

Financial Statements for the First Half of Fiscal 2017

Name : **The Norinchukin Bank**

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

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

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

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

1 Consolidated Financial Results for the First Half of Fiscal 2017 (for the six months ended September 30, 2017)

(1) Consolidated Results of Operations

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

	Ordinary Income		Ordinary Profits		Profit Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
1H Fiscal 2017	756,064	7.9	142,610	(24.3)	106,546	(25.7)
1H Fiscal 2016	700,628	(0.9)	188,306	(28.5)	143,456	(33.4)

(Note) Comprehensive Income for 1H Fiscal 2017 230,527 millions of Yen -% for 1H Fiscal 2016 (56,664) millions of Yen -%

(2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
1H Fiscal 2017	113,201,550	7,169,413	6.3
Fiscal 2016	107,062,747	7,008,813	6.5

(Ref) Net Assets – Non-controlling Interests for 1H Fiscal 2017 7,160,738 millions of Yen for Fiscal 2016 7,000,219 millions of Yen

(Note) Net Assets Ratio is computed by dividing (Net Assets – Non-controlling Interests) by Total Assets.

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

※ Notes

(1) Changes in Significant Subsidiaries during the Period

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

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements

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

2 Non-consolidated Financial Results for the First Half of Fiscal 2017(for the six months ended September 30, 2017)

(1) Non-consolidated Results of Operations

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

	Ordinary Income		Ordinary Profits		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
1H Fiscal 2017	745,631	7.6	138,253	(25.7)	104,512	(26.6)
1H Fiscal 2016	692,991	(0.8)	185,993	(28.6)	142,439	(33.4)

(2) Non-consolidated Financial Conditions

	Total Assets	Total Net Assets	Net Assets Ratio (Note)
	Millions of Yen	Millions of Yen	%
1H Fiscal 2017	111,841,291	7,098,393	6.3
Fiscal 2016	105,812,432	6,939,055	6.6

(Ref) Net Assets for 1H Fiscal 2017 7,098,393 millions of Yen for Fiscal 2016 6,939,055 millions of Yen

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

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

※This report is out of the scope of the external auditor's semi-annual audit procedure.

Qualitative Information

Qualitative information relating to the Financial Results for the First Half of Fiscal 2017

(1) Qualitative information relating to Results of Operations

Looking back at the financial markets of the first half of fiscal 2017, the short-term interest rates in the US continued to rise. In contrast, the long-term interest rates generally maintained the same level, even though it declined temporarily due to the geopolitical risk increase, such as North Korea problem, and the bearish inflation index.

The stock prices in Japan and the US continued to rise. In exchange rate, the yen generally maintained the same level.

Under such earning environments, Consolidated Ordinary Profits were ¥142.6 billion, down ¥45.6 billion on a year-over-year basis and Profit Attributable to Owners of Parent was ¥106.5 billion, down ¥36.9 billion on a year-over-year basis.

The Norinchukin Bank (“the Bank”) has been managing operations to secure steady accumulation of interest income, and the non-consolidated interest income of the Bank totaled to ¥121.1 billion, down ¥3.3 billion on a year-over-year basis.

The total credit costs were ¥3.3 billion in net losses mainly from the general provision of reserve for possible loan losses.

As for securities investments, net gains/losses on sales were net gains of ¥33.5 billion, down ¥26.6 billion on a year-over-year basis and the expenses of provisions and impairments for price-decline of securities and other reasons increased by ¥0.8 billion to ¥1.1 billion on a year-over-year basis.

As a result, with all of the factors mentioned above, the Bank recorded ¥138.2 billion in Ordinary Profits, down ¥47.7 billion, and ¥104.5 billion in Net Income for the first half of fiscal 2017, down ¥37.9 billion on a year-over-year basis, respectively. The Bank’s net operating profits stood at ¥71.9 billion.

(2) Qualitative information relating to the Financial Conditions

Consolidated Total Assets at the end of the period increased by ¥6,138.8 billion to ¥113,201.5 billion from the previous fiscal year-end.

Total Assets of the Bank at the end of the period increased by ¥6,028.8 billion to ¥111,841.2 billion from the previous fiscal year-end. Total Net Assets at the end of the period increased by ¥159.3 billion to ¥7,098.3 billion from the previous fiscal year-end.

As to the balances of the major accounts on the assets side, Loans and Bills Discounted at the end of the period year decreased by ¥294.0 billion to ¥11,654.5 billion from the previous fiscal year-end, and Securities at the end of the period increased by ¥464.2 billion to ¥62,572.5 billion from the previous fiscal year-end. For those on the liabilities side, Deposits at the end of the period increased by ¥3,377.0 billion to ¥65,281.2 billion, and Debentures at the end of the period decreased by ¥324.8 billion to ¥2,098.9 billion from the previous fiscal year-end, respectively.

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

Consolidated Financial Statements

Principles of Consolidated Financial Statements

1 Scope of Consolidation

- (1) Consolidated subsidiaries 12 companies

Names of principal companies:

The Norinchukin Trust & Banking Co., Ltd.

