |
| Over 3 years to 5 years | 2,860 | 4,460 | 9 | 7,330 |
| Over 5 years to 7 years | 1,006 | 2,557 | 17 | 3,581 |
| Over 7 years | 1,334 | 9,653 | 46 | 11,034 |
| No term to maturity | 11 | 863 | 240 | 1,114 |
| Amounts held by consolidated subsidiaries | 1,548 | 31 | 61 | 1,641 |
| Offsets on consolidation | (160) | (63) | (28) | (252) |
| Total | 14,783 | 32,275 | 30,193 | 77,252 |

*Notes: 1. The amount of credit exposure at the end of the period does not substantially differ from the average-risk position during fiscal 2017.*
*2. The amounts of credit-risk exposure held by consolidated subsidiaries are extremely limited, amounting only to about 2% of consolidated risk exposure, so only the total amounts held by these subsidiaries are shown.*
*3. Default exposure is classified in the Bank's self-assessment as being under "Debtor Under Requirement of Control."*

## Delinquent Maturity Exposure

(Billions of Yen)

| Items | As of March 31, 2018 |
|---|---|
| Less than One Month | **0** |
| From One Month to less than Two Months | **0** |
| From Two Months to less than Three Months | **0** |
| Three Months or More | **0** |
| Amounts held by consolidated subsidiaries | **1** |
| Total | **1** |

*Note: "One Month or less" excludes loans that are not delinquent.*

## Special Attention

(Billions of Yen)

| Items | As of March 31, 2018 |
|---|---|
| Amounts of the reserves that were increased to address the exposure | **14** |
| Amounts of other than the above | **—** |
| Amounts held by consolidated subsidiaries | **1** |
| Total | **15** |

## Ratio of the EAD for each asset class to the total amount of EAD

## Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen, %)

| Items | | EAD | Percentage of total amount of EAD |
|---|---|---|---|
| Subject to Standardized Approach | | **115,403** | **0.15%** |
| Subject to Internal Ratings-Based Approach (IRB) | | **76,191,129** | **99.59%** |
| | Corporate exposure (excluding Specialized Lending Products) | **7,895,751** | **10.32%** |
| | Corporate exposure (Specialized Lending) | **817,055** | **1.07%** |
| | Bank exposure | **4,988,616** | **6.52%** |
| | Sovereign exposure | **59,731,756** | **78.07%** |
| | Equity portfolios subject to PD/LGD approaches | **818,712** | **1.07%** |
| | Retail exposure | **1,511,613** | **1.98%** |
| | Other debt purchased | **427,623** | **0.56%** |
| | Important investments | **—** | **—** |
| | Lease transactions | **—** | **—** |
| Other assets | | **199,112** | **0.26%** |
| Total | | **76,505,645** | **100.00%** |

## CR1: Credit quality of assets

## Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | | a | b | c | d |
|---|---|---|---|---|---|
| | | Gross carrying values of | | Allowances/ impairments | Net values (a+b-c) |
| | | Defaulted exposures | Non-defaulted exposures | | |
| | On-balance sheet assets | | | | |
| 1 | Loans | **39,987** | **11,656,941** | **44,203** | **11,652,726** |
| 2 | Debt Securities | **—** | **31,462,991** | **—** | **31,462,991** |
| 3 | Off-balance sheet exposures | **16** | **30,008,705** | **40** | **30,008,681** |
| 4 | Total on-balance sheet assets (1+2+3) | **40,004** | **73,128,639** | **44,244** | **73,124,399** |
| | Off-balance sheet assets | | | | |
| 5 | Acceptances and Guarantees | **1,409** | **1,473,208** | **1,427** | **1,473,190** |
| 6 | Commitments | **—** | **1,008,888** | **205** | **1,008,683** |
| 7 | Total off-balance sheet assets (5+6) | **1,409** | **2,482,097** | **1,632** | **2,481,873** |
| | Total | | | | |
| 8 | Total (4+7) | **41,414** | **75,610,736** | **45,877** | **75,606,273** |

*Note: Default exposure is classified in the Bank's self-assessment as being under "Debtor Under Requirement of Control."*

## CR2: Changes in stock of defaulted loans and debt securities

## Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | | | a |
|---|---|---|---|
| 1 | Defaulted loans and debt securities at end of the previous reporting period | | **57,064** |
| 2 | Changes in the amounts of per factor during fiscal 2017 | Default | **24,236** |
| 3 | | Returned to non-defaulted status | **6,059** |
| 4 | | Amounts written off | **3,069** |
| 5 | | Other changes (Decrease in the balance due to a recovery of exposure at default) | **(32,167)** |
| 6 | Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5) | | **40,004** |

## CR3: Credit risk mitigation techniques – overview

## Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | | a | b | c | d | e |
|---|---|---|---|---|---|---|
| | | **Exposures unsecured** | **Exposures totally secured** | **Exposures secured by collateral, of which: secured amount** | **Exposures secured by financial guarantees, of which: secured amount** | **Exposures secured by credit derivatives, of which: secured amount** |
| 1 | Loans | **11,318,701** | **334,024** | **335,814** | **341,371** | **—** |
| 2 | Debt securities | **30,930,862** | **532,129** | **—** | **562,129** | **—** |
| 3 | Other on-balance sheet assets | **30,007,377** | **1,304** | **474** | **1,588** | **—** |
| 4 | Total | **72,256,941** | **867,458** | **336,288** | **905,088** | **—** |
| 5 | Of which defaulted | **36,495** | **3,508** | **7,480** | **—** | **—** |

## CR4: Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen, %)

| No. | | a | b | c | d | e | f |
|---|---|---|---|---|---|---|---|
| | | Exposures before CCF and CRM | | Exposures post-CCF and CRM | | RWA | RWA density |
| | Asset classes | On-balance sheet amount | Off-balance sheet amount | On-balance sheet amount | Off-balance sheet amount | | |
| 1 | Cash | — | — | — | — | — | — |
| 2 | Japanese government and the Bank of Japan | — | — | — | — | — | — |
| 3 | Foreign central government and their central banks | — | — | — | — | — | — |
| 4 | Bank for International Settlements | — | — | — | — | — | — |
| 5 | Japanese regional municipal bodies | — | — | — | — | — | — |
| 6 | Non-central government public sector entities | — | — | — | — | — | — |
| 7 | Multilateral Development Bank | — | — | — | — | — | — |
| 8 | Japan Finance Organization for Municipalities | — | — | — | — | — | — |
| 9 | Japanese government institutions | — | — | — | — | — | — |
| 10 | Regional third-sector company | — | — | — | — | — | — |
| 11 | Banks and securities firms | — | — | — | — | — | — |
| 12 | Corporates | — | — | — | — | — | — |
| 13 | SMEs and individuals | — | — | — | — | — | — |
| 14 | Residential Mortgage | — | — | — | — | — | — |
| 15 | Exposures to corporates, SMEs and individuals (acquisition of real estate) | — | — | — | — | — | — |
| 16 | Loans with principal or interest payments three months or more in arrears (excluding residential mortgage) | — | — | — | — | — | — |
| 17 | Extension of three months or more in mortgage loan terms | — | — | — | — | — | — |
| 18 | Bills in process of collection | — | — | — | — | — | — |
| 19 | Guarantee by Credit Guarantee Corporations | — | — | — | — | — | — |
| 20 | Guarantee by Regional Economy Vitalization Corporation of Japan (REVIC) | — | — | — | — | — | — |
| 21 | Investment (excluding important investment) | — | — | — | — | — | — |
| 22 | Total | — | — | — | — | — | — |

*Notes: 1. Assets subject to the Standardized Approach are a) the on-balance and off-balance sheet assets of the Bank's consolidated subsidiaries, with the exception of Kyodo Housing Loan Co., Ltd., and b) the suspense payments and prepaid expenses on the consolidated balance sheet of the Bank and Kyodo Housing Loan Co., Ltd.*

*2. The total of the credit risk assets subject to the Standardized Approach (above a+b) is ¥71.4 billion, which is not shown in these statements due to its extremely limited amount—only about 0.22% of the credit risk assets on a consolidated basis (¥31,904.1 billion).*

## CR5: Standardized approach – exposures by asset classes and risk weights

## Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | Asset classes \ Risk weight | a | b | c | d | e | f | g | h | i | j | k |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total credit exposures amount (post CCF and post-CRM) | | | | | | | | | | |
| | | 0% | 10% | 20% | 35% | 50% | 75% | 100% | 150% | 250% | 1,250% | Total |
| 1 | Cash | — | — | — | — | — | — | — | — | — | — | — |
| 2 | Japanese government and the Bank of Japan | — | — | — | — | — | — | — | — | — | — | — |
| 3 | Foreign central government and their central banks | — | — | — | — | — | — | — | — | — | — | — |
| 4 | Bank for International Settlements | — | — | — | — | — | — | — | — | — | — | — |
| 5 | Japanese regional municipal bodies | — | — | — | — | — | — | — | — | — | — | — |
| 6 | Non-central government public sector entities | — | — | — | — | — | — | — | — | — | — | — |
| 7 | Multilateral Development Bank | — | — | — | — | — | — | — | — | — | — | — |
| 8 | Japan Finance Organization for Municipalities | — | — | — | — | — | — | — | — | — | — | — |
| 9 | Japanese government institutions | — | — | — | — | — | — | — | — | — | — | — |
| 10 | Regional third-sector company | — | — | — | — | — | — | — | — | — | — | — |
| 11 | Banks and securities firms | — | — | — | — | — | — | — | — | — | — | — |
| 12 | Corporates | — | — | — | — | — | — | — | — | — | — | — |
| 13 | SMEs and individuals | — | — | — | — | — | — | — | — | — | — | — |
| 14 | Residential Mortgage | — | — | — | — | — | — | — | — | — | — | — |
| 15 | Exposures to corporates, SMEs and individuals (acquisition of real estate) | — | — | — | — | — | — | — | — | — | — | — |
| 16 | Loans with principal or interest payments three months or more in arrears (excluding residential mortgage) | — | — | — | — | — | — | — | — | — | — | — |
| 17 | Extension of three months or more in mortgage loan terms | — | — | — | — | — | — | — | — | — | — | — |
| 18 | Bills in process of collection | — | — | — | — | — | — | — | — | — | — | — |
| 19 | Guarantee by Credit Guarantee Corporations | — | — | — | — | — | — | — | — | — | — | — |
| 20 | Guarantee by Regional Economy Vitalization Corporation of Japan (REVIC) | — | — | — | — | — | — | — | — | — | — | — |
| 21 | Investment (excluding important investment) | — | — | — | — | — | — | — | — | — | — | — |
| 22 | Total | — | — | — | — | — | — | — | — | — | — | — |

*Notes: 1. Assets subject to the Standardized Approach are a) 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., and b) the suspense payments and prepaid expenses on the consolidated balance sheet of the Bank and Kyodo Housing Loan Co., Ltd.*

*2. The total of the credit risk assets subject to the Standardized Approach (above a+b) is ¥71.4 billion, which is not shown in these statements due to its extremely limited amount—only about 0.22% of the credit risk assets on a consolidated basis (¥31,904.1 billion).*

## CR6: IRB – Credit risk exposures by portfolio and PD range

## ■ Foundation Internal Ratings-Based Approach (F-IRB)

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen, %, Thousands, Year)

| | | a | b | c | d | e | f | g | h | i | j | k | l |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No. | PD scale | Original on-balance sheet gross exposure | Off-balance sheet exposures pre CCF | Average CCF | EAD post CRM and post-CCF | Average PD | Number of obligors | Average LGD | Average maturity | RWA | RWA density | EL | Provisions |
| | Sovereign exposure | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | 59,590,829 | 15,000 | — | 60,116,894 | 0.00 | 0.0 | 45.00 | 2.2 | 233 | 0.00 | 0 | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | 27,927 | — | — | 79 | 0.28 | 0.0 | 45.00 | 4.6 | 59 | 74.37 | 0 | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | 113,000 | — | — | 116 | 3.21 | 0.0 | 45.00 | 5.0 | 187 | 161.71 | 1 | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | 59,731,756 | 15,000 | — | 60,117,090 | 0.00 | 0.0 | 45.00 | 2.2 | 481 | 0.00 | 1 | — |
| | Bank exposure | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | 4,779,827 | — | — | 4,779,827 | 0.03 | 0.1 | 45.63 | 1.8 | 773,150 | 16.17 | 854 | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | 115,350 | 1,000 | 0.75 | 17,122 | 0.40 | 0.0 | 42.73 | 2.5 | 10,360 | 60.50 | 29 | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | 54,966 | 7,595 | 0.82 | 56,939 | 1.14 | 0.0 | 23.93 | 1.7 | 30,059 | 52.79 | 163 | |
| 6 | Exceeding 2.50 to 10.00 or less | 30,777 | 704 | 1.00 | 30,394 | 4.30 | 0.0 | 25.20 | 2.0 | 25,493 | 83.87 | 359 | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | 4,980,920 | 9,300 | 0.82 | 4,884,283 | 0.07 | 0.2 | 45.24 | 1.8 | 839,063 | 17.17 | 1,406 | — |
| | Corporate exposure (excluding SMEs exposure and specialized lending) | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | 477,317 | — | — | 275,190 | 0.05 | 0.1 | 62.60 | 4.1 | 118,426 | 43.03 | 86 | |
| 2 | Exceeding 0.15 to 0.25 or less | 15,081 | 2,000 | 0.75 | 16,581 | 0.15 | 0.0 | 65.80 | 3.7 | 13,490 | 81.36 | 16 | |
| 3 | Exceeding 0.25 to 0.50 or less | 27 | — | — | 27 | 0.42 | 0.0 | 45.00 | 2.4 | 17 | 63.95 | 0 | |
| 4 | Exceeding 0.50 to 0.75 or less | 1 | — | — | 1 | 0.63 | 0.0 | 45.00 | 5.0 | 1 | 107.26 | 0 | |
| 5 | Exceeding 0.75 to 2.50 or less | 27,854 | — | — | 3 | 1.44 | 0.0 | 45.00 | 5.0 | 4 | 134.59 | 0 | |
| 6 | Exceeding 2.50 to 10.00 or less | 1,742 | — | — | 1,742 | 4.80 | 0.0 | 45.00 | 4.4 | 2,988 | 171.51 | 37 | |
| 7 | Exceeding 10.00 to 100.00 or less | 182 | — | — | 182 | 15.84 | 0.0 | 45.00 | 4.6 | 454 | 248.48 | 13 | |
| 8 | 100.00 (default) | 1,648 | — | — | 1,648 | 100.00 | 0.0 | 45.00 | 4.0 | — | 0.00 | 741 | |
| 9 | Subtotal | 523,856 | 2,000 | 0.75 | 295,378 | 0.65 | 0.3 | 62.56 | 4.0 | 135,384 | 45.83 | 895 | 127 |
| | SMEs exposure | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | — | — | — | — | — | — | — | — | — | — | — | — |
| | Specialized lending exposure | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | — | — | — | — | — | — | — | — | — | — | — | — |

