ANNUAL REPORT 2012

For The Year Ended March 31, 2012

The Norinchukin Bank

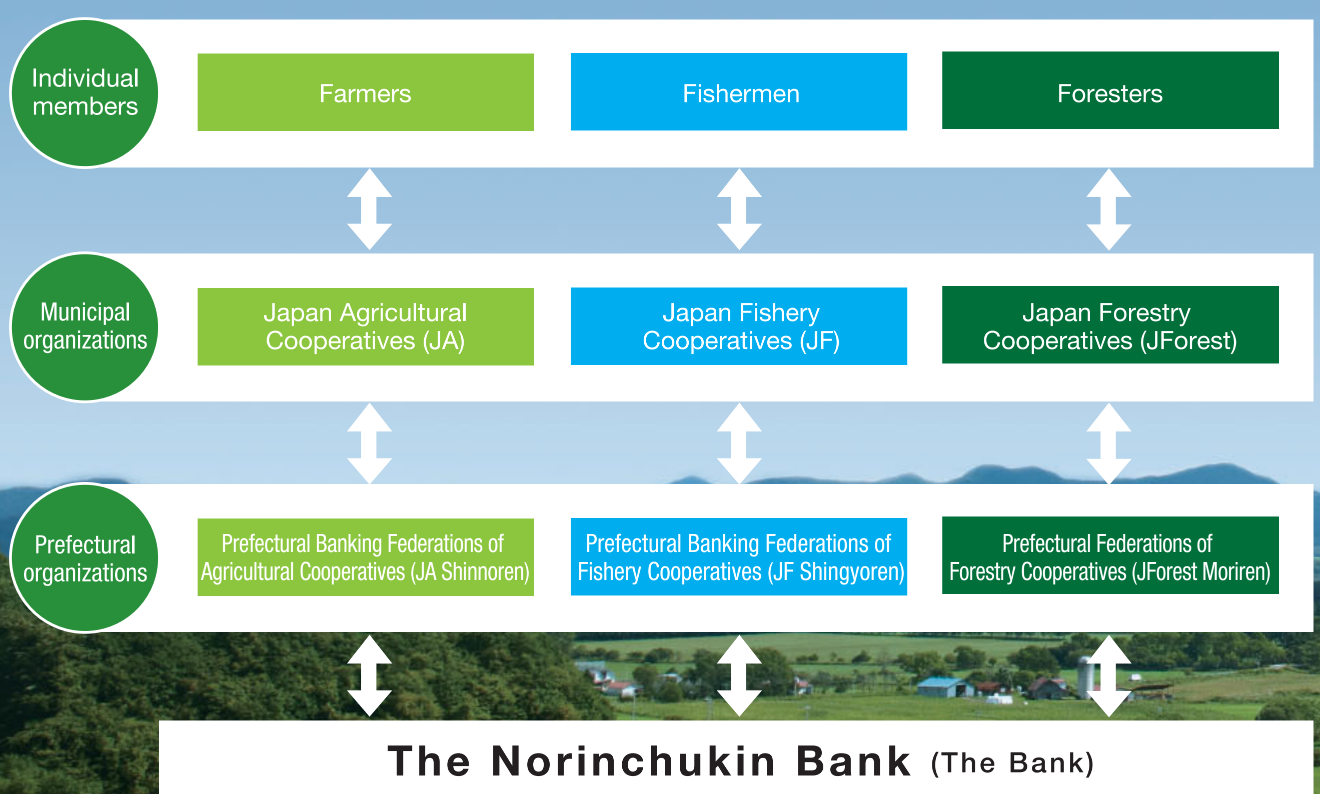
For a better quality of life and food

The Norinchukin Bank hopes that all people will be able to enjoy the benefits of nature's abundant offerings as well as the advantages of a comfortable life.

Our mission is to fully support Japan's agricultural, forestry and fisheries industries as the central bank for Japan's agricultural, forestry and fishery cooperative system. Through this support, the Bank aims to contribute to a better quality of life for the people of Japan.

Developing agricultural leaders, who will be the backbone of the Japanese agricultural industry of tomorrow; reforesting lands to protect and preserve the natural environment and its resources; and working to secure stable profits through global investments as one of Japan's leading institutional investors, are some of the major initiatives we undertake in fulfilling our mission.

The Norinchukin Bank is committed to continuing these initiatives to ensure prosperity for Japan's next generation.



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
■ Akira Banzai

President and Chief Executive Officer
■ Yoshio Kono

Paid-in capital ■ ¥3,425.9 billion (US$ 41.7 billion)
(As of March 31, 2012)
*All capital is from private parties (members and investors in preferred securities).