Kyodo Housing Loan Co., Ltd.

- (2) Unconsolidated subsidiaries 0 companies

2 Application of the Equity Method

- (1) Affiliates which were accounted for by the equity method 8 companies

Names of principal companies:

JAMITSUI LEASING, LTD.

Mitsubishi UFJ NICOS Co., Ltd.

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

- (2) Affiliates which were not accounted for by the equity method 0 companies

3 The First Half of the Fiscal Year of Consolidated Subsidiaries

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

Closing date: September 30, 2017 Number of subsidiaries: 12

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

Consolidated Balance Sheet

(Millions of Yen)

	Fiscal 2016 (As of March 31, 2017)	First Half of Fiscal 2017 (As of September 30, 2017)
(Assets)		
Loans and Bills Discounted	12,058,289	11,766,118
Foreign Exchange Assets	224,101	215,432
Securities	62,079,090	62,546,412
Money Held in Trust	6,983,612	8,192,529
Trading Assets	10,715	9,940
Monetary Claims Bought	257,888	281,439
Call Loans and Bills Bought	146,220	353,746
Receivables under Securities Borrowing Transactions	1,173	-
Cash and Due from Banks	22,939,086	26,714,355
Other Assets	1,001,888	1,625,076
Tangible Fixed Assets	117,791	123,867
Intangible Fixed Assets	31,141	38,630
Net Defined Benefit Asset	45,596	46,268
Deferred Tax Assets	7,010	6,353
Customers' Liabilities for Acceptances and Guarantees	1,215,882	1,338,261
Reserve for Possible Loan Losses	(56,730)	(56,878)
Reserve for Possible Investment Losses	(10)	(3)
Total Assets	107,062,747	113,201,550
(Liabilities)		
Deposits	61,886,185	65,261,852
Negotiable Certificates of Deposit	3,689,270	3,248,360
Debentures	2,412,824	2,090,958
Trading Liabilities	6,150	5,589
Borrowed Money	4,371,611	4,716,146
Call Money and Bills Sold	3,365	2,705
Payables under Repurchase Agreements	19,645,010	21,157,106
Payables under Securities Lending Transactions	1,013	-
Foreign Exchange Liabilities	2	7
Short-term Entrusted Funds	1,257,432	2,198,929
Other Liabilities	4,929,423	5,326,002
Reserve for Bonus Payments	7,894	7,655
Net Defined Benefit Liability	38,624	38,330
Reserve for Directors' Retirement Benefits	1,286	1,306
Reserve for Agriculture, Fishery and Forestry Industry Subsidies	523	21
Deferred Tax Liabilities	578,827	630,294
Deferred Tax Liabilities for Land Revaluation	8,607	8,607
Acceptances and Guarantees	1,215,882	1,338,261
Total Liabilities	100,053,934	106,032,137
(Net Assets)		
Paid-in Capital	3,480,488	3,480,488
Capital Surplus	24,993	24,993
Retained Earnings	1,910,262	1,947,301
Treasury Preferred Stock	(150)	(150)
Total Owners' Equity	5,415,594	5,452,634
Net Unrealized Gains on Other Securities	1,584,281	1,726,800
Net Deferred Losses on Hedging Instruments	(26,550)	(44,307)
Revaluation Reserve for Land	14,312	14,312
Foreign Currency Transaction Adjustments	(53)	(48)
Remeasurements of Defined Benefit Plans	12,635	11,347
Total Accumulated Other Comprehensive Income	1,584,624	1,708,104
Non-controlling Interests	8,594	8,674
Total Net Assets	7,008,813	7,169,413
Total Liabilities and Net Assets	107,062,747	113,201,550

Consolidated Statements of Operations and Comprehensive Income

(1) Consolidated Statement of Operations

(Millions of Yen)

	First Half of Fiscal 2016 (Six Months ended September 30, 2016)	First Half of Fiscal 2017 (Six Months ended September 30, 2017)
Ordinary Income	700,628	756,064
Interest Income	507,607	589,088
Interest on Loans and Bills Discounted	29,557	37,612
Interest and Dividends on Securities	471,438	541,436
Fees and Commissions	14,401	13,818
Trading Income	54	-
Other Operating Income	65,294	58,322
Other Ordinary Income	113,270	94,835
Ordinary Expenses	512,321	613,453
Interest Expenses	397,114	490,950
Interest on Deposits	22,130	37,517
Fees and Commissions	7,634	8,491
Trading Expenses	29	146
Other Operating Expenses	19,199	24,083
General and Administrative Expenses	80,932	80,852
Other Ordinary Expenses	7,411	8,928
Ordinary Profits	188,306	142,610
Extraordinary Profits	5,903	-
Extraordinary Losses	351	741
Income before Income Taxes	193,858	141,869
Income Taxes - Current	41,603	29,852
Income Taxes - Deferred	8,401	4,972
Total Income Taxes	50,004	34,825
Profit	143,854	107,044
Profit Attributable to Non-controlling Interests	397	497
Profit Attributable to Owners of Parent	143,456	106,546