(Millions of Yen, %, Thousands, Year)

| | | a | b | c | d | e | f | g | h | i | j | k | l |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No. | PD scale | Original on-balance sheet gross exposure | Off-balance sheet exposures pre CCF | Average CCF | EAD post CRM and post-CCF | Average PD | Number of obligors | Average LGD | Average maturity | RWA | RWA density | EL | Provisions |
| | Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | 642,332 | — | — | 642,332 | 0.04 | 0.1 | 90.00 | 5.0 | 643,608 | 100.19 | 280 | |
| 2 | Exceeding 0.15 to 0.25 or less | 149,391 | — | — | 149,391 | 0.15 | 0.1 | 90.00 | 5.0 | 179,233 | 119.97 | 202 | |
| 3 | Exceeding 0.25 to 0.50 or less | 19,950 | — | — | 19,950 | 0.41 | 0.0 | 90.00 | 5.0 | 37,525 | 188.08 | 74 | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | 5,725 | — | — | 5,725 | 1.08 | 0.0 | 90.00 | 5.0 | 15,203 | 265.51 | 55 | |
| 6 | Exceeding 2.50 to 10.00 or less | 428 | — | — | 428 | 4.26 | 0.0 | 90.00 | 5.0 | 1,682 | 393.03 | 16 | |
| 7 | Exceeding 10.00 to 100.00 or less | 851 | — | — | 851 | 15.84 | 0.0 | 90.00 | 5.0 | 5,812 | 682.49 | 121 | |
| 8 | 100.00 (default) | 32 | — | — | 32 | 100.00 | 0.0 | 90.00 | 5.0 | 362 | 1,125.00 | 29 | |
| 9 | Subtotal | 818,712 | — | — | 818,712 | 0.10 | 0.3 | 90.00 | 5.0 | 883,427 | 107.90 | 779 | — |
| | Debt purchased for corporate (Default risk) | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | 97,541 | — | — | 97,502 | 0.00 | 0.0 | 45.00 | 1.0 | 691 | 0.70 | 1 | |
| 2 | Exceeding 0.15 to 0.25 or less | 8,283 | — | — | 8,283 | 0.15 | 0.0 | 45.00 | 1.0 | 2,052 | 24.77 | 5 | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | 105,825 | — | — | 105,786 | 0.01 | 0.0 | 45.00 | 1.0 | 2,743 | 2.59 | 6 | — |
| | Debt purchased for corporate (Dilution risk) | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | 14,064 | 0.00 | 0.0 | 45.00 | 1.0 | — | 0.00 | — | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | 1,852 | 0.15 | 0.0 | 45.00 | 1.0 | 458 | 24.77 | 1 | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | — | — | — | 15,917 | 0.01 | 0.0 | 45.00 | 1.0 | 458 | 2.88 | 1 | — |
| | Loan participation (corporate) (Default risk of seller) | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | 40,339 | 0.01 | 0.0 | 45.00 | 3.0 | 2,525 | 6.26 | 2 | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | — | — | — | 40,339 | 0.01 | 0.0 | 45.00 | 3.0 | 2,525 | 6.26 | 2 | — |
| | Debt purchased for retail | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | — | — | — | — | — | — | — | — | — | — | — | — |
| | Qualifying revolving retail exposure | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | — | — | — | — | — | — | — | — | — | — | — | — |

(Millions of Yen, %, Thousands, Year)

| | | a | b | c | d | e | f | g | h | i | j | k | l |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No. | PD scale | Original on-balance sheet gross exposure | Off-balance sheet exposures pre CCF | Average CCF | EAD post CRM and post-CCF | Average PD | Number of obligors | Average LGD | Average maturity | RWA | RWA density | EL | Provisions |
| | Retail exposure secured by residential properties | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | — | 1,329,530 | 1.00 | 1,329,530 | 0.32 | 71.9 | 53.26 | — | 401,297 | 30.18 | 2,265 | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | 130,680 | — | — | 130,680 | 0.78 | 10.5 | 68.35 | — | 94,734 | 72.49 | 696 | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | 1,264 | 2,863 | 1.00 | 4,127 | 21.56 | 0.3 | 57.88 | — | 13,612 | 329.77 | 520 | |
| 8 | 100.00 (default) | 1,571 | 543 | 1.00 | 2,115 | 100.00 | 0.3 | 92.61 | — | 2,907 | 137.44 | 1,959 | |
| 9 | Subtotal | 133,516 | 1,332,938 | 1.00 | 1,466,454 | 0.56 | 83.1 | 54.67 | — | 512,552 | 34.95 | 5,442 | 1,894 |
| | Other retail exposure | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | 274 | 717 | 1.00 | 992 | 0.28 | 1.0 | 88.28 | — | 443 | 44.67 | 2 | |
| 4 | Exceeding 0.50 to 0.75 or less | 38,870 | — | — | 38,870 | 0.71 | 1.5 | 58.33 | — | 19,661 | 50.58 | 160 | |
| 5 | Exceeding 0.75 to 2.50 or less | 644 | 2,906 | 1.00 | 3,551 | 2.21 | 2.6 | 95.53 | — | 4,480 | 126.14 | 76 | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | 173 | 3 | 1.00 | 177 | 23.15 | 0.0 | 58.83 | — | 244 | 138.07 | 23 | |
| 8 | 100.00 (default) | 1,562 | 4 | 1.00 | 1,567 | 100.00 | 0.1 | 98.63 | — | 3,228 | 206.02 | 1,545 | |
| 9 | Subtotal | 41,526 | 3,632 | 1.00 | 45,158 | 4.35 | 5.3 | 63.31 | — | 28,058 | 62.13 | 1,809 | 618 |
| Total | | 66,336,114 | 1,362,871 | 0.98 | 67,789,121 | 0.02 | 89.5 | 45.85 | 2.2 | 2,404,696 | 3.54 | 10,345 | 2,640 |

## CR6: IRB – Credit risk exposures by portfolio and PD range

## ■ Advanced Internal Ratings-Based Approach (A-IRB)

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen, %, Thousands, Year)

| | | a | b | c | d | e | f | g | h | i | j | k | l |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No. | PD scale | Original on-balance sheet gross exposure | Off-balance sheet exposures pre CCF | Average CCF | EAD post CRM and post-CCF | Average PD | Number of obligors | Average LGD | Average maturity | RWA | RWA density | EL | Provisions |
| | Sovereign exposure | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | 35,719 | 0.01 | 0.0 | 30.34 | 4.0 | 1,582 | 4.43 | 1 | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | — | — | — | 35,719 | 0.01 | 0.0 | 30.34 | 4.0 | 1,582 | 4.43 | 1 | — |
| | Bank exposure | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | — | — | — | — | — | — | — | — | — | — | — | — |

(Millions of Yen, %, Thousands, Year)

| | | a | b | c | d | e | f | g | h | i | j | k | l |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No. | PD scale | Original on-balance sheet gross exposure | Off-balance sheet exposures pre CCF | Average CCF | EAD post CRM and post-CCF | Average PD | Number of obligors | Average LGD | Average maturity | RWA | RWA density | EL | Provisions |
| | Corporate exposure (excluding SMEs exposure and specialized lending) | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | 3,688,885 | 1,118,849 | 0.48 | 4,413,834 | 0.05 | 0.3 | 29.79 | 2.9 | 724,512 | 16.41 | 691 | |
| 2 | Exceeding 0.15 to 0.25 or less | 2,070,635 | 271,785 | 0.58 | 2,083,418 | 0.16 | 0.5 | 29.62 | 2.8 | 627,471 | 30.11 | 1,035 | |
| 3 | Exceeding 0.25 to 0.50 or less | 272,339 | 65,693 | 0.57 | 312,862 | 0.42 | 0.2 | 29.84 | 2.6 | 139,833 | 44.69 | 392 | |
| 4 | Exceeding 0.50 to 0.75 or less | 94,206 | 3,117 | 0.75 | 60,824 | 0.63 | 0.0 | 25.19 | 3.5 | 30,338 | 49.87 | 96 | |
| 5 | Exceeding 0.75 to 2.50 or less | 284,639 | 24,274 | 0.41 | 279,506 | 1.21 | 0.5 | 27.71 | 2.5 | 170,534 | 61.01 | 939 | |
| 6 | Exceeding 2.50 to 10.00 or less | 46,012 | 21,786 | 0.46 | 47,934 | 4.79 | 0.4 | 27.91 | 2.9 | 45,284 | 94.47 | 642 | |
| 7 | Exceeding 10.00 to 100.00 or less | 92,608 | 23,068 | 0.74 | 102,126 | 15.82 | 0.3 | 24.66 | 1.8 | 122,096 | 119.55 | 3,986 | |
| 8 | 100.00 (default) | 38,762 | 3,060 | 0.28 | 34,170 | 100.00 | 0.1 | 26.78 | 1.7 | — | 0.00 | 9,151 | |
| 9 | Subtotal | 6,588,091 | 1,531,635 | 0.51 | 7,334,676 | 0.86 | 2.6 | 29.53 | 2.8 | 1,860,072 | 25.35 | 16,935 | 13,717 |
| | SMEs exposure | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | — | — | — | — | — | — | — | — | — | — | — | — |
| | Specialized lending exposure | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | — | — | — | — | — | — | — | — | — | — | — | — |
| | Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | — | — | — | — | — | — | — | — | — | — | — | — |
| | Debt purchased for corporate (Default risk) | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | 172,833 | 36,500 | 1.00 | 216,279 | 0.05 | 0.0 | 30.35 | 1.3 | 19,273 | 8.91 | 32 | |
| 2 | Exceeding 0.15 to 0.25 or less | 30,687 | 16,793 | 0.90 | 38,992 | 0.18 | 0.0 | 30.35 | 2.2 | 11,153 | 28.60 | 22 | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | 4,787 | 1,595 | 0.74 | 7,047 | 0.63 | 0.0 | 30.35 | 1.2 | 2,963 | 42.04 | 13 | |
| 5 | Exceeding 0.75 to 2.50 or less | 4,323 | — | — | 3,259 | 0.83 | 0.0 | 30.35 | 1.0 | 1,481 | 45.44 | 8 | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | 212,632 | 54,888 | 0.96 | 265,579 | 0.09 | 0.0 | 30.35 | 1.4 | 34,872 | 13.13 | 76 | — |
| | Debt purchased for corporate (Dilution risk) | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | — | — | — | — | — | — | — | — | — | — | — | — |

(Millions of Yen, %, Thousands, Year)

| | | a | b | c | d | e | f | g | h | i | j | k | l |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No. | PD scale | Original on-balance sheet gross exposure | Off-balance sheet exposures pre CCF | Average CCF | EAD post CRM and post-CCF | Average PD | Number of obligors | Average LGD | Average maturity | RWA | RWA density | EL | Provisions |
| | Loan participation (corporate) (Default risk of seller) | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | — | — | — | — | — | — | — | — | — | — | — | — |
| | Debt purchased for retail | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | — | — | — | — | — | — | — | — | — | — | — | — |
| | Qualifying revolving retail exposure | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | — | — | — | — | — | — | — | — | — | — | — | — |
| | Retail exposure secured by residential properties | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | — | — | — | — | — | — | — | — | — | — | — | — |
| | Other retail exposure | | | | | | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — | — | — | — | — | |
| 8 | 100.00 (default) | — | — | — | — | — | — | — | — | — | — | — | |
| 9 | Subtotal | — | — | — | — | — | — | — | — | — | — | — | — |
| Total | | **6,800,723** | **1,586,523** | **0.52** | **7,635,975** | **0.83** | **2.6** | **29.56** | **2.8** | **1,896,527** | **24.83** | **17,013** | **13,717** |

## CR7: IRB – Effect on RWA of credit derivatives used as CRM techniques

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | Portfolio | a | b |
|---|---|---|---|
| | | Pre-credit derivatives RWA | Actual RWA |
| 1 | Sovereign – FIRB | — | — |
| 2 | Sovereign – AIRB | — | — |
| 3 | Banks – FIRB | — | — |
| 4 | Banks – AIRB | — | — |
| 5 | Corporate – FIRB | — | — |
| 6 | Corporate – AIRB | — | — |
| 7 | Specialised lending – FIRB | — | — |
| 8 | Specialised lending – AIRB | — | — |
| 9 | Retail – qualifying revolving (QRRE) | — | — |
| 10 | Retail – residential mortgage exposures | — | — |
| 11 | Other retail exposures | — | — |
| 12 | Equity – FIRB | — | — |
| 13 | Equity – AIRB | — | — |
| 14 | Purchased receivables – FIRB | — | — |
| 15 | Purchased receivables – AIRB | — | — |
| 16 | Total | — | — |

*Note: Because the Bank did not use credit derivatives as credit risk mitigation techniques as of March 31, 2018, credit derivatives are not shown in these statements.*

## CR8: RWA flow statements of credit risk exposures under IRB

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | | | RWA amounts |
|---|---|---|---|
| 1 | RWA as at end of previous reporting period | | **4,738,491** |
| 2 | Changes in the amounts per factor during fiscal 2017 | Asset size | **464,655** |
| 3 | | Asset quality | **(274,900)** |
| 4 | | Model updates | **0** |
| 5 | | Methodology and policy | **0** |
| 6 | | Acquisitions and disposals | **0** |
| 7 | | Foreign exchange movements | **(27,511)** |
| 8 | | Other | **0** |
| 9 | RWA as at end of reporting period | | **4,900,735** |

## CR9: IRB – Backtesting of probability of default (PD) per portfolio

### Fiscal 2017 (Ended March 31, 2018)

(%, the Number of Items)

| a | b | c | | | | | d | e | f | | g | h | i |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Portfolio | PD Range | External rating equivalent | | | | | Weighted average PD | Arithmetic average PD by obligors | Number of obligors | | Defaulted obligors in the year | of which: new defaulted obligors in the year | Average historical annual default rate (5 years) |
| | | S&P | Moody's | Fitch | R&I | JCR | | | End of previous period | End of current period | | | |
| Sovereign exposure | 1-1 to 2 | AAA—A- | Aaa—A3 | AAA—A- | AAA—A- | AAA—A- | 0.00% | 0.00% | 92 | 90 | 0 | 0 | 0.00% |
| | 3 to 4 | BBB+—BBB- | Baa1—Baa3 | BBB+—BBB- | BBB+—BBB- | BBB+—BBB- | 0.06% | 0.06% | 32 | 21 | 0 | 0 | 0.00% |
| | 5 to 6 | BB+—BB- | Ba1—B1 | BB+—BB- | BB+—BB- | BB+—BB- | 0.86% | 0.86% | 3 | 2 | 0 | 0 | 0.00% |
| | 7 | B+ | B2 | B+ | B+ | B+ | — | — | — | — | — | — | — |
| | 8-1 to 8-2 | B—CCC- | B3—Caa3 | B—CCC- | B—CCC- | B—CCC | 9.88% | 9.88% | 1 | 1 | 0 | 0 | 0.00% |
| Bank exposure | 1-1 to 2 | AAA—A- | Aaa—A3 | AAA—A- | AAA—A- | AAA—A- | 0.03% | 0.03% | 177 | 177 | 0 | 0 | 0.00% |
| | 3 to 4 | BBB+—BBB- | Baa1—Baa3 | BBB+—BBB- | BBB+—BBB- | BBB+—BBB- | 0.10% | 0.17% | 103 | 102 | 0 | 0 | 0.00% |
| | 5 to 6 | BB+—BB- | Ba1—B1 | BB+—BB- | BB+—BB- | BB+—BB- | 2.21% | 1.83% | 115 | 119 | 0 | 0 | 0.00% |
| | 7 | B+ | B2 | B+ | B+ | B+ | 4.95% | 4.95% | 22 | 21 | 0 | 0 | 0.00% |
| | 8-1 to 8-2 | B—CCC- | B3—Caa3 | B—CCC- | B—CCC- | B—CCC | 8.94% | 8.94% | 5 | 3 | 0 | 0 | 0.00% |
| Corporate exposure | 1-1 to 2 | AAA—A- | Aaa—A3 | AAA—A- | AAA—A- | AAA—A- | 0.05% | 0.05% | 448 | 510 | 0 | 0 | 0.00% |
| | 3 to 4 | BBB+—BBB- | Baa1—Baa3 | BBB+—BBB- | BBB+—BBB- | BBB+—BBB- | 0.23% | 0.26% | 927 | 993 | 2 | 1 | 0.04% |
| | 5 to 6 | BB+—BB- | Ba1—B1 | BB+—BB- | BB+—BB- | BB+—BB- | 1.11% | 1.32% | 703 | 719 | 0 | 0 | 0.08% |
| | 7 | B+ | B2 | B+ | B+ | B+ | 4.51% | 4.75% | 501 | 561 | 2 | 0 | 0.86% |
| | 8-1 to 8-2 | B—CCC- | B3—Caa3 | B—CCC- | B—CCC- | B—CCC | 15.84% | 15.84% | 336 | 374 | 11 | 2 | 4.29% |
| Retail exposure | Standard loans | | | | | | 0.36% | 0.44% | 72,656 | 78,431 | 99 | 0 | 0.14% |
| | Delinquent loans | | | | | | 22.07% | 22.95% | 368 | 398 | 47 | 0 | 12.81% |