Total assets (On a consolidated basis) ■ ¥72,262.8 billion (US$ 879.6 billion)
(As of March 31, 2012)

Capital adequacy ratio (On a consolidated basis): ■ 24.67% (As of March 31, 2012)
(Basel II standard)

Members ■ Japan Agricultural Cooperatives (JA), Japan Fishery Cooperatives (JF), Japan Forestry Cooperatives (JForest), and related federations, as well as other agricultural, forestry, and fishery cooperative organizations that have invested in the Bank
(Number of shareholders: 3,873)
(As of March 31, 2012)

Number of employees ■ 3,206 (As of March 31, 2012)

Business locations (In Japan) ■ Head office: 1 ■ Branch: 18
■ Branch annex: 5 ■ Office: 17
(Overseas) ■ Branch: 3
■ Representative office: 2
(As of July 31, 2012)

Ratings

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

(As of March 31, 2012)

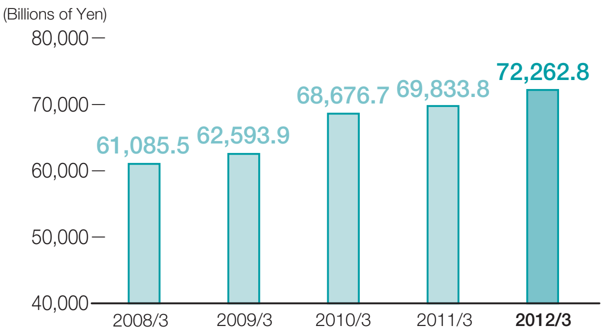
In this report, Japan Agricultural Cooperatives are referred to as JA, Japan Fishery Cooperatives as JF, and Japan Forestry Cooperatives as JForest.

Forward-Looking Statements

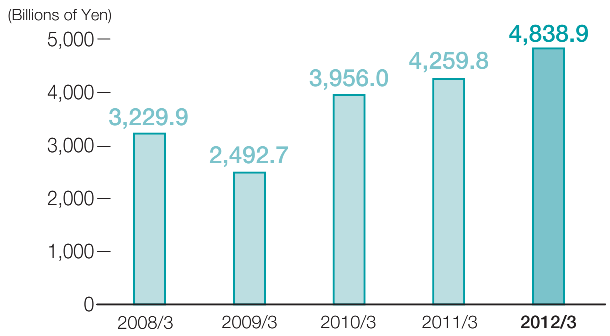
This report contains information about the financial condition and performance of the Bank as of March 31, 2012 (the latest information for business locations), as well as forward-looking statements pertaining to the businesses and prospects of the Bank. The forward-looking statements are based on our current expectations and are subject to the risks and uncertainties that may affect our businesses, which could cause actual results to differ materially from those currently anticipated.

Financial Highlights (Consolidated)

Total Assets

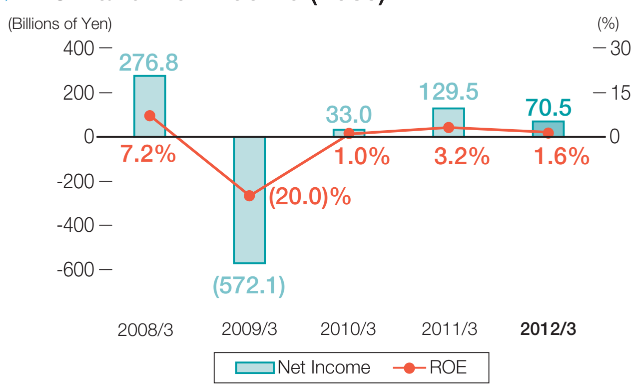


Net Assets

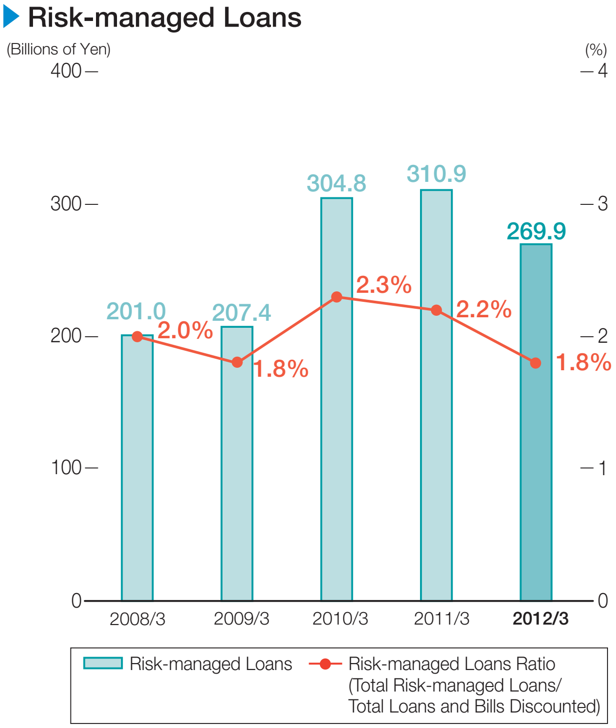


Ordinary Profit (Loss)