(2) Consolidated Statement of Comprehensive Income

(Millions of Yen)

	First Half of Fiscal 2016 (Six Months ended September 30, 2016)	First Half of Fiscal 2017 (Six Months ended September 30, 2017)
Profit	143,854	107,044
Other Comprehensive Income	(200,518)	123,483
Net Unrealized Gains (Losses) on Other Securities	(165,361)	142,160
Net Deferred Gains (Losses) on Hedging Instruments	(34,990)	(17,852)
Foreign Currency Transaction Adjustments	(21)	0
Remeasurements of Defined Benefit Plans	(21)	(1,330)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method	(123)	504
Total Comprehensive Income	(56,664)	230,527
Attributable to:		
Owners of Parent	(57,058)	230,026
Non-controlling Interests	393	500

Consolidated Statement of Capital Surplus and Retained Earnings

(Millions of Yen)

	First Half of Fiscal 2016 (Six Months ended September 30, 2016)	First Half of Fiscal 2017 (Six Months ended September 30, 2017)
(Capital Surplus)		
Balance at the Beginning of the Fiscal Year	25,020	24,993
Additions:	-	-
Deductions:	-	-
Balance at the End of the Period	25,020	24,993
(Retained Earnings)		
Balance at the Beginning of the Fiscal Year	1,770,832	1,910,262
Additions:	144,875	106,546
Profit Attributable to Owners of Parent	143,456	106,546
Transfer from Revaluation Reserve for Land	1,419	-
Deductions:	68,387	69,507
Dividends	68,387	69,507
Balance at the End of the Period	1,847,320	1,947,301

Consolidated Statement of Cash Flows

(Millions of Yen)

	First Half of Fiscal 2016 (Six Months ended September 30, 2016)	First Half of Fiscal 2017 (Six Months ended September 30, 2017)
I Cash Flows from Operating Activities:		
Income before Income Taxes	193,858	141,869
Depreciation	6,912	7,859
Losses on Impairment of Fixed Assets	0	-
Equity in Losses (Earnings) of Affiliates	(3,734)	(5,002)
Net Increase (Decrease) in Reserve for Possible Loan Losses	(10,305)	148
Net Increase (Decrease) in Reserve for Possible Investment Losses	5	(7)
Net Increase (Decrease) in Reserve for Bonus Payments	178	(238)
Net Decrease (Increase) in Net Defined Benefit Asset	(451)	(672)
Net Increase (Decrease) in Net Defined Benefit Liability	(318)	(293)
Net Increase (Decrease) in Reserve for Directors' Retirement Benefits	(51)	20
Net Increase (Decrease) in Reserve for Agriculture, Fishery and Forestry Industry Subsidies	(5,938)	(501)
Interest Income	(507,607)	(589,088)
Interest Expenses	397,114	490,950
Losses (Gains) on Securities	(101,527)	(54,549)
Losses (Gains) on Money Held in Trust	(17,736)	(20,022)
Foreign Exchange Losses (Gains)	4,315,878	(1,180,691)
Losses (Gains) on Disposals of Fixed Assets	(5,552)	741
Net Decrease (Increase) in Trading Assets	4,641	774
Net Increase (Decrease) in Trading Liabilities	0	(560)
Net Decrease (Increase) in Loans and Bills Discounted	5,167,778	292,170
Net Increase (Decrease) in Deposits	2,788,945	3,375,666
Net Increase (Decrease) in Negotiable Certificates of Deposit	(1,443,150)	(440,909)
Net Increase (Decrease) in Debentures	(354,316)	(321,865)
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowed Money)	452,115	344,535
Net Decrease (Increase) in Interest-bearing Due from Banks	940,696	258,396
Net Decrease (Increase) in Call Loans and Bills Bought and Other	(9,699)	(231,085)
Net Decrease (Increase) in Receivable under Securities Borrowing Transactions	2,048,039	1,173
Net Increase (Decrease) in Call Money and Bills Sold and Other	(1,442,383)	1,511,437
Net Increase (Decrease) in Short-term Entrusted Funds	563,022	941,497
Net Increase (Decrease) in Payables under Securities Lending Transactions	(902,874)	(1,013)
Net Decrease (Increase) in Foreign Exchange Assets	36,154	8,668
Net Increase (Decrease) in Foreign Exchange Liabilities	(14)	5
Interest Received	549,648	598,606
Interest Paid	(232,441)	(316,263)
Other, Net	(74,487)	(701,459)
Subtotal	12,352,401	4,110,295
Income Taxes Paid	(41,515)	(22,811)
Net Cash Provided by (Used in) Operating Activities	12,310,886	4,087,484
II Cash Flows from Investing Activities:		
Purchases of Securities	(5,072,452)	(10,341,924)
Proceeds from Sales of Securities	1,311,781	4,051,702
Proceeds from Redemption of Securities	3,512,047	7,199,785
Increase in Money Held in Trust	(334,925)	(1,335,910)
Decrease in Money Held in Trust	524,354	455,165
Purchases of Tangible Fixed Assets	(3,793)	(4,627)
Purchases of Intangible Fixed Assets	(5,785)	(8,081)
Proceeds from Sales of Tangible Fixed Assets	8,532	-
Net Cash Provided by (Used in) Investing Activities	(60,241)	16,108
III Cash Flows from Financing Activities:		
Payments for Redemption of Subordinated Bonds	(50,000)	-
Dividends Paid	(68,387)	(69,507)
Dividends Paid to Non-controlling Shareholders	(395)	(420)
Net Cash Provided by (Used in) Financing Activities	(118,783)	(69,927)
IV Net Increase (Decrease) in Cash and Cash Equivalents	12,131,862	4,033,665
V Cash and Cash Equivalents at the Beginning of the Fiscal Year	13,623,612	22,229,610
VI Cash and Cash Equivalents at the End of the Period	25,755,475	26,263,276