*Notes: 1. Although most tallied data are about consolidated assets, in principle, as to the "Number of obligors," "Defaulted obligors in the year" and "Average historical annual default rate (5 years)" of corporate, sovereign and bank exposure, only non-consolidated data are tallied, taking into account that the PDs are estimated mainly for the group of obligors of the Bank as a non-consolidated entity and a majority of such obligors are borrowers of the Bank alone on a non-consolidated basis.*

*2. Although the Bank has applied the Advanced Internal Ratings-Based Approach (A-IRB) to corporate, sovereign and bank exposure, beginning with the standard capital adequacy ratio calculation as of March 31, 2017, because the average PD and the average historical annual default rates, which are subject to back-testing, were calculated including the data prior to the transition to the A-IRB, the sum of the investment funds under the A-IRB and those under the Foundation Internal Ratings-Based Approach (F-IRB) were tallied and disclosed.*

*3. Back-testing is not applied to Specialized Lending Products because the slotting criteria method is adopted for them. Moreover, the data on equity exposure and debt purchased for corporate, for which the PD/LGD approaches are applied, are not tallied for each classification because the number of defaults is recognized in one of the above categories in case default occurs.*

*4. Retail exposure, the balance of which is insignificant against total assets, is disclosed as a whole in a single portfolio category.*

*5. Because related back-testing is conducted and tallied using the PD values used to calculate the capital adequacy ratio for estimation and validation, with the "previous year-end" for corporate, sovereign and bank exposure being September 30, 2016, and the "current year-end" as September 30, 2017, and with the "previous year-end" for retail exposure being the end of a reference month on an exposure pool basis in estimation and validation for 2016 and the "current year-end" being the end of the same reference month for 2017, the "Number of obligors" and "Defaulted obligors in the year" were tallied. Also, the "Weighted-average PD" and "Arithmetic average PD by obligors" are calculated, considering the purpose of this disclosure, using the PD values that were applied to compute the risk-weighted asset data used to calculate the capital adequacy ratio as of the reference date of March 31, 2016.*

*6. Concerning the "Average historical annual default rate (5 years)," the five-year average value is computed with the reference date of September 30 of each year for corporate exposure, and that for retail exposure with the reference date being the end of the reference month of each exposure pool for estimation and validation, using the internal past default data.*

*7. For retail exposure, calculation was conducted not by obligor but also by loan.*

## ■ Establishment of the Debtor Rating System and Categories for Estimating PDs Related to Corporate, Sovereign and Bank Exposure

| Portfolio | Evaluation methods for assigning debtor ratings | Category for estimating PDs | Ratio to the entire credit RWA |
|---|---|---|---|
| Sovereign exposure | Internal development methods<br>Methods to refer to credit ratings by external agencies | Sovereign | 0.01% |
| Bank exposure | Internal development methods<br>Methods to refer to credit ratings by external agencies | Bank | 3.40% |
| Corporate exposure (excluding Specialized Lending Products) | Internal development methods<br>Methods to refer to credit ratings by external agencies<br>Credit rating agencies estimating models approach | Resident corporate<br>Non-resident corporate | 6.76% |
| Specialized Lending Products | Internal development methods | Not applicable because the slotting criteria method is applied | 1.95% |
| Equity Exposure to the PD/LGD Approaches are applied | Internal development methods<br>Methods to refer to credit ratings by external agencies | Categorized as resident corporate, non-resident corporate, bank or sovereign | 3.01% |
| Other debt purchased for corporate, sovereign and bank exposure | Internal development methods<br>Methods to refer to credit ratings by external agencies | Categorized as resident corporate, non-resident corporate, bank or sovereign | 0.18% |

*Note: The "Category for estimating PDs" are Resident corporate, Non-resident corporate, Bank and Sovereign under the Debtor Rating System. PDs are assigned corresponding to the debtor rankings in each category.*

## ■ Remarks on the Evaluation Methods for Assigning Ratings to Corporate, Sovereign and Bank Exposure

| Evaluation methods | Overview of the evaluation methods | Method to allocate exposures to the evaluation methods to be applied |
|---|---|---|
| Internal development methods | Evaluation method combining quantitative and qualitative methods, in principle, using a quantitative model | 1. Allocation of ratings based on the quantitative financial information and qualitative information available via transactions mainly with credit risk in financing, etc.<br>2. Allocation of ratings to debtors of which evaluation by the internal development method is possible because there is a sufficient level of quality and quantity of information obtained from disclosure data and fund managers in case of investing in specific bonds and loans mainly with credit risk (including fund and other indirect investments) |
| Methods to refer to credit ratings by external agencies | Evaluation methods utilizing mainly S&P or Moody's credit rating information | Allocation of ratings to debtors of which rating information from external credit rating agencies is available<br>Provided, however, the use of this method shall be limited to either of the following.<br>1. In case of investing in bonds or loans mainly with market risks such as price volatility and interest risk (including fund and other indirect investments)<br>2. In case of investing in credit risk-born funds, etc., with inferior quality and quantity of information on the investment targets constituting the fund available from disclosure data and fund managers compared to the information obtained on debtors to whom the Bank's internal development method is applied, thereby the alternative use of rating information from external credit rating agencies as major information rather than the use of the internal development method being judged to be more appropriate |
| Credit rating agencies estimating models approach | Evaluation method utilizing quantitative evaluation by a vendor model for estimating the external rating as major information | In case of investing in specific bonds and loans (including investment types commissioned to external firms) mainly with credit risk and allotment of ratings to debtors who satisfy both of the following:<br>1. In case it is impossible to obtain rating information by external credit rating agencies<br>2. In case the quality and quantity of information available from disclosure data and fund managers is inferior compared to that of debtors to whom internal development methods are applied, thereby the alternative use of quantitative evaluation by a vendor model of estimating external rating as major information rather than the use of internal development methods being judged to be more appropriate |

## ■ Establishment of Pools Related to Retail Exposure

| Portfolio | Pools | | Ratio to the entire RWA |
|---|---|---|---|
| | Non-consolidated | Consolidated subsidiaries | |
| Retail exposure secured by residential properties | Cooperative mortgage loan | Mortgage loan that is not backed by a loan guarantee company, JA Bank mortgage loan guarantee | 1.70% |
| Qualifying revolving retail exposure | — | — | — |
| Other debt purchased (retail) | Purchased mortgage loans, purchased personal loans | Purchased retail receivables | 0.00% |
| Other retail exposure | Forestry funds for individual forestry business operators, agricultural funds for individual agricultural business operators, educational loans in trust | Business loans not backed by a loan guarantee company, non-businesses loans not backed by a loan guarantee company, JA Bank unsecured loan guarantee | 0.09% |

## ■ Remarks on the Scope of Application of Retail Exposure Pools

| Portfolio | Method to apply exposure pools |
|---|---|
| Retail exposure secured by residential properties | Credit of an individual who resides on the real estate owned by the Bank |
| Qualifying revolving retail exposures | Exposures with all the characteristics listed below<br>1. Exposure with the debt balance changeable depending on the debtor's arbitrary judgments within the upper limit stipulated in the contract, with no collateral, and no contract regarding the maintenance of credit lines, thereby allowing the Bank to cancel without cause<br>2. Exposure to individual person-related risks<br>3. The upper limit of the balance for an individual is ¥10 million or lower.<br>4. Low volatility in the loss ratio of low-PD exposures in the portfolio to which the exposure belongs<br>5. It is possible to verify the volatility rate using the loss ratio data of the exposure. |
| Other debt purchased (retail) | Loans for individuals purchased from outside the consolidated group of the Bank |
| Other retail exposure | Non-business loans for individuals that are not categorized in the above loans for individuals (e.g., educational funds, auto loans and funds for living) or business loans mainly by credit guarantee associations in the amount of less than ¥100 million after subtracting the portion of the guarantee |

## CR10: IRB (specialised lending and equities under the simple risk-weight method)

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen, %)

| a | b | c | d | e | f | g | h | i | j | k | l |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Specialized Lending Products (supervisory slotting criteria)** | | | | | | | | | | | |
| **Other than Lending for High-Volatility Commercial Real Estate (HVCRE)** | | | | | | | | | | | |
| **Regulatory categories** | **Residual contractual maturity** | **On-balance sheet amount** | **Off-balance sheet amount** | **RW** | **Exposure amount (EAD)** | | | | | **RWA** | **Expected losses** |
| | | | | | **PF** | **OF** | **CF** | **IPRE** | **Total** | | |
| Strong | Less than 2.5 years | 41,990 | 19,705 | 50% | 50,352 | — | — | 6,416 | 56,769 | 28,384 | — |
| | Equal to or more than 2.5 years | 513,966 | 47,645 | 70% | 470,338 | 21,458 | — | 38,901 | 530,698 | 371,488 | 2,122 |
| Good | Less than 2.5 years | 6,545 | 17,541 | 70% | 17,675 | — | — | — | 17,675 | 12,372 | 70 |
| | Equal to or more than 2.5 years | 96,718 | 31,624 | 90% | 92,648 | — | — | — | 92,648 | 83,383 | 741 |
| Satisfactory | | 37,208 | 11,561 | 115% | 18,188 | 27,691 | — | — | 45,879 | 52,761 | 1,284 |
| Weak | | 22,654 | — | 250% | 20,447 | — | — | — | 20,447 | 51,119 | 1,635 |
| Default | | 753 | — | — | — | 1,912 | — | — | 1,912 | — | 956 |
| Total | | 719,837 | 128,078 | — | 669,652 | 51,061 | — | 45,318 | 766,032 | 599,512 | 6,811 |
| **High-Volatility Commercial Real Estate (HVCRE)** | | | | | | | | | | | |
| **Regulatory categories** | **Residual contractual maturity** | **On-balance sheet amount** | **Off-balance sheet amount** | **RW** | | | | | **Exposure amount (EAD)** | **RWA** | **Expected losses** |
| Strong | Less than 2.5 years | — | — | 70% | | | | | — | — | — |
| | Equal to or more than 2.5 years | — | — | 95% | | | | | — | — | — |
| Good | Less than 2.5 years | — | — | 95% | | | | | — | — | — |
| | Equal to or more than 2.5 years | — | — | 120% | | | | | — | — | — |
| Satisfactory | | — | — | 140% | | | | | — | — | — |
| Weak | | — | — | 250% | | | | | — | — | — |
| Default | | — | — | — | | | | | — | — | — |
| Total | | — | — | — | | | | | — | — | — |
| **Equity Exposure (Method of the Market-Based Approach)** | | | | | | | | | | | |
| **Equity Exposure to which the Market-Based Approach is applied** | | | | | | | | | | | |
| **Categories** | | **On-balance sheet amount** | **Off-balance sheet amount** | **RW** | | | | | **Exposure amount (EAD)** | **RWA** | |
| Exchange-traded equity exposures | | — | — | 300% | | | | | — | — | |
| Private equity exposures | | 134,271 | — | 400% | | | | | 134,271 | 537,085 | |
| Other equity exposures | | 371,098 | — | 283% | | | | | 371,098 | 1,050,019 | |
| Total | | 505,370 | — | — | | | | | 505,370 | 1,587,104 | |
| **Equity Exposure to which a risk weight of 100%** | | | | | | | | | | | |
| Equity Exposure to which a risk weight of 100% is applied as set forth in the proviso of Notification Regarding Capital Adequacy Ratio, Article 143-1 | | — | — | 100% | | | | | — | — | |

## CCR1: Analysis of counterparty credit risk (CCR) exposure by approach

## Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | | a | b | c | d | e | f |
|---|---|---|---|---|---|---|---|
| | | Replacement cost | Potential future exposure | EEPE | Alpha used for computing regulatory EAD | EAD post-CRM | RWA |
| 1 | SA-CCR | — | — | | 1.4 | — | — |
| | Current exposure method | 240,271 | 389,179 | | | 635,131 | 42,302 |
| 2 | Expected positive exposure method | | | — | — | — | — |
| 3 | Simple Approach for credit risk mitigation | | | | | — | — |
| 4 | Comprehensive Approach for credit risk mitigation | | | | | 15,517,250 | 179,609 |
| 5 | VaR | | | | | — | — |
| 6 | Total | | | | | | 221,912 |

## CCR2: Credit valuation adjustment (CVA) capital charge

## Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | | a | b |
|---|---|---|---|
| | | EAD post-CRM | RWA |
| 1 | Total portfolios subject to the Advanced CVA capital charge | — | — |
| 2 | (i) VaR component (including the 3×multiplier) | | — |
| 3 | (ii) Stressed VaR component (including the 3×multiplier) | | — |
| 4 | All portfolios subject to the Standardized CVA capital charge | 284,862 | 64,705 |
| 5 | Total subject to the CVA capital charge | 284,862 | 64,705 |

## CCR3: Standardized approach – CCR exposures by regulatory portfolio and risk weights

## Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | Risk weight / Items | a | b | c | d | e | f | g | h | i |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Amount of Credit Exposure (Consideration the effect of credit risk mitigation techniques) | | | | | | | | |
| | | 0% | 10% | 20% | 50% | 75% | 100% | 150% | Others | Total |
| 1 | Japanese government and the Bank of Japan | — | — | — | — | — | — | — | — | — |
| 2 | Foreign central government and their central banks | — | — | — | — | — | — | — | — | — |
| 3 | Bank for International Settlements | — | — | — | — | — | — | — | — | — |
| 4 | Japanese regional municipal bodies | — | — | — | — | — | — | — | — | — |
| 5 | Non-central government public sector entities | — | — | — | — | — | — | — | — | — |
| 6 | Multilateral Development Bank | — | — | — | — | — | — | — | — | — |
| 7 | Japan Finance Organization for Municipalities | — | — | — | — | — | — | — | — | — |
| 8 | Japanese government institutions | — | — | — | — | — | — | — | — | — |
| 9 | Regional third-sector company | — | — | — | — | — | — | — | — | — |
| 10 | Banks and securities firms | — | — | — | — | — | — | — | — | — |
| 11 | Corporates | — | — | — | — | — | — | — | — | — |
| 12 | SMEs and individuals | — | — | — | — | — | — | — | — | — |
| 13 | Other than above | — | — | — | — | — | — | — | — | — |
| 14 | Total | — | — | — | — | — | — | — | — | — |

*Note: The Bank had no counterparty credit risk exposure subject to the Standardized Approach as of March 31, 2018.*