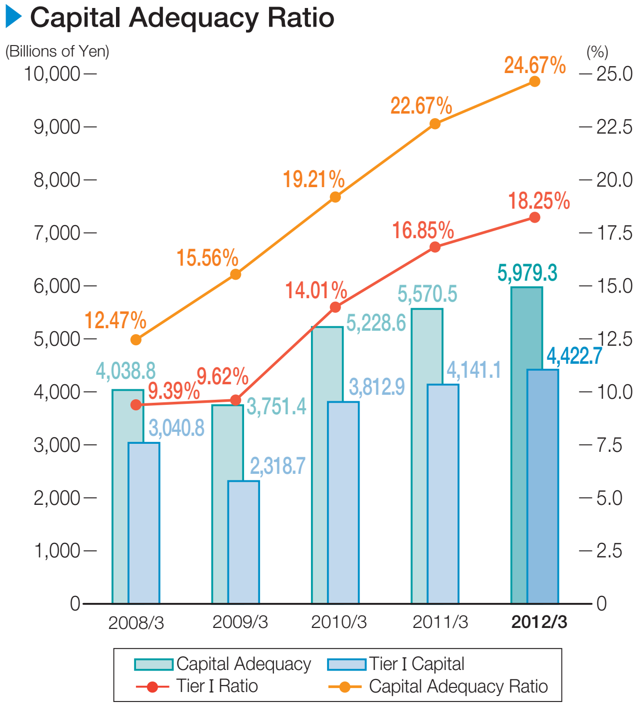
ROE and Net Income (Loss)



Risk-managed Loans



Capital Adequacy Ratio



■ Financial Results for the fiscal year ended March 31, 2012 (Consolidated)

The Norinchukin Bank's ("the Bank") financial results on a consolidated basis as of March 31, 2012 include the results of 9 consolidated subsidiaries and 5 affiliates which are accounted for by the equity method.
The following is a summary of Financial Results for the fiscal year 2011.

• Balance of Assets and Liabilities

Consolidated Total Assets increased by ¥2,429.0 billion from the previous fiscal year-end to ¥72,262.8 billion, and consolidated Total Net Assets increased by ¥579.1 billion from the previous fiscal year-end to ¥4,838.9 billion.

On the assets side, Loans and Bills Discounted increased by ¥655.5 billion to ¥14,738.2 billion, and Securities increased by ¥2,584.6 billion to ¥45,626.4 billion from the previous fiscal year-end, respectively.

On the liabilities side, Deposits increased by ¥2,600.9 billion to ¥43,550.3 billion, and Debentures decreased by ¥298.4 billion to ¥5,117.8 billion from the previous fiscal year-end, respectively.

• Income

Consolidated Ordinary Profits* were ¥75.6 billion, down ¥29.0 billion from the previous fiscal year, and consolidated Net Income was ¥70.5 billion, down ¥59.0 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 Ratio (Basel II standard) was 24.67% as of March 31, 2012.

Key Management Indicators (Consolidated)

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

	2008/3	2009/3	2010/3	2011/3	**2012/3**	**2012/3**
Total Income	¥ 2,703.8	¥ 1,438.0	¥ 1,270.5	¥ 1,111.4	**¥ 952.6**	**$ 11,596**
Total Expenses	2,278.5	2,048.1	1,194.8	986.7	**878.4**	**10,693**
Net Income (Loss)	276.8	(572.1)	33.0	129.5	**70.5**	**858**
Total Comprehensive Income	—	—	—	303.7	**600.4**	**7,310**
Total Net Assets	3,229.9	2,492.7	3,956.0	4,259.8	**4,838.9**	**58,904**
Total Assets	61,085.5	62,593.9	68,676.7	69,833.8	**72,262.8**	**879,646**
Capital Adequacy Ratio (%, BIS) (Note 2)	12.47	15.56	19.21	22.67	**24.67**	**24.67**

Notes: 1. U.S. dollars have been converted at the rate of ¥82.15 to U.S. $1, the effective rate of exchange at March 31, 2012.
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, 2012 (Non-consolidated)

• Balance of Assets and Liabilities

Total Assets of the Bank increased by ¥2,167.2 billion to ¥71,719.1 billion from the previous fiscal year-end. Total Net Assets at the end of the fiscal year increased by ¥570.0 billion to ¥4,820.4 billion from the previous fiscal year-end.