Notes to Consolidated Financial Statements

Amounts less than one million yen are rounded down.

Accounting Policies

(1) Trading Assets / Liabilities and Trading Income / Expenses

Transactions for trading purposes are those seeking gains arising from short-term market movements or from the arbitrage opportunities in interest rates, foreign exchange rates and other market related indices. Such transactions are reported as Trading Assets or Trading Liabilities in the consolidated balance sheet on a trade date basis. Gains and losses arising from transactions for trading purposes are recorded in Trading Income and Trading Expenses on the consolidated statement of operations.

Securities, monetary claims and certain other instruments held for trading purposes are valued at fair value prevailing at the end of the period. Derivatives held for trading purposes, such as swaps, futures and options, are valued on the assumption that they were settled at the end of the period.

Trading Income and Trading Expenses include interest received and paid in the period, gains or losses resulting from any change in the fair value of securities and monetary claims from the end of the previous fiscal year and gains or losses of derivatives resulting from any change in the fair value, which is determined assuming they were settled at the end of the period, from the end of the previous fiscal year.

(2) Securities

a. Held-to-maturity debt securities are valued at amortized cost (straight-line method), as determined by the moving average method. In principle, other securities are valued at fair value, which is determined at the quoted market price if available, or other reasonable value at the consolidated balance sheet date (the cost of securities sold is calculated primarily by the moving average method). Other securities which are extremely difficult to determine the fair value are valued at cost determined by the moving average method or are valued at amortized cost.

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

b. Securities included in Money Held in Trust are valued using the same methods described in (1) and (2) a. above.

(3) Derivatives

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

(4) Depreciation

a. Tangible Fixed Assets (other than Lease Assets)

Depreciation of Tangible Fixed Assets of the Bank is calculated using the declining-balance method. However, depreciation on buildings acquired on or after April 1, 1998 (excluding 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, and the applicable share of estimated annual depreciation cost for the period is recorded based on the following range of useful lives.

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

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

b. Intangible Fixed Assets (other than Lease Assets)

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

c. Lease Assets

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

(5) Reserve for Possible Loan Losses

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

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

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

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

With respect to loans to borrowers who are legally or substantially bankrupt and that are secured by collateral or guarantees, the remaining book value of the loan, after the deduction of the amount of collateral or the execution of guarantees, is directly written off. Direct write-offs were ¥16,878 million at the end of the period.

Reserve for Possible Loan Losses for receivables of the Bank’s consolidated subsidiaries is provided at the amount determined as necessary using the past default ratio. Reserve for Possible Loan Losses for problem receivables of the Bank’s consolidated subsidiaries is provided by taking into account their recoverability and an estimate of uncollectible amount.

(6) Reserve for Possible Investment Losses

Reserve for Possible Investment Losses represents an amount determined to be necessary to cover the estimated loss from the investments, taking into account the financial condition and other factors of the issuer of the securities.

(7) Reserve for Bonus Payments

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

(8) Reserve for Directors' Retirement Benefits

Reserve for Directors' Retirement Benefits for the payments of retirement benefits for directors and corporate auditors (including Executive Officers) is recognized as the required amount accrued at the end of the period.

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

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

(10) Accounting Method for Retirement Benefits

In calculating retirement benefit obligations, the benefit formula basis is used for attributing expected retirement benefits to periods through September 30, 2017.

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.

(11) 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.

(12) 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.

(13) Scope of “Cash and Cash Equivalents” in Consolidated Statements of Cash Flows

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

(14) Consumption Taxes

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

(15) Accounting for Income Taxes

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

(Notes to Consolidated Balance Sheet)

1. Stocks and investments in affiliates

¥113,378 million

2. Securities include securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) of ¥965,135 million as of September 30, 2017.

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 ¥573,978 million as of September 30, 2017. No such securities are re-pledged or re-loaned to the third parties.

3. Loans and Bills Discounted include loans to borrowers under bankruptcy proceedings of ¥320 million and delinquent loans of ¥29,858 million.