## CCR4: IRB – CCR exposures by portfolio and PD scale

## ■ Foundation Internal Ratings-Based Approach (F-IRB)

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen, %, Thousands, Year)

| No. | PD scale | a<br>EAD post-CRM | b<br>Average PD | c<br>Number of obligors | d<br>Average LGD | e<br>Average maturity | f<br>RWA | g<br>RWA density |
|---|---|---|---|---|---|---|---|---|
| | Sovereign exposure | | | | | | | |
| 1 | 0.00 to 0.15 or less | **2,109,525** | **0.00** | **0.0** | **45.00** | **0.9** | **—** | **0.00** |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — |
| 8 | 100.00 (default) | — | — | — | — | — | — | — |
| 9 | Subtotal | **2,109,525** | **0.00** | **0.0** | **45.00** | **0.9** | **—** | **0.00** |
| | Bank exposure | | | | | | | |
| 1 | 0.00 to 0.15 or less | **12,923,542** | **0.03** | **0.0** | **5.06** | **0.2** | **183,575** | **1.42** |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — |
| 8 | 100.00 (default) | — | — | — | — | — | — | — |
| 9 | Subtotal | **12,923,542** | **0.03** | **0.0** | **5.06** | **0.2** | **183,575** | **1.42** |
| | Corporate exposure | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — |
| 8 | 100.00 (default) | — | — | — | — | — | — | — |
| 9 | Subtotal | — | — | — | — | — | — | — |
| Total | | **15,033,068** | **0.03** | **0.0** | **12.41** | **0.3** | **183,575** | **1.22** |

*Note: The number of counterparties is less than 100 in each portfolio.*

## CCR4: IRB – CCR exposures by portfolio and PD scale

### ■ Advanced Internal Ratings-Based Approach (A-IRB)

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen, %, Thousands, Year)

| No. | | a | b | c | d | e | f | g |
|---|---|---|---|---|---|---|---|---|
| | PD scale | EAD post-CRM | Average PD | Number of obligors | Average LGD | Average maturity | RWA | RWA density |
| | Sovereign exposure | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — |
| 8 | 100.00 (default) | — | — | — | — | — | — | — |
| 9 | Subtotal | — | — | — | — | — | — | — |
| | Bank exposure | | | | | | | |
| 1 | 0.00 to 0.15 or less | — | — | — | — | — | — | — |
| 2 | Exceeding 0.15 to 0.25 or less | — | — | — | — | — | — | — |
| 3 | Exceeding 0.25 to 0.50 or less | — | — | — | — | — | — | — |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — |
| 5 | Exceeding 0.75 to 2.50 or less | — | — | — | — | — | — | — |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — |
| 8 | 100.00 (default) | — | — | — | — | — | — | — |
| 9 | Subtotal | — | — | — | — | — | — | — |
| | Corporate exposure | | | | | | | |
| 1 | 0.00 to 0.15 or less | **1,115,931** | **0.05** | **0.0** | **17.31** | **0.1** | **36,462** | **3.26** |
| 2 | Exceeding 0.15 to 0.25 or less | **1,359** | **0.15** | **0.0** | **30.35** | **2.4** | **349** | **25.72** |
| 3 | Exceeding 0.25 to 0.50 or less | **220** | **0.42** | **0.0** | **30.35** | **3.2** | **107** | **48.69** |
| 4 | Exceeding 0.50 to 0.75 or less | — | — | — | — | — | — | — |
| 5 | Exceeding 0.75 to 2.50 or less | **1,802** | **0.83** | **0.0** | **30.35** | **4.9** | **1,416** | **78.60** |
| 6 | Exceeding 2.50 to 10.00 or less | — | — | — | — | — | — | — |
| 7 | Exceeding 10.00 to 100.00 or less | — | — | — | — | — | — | — |
| 8 | 100.00 (default) | — | — | — | — | — | — | — |
| 9 | Subtotal | **1,119,314** | **0.05** | **0.0** | **17.35** | **0.1** | **38,336** | **3.42** |
| Total | | **1,119,314** | **0.05** | **0.0** | **17.35** | **0.1** | **38,336** | **3.42** |

*Note: The number of counterparties is less than 100 in each portfolio.*

## CCR5: Composition of collateral for CCR exposure

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | | a | b | c | d | e | f |
|---|---|---|---|---|---|---|---|
| | | Collateral used in derivative transactions | | | | Collateral used in SFTs | |
| | | Fair value of collateral received | | Fair value of posted collateral | | Fair value of collateral received | Fair value of posted collateral |
| | | Segregated | Unsegregated | Segregated | Unsegregated | | |
| 1 | Cash – domestic currency | — | **358,073** | — | **137,906** | — | **7,000** |
| 2 | Cash – other currencies | — | **15,548** | — | **3,858** | **19,505,157** | **82,463** |
| 3 | Domestic sovereign debt | **544** | — | **626,028** | — | **12,529** | **5,313,085** |
| 4 | Other sovereign debt | — | — | **1,099** | — | **54,202** | **12,616,048** |
| 5 | Government agency debt | — | — | — | — | **3,484** | **3,913,397** |
| 6 | Corporate bonds | — | — | — | — | **334** | **575,795** |
| 7 | Equity securities | — | — | **29,008** | — | — | — |
| 8 | Other collateral | — | — | — | — | — | **1,533,730** |
| 9 | Total | **544** | **373,622** | **656,136** | **141,765** | **19,575,708** | **24,041,520** |

## CCR6: Credit derivatives exposures

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | | a | b |
|---|---|---|---|
| | | Protection bought | Protection sold |
| | Notionals | | |
| 1 | Single-name credit default swaps | — | — |
| 2 | Index credit default swaps | — | — |
| 3 | Total return swaps | — | — |
| 4 | Credit options | — | — |
| 5 | Other credit derivatives | — | — |
| 6 | Total notionals | — | — |
| | Fair values | | |
| 7 | Positive fair value (asset) | — | — |
| 8 | Negative fair value (liability) | — | — |

*Note: The Bank had no amount of credit derivative instruments exposure as of March 31, 2018.*

## CCR7: RWA flow statements of CCR exposures under Expected Positive Exposure Method

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | | | Amounts |
|---|---|---|---|
| 1 | RWA as at end of previous reporting period | | — |
| 2 | Changes in the amounts of per factor during fiscal 2017 | Asset size | — |
| 3 | | Credit quality of counterparties | — |
| 4 | | Model updates (Expected positive exposure method only) | — |
| 5 | | Methodology and policy (Expected positive exposure method only) | — |
| 6 | | Acquisitions and disposals | — |
| 7 | | Foreign exchange movements | — |
| 8 | | Other | — |
| 9 | RWA as at end of current reporting period | | — |

*Note: The Bank had not applied the Expected Positive Exposure Method as of March 31, 2018.*

## CCR8: Exposures to central counterparties

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | | a | b |
|---|---|---|---|
| | | EAD (post-CRM) | RWA |
| 1 | Exposures to QCCPs (total) | | 191,435 |
| 2 | Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which | 9,163,365 | 13,854 |
| 3 | (i) OTC derivatives | 738,061 | 13,832 |
| 4 | (ii) Exchange-traded derivatives | 563 | 22 |
| 5 | (iii) Securities financing transactions | 8,424,740 | — |
| 6 | (iv) Netting sets where cross-product netting has been approved | — | — |
| 7 | Segregated initial margin | — | |
| 8 | Non-segregated initial margin | 415,357 | 605 |
| 9 | Pre-funded default fund contributions | 165,474 | 176,975 |
| 10 | Unfunded default fund contributions | — | — |
| 11 | Exposures to non-QCCPs (total) | | — |
| 12 | Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which | — | — |
| 13 | (i) OTC derivatives | — | — |
| 14 | (ii) Exchange-traded derivatives | — | — |
| 15 | (iii) Securities financing transactions | — | — |
| 16 | (iv) Netting sets where cross-product netting has been approved | — | — |
| 17 | Segregated initial margin | — | |
| 18 | Non-segregated initial margin | — | — |
| 19 | Pre-funded default fund contributions | — | — |
| 20 | Unfunded default fund contributions | | — |

## SEC1: Securitization exposures in the banking book

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | Types of underlying assets | a | b | c | d | e | f | g | h | i |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Bank acts as originator | | | Bank acts as sponsor | | | Banks acts as investor | | |
| | | Traditional | Synthetic | Sub-total | Traditional | Synthetic | Sub-total | Traditional | Synthetic | Sub-total |
| 1 | Retail (total) – of which | — | — | — | — | — | — | 3,235,840 | — | 3,235,840 |
| 2 | residential mortgage | — | — | — | — | — | — | 2,391,192 | — | 2,391,192 |
| 3 | credit card | — | — | — | — | — | — | 304,455 | — | 304,455 |
| 4 | other retail exposures | — | — | — | — | — | — | 540,192 | — | 540,192 |
| 5 | re-securitization | — | — | — | — | — | — | 0 | — | 0 |
| 6 | Wholesale (total) – of which | — | — | — | — | — | — | 3,996,856 | — | 3,996,856 |
| 7 | loans to corporates | — | — | — | — | — | — | 3,925,191 | — | 3,925,191 |
| 8 | commercial mortgage | — | — | — | — | — | — | 63,379 | — | 63,379 |
| 9 | lease and receivables | — | — | — | — | — | — | 8,285 | — | 8,285 |
| 10 | other wholesale | — | — | — | — | — | — | — | — | — |
| 11 | re-securitization | — | — | — | — | — | — | — | — | — |

## SEC2: Securitization exposures in the trading book

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | Types of underlying assets | a | b | c | d | e | f | g | h | i |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Bank acts as originator | | | Bank acts as sponsor | | | Banks acts as investor | | |
| | | Traditional | Synthetic | Sub-total | Traditional | Synthetic | Sub-total | Traditional | Synthetic | Sub-total |
| 1 | Retail (total) – of which | — | — | — | — | — | — | — | — | — |
| 2 | residential mortgage | — | — | — | — | — | — | — | — | — |
| 3 | credit card | — | — | — | — | — | — | — | — | — |
| 4 | other retail exposures | — | — | — | — | — | — | — | — | — |
| 5 | re-securitization | — | — | — | — | — | — | — | — | — |
| 6 | Wholesale (total) – of which | — | — | — | — | — | — | — | — | — |
| 7 | loans to corporates | — | — | — | — | — | — | — | — | — |
| 8 | commercial mortgage | — | — | — | — | — | — | — | — | — |
| 9 | lease and receivables | — | — | — | — | — | — | — | — | — |
| 10 | other wholesale | — | — | — | — | — | — | — | — | — |
| 11 | re-securitization | — | — | — | — | — | — | — | — | — |

## SEC3: Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | | a | b | c | d | e | f | g | h | i | j | k | l | m | n | o |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total exposures | | | | | | | | | | | | | | |
| | | | Traditional securitization | | | | | | | Synthetic securitization | | | | | | |
| | | | | Of which securitization | | | Of which re-securitization | | | | Of which securitization | | | Of which re-securitization | | |
| | | | | | Of which retail underlying | Of which wholesale | | Of which senior | Of which non-senior | | | Of which retail underlying | Of which wholesale | | Of which senior | Of which non-senior |
| | Exposure values (by RW bands) | | | | | | | | | | | | | | | |
| 1 | ≤20% RW | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 2 | >20% to 50% RW | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 3 | >50% to 100% RW | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 4 | >100% to <1,250% RW | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 5 | 1,250% RW | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| | Exposure values (by regulatory approach) | | | | | | | | | | | | | | | |
| 6 | IRB RBA (including IAA) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 7 | IRB SFA | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 8 | SA/SSFA | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 9 | 1,250% | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| | RWA (by regulatory approach) | | | | | | | | | | | | | | | |
| 10 | IRB RBA (including IAA) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 11 | IRB SFA | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 12 | SA/SSFA | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 13 | 1,250% | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| | Capital charge after cap | | | | | | | | | | | | | | | |
| 14 | IRB RBA (including IAA) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 15 | IRB SFA | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 16 | SA/SSFA | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 17 | 1,250% | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |

## SEC4: Securitization exposures in the banking book and associated capital requirements – bank acting as investor

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | | a | b | c | d | e | f | g | h | i | j | k | l | m | n | o |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total exposures | | | | | | | | | | | | | | |
| | | | Traditional securitization | | | | | | | Synthetic securitization | | | | | | |
| | | | | Of which securitization | | | Of which re-securitization | | | | Of which securitization | | | Of which re-securitization | | |
| | | | | | Of which retail underlying | Of which wholesale | | Of which senior | Of which non-senior | | | Of which retail underlying | Of which wholesale | | Of which senior | Of which non-senior |
| | Exposure values (by RW bands) | | | | | | | | | | | | | | | |
| 1 | ≤20% RW | 7,228,828 | 7,228,828 | 7,228,828 | 3,231,972 | 3,996,856 | — | — | — | — | — | — | — | — | — | — |
| 2 | >20% to 50% RW | 2,735 | 2,735 | 2,735 | 2,735 | — | — | — | — | — | — | — | — | — | — | — |
| 3 | >50% to 100% RW | 1,133 | 1,133 | 1,133 | 1,133 | — | — | — | — | — | — | — | — | — | — | — |
| 4 | >100% to <1,250% RW | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 5 | 1,250% RW | 0 | 0 | — | — | — | 0 | — | 0 | — | — | — | — | — | — | — |
| | Exposure values (by regulatory approach) | | | | | | | | | | | | | | | |
| 6 | IRB SFA | 7,232,697 | 7,232,697 | 7,232,697 | 3,235,840 | 3,996,856 | — | — | — | — | — | — | — | — | — | — |
| 7 | IRB SFA | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 8 | SA/SSFA | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 9 | 1,250% | 0 | 0 | — | — | — | 0 | — | 0 | — | — | — | — | — | — | — |
| | RWA (by regulatory approach) | | | | | | | | | | | | | | | |
| 10 | IRB SFA | 518,665 | 518,665 | 518,665 | 230,646 | 288,019 | — | — | — | — | — | — | — | — | — | — |
| 11 | IRB SFA | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 12 | SA/SSFA | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 13 | 1,250% | 0 | 0 | — | — | — | 0 | — | 0 | — | — | — | — | — | — | — |
| | Capital charge after cap | | | | | | | | | | | | | | | |
| 14 | IRB SFA | 43,982 | 43,982 | 43,982 | 19,558 | 24,424 | — | — | — | — | — | — | — | — | — | — |
| 15 | IRB SFA | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 16 | SA/SSFA | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 17 | 1,250% | 0 | 0 | — | — | — | 0 | — | 0 | — | — | — | — | — | — | — |

## MR1: Market risk under standardized approach

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | | | RWA |
|---|---|---|---|
| 1 | Interest rate risk (general and specific) | | — |
| 2 | Equity risk (general and specific) | | — |
| 3 | Foreign exchange risk | | 1,171,398 |
| 4 | Commodity risk | | — |
| | Options | | |
| 5 | | Simplified approach | — |
| 6 | | Delta-plus method | — |
| 7 | | Scenario approach | — |
| 8 | Securitization | | — |
| 9 | Total | | 1,171,398 |

## MR2: RWA flow statements of market risk exposures under an IMA

### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | | | a<br>VaR | b<br>Stressed VaR | c<br>IRC | d<br>CRM | e<br>Other | f<br>Total RWA |
|---|---|---|---|---|---|---|---|---|
| 1a | Risk-weighted assets at the end of the previous fiscal year | | **2,440** | **7,174** | **—** | **—** | | **9,614** |
| 1b | Adjustment of the amounts of risk-weighted assets given the regulatory required capital ratio at the end of the previous fiscal year | | **1.79** | **2.21** | **—** | **—** | | **2.08** |
| 1c | Amounts calculated under the Internal Models Approach as of the reference date prior to the previous year-end calculation | | **1,361** | **3,239** | **—** | **—** | | **4,601** |
| 2 | Amounts of volatilities by factor during fiscal 2017 | Movement in risk levels | **342** | **4,668** | **—** | **—** | | **5,010** |
| 3 | | Model updates/changes | **—** | **—** | **—** | **—** | | **—** |
| 4 | | Methodology and policy | **—** | **—** | **—** | **—** | | **—** |
| 5 | | Acquisitions and disposals | **—** | **—** | **—** | **—** | | **—** |
| 6 | | Foreign exchange movements | **14** | **627** | **—** | **—** | | **641** |
| 7 | | Other | **(872)** | **—** | **—** | **—** | | **(872)** |
| 8a | Amounts calculated under the Internal Models Approach as of the reference date for computation at the end of fiscal 2017 | | **845** | **8,535** | **—** | **—** | | **9,380** |
| 8b | Adjustment of the amounts of risk-weighted assets given the regulatory required capital ratio at the end of fiscal 2017 | | **5.01** | **2.50** | **—** | **—** | | **2.72** |
| 8c | RWA at end of reporting period | | **4,236** | **21,367** | **—** | **—** | | **25,604** |