On the assets side, Loans and Bills Discounted was ¥14,655.7 billion, and Securities was ¥45,655.4 billion. On the liabilities side, Deposits amounted to ¥43,563.1 billion, and Debentures was ¥5,125.6 billion.

• Income

Unpredictability increased in the earnings environment during the fiscal year 2011 due to aggravated Euro debt crisis and heightened concerns over the global economy, which accelerated "flight to quality."

Under such earning environments, the Bank continued its conservative management of operations to secure steady accumulation of interest income and the interest income of the Bank totaled to ¥63.1 billion, down ¥90.9 billion from the previous fiscal year.

The results of total credit cost were ¥6.9 billion in net earnings mainly from the reversal of the reserve due to the decrease of credit risk assets.

As for the results of securities investments, loss on securities sales decreased by ¥74.5 billion to ¥10.8 billion from the previous fiscal year, and the expenses of provisions and impairments for price-decline of securities and other reasons decreased by ¥16.5 billion to ¥18.4 billion from the previous fiscal year.

As a result, with all of the factors mentioned above, the Bank recorded ¥68.4 billion in Ordinary Profits, down ¥48.8 billion from the previous fiscal year and ¥61.6 billion in Net Income, down ¥82.6 billion from the previous fiscal year, respectively. The Bank's net operating losses stood at ¥57.7 billion.

• Capital Adequacy Ratio

The Bank's Capital Adequacy Ratio (Basel II standard) was 24.83% as of March 31, 2012.

Key Management Indicators (Non-consolidated)

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

	2008/3	2009/3	2010/3	2011/3	**2012/3**	**2012/3**
Total Income	¥ 2,691.4	¥ 1,426.7	¥ 1,259.4	¥ 1,101.7	**¥ 934.9**	**$ 11,381**
Total Expenses	2,274.9	2,030.7	1,189.0	963.3	**870.6**	**10,599**
Net Income (Loss)	272.0	(565.7)	29.5	144.3	**61.6**	**750**
Paid-in Capital	2,016.0	3,421.3	3,425.9	3,425.9	**3,425.9**	**41,703**
Total Net Assets	3,202.4	2,472.3	3,931.6	4,250.4	**4,820.4**	**58,678**
Total Assets	61,191.7	62,499.2	68,470.3	69,551.9	**71,719.1**	**873,027**
Deposits	38,813.3	37,501.5	39,108.7	40,957.0	**43,563.1**	**530,288**
Debentures	4,822.1	5,255.0	5,611.7	5,421.6	**5,125.6**	**62,394**
Loans and Bills Discounted	9,795.6	10,947.8	13,038.0	14,002.3	**14,655.7**	**178,402**
Securities	36,262.3	39,558.8	44,013.7	43,070.0	**45,655.4**	**555,757**
Capital Adequacy Ratio (%, BIS) (Note 2)	12.55	15.65	19.26	22.76	**24.83**	**24.83**

Notes: 1. U.S. dollars have been converted at the rate of ¥82.15 to U.S. $1, the effective rate of exchange at March 31, 2012.
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.

Contents

Message from the Management

Akira Banzai
Chairman
The Supervisory Committee

Yoshio Kono
President and Chief Executive Officer

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

This Annual Report for 2012 contains details of the financial position of the Bank for fiscal 2011, as well as a summary of operations over the year at JA Bank, JF Marine Bank and JForest Group.

We believe that readers of this report will continue to offer their support to JA Bank, JF Marine Bank, JForest Group and the Norinchukin Bank itself.

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

As the national-level financial institution for agricultural, forestry, and fishery cooperatives in Japan, the mission of the Norinchukin Bank is to contribute to the development of relevant industries and to national economic prosperity by facilitating access to financial resources. With the stable funding base provided by capital from Japan Agricultural Cooperatives (JA), Japan Fishery Cooperatives (JF) and Japan Forestry Cooperatives (JForest), as well as JA Bank and JF Marine Bank deposits from their individual members and customers, the Bank, to achieve its mission, lends funds to members, agricultural, forestry and fisheries workers, and companies related to the agricultural, forestry and fisheries industries. As the ultimate manager of these funds, 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 its cooperative members as well as individual members with various services, including a nationwide shared system infrastructure for supporting the cooperative banking business of JA and JF and development of new products, and it responds to the financial needs of the agricultural, forestry and fisheries cooperatives and workers. The Bank also provides operational guidance for the cooperative banking business of JA and JF based on relevant rules and regulations, and it is building 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 recognizing the importance of strengthening the competitiveness of its cooperative banking business.

Business Operations in Fiscal 2011

In fiscal 2011, the Bank shifted to a new Medium-Term Management Plan and made actions for recovery and reconstruction from the Great East Japan Earthquake its highest priority. At the same time, the Bank adhered to its primary mission, which is to provide “stable return of profits” to its members, and expanded its role as the central organization for cooperatives as well as the financial institution for farmers, fishermen, and foresters.