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

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

4. Loans and Bills Discounted include those past-due for three months or more of ¥277 million.

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

5. Loans and Bills Discounted include restructured loans of ¥14,526 million.

Restructured loans are loans whereby its terms are modified in favor of the borrowers by reducing the interest rate, deferral of payments of interest or principal, waiving principal repayments, etc., in order to support the borrowers' rehabilitation and facilitate the collection of the loan, except for the loans pertaining to 3 and 4 above.

6. The total amount of loans to borrowers under bankruptcy proceedings, delinquent loans, loans past-due for three months or more and restructured loans was ¥44,983 million.

The amounts of loans indicated in 3. to 6. above are amounts before deducting the reserves for possible loan losses.

7. Bills Discounted are treated as finance transactions based on JICPA Industry Audit Committee Report No.24. Based on the Report, the Bank has the right to appropriate freely deposited banker's acceptances, commercial notes, documentary bills, and purchased foreign exchange, etc., through sales or collateralization. The face value of the total Bills Discounted was ¥2,186 million.

8. Assets pledged as collateral consist of the followings:

Assets Pledged

Loans and Bills Discounted

¥2,415,115 million

Securities

¥25,603,726 million

Liabilities secured by the above assets are as follows:

Borrowed Money	¥3,080,713 million
Payables under Repurchase Agreements	¥21,157,106 million

In addition, Securities (including transactions of Money Held in Trust) of ¥11,771,584 million were pledged as collateral for settlement of exchange and derivative transactions or as margins of futures transactions.

Initial margins of futures markets of ¥3,954 million, cash collateral paid for financial instruments of ¥607,915 million, other cash collateral paid of ¥584,491 million and guarantee deposits of ¥7,659 million were included in Other Assets.

9. Commitments related to overdrafts and loans represent agreements to extend overdrafts or loans up to the pre-agreed amount at the customer's request as long as no violation of the conditions stipulated in the commitment agreement exists. The amount of undrawn commitments in relation to such agreements was ¥3,680,616 million as of September 30, 2017. The amount of undrawn commitments, which the Bank and its consolidated subsidiaries could cancel at any time without cause, was ¥2,410,225 million as of September 30, 2017

The amount of undrawn commitments does not necessarily affect the future cash flow of the Bank and its consolidated subsidiaries because the majority of such agreements are terminated without being exercised. Most of these agreements have provisions which stipulate that the Bank and its consolidated subsidiaries may not extend the loan or may decrease the commitment when there are certain changes in the overall financial conditions, certain issues relating to collateral and other reasons. At the time of extending loans to customers, the Bank and its consolidated subsidiaries are able to request collateral in the form of premises or securities as necessary. After extending loans, the Bank periodically checks the financial condition of its customers based on predefined policies and procedures and acts to secure loans as necessary.

10. In accordance with the Law Concerning the Revaluation of Land, effective as of March 31, 1998, land used for business purposes was revaluated. Unrealized gains arising from revaluation, net of deferred tax, are disclosed as Revaluation Reserve for Land, net of taxes and included in Net Assets on the consolidated balance sheet. The related deferred tax liability is recorded as Deferred Tax Liabilities for Land Revaluation.

Date of Revaluation	March 31, 1998
Revaluation Method	Reasonably calculated in accordance with the Appraisal methods stipulated in Article 2-5 of the enforcement ordinance for the Law Concerning the Revaluation of Land (No.119 effective as of March 31, 1998)

11. Accumulated Depreciation Deducted from Tangible Fixed Assets ¥97,707 million

12. Borrowed Money includes subordinated borrowings of ¥1,513,296 million 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 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.

13. The amount of guaranteed obligations for corporate bonds acquired through private offerings (as in Article 2-3 Financial Instruments and Exchange Law) among those classified as corporate bonds in Securities was ¥3,300 million.

(Notes to Consolidated Statement of Operations)

1. Other Ordinary Income includes Recoveries of Written-off Claims of ¥39 million, Gains on Sales of Stocks and Other Securities of ¥3,378 million and Gains on Money Held in Trust of ¥83,063 million.

2. Other Ordinary Expenses include Provision of Possible Loan Losses of ¥3,545 million, Write-off of Loans of ¥19 million, Losses on Sales of Stocks and Other Securities of ¥7 million, Losses on Revaluation of Stocks and Other Securities of ¥1,158 million and Losses on Money Held in Trust of ¥130 million.