## MR3: IMA values for trading portfolios

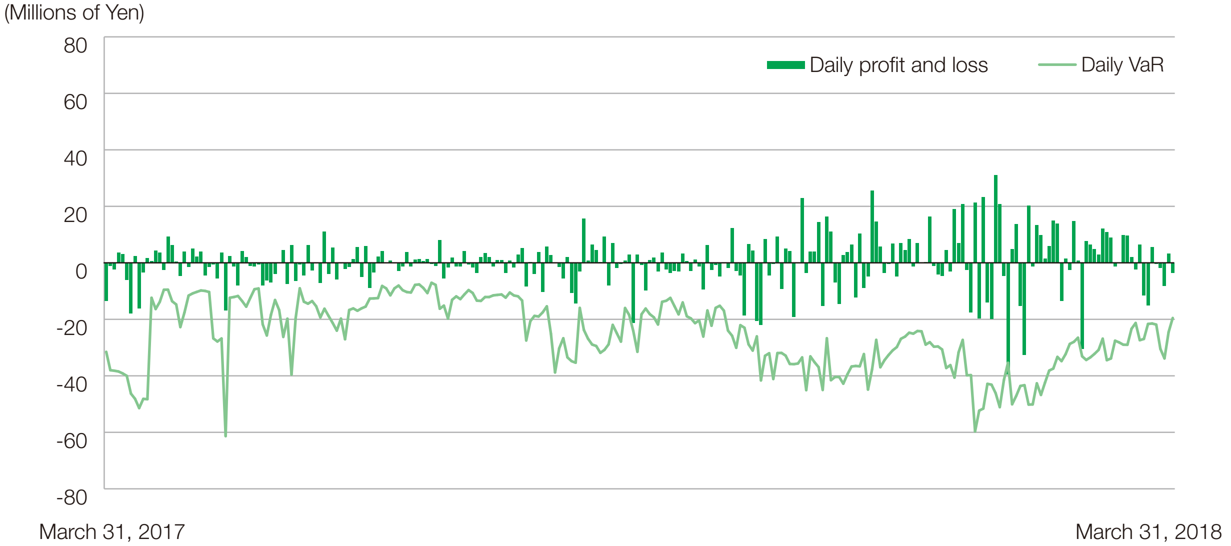
### Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| No. | | |
|---|---|---|
| | VaR (10 day 99%) | |
| 1 | Maximum value | **194** |
| 2 | Average value | **84** |
| 3 | Minimum value | **24** |
| 4 | Period end | **67** |
| | Stressed VaR (10 day 99%) | |
| 5 | Maximum value | **714** |
| 6 | Average value | **350** |
| 7 | Minimum value | **86** |
| 8 | Period end | **682** |
| | Incremental Risk Charge (99.9%) | |
| 9 | Maximum value | **—** |
| 10 | Average value | **—** |
| 11 | Minimum value | **—** |
| 12 | Period end | **—** |
| | Comprehensive Risk capital charge (99.9%) | |
| 13 | Maximum value | **—** |
| 14 | Average value | **—** |
| 15 | Minimum value | **—** |
| 16 | Period end | **—** |
| 17 | Floor (standardized measurement method) | **—** |

## MR4: Comparison of VaR estimates with gains/losses

### Fiscal 2017 (Ended March 31, 2018)




*Note: The Bank conducted one excess back-test in fiscal 2017. The excess back-testing was conducted on February 2, 2018, resulting in a loss of ¥39 million with a VaR of ¥35 million. The reason for the excess back-testing was market factors.*

## Exposure Subject to Risk-Weighted Asset Calculation for Investment Funds (Consolidated)

### Amount of Exposure Subject to Risk-Weighted Asset Calculation for Investment Fund

(Billions of Yen)

| Classification | As of March 31, 2018 | | As of March 31, 2017 | |
|---|---|---|---|---|
| | Exposure | (For reference) Weighted-average risk weight | Exposure | (For reference) Weighted-average risk weight |
| Look-through approach | **18,187** | **65%** | 17,571 | 64% |
| Majority approach | **939** | **386%** | 713 | 388% |
| Mandate approach | **—** | **—** | — | — |
| Market-based approach | **1,330** | **327%** | 1,670 | 325% |
| Others (simple approach) | **380** | **425%** | 306 | 428% |
| Total | **20,837** | **94%** | 20,261 | 94% |

*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.*

## IRRBB1 – Quantitative information on IRRBB

(Millions of Yen)

| No. | | a | b | c | d |
|---|---|---|---|---|---|
| | | ⊿EVE | | ⊿NII | |
| | | **Fiscal 2017** | Fiscal 2016 | **Fiscal 2017** | Fiscal 2016 |
| 1 | Parallel up | **2,414,759** | | **215,487** | |
| 2 | Parallel down | **(910,955)** | | **(134,632)** | |
| 3 | Steepener | **744,233** | | | |
| 4 | Flattener | **(75,925)** | | | |
| 5 | Short rate up | **635,873** | | | |
| 6 | Short rate down | **(246,169)** | | | |
| 7 | Maximum | **2,414,759** | | **215,487** | |
| | | e | | f | |
| | | **Fiscal 2017** | | Fiscal 2016 | |
| 8 | Tier 1 capital | **6,432,621** | | 6,489,114 | |

## Indicators for Assessing Global Systemically Important Banks (G-SIBs)

(In 0.1 Billion Yen)

| Description | As of March 31, 2018 |
|---|---|
| 1 Total exposures<br>(A)+(B)+(C)+(D):<br>(A) On-balance assets (other than assets specifically identified below (B), (C) and contra-account of guarantees)<br>(B) Sum of counterparty exposure of derivatives contracts, capped notional amount of credit derivatives and potential future exposure of derivatives contracts<br>(C) Adjusted gross value of securities financing transactions (SFTs) and counterparty exposure of SFTs<br>(D) Gross notional amount of off-balance sheet items (other than derivatives contracts and SFTs) | **1,067,002** |
| 2 Intra-financial system assets<br>(A)+(B)+(C)+(D):<br>(A) Funds deposited with or lent to other financial institutions and undrawn committed lines extended to other financial institutions<br>(B) Holdings of securities issued by other financial institutions (Note 1)<br>(C) Net positive current exposure of SFTs with other financial institutions<br>(D) Over-the-counter (OTC) derivatives with other financial institutions that have a net positive fair value | **94,193** |
| 3 Intra-financial system liabilities<br>(A)+(B)+(C):<br>(A) Deposits and debt due to, and undrawn committed lines obtained from, other financial institutions<br>(B) Net negative current exposure of SFTs with other financial institutions<br>(C) OTC derivatives with other financial institutions that have a net negative fair value | **46,910** |
| 4 Securities outstanding (Note 1) | **46,871** |
| 5 Assets under custody | **52,911** |
| 6 Notional amount of OTC derivatives | **280,135** |
| 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) | **137,714** |
| 8 Level 3 assets (Note 3) | **14,823** |
| 9 Cross-jurisdictional claims | **465,364** |
| 10 Cross-jurisdictional liabilities | **184,617** |

| Description | Fiscal 2017 |
|---|---|
| 11 Payments (settled through the BOJ-NET, the Japanese Banks' Payment Clearing Network and other similar settlement systems, excluding intragroup payments) | **9,240,002** |
| 12 Underwritten transactions in debt and equity markets (Note 4) | **334** |

*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.*

# 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 |
| 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 | | |

(Millions of Yen)

| Items | Consolidated balance sheet amount | Balance sheet amount based on regulatory scope of consolidation | Ref. No. |
|---|---|---|---|
| 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 | | |
| 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 | | |

(Millions of Yen)

| Items | 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 | 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 |
| 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."*

# 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 | Regulatory Required Capital |
| Amount of regulatory required capital for credit risk | 141,673 | 2,551 |
| Exposure subject to Internal Ratings-Based Approach | 125,678 | 2,527 |
| Corporate exposure (excluding Specialized Lending) | 7,454 | 188 |
| Corporate exposure (Specialized Lending) | 513 | 39 |
| Sovereign exposure | 66,106 | 0 |
| Bank exposure | 16,901 | 108 |
| Retail exposure | 1,268 | 40 |
| Retail exposure secured by residential properties | 1,224 | 36 |
| Qualifying revolving retail exposure | — | — |
| Other retail exposure | 44 | 4 |
| Securitization and re-securitization exposure | 6,513 | 42 |
| Equity portfolios | 1,250 | 200 |
| Equity portfolios subject to PD/LGD approaches | 802 | 80 |
| Equity portfolios subject to simple risk-weighted method | 100 | 34 |
| Equities under the internal models approach | 346 | 85 |
| Exposure subject to risk-weighted asset calculation for investment fund | 25,111 | 1,892 |
| Other debt purchased | 308 | 4 |
| Other exposures | 249 | 12 |
| Exposure subject to Standardized Approach | 50 | 0 |
| Assets subject to Standardized Approach on a non-consolidated basis | 7 | 0 |
| Assets subject to Standardized Approach in consolidated companies (excluding securitization exposure) | 43 | 0 |
| Assets subject to Standardized Approach in consolidated companies (securitization exposure) | — | — |
| Amount corresponding to CVA risk | 547 | 4 |
| CCP-related exposures | 15,375 | 16 |
| Items that included by transitional arrangements | 21 | 0 |
| Amount of regulatory required capital for market risk | / | 136 |
| Standardized Approach | / | 135 |
| Interest rate risk category | / | — |
| Equity risk category | / | — |
| Foreign exchange risk category | / | 135 |
| Commodity risk category | / | — |
| Option transactions | / | — |
| Internal models Approach | / | 0 |
| Amount of regulatory required capital for operational risk | / | 71 |
| Offsets on consolidation | / | 2,758 |

*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 |
|---|---|
| Consolidated total required capital | 2,683 |

*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."*

## 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 | Increase/(decrease) |
|---|---|---|
| General reserve for possible loan losses | 28 | 13 |
| Specific reserve for possible loan losses | 22 | (12) |
| Japan | 22 | (12) |
| Asia except Japan | — | — |
| Europe | — | — |
| The Americas | — | — |
| Other areas | — | — |
| Amounts held by consolidated subsidiaries | 3 | 0 |
| Offsets on consolidation | (1) | 0 |
| Specified reserve for loans to countries with financial problems | — | — |
| Total | 53 | 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 | Increase/(decrease) |
|---|---|---|
| General reserve for possible loan losses | 28 | 13 |
| Specific reserve for possible loan losses | 22 | (12) |
| Manufacturing | 7 | 2 |
| Agriculture | 4 | 0 |
| Forestry | 0 | (0) |
| Fishing | 5 | (0) |
| Mining | — | — |
| Construction | — | (0) |
| Utility | — | — |
| Information/telecommunications | — | — |
| Transportation | 1 | (1) |
| Wholesaling, retailing | 1 | (0) |
| Finance and insurance | 0 | (0) |
| Real estate | — | (9) |
| Services | 1 | (3) |
| Municipalities | — | — |
| Other | — | — |
| Others | — | — |
| Amount held by consolidated subsidiaries | 3 | 0 |
| Offsets on consolidation | (1) | 0 |
| Specified reserve for loans to countries with financial problems | — | — |
| Total | 53 | 1 |

# 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 | 1.11% | 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).*

## 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 | 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.*

## 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 | Increase/(decrease) |
|---|---|---|
| Corporate exposure | 4 | 2 |
| Sovereign exposure | — | — |
| Bank exposure | — | — |
| Equity exposure subject to PD/LGD approach | — | (0) |
| Retail exposure secured by residential properties | 0 | (0) |
| Qualifying revolving retail exposure | — | — |
| Other retail exposure | 0 | 0 |
| Total | 4 | 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 |
|---|---|
| Specialized Lending exposure subject to supervisory slotting criteria | 587 |
| Specialized Lending, excluding High-Volatility Commercial Real Estate (HVCRE) | 587 |
| Risk weight of 50% | 57 |
| Risk weight of 70% | 366 |
| Risk weight of 90% | 91 |
| Risk weight of 115% | 16 |
| Risk weight of 250% | 17 |
| Risk weight of 0% (default) | 38 |
| 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 |
|---|---|
| Equity exposure subject to the simple risk-weighted method of the market-based approach by RW | 100 |
| Risk weight of 300% | — |
| Risk weight of 400% | 100 |

*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 | |
|---|---|---|
| | Exposure | Refer to ECAI |
| Exposure subject to Standardized Approach | 51 | — |
| Risk weight of 0% | 37 | — |
| Risk weight of 10% | — | — |
| Risk weight of 20% | 2 | — |
| Risk weight of 35% | — | — |
| Risk weight of 50% | — | — |
| Risk weight of 75% | — | — |
| Risk weight of 100% | 10 | — |
| Risk weight of 150% | — | — |
| Risk weight of 1,250% | — | — |
| Others | 1 | — |

*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)

### 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 |
|---|---|
| Foundation Internal Ratings-Based Approach | 9,692 |
| Eligible financial collateral | 8,940 |
| Corporate exposure | — |
| Sovereign exposure | 0 |
| Bank exposure | 8,940 |
| Other eligible IRB collateral | — |
| Corporate exposure | — |
| Sovereign exposure | — |
| Bank exposure | — |
| Guarantees, Credit Derivatives | 751 |
| Corporate exposure | 405 |
| Sovereign exposure | 256 |
| Bank exposure | 89 |
| 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)

## 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 |
|---|---|---|
| Total gross replacement costs (limited to items with a value of greater than zero) | (A) | 420 |
| Total gross add-ons | (B) | 576 |
| Gross credit exposure | (C) = (A)+(B) | 997 |
| Foreign exchange related | | 719 |
| Interest rate related | | 277 |
| Equity related | | 0 |
| Credit derivatives | | — |
| Transactions with a long settlement period | | — |
| Reduction in credit exposure due to netting contracts (including collateral pledged for CSA) | (D) | 250 |
| Amount of credit exposure before taking into account credit risk mitigation techniques due to collateral | (E) = (C)–(D) | 746 |
| Amount of collateral | (F) | 292 |
| Eligible financial collateral | | 292 |
| Amount of credit exposure after taking into account credit risk mitigation techniques due to collateral | (G) = (E)–(F) | 453 |

*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 |
|---|---|
| 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)

## 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 |
|---|---|
| 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.*

### 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 | — |

### Amount of Re-Securitization Exposure Held as Investor and Subject to Credit Risk Mitigation Techniques

(Billions of Yen)

| Classification | As of March 31, 2017 | |
|---|---|---|
| | 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)

## ■ VaR

(Millions of Yen)

| | Fiscal 2016 |
|---|---|
| Base date of computation | 2017. 3. 31 |
| VaR (For the most recent 60 business days) | |
| Base date of computation | 108 |
| Maximum | 128 |
| Minimum | 40 |
| Average | 65 |