To deal with recovery and reconstruction in the aftermath of the Great East Japan Earthquake, the Bank established the Reconstruction Support Program (duration: about four years; financial support: ¥30 billion), built systems to support the effort, and conducted initiatives with directors and employees participating. Immediately after the earthquake, the Bank responded with emergency funding and enabled flexible withdrawals of deposits for the convenience of customers of cooperatives that suffered damage from the disaster. Subsequently, we shifted our focus to business support for the disaster-affected JA and JF. With reconstruction gradually gaining momentum, the Bank assisted the recovery and reconstruction efforts of producers and communities.

With our financial and risk management efforts focused on the overriding goal of providing "stable return of profits" to its members, we strengthened our financial position and achieved our earnings target based on the adequate practice of risk management. As a result, the Bank achieved ordinary profit of ¥75.6 billion (on a consolidated basis) and attained its profit target. The Bank also substantially reduced unrealized losses on securities and achieved a valuation gain for the first time in five years, while maintaining a high capital adequacy ratio of 24.67% (on a consolidated basis).

Under the JA Bank Medium-Term Strategies (fiscal 2010 through fiscal 2012), its comprehensive management and business strategy, JA Bank is strengthening its role as the main bank for the agricultural industry and local residents in order to become the JA Bank that contributes to both the agricultural industry and people's daily lives, is chosen by the people, and continues to grow. As for its role as the main bank for the agricultural industry, JA Bank provides financial services to a wide range of farmers. It has taken steps to understand and respond to the needs of agricultural leaders who play a central role in running large farms and agricultural corporations by making more frequent customer visits. It has been taking steps to become the main bank for local residents by promoting mortgage loans, annuities, JA Cards, deposits, and direct salary deposits. We completed migration to the current computer system (JASTEM System) in May 2011 and have now begun studying plans for a future system upgrade.

Under the JF Marine Bank Medium-Term Business Promotion Policy, JF Marine Bank has strengthened its financial services for the fisheries industry and is constantly striving to be the main bank for individual members. To fully perform these financial services, it has taken steps to bolster its financial soundness.

Based on government measures such as the Forestland and Forestry Industry Regeneration Plan, JForest Group has been improving forestland by consolidating forest management, one of the pillars of the Movement to Expand the Use of Domestic Lumber and Revitalize Forestland and the Forestry Industry, which extends from fiscal 2011 through fiscal 2015. The Norinchukin Bank has also been supporting these efforts.

As an effort to perform shared services for the Bank's members, we are supporting expanding the business of members and agricultural, forestry and fisheries workers through business matching and strengthening relationship with those workers who use our financial services. To maintain and develop the future foundation of the agricultural, forestry and fisheries industries, we are collaborating with related groups, enhancing human resources training and skills development of directors and employees of cooperatives. Through these efforts, we are helping to develop the next generation of farmers and local leaders.

The Bank's Future Business Management Policies

Under its Medium-Term Management Plan, the Bank will continue to work on earthquake disaster reconstruction. At the same time, it will "stably return profits" to its members and constructively expand its role as the central organization for cooperatives. In addition, the Bank and cooperative financial institutions are planning and reviewing measures for medium- to long-term success and will speedily implement them with the cooperation and role-sharing of JA, JF, JForest and related union and federations at national and prefectural levels. The goal of the Bank, through these efforts, is to raise its profile as a financial institution, both in terms of the growth of the agricultural, forestry, and fisheries industries and of its members' businesses, and of taking a more global approach to lending and investment.

Conclusion

The United Nations declared 2012 to be the International Year of Cooperatives (IYC), and the role of cooperative organizations has therefore been attracting much attention. The Norinchukin Bank, JA Bank, JF Marine Bank and JForest Group 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 agricultural, forestry and fisheries industries and their rural communities.

Finally, we would like to ask our readers for their continued support for JA Bank, JF Marine Bank, JForest Group and the Norinchukin Bank itself.

August 2012

Akira Banzai
Chairman
The Supervisory Committee

Yoshio Kono
President and Chief Executive Officer

Bank Initiatives

Cooperative Members Unite to Support Reconstruction of Disaster-Stricken Areas

Starting from fiscal 2011, the Bank has been implementing its Medium-Term Management Plan, a key pillar of which is the "stable return of profits" to its members, the expansion of its role as the central organization for cooperatives as well as financial institution for farmers, fishermen, and foresters, and supporting the reconstruction of areas affected by the Great East Japan Earthquake.

Q1 How is the Medium-Term Management Plan positioned and what are its features?