(Notes to Consolidated Statement of Cash Flows)

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

Cash and Due from Banks	¥26,714,355 million
Less: Interest-bearing Due from Banks	¥(451,078)million
<hr/>	
Cash and Cash Equivalents at the end of the period	¥26,263,276 million

(Financial Instruments)

Disclosures Regarding the Fair Value of Financial Instruments and Other Items

“Consolidated Balance Sheet Amount,” “Fair Value” and “Difference” as of September 30, 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)

	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Loans and Bills Discounted	11,766,118		
Reserve for Possible Loan Losses(※1)	(53,596)		
	11,712,522	11,744,908	32,386
(2) Securities			
Held-to-Maturity Debt Securities	17,150,272	17,234,984	84,712
Other Securities	44,681,024	44,681,024	-
(3) Money Held in Trust(※1)			
Other Money Held in Trust	8,192,203	8,199,887	7,684
(4) Trading Assets(※2)			
Trading Securities	3,816	3,816	-
(5) Monetary Claims Bought	281,439	281,697	258
(6) Call Loans and Bills Bought	353,746	353,746	-
(7) Cash and Due from Banks	26,714,355	26,714,355	-
Total Assets	109,089,378	109,214,420	125,041
(1) Deposits	65,261,852	65,261,882	30
(2) Negotiable Certificates of Deposit	3,248,360	3,248,360	-
(3) Debentures	2,090,958	2,097,068	6,109
(4) Borrowed Money	4,716,146	4,716,146	-
(5) Call Money and Bills Sold	2,705	2,705	-
(6) Payables under Repurchase Agreements	21,157,106	21,157,106	-
(7) Short-term Entrusted Funds	2,198,929	2,198,929	-
Total Liabilities	98,676,059	98,682,199	6,139
Derivative Instruments (※3)			
Transactions not Accounted for as Hedge Transactions	270	270	-
Transactions Accounted for as Hedge Transactions	(435,450)	(435,450)	-
Total Derivative Instruments	(435,179)	(435,179)	-

- (※) 1 Loans and Bills Discounted and Money Held in Trust are net of Reserve for Possible Loan Losses. Money Held in Trust is presented by net on the consolidated balance sheet as the reserve amounts are immaterial.
- 2 Derivative Instruments are excluded from Trading Assets.
- 3 Derivative Instruments within Trading Assets, Trading Liabilities, Other Assets and Other Liabilities are shown by net position. Receivables and payables which arise from Derivative Instruments are shown on a net basis.

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

Assets

(1) Loans and Bills Discounted

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

(2) Securities

Regarding the valuation of stocks, fair value is based on the closing price at the exchange. With respect to investment trusts, fair value is based on the net asset value ("NAV") published or the quoted prices provided by brokers or venders. As for bonds, fair value is based on the quoted market price if available, reasonably estimated amounts (using the Discounted Cash Flow method and other methods of valuation), or the quoted prices provided by brokers or venders.

As for short-term corporate bonds and 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 market interest rates and the default rates based on each credit rating, recovery rates and other variables. The estimates for the valuations of some securitized products are calculated according to the prices calculated by the Discounted Cash Flow method, using variables such as default rates, recovery rates, pre-payment rates, discount rates and other variables, or the quoted prices provided by brokers or venders, or both.

Concerning floating-rate Japanese government bonds which are rarely traded in the current market, the Bank continues to determine that market prices are not deemed as fair value, and that the fair value of these bonds is based on reasonably estimated amounts at the end of the period, which are calculated according to the Discounted Cash Flow method. The price-determining variables include the yield of Japanese government bonds, swaption volatilities and other variables.

As for investments for "Partnership" and "Limited Partnership" ("Investments in Partnership and Others"), fair value is based on the share of NAV which is valued assets of "Partnership" or "Limited Partnership," if available.

Relevant notes about the fair value of securities of each classification are described in following "Securities."

(3) Money Held in Trust

Loans and Bills Discounted and Securities included in Money Held in Trust are valued according to the same methods described in (1) and (2) above.

Relevant notes concerning the fair value of Money Held in Trust of each classification are described in following "Money Held in Trust."

(4) Trading Assets

Trading Securities are valued based on the closing price at the exchange or quoted price provided by the corresponding financial institutions.

(5) Monetary Claims Bought

Monetary Claims Bought are valued based on the quoted prices provided by brokers or venders.

(6) Call Loans and Bills Bought

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

(7) Cash and Due from Banks

For Due from Banks without stated maturity, fair value approximates the carrying value. For Due from Banks with stated maturity, as the contractual terms are short-term (1 year or less), fair value approximates the carrying value. Concerning negotiable certificates of deposit, fair value is determined based on reasonably estimated amounts at the end of the period. The reasonably estimated amounts of negotiable certificates of deposit are calculated according to the Discounted Cash Flow method. The price-determining variable is the over-the-counter rate, etc.

Liabilities

(1) Deposits

With respect to demand deposits, the amounts payable on demand as of the consolidated balance sheet date (the carrying value) are estimated at fair value. 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) Borrowed Money

The carrying value of Borrowed Money with floating rates approximates the fair value since it is repriced reflecting market interest rate fluctuations within a short period (1 year or less), unless the creditworthiness of the Bank and its consolidated subsidiaries has changed. Accordingly, the carrying value is deemed to be the fair value. As for Borrowed Money with fixed rates, the fair value is calculated according to the Discounted Cash Flow method. The price-determining variable of this method is the rate which would be applied to a similar Borrowed Money. The fair value of the Borrowed Money with a short-term (1 year or less), approximates the carrying value.