## ■ Stress VaR

(Millions of Yen)

| | Fiscal 2016 |
|---|---|
| Base date of computation | 2017. 3. 31 |
| Stress VaR (For the most recent 60 business days) | |
| Base date of computation | 259 |
| Maximum | 311 |
| Minimum | 83 |
| Average | 191 |

## ■ Amount of Market Risk

(Millions of Yen)

| | | Fiscal 2016 |
|---|---|---|
| For the portion computed with the internal models approach (B)+(G)+(J) | (A) | 769 |
| Value at Risk (MAX (C, D)) | (B) | 195 |
| Amount on base date of computation | (C) | 108 |
| Amount determined by multiplying (E) by the average for the most recent 60 business days | (D) | 195 |
| (Multiplier) | (E) | 3.0 |
| (Times exceeding VaR in back testing) | (F) | 2 |
| Stress Value at Risk (MAX (H, I)) | (G) | 573 |
| Amount on base date of computation | (H) | 259 |
| Amount determined by multiplying (E) by the average for the most recent 60 business days | ( I ) | 573 |
| Additional amount at the time of measuring individual risk | ( J ) | 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)

## Amount on the Balance Sheet and Market Value

(Billions of Yen)

| Classification | As of March 31, 2017 | |
|---|---|---|
| | Amount on the balance sheet | Market value |
| Equity exposure | 1,250 | / |
| Exposure to publicly traded equity | 1,062 | 1,062 |
| Exposure to privately held equity | 187 | / |

*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 | | |
|---|---|---|---|
| | Gains from sale of equities, etc. | Losses from sales of equities, etc. | Write-offs of equities, etc. |
| Equity exposure | 34 | 0 | 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 |
|---|---|
| Amount of valuation gains (losses) recognized on the balance sheet and not recognized in the statements of operations | 436 |

*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 |
|---|---|
| | EAD |
| Equity portfolios | 1,250 |
| Equity portfolios subject to PD/LGD approaches | 802 |
| Equity portfolios subject to simple risk-weighted method | 100 |
| Equities under the internal models approach | 346 |

## 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.)

### 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 |
|---|---|
| Interest rate risk | 2,299 |
| Yen interest rate risk | 132 |
| U.S. dollar interest rate risk | 1,714 |
| Euro interest rate risk | 437 |
| Interest rate risk in other currencies | 14 |

*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<br>(A)+(B)+(C)+(D):<br>(A) On-balance assets (other than assets specifically identified below (B), (C) and contra-account of guarantees)<br>(B) Sum of counterparty exposure of derivatives contracts, capped notional amount of credit derivatives and potential future exposure of derivatives contracts<br>(C) Adjusted gross value of securities financing transactions (SFTs) and counterparty exposure of SFTs<br>(D) Gross notional amount of off-balance sheet items (other than derivatives contracts and SFTs) | 1,084,445 |
| 2 Intra-financial system assets<br>(A)+(B)+(C)+(D):<br>(A) Funds deposited with or lent to other financial institutions and undrawn committed lines extended to other financial institutions<br>(B) Holdings of securities issued by other financial institutions (Note 1)<br>(C) Net positive current exposure of SFTs with other financial institutions<br>(D) Over-the-counter (OTC) derivatives with other financial institutions that have a net positive fair value | 104,631 |
| 3 Intra-financial system liabilities<br>(A)+(B)+(C):<br>(A) Deposits and debt due to, and undrawn committed lines obtained from, other financial institutions<br>(B) Net negative current exposure of SFTs with other financial institutions<br>(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.*

## 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, 2018 | As of March 31, 2017 |
|---|---|---|---|---|
| On-balance sheet exposures (1) | | | | |
| 1 | | On-balance sheet exposures before deducting adjustment items | **102,618,948** | 105,152,671 |
| 1a | 1 | Total assets reported in the consolidated balance sheet | **104,927,769** | 107,062,747 |
| 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) (–) | **2,308,820** | 1,910,076 |
| 2 | 7 | The amount of adjustment items pertaining to Tier 1 capital (–) | **147,928** | 112,915 |
| 3 | | Total on-balance sheet exposures (a) | **102,471,020** | 105,039,756 |
| Exposures related to derivative transactions (2) | | | | |
| 4 | | Replacement cost associated with derivatives transactions, etc. | **487,036** | 314,857 |
| 5 | | Add-on amount associated with derivatives transactions, etc. | **442,777** | 428,062 |
| | | The amount of receivables arising from providing cash marginin relation to derivatives transactions, etc. | **141,765** | 154,189 |
| 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) | **1,071,579** | 897,109 |
| Exposures related to repo transactions (3) | | | | |
| 12 | | The amount of assets related to repo transactions, etc. | **89,463** | 118,494 |
| 13 | | The amount of deductions from the assets above (line 12) (–) | **—** | — |
| 14 | | The exposures for counterparty credit risk for repo transactions, etc. | **599,252** | 486,837 |
| 15 | | The exposures for agent repo transaction | | |
| 16 | 5 | The Total exposures related to repo transactions, etc. (c) | **688,716** | 605,332 |
| Exposures related to off-balance sheet transactions (4) | | | | |
| 17 | | Notional amount of off-balance sheet transactions | **3,848,872** | 3,333,877 |
| 18 | | The amount of adjustments for conversion in relation to off-balance sheet transactions (–) | **1,527,861** | 1,390,219 |
| 19 | 6 | Total exposures related to off-balance sheet transactions (d) | **2,321,011** | 1,943,657 |
| Leverage ratio on a consolidated basis (5) | | | | |
| 20 | | The amount of capital (Tier 1 capital) (e) | **6,432,621** | 6,489,114 |
| 21 | 8 | Total exposures ((a)+(b)+(c)+(d)) (f) | **106,552,327** | 108,485,856 |
| 22 | | Leverage ratio on a consolidated basis ((e)/(f)) | **6.03%** | 5.98% |

## 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, 2018) | | The previous quarter (October 1 to December 31, 2017) | |
|---|---|---|---|---|---|
| High-quality liquid assets (1) | | | | | |
| 1 | Total high-quality liquid assets | | **35,326,846** | | 36,412,857 |
| 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 | **64,950** | **6,482** | 59,263 | 5,941 |
| 3 | of which: stable deposits | **362** | **11** | 359 | 11 |
| 4 | of which: quasi-stable deposits | **64,587** | **6,471** | 58,904 | 5,930 |
| 5 | Cash outflows relating to unsecured wholesale funding | **10,950,578** | **8,046,631** | 11,053,588 | 8,149,139 |
| 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 | **9,707,695** | **6,803,749** | 9,928,897 | 7,024,447 |
| 8 | of which: debt securities | **1,242,883** | **1,242,883** | 1,124,692 | 1,124,692 |
| 9 | Cash outflows relating to secured funding, etc. | | **231,830** | | 259,727 |
| 10 | Cash outflows relating to funding programs and credit/ liquidity facilities such as derivative transactions, etc. | **2,597,219** | **1,554,316** | 2,733,287 | 1,693,107 |
| 11 | of which: cash outflows relating to derivative transactions | **1,310,321** | **1,310,321** | 1,445,176 | 1,445,176 |
| 12 | of which: cash outflows relating to funding programs | **0** | **0** | 0 | 0 |
| 13 | of which: cash outflows relating to credit/liquidity facilities | **1,286,898** | **243,995** | 1,288,111 | 247,931 |
| 14 | Cash outflows based on an obligation to provide capital | **4,753,481** | **483,955** | 4,511,656 | 235,344 |
| 15 | Cash outflows relating to contingencies | **4,487,830** | **187,672** | 4,293,695 | 165,037 |
| 16 | Total cash outflows | | **10,510,886** | | 10,508,295 |
| 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. | **1,217,183** | **0** | 1,139,727 | 0 |
| 18 | Cash inflows relating to collections of advances, etc. | **4,481,538** | **3,925,059** | 4,442,392 | 3,924,015 |
| 19 | Other cash inflows | **5,825,485** | **774,977** | 5,890,927 | 483,352 |
| 20 | Total cash inflows | **11,524,205** | **4,700,036** | 11,473,046 | 4,407,366 |
| Liquidity coverage ratio on a consolidated basis (4) | | | | | |
| 21 | Sum of high-quality liquid assets that can be included | | **35,326,846** | | 36,412,857 |
| 22 | Net cash outflows | | **5,810,850** | | 6,100,928 |
| 23 | Liquidity coverage ratio on a consolidated basis | | **607.9%** | | 596.8% |
| 24 | The number of data for calculating the average value | | **59** | | 62 |

## 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, 2018 | Amounts excluded under transitional arrangements | As of March 31, 2017 | 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 | **5,308,106** | | 5,248,636 | | |
| 1a | of which: capital and capital surplus | **3,455,509** | | 3,455,509 | | E1.1+E1.2 |
| 2 | of which: retained earnings | **1,923,097** | | 1,862,634 | | E2 |
| 26 | of which: cash dividends to be paid | **70,500** | | 69,507 | | |
| | of which: other than the above | **—** | | — | | E3 |
| 3 | Valuation and translation adjustments and other disclosed reserves | **1,225,668** | | 1,256,883 | 314,220 | 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) | **6,533,774** | | 6,505,519 | | |
| Common Equity Tier 1 capital: regulatory adjustments | | | | | | |
| 8+9 | Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights) | **28,931** | | 16,429 | 4,107 | |
| 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) | **28,931** | | 16,429 | 4,107 | 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 | **88,989** | | 15,423 | 3,855 | E7 |
| 12 | Shortfall of eligible provisions to expected losses | **14,701** | | 11,506 | 2,876 | |
| 13 | Securitization 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) | **15,043** | | 7,458 | 1,864 | 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, 2018 | Amounts excluded under transitional arrangements | As of March 31, 2017 | 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) | **147,666** | | 50,818 | | |
| Common Equity Tier 1 capital (CET1) | | | | | | | |
| 29 | | Common Equity Tier 1 capital (CET1) ((A)-(B)) (C) | **6,386,108** | | 6,454,700 | | |
| 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 | **49,999** | | 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 |
| 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 | | |
| | | Total of items included in Additional Tier 1 capital: instruments under phase-out arrangements | | | 2 | | |
| | | of which: amounts of counted in to base instruments of Additional Tier 1 under phase-out arrangements that related valuation and translation adjustments | | | 2 | | |
| 36 | | Additional Tier 1 capital: instruments (D) | **49,999** | | 49,502 | | |
| 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) | **39,041** | | 31,233 | 7,808 | A14 |
| | | Total of items included in Additional Tier 1 capital: regulatory adjustments under phase-out arrangements | | | 1,438 | | |
| | | of which: 50% of balance due to pay of eligible provisions | | | 1,438 | | |

(Millions of Yen, %)

| Basel III Template No. | Items | As of March 31, 2018 | Amounts excluded under transitional arrangements | As of March 31, 2017 | 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) | **39,041** | | 32,671 | | |
| Additional Tier 1 capital (AT1) | | | | | | |
| 44 | Additional Tier 1 capital (AT1) ((D)-(E)) (F) | **10,958** | | 16,830 | | |
| Tier 1 capital (T1=CET1+AT1) | | | | | | |
| 45 | Tier 1 capital (T1=CET1+AT1) ((C)+(F)) (G) | **6,397,066** | | 6,471,531 | | |
| 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 |
| | 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** | | 97,816 | | |
| 50 | Total of general reserve for possible loan losses and eligible provisions included in Tier 2 | **30** | | 7 | | |
| 50a | of which: general reserve for possible loan losses | **30** | | 7 | | A15 |
| 50b | of which: eligible provisions | **—** | | — | | A16 |
| | Total of items included in Tier 2 capital: instruments and provisions under phase-out arrangements | | | 192,720 | | |
| | of which: amounts of counted in to base instruments of Tier 2 under phase-out arrangements that related valuation and translation adjustments | | | 192,720 | | |
| 51 | Tier 2 capital: instruments and provisions (H) | **1,513,326** | | 1,706,023 | | |
| 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 | | |
| | of which: 50% of balance due to pay of eligible provisions | | | 1,438 | | |
| 57 | Tier 2 capital: regulatory adjustments (I) | **—** | | 1,438 | | |

(Millions of Yen, %)

| Basel III Template No. | Items | As of March 31, 2018 | Amounts excluded under transitional arrangements | As of March 31, 2017 | Amounts excluded under transitional arrangements | Ref. No. |
|---|---|---|---|---|---|---|
| Tier 2 capital (T2) | | | | | | |
| 58 | Tier 2 capital (T2) ((H)-(I)) (J) | **1,513,326** | | 1,704,585 | | |
| Total capital (TC=T1+T2) | | | | | | |
| 59 | Total capital (TC=T1+T2) ((G) + (J)) (K) | **7,910,393** | | 8,176,116 | | |
| Risk weighted assets | | | | | | |
| | Total of items included in risk weighted assets under phase-out arrangements | | | 17,926 | | |
| | of which: intangibles assets other than mortgage servicing rights | | | 4,107 | | |
| | of which: prepaid pension costs | | | 1,864 | | |
| | of which: significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions) | | | 11,954 | | |
| 60 | Risk weighted assets (L) | **33,259,570** | | 33,231,785 | | |
| Capital ratio (non-consolidated) | | | | | | |
| 61 | Common Equity Tier 1 capital ratio (non-consolidated) ((C)/(L)) | **19.20%** | | 19.42% | | |
| 62 | Tier 1 capital ratio (non-consolidated) ((G)/(L)) | **19.23%** | | 19.47% | | |
| 63 | Total capital ratio (non-consolidated) ((K)/(L)) | **23.78%** | | 24.60% | | |
| Regulatory adjustments | | | | | | |
| 72 | Non-significant investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting) | **314,254** | | 347,726 | | 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) | **18,489** | | 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) | **30** | | 7 | | |
| 77 | Cap on inclusion of provisions (general reserve for possible loan losses) | **374** | | 89 | | |
| 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 | **186,541** | | 182,328 | | |
| Capital instruments under phase-out arrangements | | | | | | |
| 82 | Current cap on Additional Tier 1 instruments under phase-out arrangements | **—** | | 499 | | |
| 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 | | |
| 84 | Current cap on Tier 2 instruments under phase-out arrangements | **614,402** | | 768,003 | | |
| 85 | Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil") | **—** | | — | | |