The new Medium-Term Management Plan covers the two-year period starting from fiscal 2011, and based on this plan the Bank manages its business.

Since fiscal 2009, the Bank had been working on the four-year Business Renewal Plan with the goal of stabilizing its financial management and upgrading its risk management and expanding its role as the central organization for cooperatives in Japan. However, as the Bank resumed dividend payments in fiscal 2010 and further expanded its role as the central organization for cooperatives in Japan, it was able to bring its Business Renewal Plan to an end two years ahead of schedule and establish a new Medium-Term Management Plan that embodies the spirit of the previous Business Renewal Plan.

The New Medium-Term Management Plan focuses on further expanding our role as the central organization for cooperatives as well as financial institution for farmers, fishermen, and foresters and includes continued support for reconstruction in the aftermath of the Great East Japan Earthquake. In addition, our financial and risk management efforts continue to be focused on proper management of risk and portfolio investment. Our ordinary profit target is to achieve ¥50 to ¥100 billion per year (non-consolidated basis) and we will continue to "stably return profits" to members by constantly working to achieve stable financial management.

New Medium-Term Management Plan (Fiscal 2011 through Fiscal 2012)

Role as the Central Organization for Cooperatives as well as Financial Institution for Farmers, Fishermen, and Foresters

1. Reconstruction Support Program (Financial Support Program, Business & Management Support Program)
2. The Bank's efforts for its members (business support, human resource improvement and training, emissions trading)
3. JA Bank (JA Bank Medium-Term Strategies implementation: Main bank for the agricultural industry and for local residents)
4. JF Marine Bank (Financial services for the fishery industry, JF Marine Bank Safety System)
5. Forestry business (Forest restoration)

Financial Management/Risk Management/Capital Policies

1. "Stable return of profits" to its members is the managements' highest priority, and ordinary profit target of ¥50 to ¥100 billion per year (non-consolidated)
2. Effective risk management and portfolio management on a continuous basis
3. Take on new high-quality investment opportunities in new fields based on a globally-diversified investment portfolio
4. Maintain a capital adequacy ratio of around 20%

Q2 What have your reconstruction support efforts accomplished thus far and what are your future support plans?

Since the outbreak of the Great East Japan Earthquake, the Bank has positioned the reconstruction and recovery of the agricultural, forestry and fisheries industries in earthquake-stricken areas as its most important business priority. In collaboration with national-level union and federations in the cooperative system, the Bank has been providing assistance to workers engaged in the agricultural, forestry and fisheries industries and to JA, JF, and JForest.

Immediately after the outbreak of the earthquake disaster, the Bank established a disaster countermeasures office and has taken a number of emergency measures. The measures included building a support team of 100 employees to verify the extent of damages in each prefecture and the operational status of the Bank's systems, as well as offering emergency financial support, and dispatching employees to disaster areas. Meanwhile, we set up a cross-organizational project within the Bank and started the Reconstruction Support Program (described below) in April 2011, while collaborating with other national-level union and federations. In June 2011, the Bank established the Reconstruction Team Headquarters Council, with the President serving as its general manager. It has also assigned a Director of Reconstruction Countermeasures. The head office and branches will continue to join forces to support reconstruction.

*For further details about JA Group, JF Group, and JForest Group efforts, please refer to CSR Report 2012. (available in Japanese only)

Outline of the Reconstruction Support Program

The Reconstruction Support Program was established with the goal of full and multifaceted assistance for the recovery and reconstruction of the agricultural, forestry and fisheries industries. The program is expected to last four years with the Bank covering ¥30 billion of the costs. Specifically, the program will provide (1) financial support to agricultural, forestry and fisheries industry workers, and (2) business and management support to members affected by the disaster. The Bank provides material support including the sending of Bank employees into disaster areas.

Description	Support recipients	JA Bank/JF Marine Bank/JForest Group
Financial Support Program	Agricultural, forestry and fisheries industry workers	Financial support (interest subsidies, reconstruction/recovery loans [low-interest loans], etc.)
Business & Management Support Program	Members	Business recovery (support for infrastructure recovery including branches, ATMs, terminals, etc.)
		Business support (support to strengthen members' business foundations)

Provision and Maintenance of Financial Services in Disaster-Stricken Areas

• Establishment of a Framework for Special Post-Earthquake Support and Capital Injection into Disaster-Affected JA and JF

As the central organization for cooperatives, one of the key roles of the Bank is to ensure that JA Bank and JF Marine Bank operations are stable and that customer trust is being maintained. After the earthquake, the Bank changed the basic policies of JA Bank and JF Marine Bank based on the revised Reorganization and Strengthening Law. Accordingly, the Bank established a framework for Special Post-Earthquake Support that utilizes funds of the Agricultural and Fishery Cooperative Savings Insurance Corporation. Up until the end of fiscal 2011, the Bank had injected a total of approximately ¥57 billion in eight

JA and one JF that had been damaged by the disaster. The Bank formulated a plan to help strengthen the cooperative banking business of disaster-stricken JA and JF. The plan calls for wide-ranging support, such as facilitating a smooth fund flow to local agricultural and fishery workers, and providing guidance and advice so that full and enhanced financial services are offered.