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

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

Derivative Instruments

Derivative instruments include interest rate-related derivative instruments (interest rate swaps and others) and currency-related derivative instruments (currency swaps and others). The fair value is based on the closing price at the exchange, a discounted net present value model, an option pricing model or other models as appropriate. The accrual method of hedge accounting, as specifically permitted for certain interest rate swaps, is valued with the valuation of hedged items, so that the fair value is included in the fair value of Loans and Bills Discounted and other items.

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

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

(Millions of Yen)

Instruments	Consolidated Balance Sheet Amount
Unlisted Stocks and Others (※1)(※2)	410,519
Investments in Partnership and Others (※3)	304,596
Total	715,116

- (※) 1 Unlisted Stocks and Others are excluded from “Disclosures Regarding the Fair Value of Financial Instruments and Other Items,” since there are no market prices and their fair value is extremely difficult to determine.
- 2 The amount of revaluation losses for the period was ¥1,036 million on Unlisted Stocks and Others.
- 3 Out of Investments in Partnership and Others, certain “Partnership” or “Limited Partnership” whose fair value is extremely difficult to determine are excluded from “Disclosures Regarding the Fair Value of Financial Instruments and Other Items.”

(Securities)

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

1. Held-to-Maturity Debt Securities (as of September 30, 2017)

(Millions of Yen)

	Type	Consolidated Balance Sheet Amount	Fair Value	Difference
Transactions for Fair Value exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	2,005,931	2,015,383	9,452
	Municipal Government Bonds	-	-	-
	Corporate Bonds	3,762	3,797	35
	Other	9,446,570	9,540,257	93,687
	Subtotal	11,456,263	11,559,438	103,174
Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	5,209,634	5,192,514	(17,120)
	Municipal Government Bonds	-	-	-
	Corporate Bonds	-	-	-
	Other	735,750	734,666	(1,083)
	Subtotal	5,945,385	5,927,181	(18,204)
Total		17,401,648	17,486,619	84,970

2. Other Securities (as of September 30, 2017)

(Millions of Yen)

	Type	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Stocks	741,634	263,778	477,855
	Bonds	5,730,345	5,459,706	270,639
	Japanese Government Bonds	5,460,392	5,190,171	270,221
	Municipal Government Bonds	116	109	6
	Short-term Corporate Bonds	150,000	149,999	0
	Corporate Bonds	119,836	119,425	411
	Other	29,522,080	27,855,715	1,666,364
	Subtotal	35,994,060	33,579,200	2,414,859
Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost	Stocks	6,231	7,198	(967)
	Bonds	2,404,038	2,405,545	(1,507)
	Japanese Government Bonds	2,205,938	2,207,089	(1,150)
	Municipal Government Bonds	2,892	2,900	(7)
	Short-term Corporate Bonds	-	-	-
	Corporate Bonds	195,206	195,555	(349)
	Other	6,334,938	6,569,508	(234,569)
	Subtotal	8,745,208	8,982,253	(237,044)
Total		44,739,268	42,561,453	2,177,815

3. Securities Recognized for Revaluation Loss

Securities other than those for trading purposes and those whose fair value is extremely difficult to determine, are revalued to their fair value, and the difference between the acquisition cost (and other) and the fair value is treated as a realized loss for the period (“revaluation loss”), if the fair value has significantly deteriorated from the acquisition cost (and other), and unless a recovery in the fair value is deemed probable.

The amount of revaluation loss for the period was ¥121 million, all of which was on stocks.

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

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

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

(Money Held in Trust)

1. Held-to-Maturity Money Held in Trust (as of September 30, 2017)

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

2. Other Money Held in Trust (Money Held in Trust other than that for trading purposes or held-to-maturity) (as of September 30, 2017)

				(Millions of Yen)	
	Consolidated Balance Sheet Amount	Acquisition Cost	Difference	Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost
Other Money Held in Trust	8,192,529	8,027,011	165,518	189,443	23,925

(Note)

“Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost” and “Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost” are gross valuation of the difference between the acquisition cost and the consolidated balance sheet amount presented in “Difference”.

(Per share Information)

Net Assets per Share at the end of the period was ¥957.83 (Non-controlling Interests and the residual assets for the holders of lower dividend rate stocks and preferred stocks are deducted from the numerator, and the aggregate number of lower dividend rate stocks and preferred stocks is deducted from the denominator respectively in the calculation of Net Assets per Share.)

Profit Attributable to Owners of Parent per Share for the period was ¥25.02 (The aggregate number of lower dividend rate stock and preferred stock is deducted from the denominator in the calculation of Profit Attributable to Owners of Parent per Share.)

(Subsequent Events)

Mitsubishi UFJ Financial Group, Inc. (MUFG) acquired the Bank's all stake in Mitsubishi UFJ NICOS Co., Ltd. (MUN) by paying ¥50,000 million through a share exchange agreement under which MUN is 100% owned by MUFG on October 2, 2017. This transaction was a part of the review of capital arrangements to strengthen and expand retail business alliance with MUFG. The amount of extraordinary profits for this exchange is ¥14,272 million.