## OV1: Overview of RWA (Non-Consolidated)

(Millions of Yen)

| Basel III Template No. | | a | b | c | d |
|---|---|---|---|---|---|
| | | RWA | | Minimum capital requirements | |
| | | **March 31, 2018** | March 31, 2017 | **March 31, 2018** | March 31, 2017 |
| 1 | Credit risk (excluding counterparty credit risk) | **4,629,601** | 4,575,347 | **391,761** | 387,220 |
| 2 | Of which: standardized approach (SA) | **29,963** | 7,147 | **2,397** | 571 |
| 3 | Of which: internal rating-based (IRB) approach | **4,456,982** | 4,415,063 | **377,952** | 374,397 |
| | Of which: significant investments | **—** | — | **—** | — |
| | Of which: estimated residual value of lease transactions | **—** | — | **—** | — |
| | Others | **142,656** | 153,136 | **11,412** | 12,250 |
| 4 | Counterparty credit risk (CCR) | **480,954** | 429,984 | **39,555** | 35,190 |
| 5 | Of which: standardized approach for counterparty credit risk (SA-CCR) | **—** | — | **—** | — |
| | Of which: current exposure method (CEM) | **42,302** | 37,480 | **3,587** | 3,178 |
| 6 | Of which: expected positive exposure (EPE) method | **—** | — | **—** | — |
| | Of which: credit valuation adjustment (CVA) | **64,705** | 57,765 | **5,176** | 4,621 |
| | Of which: Central counterparty related exposure (CCP) | **191,435** | 207,338 | **15,314** | 16,587 |
| | Others | **182,511** | 127,400 | **15,476** | 10,803 |
| 7 | Equity positions in banking book under market-based approach | **1,589,624** | 1,406,741 | **134,800** | 119,291 |
| | Equity investments in funds (SA) | **—** | — | **—** | — |
| | Equity investments in funds (IRB) | **22,364,471** | 21,860,102 | **1,896,483** | 1,853,713 |
| 11 | Settlement risk | **0** | — | **0** | — |
| 12 | Securitization exposures in banking book | **518,665** | 496,098 | **43,982** | 42,069 |
| 13 | Of which: IRB ratings-based approach (RBA) or IRB internal assessment approach (IAA) | **518,665** | 494,333 | **43,982** | 41,919 |
| 14 | Of which: IRB Supervisory Formula Approach (SFA) | **—** | 1,764 | **—** | 149 |
| 15 | Of which: Standardized approach (SA) | **—** | — | **—** | — |
| | Of which: 1,250% risk weight is applied | **0** | 0 | **0** | 0 |
| 16 | Market risk | **1,197,002** | 1,702,320 | **95,760** | 136,185 |
| 17 | Of which: standardized approach (SA) | **1,171,398** | 1,692,705 | **93,711** | 135,416 |
| 18 | Of which: internal model approaches (IMA) | **25,604** | 9,614 | **2,048** | 769 |
| 19 | Operational risk | **681,275** | 864,361 | **54,502** | 69,148 |
| 20 | Of which: Basic Indicator Approach | **—** | — | **—** | — |
| 21 | Of which: Standardized Approach | **681,275** | 864,361 | **54,502** | 69,148 |
| 22 | Of which: Advanced Measurement Approach | **—** | — | **—** | — |
| 23 | Amounts below the thresholds for deduction | **46,223** | 168,503 | **3,919** | 14,289 |
| | Risk weighted assets subject to transitional arrangements | | 17,926 | | 1,434 |
| 24 | Floor adjustment | **—** | — | **—** | — |
| 25 | Total | **31,507,820** | 31,521,385 | **2,660,765** | 2,658,542 |

## Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements (Non-Consolidated)
### As of March 31, 2018

(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 | **11,742,630** | | |
| Loans on deeds | **10,168,870** | | |
| Loans on bills | **401,018** | | |
| Overdrafts | **1,169,670** | | |
| Bills discounted | **3,070** | | |
| 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 | **324,698** | | |
| Due from foreign banks | **324,698** | | |
| Securities | **52,332,765** | **52,332,759** | |
| Japanese government bonds | **11,612,797** | **11,612,797** | |
| Municipal government bonds | **83** | **83** | |
| Short-term corporate bonds | **—** | **—** | |
| Corporate bonds | **679,893** | **679,893** | |
| Stocks | **891,488** | **891,488** | |
| Other securities | **39,148,501** | **39,148,495** | |
| Money Held in Trust | **7,438,320** | **7,438,320** | |
| 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 | | **211,254** | — |
| 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) | | **211,254** | 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) | | **57,530** | — |
| 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) | | **18,489** | A22 |

(Millions of Yen)

| Items | Non-Consolidated balance sheet amount | Balance sheet amount based on regulatory scope of consolidation | Ref. No. |
|---|---|---|---|
| Trading Assets | **8,582** | | |
| Trading securities | **3,064** | | |
| Derivatives of trading securities | **—** | | |
| Derivatives of securities related to trading transactions | **24** | | |
| Trading-related financial derivatives | **5,493** | | |
| Monetary Claims Bought | **354,872** | | |
| Call Loans | **630,000** | | |
| Receivables under Resale Agreements | **—** | | |
| Cash and Due from Banks | **28,729,996** | | |
| Cash | **55,871** | | |
| Due from banks | **28,674,125** | | |
| Other Assets | **1,580,600** | | |
| Domestic exchange settlement account, debit | **35** | | |
| Prepaid expenses | **411** | | |
| Accrued income | **172,228** | | |
| Initial margins of futures markets | **4,063** | | |
| Valuation margins of futures markets | **—** | | |
| Derivatives other than for trading | **597,343** | | |
| Cash collateral paid for financial instruments | **137,702** | | |
| Others | **668,814** | | |
| Tangible Fixed Assets | **120,920** | | |
| Buildings | **46,873** | | |
| Land | **47,280** | | |
| Lease assets | **23,099** | | |
| Construction in progress | **5** | | |
| Other | **3,661** | | |
| Intangible Fixed Assets | **40,043** | **40,043** | |
| Software | **22,145** | **22,145** | |
| Lease assets | **6,274** | **6,274** | |
| Other | **11,623** | **11,623** | |
| 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 | | **40,043** | A2.1 |
| of which: amount that corresponds to effective tax rate to other intangible assets other than goodwill and mortgage servicing rights | | **11,112** | 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 |
| Defined-benefit pension fund net assets (prepaid pension costs) | **20,821** | **20,821** | A3 |
| Customers' Liabilities for Acceptances and Guarantees | **141,073** | | |
| Reserve for Possible Loan Losses | **(46,681)** | **(46,681)** | |
| of which: general reserve for possible loan losses includes Tier 2 | | **(30)** | A15 |
| of which: eligible provisions includes Tier 2 | | **—** | A16 |
| Reserve for Possible Investment Losses | **(1,032)** | | |
| Total Assets | **103,417,613** | | |

(Millions of Yen)

| Items | Non-Consolidated balance sheet amount | Balance sheet amount based on regulatory scope of consolidation | Ref. No. |
|---|---|---|---|
| (Liabilities) | | | |
| Deposits | **65,823,858** | | |
| Time deposits | **56,839,908** | | |
| Deposits at notice | **32,094** | | |
| Ordinary deposits | **3,442,679** | | |
| Current deposits | **97,820** | | |
| Other deposits | **5,411,355** | | |
| Negotiable Certificates of Deposit | **2,920,656** | | |
| Debentures | **1,774,498** | | |
| Debentures issued | **1,774,498** | | |
| Trading Liabilities | **5,034** | | |
| Derivatives of securities related to trading transactions | **18** | | |
| Trading-related financial derivatives | **5,015** | | |
| Borrowed Money | **4,585,004** | **4,585,004** | |
| Borrowings | **4,585,004** | **4,585,004** | |
| of which: qualifying Additional Tier 1 instruments | | **—** | D1 |
| of which: qualifying Tier 2 instruments | | **1,415,480** | D2 |
| Call Money | **—** | | |
| Payables under Repurchase Agreements | **15,080,638** | | |
| Payables under Securities Lending Transactions | **—** | | |
| Foreign Exchanges Liabilities | **38** | | |
| Foreign bills payable | **38** | | |
| Trust Money | **1,405,187** | | |
| Other Liabilities | **4,528,441** | | |
| Domestic exchange settlement account, credit | **613** | | |
| Accrued expenses | **66,461** | | |
| Income taxes payable | **613** | | |
| Unearned income | **1,103** | | |
| Employees' deposits | **8,672** | | |
| Variation margins of futures markets | **64** | | |
| Derivatives other than for trading | **214,744** | | |
| Cash collateral received for financial instruments | **419,712** | | |
| Lease liabilities | **27,100** | | |
| Account payables for securities purchased | **3,773,492** | | |
| Others | **15,863** | | |
| Reserve for Bonus Payments | **6,022** | | |
| Reserve for Employees' Retirement Benefits | **24,614** | | |
| Reserve for Directors' Retirement Benefits | **1,121** | | |
| Reserve for Agriculture, Fishery and Forestry Industry Subsidies | **—** | | |
| Deferred Tax Liabilities | **458,731** | **458,731** | |
| of which: prepaid pension cost | | **5,777** | D3 |
| Deferred Tax Liabilities for Land Revaluation | **8,607** | | |
| Acceptances and Guarantees | **141,073** | | |
| Total Liabilities | **96,763,528** | | |

(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 | | **24,999** | 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 | | **24,999** | E5.2 |
| Other capital surplus | **20** | **20** | E1.2 |
| Reserve for revaluation | **20** | **20** | |
| Retained Earnings | **1,922,906** | **1,923,097** | E2 |
| Legal reserves | **709,566** | **709,566** | |
| Voluntary reserves | **1,213,340** | **1,213,531** | |
| Special reserves | **277,500** | **277,500** | |
| General reserves | **559,403** | **559,403** | |
| Reserves for tax basis adjustments of fixed assets | **7,343** | **7,343** | |
| Others | **7** | **7** | |
| Unappropriated retained earnings | **369,086** | **369,277** | |
| Net income | **129,960** | **129,970** | |
| Total Owners' Equity | **5,428,416** | **5,428,612** | |
| 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 | **1,151,642** | **1,151,642** | |
| Net Deferred Losses on Hedging Instruments | **59,713** | **59,713** | |
| of which: net deferred losses on hedge | | **88,989** | E7 |
| Revaluation Reserve for Land, net of taxes | **14,312** | **14,312** | |
| Foreign Currency Translation Adjustment | | **(0)** | |
| Total Valuation and Translation Adjustment | **1,225,668** | **1,225,668** | E4 |
| Total Net Assets | **6,654,084** | | |
| Total Liabilities and Net Assets | **103,417,613** | | |

*Note: "Balance sheet amount based on regulatory scope of consolidation" refers only to the items used in calculating capital adequacy.*

## IRRBB1 – Quantitative information on IRRBB

(Millions of Yen)

| No. | | a | b | c | d |
|---|---|---|---|---|---|
| | | ⊿EVE | | ⊿NII | |
| | | **Fiscal 2017** | Fiscal 2016 | **Fiscal 2017** | Fiscal 2016 |
| 1 | Parallel up | **2,414,759** | | **215,487** | |
| 2 | Parallel down | **(910,955)** | | **(134,632)** | |
| 3 | Steepener | **744,233** | | | |
| 4 | Flattener | **(75,925)** | | | |
| 5 | Short rate up | **635,873** | | | |
| 6 | Short rate down | **(246,169)** | | | |
| 7 | Maximum | **2,414,759** | | **215,487** | |
| | | e | | f | |
| | | **Fiscal 2017** | | Fiscal 2016 | |
| 8 | Tier 1 capital | **6,397,066** | | 6,471,531 | |

## 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."*

# 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 | |
|---|---|---|
| | EAD | Regulatory Required Capital |
| Amount of regulatory required capital for credit risk | 140,505 | 2,521 |
| Exposure subject to Internal Ratings-Based Approach | 124,561 | 2,498 |
| Corporate exposure (excluding Specialized Lending) | 7,514 | 188 |
| Corporate exposure (Specialized Lending) | 513 | 39 |
| Sovereign exposure | 66,106 | 0 |
| Bank exposure | 16,925 | 108 |
| Retail exposure | 3 | 1 |
| Retail exposure secured by residential properties | 0 | 0 |
| Qualifying revolving retail exposure | — | — |
| Other retail exposure | 3 | 1 |
| Securitization and re-securitization exposure | 6,513 | 42 |
| Equity portfolios | 1,316 | 209 |
| Equity portfolios subject to PD/LGD approaches | 869 | 90 |
| Equity portfolios subject to simple risk-weighted method | 100 | 34 |
| Equities under the internal models approach | 346 | 85 |
| Exposure subject to risk-weighted asset calculation for investment fund | 25,110 | 1,891 |
| Other debt purchased | 308 | 4 |
| Other exposures | 248 | 12 |
| Exposure subject to Standardized Approach | 7 | 0 |
| Overdrafts | — | — |
| Prepaid expenses | 0 | 0 |
| Suspense payments | 6 | 0 |
| Other | — | — |
| Amount corresponding to CVA risk | 547 | 4 |
| CCP-related exposures | 15,375 | 16 |
| Items that included by transitional arrangements | 13 | 1 |
| Amount of regulatory required capital for market risk | / | 136 |
| Standardized Approach | / | 135 |
| Interest rate risk category | / | — |
| Equity risk category | / | — |
| Foreign exchange risk category | / | 135 |
| Commodity risk category | / | — |
| Option transactions | / | — |
| Internal models Approach | / | 0 |
| Amount of regulatory required capital for operational risk | / | 69 |
| Offsets on consolidation | / | 2,727 |

*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 |
|---|---|
| Non-consolidated total required capital | 2,658 |

*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."*

## 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 | Increase/(decrease) |
|---|---|---|
| General reserve for possible loan losses | 28 | 13 |
| Specific reserve for possible loan losses | 22 | (12) |
| Japan | 22 | (12) |
| Asia except Japan | — | — |
| Europe | — | — |
| The Americas | — | — |
| Other areas | — | — |
| Specified reserve for loans to countries with financial problems | — | — |
| Total | 51 | 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 | Increase/(decrease) |
|---|---|---|
| General reserve for possible loan losses | 28 | 13 |
| Specific reserve for possible loan losses | 22 | (12) |
| Manufacturing | 7 | 2 |
| Agriculture | 4 | 0 |
| Forestry | 0 | (0) |
| Fishing | 5 | (0) |
| Mining | — | — |
| Construction | — | (0) |
| Utility | — | — |
| Information/telecommunications | — | — |
| Transportation | 1 | (1) |
| Wholesaling, retailing | 1 | (0) |
| Finance and insurance | 0 | (0) |
| Real estate | — | (9) |
| Services | 1 | (3) |
| Municipalities | — | — |
| Other | — | — |
| Others | — | — |
| Specified reserve for loans to countries with financial problems | — | — |
| Total | 51 | 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).*

## 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.*

## 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 | Increase/(decrease) |
|---|---|---|
| Corporate exposure | 4 | 2 |
| Sovereign exposure | — | — |
| Bank exposure | — | — |
| Equity exposure subject to PD/LGD approach | — | (0) |
| Retail exposure secured by residential properties | — | (0) |
| Qualifying revolving retail exposure | — | — |
| Other retail exposure | 0 | 0 |
| Total | 4 | 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 |
|---|---|
| Specialized Lending exposure subject to supervisory slotting criteria | 587 |
| Specialized Lending, excluding High-Volatility Commercial Real Estate (HVCRE) | 587 |
| Risk weight of 50% | 57 |
| Risk weight of 70% | 366 |
| Risk weight of 90% | 91 |
| Risk weight of 115% | 16 |
| Risk weight of 250% | 17 |
| Risk weight of 0% (default) | 38 |
| 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 |
|---|---|
| Equity exposure subject to the simple risk-weighted method of the market-based approach by RW | 100 |
| Risk weight of 300% | — |
| Risk weight of 400% | 100 |

*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 | |
|---|---|---|
| | Exposure | |
| | | Refer to ECAI |
| Exposure subject to Standardized Approach | 7 | — |
| 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 | — |
| 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 |
|---|---|
| Foundation Internal Ratings-Based Approach | 9,692 |
| Eligible financial collateral | 8,940 |
| Corporate exposure | — |
| Sovereign exposure | 0 |
| Bank exposure | 8,940 |
| Other eligible IRB collateral | — |
| Corporate exposure | — |
| Sovereign exposure | — |
| Bank exposure | — |
| Guarantees, Credit Derivatives | 751 |
| Corporate exposure | 405 |
| Sovereign exposure | 256 |
| Bank exposure | 89 |
| 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 |
|---|---|---|
| Total gross replacement costs (limited to items with a value of greater than zero) | (A) | 420 |
| Total gross add-ons | (B) | 576 |
| Gross credit exposure | (C) = (A)+(B) | 997 |
| Foreign exchange related | | 719 |
| Interest rate related | | 277 |
| Equity related | | 0 |
| Credit derivatives | | — |
| Transactions with a long settlement period | | — |
| Reduction in credit exposure due to netting contracts (including collateral pledged for CSA) | (D) | 250 |
| Amount of credit exposure before taking into account credit risk mitigation techniques due to collateral | (E) = (C)–(D) | 746 |
| Amount of collateral | (F) | 292 |
| Eligible financial collateral | | 292 |
| Amount of credit exposure after taking into account credit risk mitigation techniques due to collateral | (G) = (E)–(F) | 453 |