Efforts to Support Agricultural, Forestry, and Fishery Workers and Local Reconstruction and Recovery

• Financial Support for Producers and Members

Appropriate financial support was provided to producers and members based on the three stages of, (1) emergency, (2) transition, and (3) recovery and reconstruction.

Extension of Loan Deadlines

To facilitate financing for agricultural, forestry and fisheries workers, the Bank, after determining customer damages, provided swift and appropriate financial support by placing a moratorium on the repayment of principal and interest, responding to emergency requests for loans, and other measures.

Interest Subsidy for Disaster Funds

In April 2011, the Bank established an interest subsidy system for the disaster funds of the JA Bank and JF Marine Bank. Under this system, interest subsidies are offered to lighten the interest burden on JA Bank and JF Marine Bank borrowers.

Establishment of Financial Support Framework for Reconstruction

In December 2011, the Bank established the Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan as a long-term low-interest loan for companies in the agricultural, forestry, and fisheries industries to lighten their immediate principal and interest repayment burden. The Bank also created the Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund valued at ¥5.0 billion as a new means of providing capital to disaster-stricken companies in the agricultural, forestry, and fisheries industries. The Fund began operation in February 2012. While existing Agri-Seed Fund provides capital to agricultural corporations engaged in new business, the Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund relaxes investment criteria and limits, allowing us to provide capital to disaster-stricken food processors and distributors, in addition to agricultural corporations, thereby expanding the number of potential fund recipients.

Local Reconstruction and Recovery Support

When we provided reconstruction and recovery assistance, we provided it for the entire regions of affected areas. As one example, the Bank assisted Kesennuma City in Miyagi Prefecture, which suffered significant damage, by sending employees there to help draft a reconstruction plan. The Bank also assisted in the reconstruction of communities by providing funds for the purchase of refrigeration, ice-making and other production equipment for members and others who play a key role in the local industry.

Ice-making facility in Kesennuma City (artist's rendering)

• Non-Financial Support

Immediately after the Great East Japan Earthquake, the Bank fully committed itself to financial reconstruction assistance. At the same time, it reconsidered its direct assistance efforts, taking into account the needs of farmers, foresters, and fishermen in disaster-stricken areas, and has undertaken multifaceted efforts that go beyond the financial support framework.

Support for Cardboard Boxes Provided to Seaweed Farmers

In light of the growing need by fishery industries in disaster-stricken areas for direct support for aqua farming of *wakame* and *kombu* seaweed, which can be grown and harvested in a relatively short period of time, we began subsidizing the cost of purchasing cardboard boxes used for collective shipment of *wakame* and *kombu* in February 2012. In February and March 2012, in Miyagi Prefecture and Iwate Prefecture, respectively, the Bank held a presentation ceremony at the site of the first seaweed auction held since the earthquake disaster.

Cardboard boxes for shipping *wakame* and *kombu* seaweed

Organization of Reconstruction Support Business Conferences

With the cooperation of the JA Group in Miyagi Prefecture and others, the Miyagi Reconstruction Support Business Conference was held in Sendai City in February 2012. On the day of the conference, 27 groups of sellers from JA Group, JF Group, and others and 46 groups of buyers including food processors and distributors attended, and 244 business meetings were held. In this way, the Bank is expanding sales opportunities for cooperative produce from disaster-stricken areas.

Miyagi Reconstruction Support Business Conference

• Efforts to Help Individual Members of JA and JF and Customers Restore their Lives

Interest Subsidies for Reconstruction Support Time Deposits and Reconstruction Support Loans

The Bank has created and implemented an interest subsidy system for the Reconstruction Support Time Deposit and for the Reconstruction Support Loan including mortgage loans that JA and JF provide to their customers.

Assistance to Branches in Dealing with the "Double-Loan" Problems

In August 2011, the Individual Debtor Guidelines for Out-of-Court Workouts compiled by the Japanese Bankers Association were adopted based on the government policy concerning the double-loan problems of disaster victims. Accordingly, the Bank created a manual for JA and JF branches to help them fully deal with this problem at their JA Bank and JF Marine Bank counters nationwide, and explanatory meetings on the subject were also held for the Bank's personnel in charge of JA Bank and JF Marine Bank.