MUN ceased to be affiliates of the Bank upon the transaction.

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(Millions of Yen)

	Fiscal 2016 (As of March 31, 2017)	First Half of Fiscal 2017 (As of September 30, 2017)
(Assets)		
Loans and Bills Discounted	11,948,542	11,654,523
Foreign Exchange Assets	224,101	215,432
Securities	62,108,251	62,572,532
Money Held in Trust	6,982,774	8,191,761
Trading Assets	10,715	9,940
Monetary Claims Bought	257,888	281,439
Call Loans	146,220	353,746
Receivables under Securities Borrowing Transactions	1,173	-
Cash and Due from Banks	22,912,982	26,687,883
Other Assets	997,741	1,619,722
Tangible Fixed Assets	115,392	121,404
Intangible Fixed Assets	28,425	35,660
Prepaid Pension Cost	12,903	16,922
Customers' Liabilities for Acceptances and Guarantees	120,867	135,922
Reserve for Possible Loan Losses	(54,203)	(54,268)
Reserve for Possible Investment Losses	(1,344)	(1,330)
Total Assets	105,812,432	111,841,291
(Liabilities)		
Deposits	61,904,218	65,281,229
Negotiable Certificates of Deposit	3,689,270	3,248,360
Debentures	2,423,827	2,098,959
Trading Liabilities	6,150	5,589
Borrowed Money	4,315,111	4,659,646
Call Money	3,365	2,705
Payables under Repurchase Agreements	19,645,010	21,157,106
Payables under Securities Lending Transactions	1,013	-
Foreign Exchange Liabilities	2	7
Short-term Entrusted Funds	1,257,432	2,198,929
Other Liabilities	4,894,665	5,289,613
Reserve for Bonus Payments	6,302	6,061
Reserve for Retirement Benefits	22,301	23,414
Reserve for Directors' Retirement Benefits	938	975
Reserve for Agriculture, Fishery and Forestry Industry Subsidies	523	21
Deferred Tax Liabilities	573,768	625,746
Deferred Tax Liabilities for Land Revaluation	8,607	8,607
Acceptances and Guarantees	120,867	135,922
Total Liabilities	98,873,376	104,742,898
(Net Assets)		
Paid-in Capital	3,480,488	3,480,488
Common Stock	3,455,488	3,455,488
(including Lower Dividend Rate Stock)	3,029,771	3,029,771
Preferred Stock	24,999	24,999
Capital Surplus	25,020	25,020
Capital Surplus Reserve	24,999	24,999
Other Capital Surplus	20	20
Retained Earnings	1,862,453	1,897,458
Legal Reserves	668,466	709,566
Voluntary Reserves	1,193,987	1,187,892
Special Reserves	236,400	277,500
General Reserves	559,403	559,403
Reserve for Tax Basis Adjustments of Fixed Assets	7,596	7,343
Others	7	7
Unappropriated Retained Earnings	390,580	343,638
Total Owners' Equity	5,367,962	5,402,967
Net Unrealized Gains on Other Securities, net of taxes	1,583,476	1,725,680
Net Deferred Losses on Hedging Instruments, net of taxes	(26,695)	(44,567)
Revaluation Reserve for Land, net of taxes	14,312	14,312
Total Valuation and Translation Adjustments	1,571,093	1,695,425
Total Net Assets	6,939,055	7,098,393
Total Liabilities and Net Assets	105,812,432	111,841,291

Non-consolidated Statement of Operations

(Millions of Yen)

	First Half of Fiscal 2016 (Six Months ended September 30, 2016)	First Half of Fiscal 2017 (Six Months ended September 30, 2017)
Ordinary Income	692,991	745,631
Interest Income	510,236	591,244
Interest on Loans and Bills Discounted	27,884	35,957
Interest and Dividends on Securities	475,741	545,249
Fees and Commissions	7,654	7,221
Trading Income	54	-
Other Operating Income	64,327	57,169
Other Ordinary Income	110,718	89,996
Ordinary Expenses	506,997	607,377
Interest Expenses	397,108	490,908
Interest on Deposits	22,130	37,517
Fees and Commissions	6,704	7,400
Trading Expenses	29	146
Other Operating Expenses	19,199	24,081
General and Administrative Expenses	76,863	76,106
Other Ordinary Expenses	7,093	8,733
Ordinary Profits	185,993	138,253
Extraordinary Profits	5,900	-
Extraordinary Losses	351	740
Income before Income Taxes	191,542	137,512
Income Taxes - Current	40,532	28,696
Income Taxes - Deferred	8,570	4,303
Total Income Taxes	49,103	33,000
Net Income	142,439	104,512
Unappropriated Retained Earnings Brought Forward	185,457	239,125
Transfer from Land Revaluation Reserve	1,419	-
Unappropriated Retained Earnings	329,316	343,638