*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 |
|---|---|
| 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 |
|---|---|
| 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 | | | | | |
|---|---|---|---|---|---|---|
| | Amount of exposure | Risk weight 1,250% | Re-securitization exposure | | | |
| | | | 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.*

## 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 | — |

## Amount of Re-Securitization Exposure Held as Investor and Subject to Credit Risk Mitigation Techniques

(Billions of Yen)

| Classification | As of March 31, 2017 | |
|---|---|---|
| | 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 |
|---|---|
| Base date of computation | 2017. 3. 31 |
| VaR (For the most recent 60 business days) | |
| Base date of computation | 108 |
| Maximum | 128 |
| Minimum | 40 |
| Average | 65 |

### ■ Stress VaR

(Millions of Yen)

| | Fiscal 2016 |
|---|---|
| Base date of computation | 2017. 3. 31 |
| Stress VaR (For the most recent 60 business days) | |
| Base date of computation | 259 |
| Maximum | 311 |
| Minimum | 83 |
| Average | 191 |

### ■ Amount of Market Risk

(Millions of Yen)

| | | Fiscal 2016 |
|---|---|---|
| For the portion computed with the internal models approach (B)+(G)+(J) | (A) | 769 |
| Value at Risk (MAX (C, D)) | (B) | 195 |
| Amount on base date of computation | (C) | 108 |
| Amount determined by multiplying (E) by the average for the most recent 60 business days | (D) | 195 |
| (Multiplier) | (E) | 3.0 |
| (Times exceeding VaR in back testing) | (F) | 2 |
| Stress Value at Risk (MAX (H, I)) | (G) | 573 |
| Amount on base date of computation | (H) | 259 |
| Amount determined by multiplying (E) by the average for the most recent 60 business days | ( I ) | 573 |
| Additional amount at the time of measuring individual risk | ( J ) | 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 | |
|---|---|---|
| | Amount on the balance sheet | Market value |
| Equity exposure | 1,316 | / |
| Exposure to publicly traded equity | 1,062 | 1,062 |
| Exposure to privately held equity | 253 | / |

*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 | | |
|---|---|---|---|
| | Gains from sale of equities, etc. | Losses from sales of equities, etc. | Write-offs of equities, etc. |
| Equity exposure | 34 | 0 | 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 |
|---|---|
| Amount of valuation gains (losses) recognized on the balance sheet and not recognized in the statements of operations | 436 |

*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 |
|---|---|
| | EAD |
| Equity portfolios | 1,316 |
| Equity portfolios subject to PD/LGD approaches | 869 |
| Equity portfolios subject to simple risk-weighted method | 100 |
| Equities under the internal models approach | 346 |

## 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 | |
|---|---|---|
| | Exposure | (For reference) Weighted-average risk weight |
| Look-through approach | 17,570 | 64% |
| Majority approach | 713 | 388% |
| Mandate approach | — | — |
| Market-based approach | 1,670 | 325% |
| Others (simple approach) | 306 | 428% |
| Total | 20,260 | 94% |

*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 |
|---|---|
| Interest rate risk | 2,299 |
| Yen interest rate risk | 132 |
| U.S. dollar interest rate risk | 1,714 |
| Euro interest rate risk | 437 |
| Interest rate risk in other currencies | 14 |

*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, 2018) | | The previous quarter (October 1 to December 31, 2017) | |
|---|---|---|---|---|---|
| High-quality liquid assets (1) | | | | | |
| 1 | Total high-quality liquid assets | | 35,326,846 | | 36,412,857 |
| 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 | 64,950 | 6,482 | 59,264 | 5,941 |
| 3 | of which: stable deposits | 362 | 11 | 359 | 11 |
| 4 | of which: quasi-stable deposits | 64,588 | 6,471 | 58,904 | 5,930 |
| 5 | Cash outflows relating to unsecured wholesale funding | 10,915,725 | 8,011,778 | 11,017,072 | 8,112,622 |
| 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 | 9,672,753 | 6,768,806 | 9,892,304 | 6,987,854 |
| 8 | of which: debt securities | 1,242,972 | 1,242,972 | 1,124,769 | 1,124,769 |
| 9 | Cash outflows relating to secured funding, etc. | | 231,830 | | 259,727 |
| 10 | Cash outflows relating to funding programs and credit/ liquidity facilities such as derivative transactions, etc. | 2,597,219 | 1,554,316 | 2,733,287 | 1,693,107 |
| 11 | of which: cash outflows relating to derivative transactions | 1,310,321 | 1,310,321 | 1,445,176 | 1,445,176 |
| 12 | of which: cash outflows relating to funding programs | 0 | 0 | 0 | 0 |
| 13 | of which: cash outflows relating to credit/liquidity facilities | 1,286,898 | 243,995 | 1,288,111 | 247,931 |
| 14 | Cash outflows based on an obligation to provide capital | 4,753,466 | 483,940 | 4,511,643 | 235,331 |
| 15 | Cash outflows relating to contingencies | 3,403,961 | 164,047 | 3,270,516 | 142,613 |
| 16 | Total cash outflows | | 10,452,393 | | 10,449,341 |
| 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. | 1,217,183 | 0 | 1,139,727 | 0 |
| 18 | Cash inflows relating to collections of advances, etc. | 4,536,149 | 3,980,067 | 4,498,245 | 3,980,188 |
| 19 | Other cash inflows | 5,823,806 | 773,299 | 5,890,625 | 483,049 |
| 20 | Total cash inflows | 11,577,139 | 4,753,366 | 11,528,597 | 4,463,237 |
| Liquidity coverage ratio on a non-consolidated basis (4) | | | | | |
| 21 | Sum of high-quality liquid assets that can be included | | 35,326,846 | | 36,412,857 |
| 22 | Net cash outflows | | 5,699,028 | | 5,986,104 |
| 23 | Liquidity coverage ratio on a non-consolidated basis | | 619.8% | | 608.2% |
| 24 | The number of data for calculating the average value | | 59 | | 62 |

## 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 "REM1: Remuneration awarded during the financial year" by the number of the Subject Directors including retired Directors. 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 retirement 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 2017 and March 2018. 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

The Bank is a financial institution founded by agricultural, fishery and forestry workers' cooperative organizations based on The Norinchukin Bank Law. Through the provision of financial and various other functions for these cooperative organizations, the Bank aims to contribute to the development of the agricultural, fishery and forestry industries and the nation's economy. To help the Bank realize this aim, the Bank has designed its director compensation system.

### 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 organizations and other business sectors, director compensation is determined on the basis of fixed compensation by director's rank, combined with variable compensation in accordance with the level of achievement of the Bank's management plans as a sound incentive toward sustainable growth.

For Audit & Supervisory Board Members, from the perspective of effective functioning of their duties, only fixed compensation is paid, there being 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.

## REM1: Remuneration awarded during the financial year
## Fiscal 2017 (Ended March 31, 2018)

(Person, Millions of Yen)

| | | | a | b |
|---|---|---|---|---|
| | | | Senior management | Other material risk takers |
| 1 | Fixed remuneration | Number of employees | 17 | — |
| 2 | | Total fixed remuneration (3+5+7) | 325 | — |
| 3 | | of which: cash-based | 325 | — |
| 4 | | of which: deferred | — | — |
| 5 | | of which: shares or other share-linked instruments | — | — |
| 6 | | of which: deferred | — | — |
| 7 | | of which: other forms | — | — |
| 8 | | of which: deferred | — | — |
| 9 | Variable remuneration | Number of employees | 14 | — |
| 10 | | Total variable remuneration (11+13+15) | 123 | — |
| 11 | | of which: cash-based | 123 | — |
| 12 | | of which: deferred | — | — |
| 13 | | of which: shares or other share-linked instruments | — | — |
| 14 | | of which: deferred | — | — |
| 15 | | of which: other forms | — | — |
| 16 | | of which: deferred | — | — |
| 17 | Retirement benefits | Number of employees | 17 | — |
| 18 | | Total retirement benefits | 129 | — |
| 19 | | of which: deferred | — | — |
| 20 | Other remuneration | Number of employees | — | — |
| 21 | | Total other remuneration | — | — |
| 22 | | of which: deferred | — | — |
| 23 | Total remuneration (2+10+18+21) | | 577 | — |

*Notes: 1. Number of the Subject Directors includes that of retired directors.*
*2. Directors' Retirement Benefits are the sum of Directors' Retirement Benefits (excluding a reversal of Directors' Retirement Benefits for fiscal 2016) paid during fiscal 2017 and Reserve for Directors' Retirement Benefits posted for fiscal 2017.*

## REM2: Special payments
## Fiscal 2017 (Ended March 31, 2018)

(Person, Millions of Yen)

| | a | b | c | d | e | f |
|---|---|---|---|---|---|---|
| | Guaranteed bonuses | | Sign-on awards | | Severance payments | |
| | Number of employees | Total amount | Number of employees | Total amount | Number of employees | Total amount |
| Senior management | — | — | — | — | — | — |
| Other material risk takers | — | — | — | — | — | — |

## REM3: Deferred remuneration
## Fiscal 2017 (Ended March 31, 2018)

(Millions of Yen)

| | | a | b | c | d | e |
|---|---|---|---|---|---|---|
| | | Total amount of outstanding deferred remuneration | Of which Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment | Total amount of reduction during the year due to ex post explicit adjustments | Total amount of reduction during the year due to ex post implicit adjustments | Total amount of deferred remuneration paid out in the financial year |
| Senior management | Cash | — | — | — | — | — |
| | Shares or other share-linked instruments | — | — | — | — | — |
| | Other remuneration | — | — | — | — | — |
| Other material risk takers | Cash | — | — | — | — | — |
| | Shares or other share-linked instruments | — | — | — | — | — |
| | Other remuneration | — | — | — | — | — |
| Total | | — | — | — | — | — |

# Status of Capital and Shareholders

## Members and Share Ownership (As of March 31, 2018)

### (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 | 794 (153) | 7,034,822,470 ( 5,999,500,000) |
| Federations of Agricultural Cooperatives | 101 ( 33) | 26,466,320,540 (23,704,080,000) |
| Forestry Cooperatives | 614 ( 0) | 19,615,920 ( 0) |
| Forestry Production Cooperatives | 10 ( 0) | 14,050 ( 0) |
| Federations of Forestry Cooperatives | 46 ( 0) | 22,921,100 ( 0) |
| Fishery Cooperatives | 975 ( 4) | 126,540,051 ( 66,520,000) |
| Fishery Production Cooperatives | 24 ( 0) | 202,840 ( 0) |
| Federations of Fishery Cooperatives | 83 ( 28) | 851,529,389 ( 527,610,000) |
| Marine Products Processing Cooperatives | 38 ( 0) | 616,200 ( 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 | 45 ( 0) | 880,900 ( 0) |
| Federations of Agricultural Mutual Relief Insurance Associations | 17 ( 0) | 478,200 ( 0) |
| Fishing Boat Insurance Associations | 1 ( 0) | 2,454,350 ( 0) |
| Agricultural Credit Guarantee Fund Associations | 10 ( 0) | 139,650 ( 0) |
| Fishery Credit Guarantee Fund Associations | 22 ( 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 | 766 ( 0) | 2,873,940 ( 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 | 3,585 (218) | 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, 2018)

- 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.
      - JA Bank System Business Transformation Div.
      - Cooperative System Human Resource Development Div.
      - JF Marine Bank Management Div.
    - 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.
      - Operations Planning and Management Div.
      - Head Office Business Service Div.
      - Compliance Div.
      - Risk Management Div.
      - Credit Risk Management Div.
      - Risk Monitoring Div.
        - Model Management Dept.
      - Coordination Div.
        - Secretariat
        - 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.
      - 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, 2018)

## Supervisory Committee

**Toru Nakaya**
**Katsunori Ishikawa**
**Kazushige Yamagami**
**Yoshimitsu Nagashima**
**Hiroshi Kishi**
**Akira Sato**
**Isamu Amemiya**
**Tokurou Shibata**
**Yasuhiro Yoshida**
**Eiichi Mori**
**Haruto Oniki**
**Takehisa Yokouchi**
**Tadashi Kubota**
**Mikio Aoai**
**Hideaki Kubori**
**Mariko Bando**
**Masahiro Samejima**
**Kazuto Oku**
**Kazuhiko Otake**

## Board of Directors

*President & Chief Executive Officer*

**Kazuto Oku**

*Senior Managing Directors (Representative Directors)*

**Tetsuya Kanamaru**
**Shozo Goto**
**Keito Shimbu**
**Kazuhiko Otake**

*Managing Directors*

**Shinichiro Nakano**
**Hikaru Yoshida**

## Audit & Supervisory Board

**Kiyotsugu Akimoto**
**Shigeo Miyachi**
**Koji Hatsukawa**
**Ryutaro Edo**
**Masahiro Muroi**

## Managing Executive Officers

**Satoshi Iwaso**
**Takahiro Nakajima**
**Ryo Akiyoshi**
**Yasuyuki Matsumoto**
**Hiroshi Yuda**
**Masanobu Yagi**
**Shin Kawamoto**
**Takao Nakashima**
**Seiki Todaka**

## Executive Officers

**Akiko Ito**
**Yoshio Kimura**
**Yoshihiro Ito**
**Koki Ogino**

# History

## Milestones in the Bank's 95-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)
• JA savings deposits top ¥100 trillion (June)
• Executive Officer System is introduced (July)
• JA Card Co., Ltd. is established (October)

# List of Group Companies

(As of March 31, 2018)

| 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<br>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$80,790 thousand<br>100.00 |
| Norinchukin Research Institute Co., Ltd. | 27-11, Sendagaya 5-chome, Shibuya-ku, Tokyo 151-0051, Japan | Research | March 25, 1986 | 300<br>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<br>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<br>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<br>100.00<br>(13.34)* |
| Norinchukin Academy Co., Ltd. | 12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006, Japan | Training | May 25, 1981 | 20<br>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<br>92.50<br>(27.75)* |
| Kyodo Housing Loan Co., Ltd. | 27-11, Sendagaya 5-chome, Shibuya-ku, Tokyo 151-0051, Japan | Mortgage Loans & Housing Loan Guarantee | August 10, 1979 | 10,500<br>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<br>90.00 |
| JA Card Co., Ltd. | 14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo 101-8960, Japan | Planning and promotion, such as JA card business | October 2, 2017 | 100<br>51.00 |
| 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<br>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<br>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<br>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<br>37.96 |
| JA MITSUI LEASING, LTD. | 13-1, Ginza 8-chome, Chuo-ku, Tokyo 104-0061, Japan | Leasing Business | April 1, 2008 | 32,000<br>33.40 |
| Gulf Japan Food Fund GP | PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands | Investments | July 29, 2015 | $50,000<br>20.10 |
| JAML MRC Holding, Inc. | 286 Madison Ave., Suite 301, New York, NY 10017, U.S.A. | Investments | March 6, 2015 | $42 million<br>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<br>19.97 |
| 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 | 329<br>— |

** The percentage of share units indirectly owned by The Norinchukin Bank.*

# Global Network (As of August 1, 2018)

## Overseas Branches

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SWIFT: NOCUUS 33

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SWIFT: NOCUGB2L
Company number: BR001902

### Singapore Branch

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## Overseas Representative Offices

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