Recovery and Reconstruction Support for Disaster-Affected JA and JF

• Toward Business Reconstruction and Recovery

As an initiative to reconstruct and restore disaster-affected JA and JF businesses, the Bank has donated money via national-level cooperative federations with the aim of restoring business infrastructure including cooperative banking business terminals and ATMs. It has also materially compensated branches for the purchase of new fittings and fixtures.

In light of the substantial damage suffered, especially by the cooperative banking branches of JF Marine Bank members, the Bank has started to develop a mobile terminal system that provides financial services such as deposit withdrawals in areas where branches no longer exist. The mobile system is expected to be fully operable beginning in 2013.

• Efforts to Normalize Financial Services in Disaster-Stricken Areas

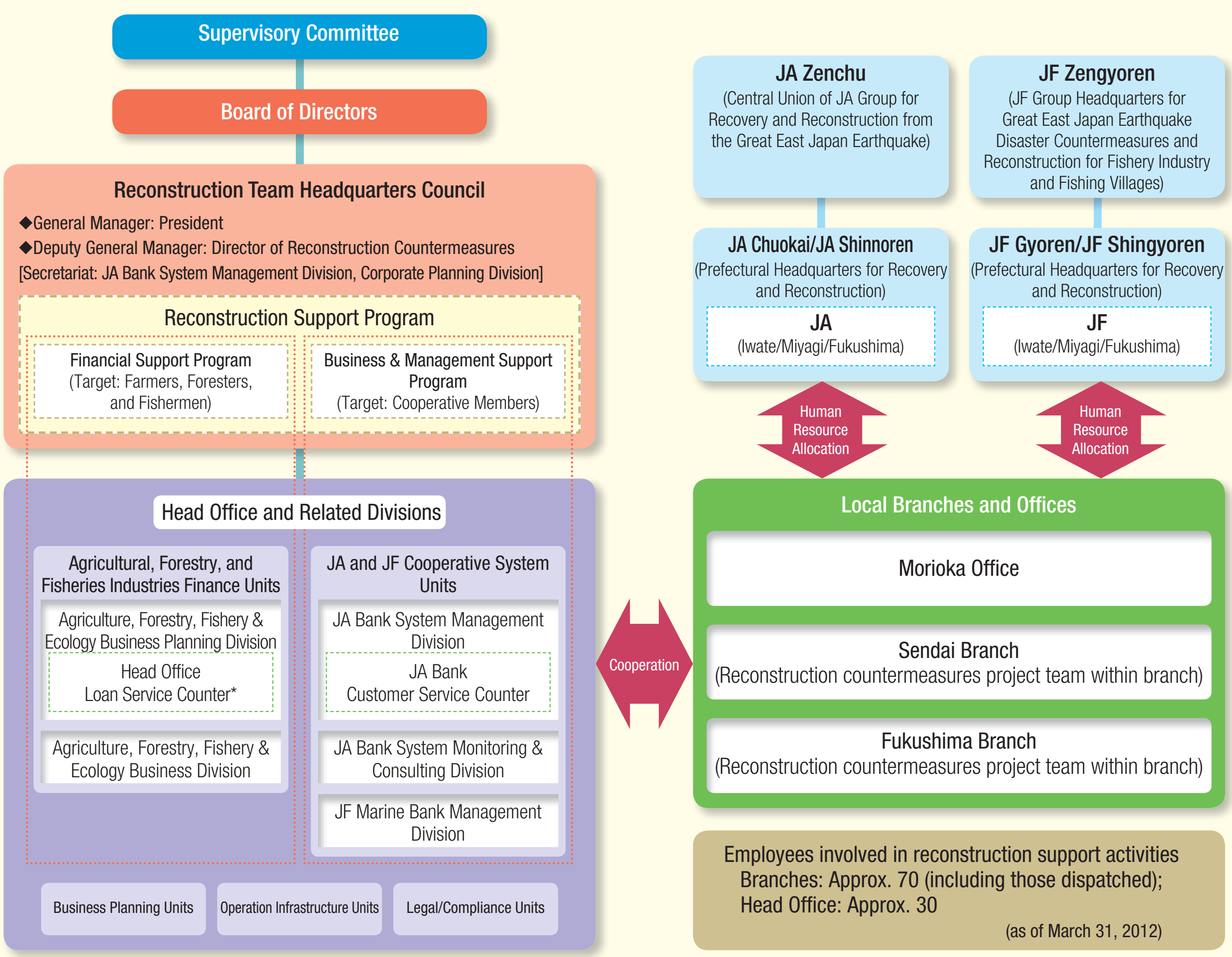
When the earthquake struck, JA Bank and JF Marine

Bank across the country united and provided immediate financial support to disaster victims. Immediately after the earthquake, the Bank set up a consultation service for disaster victims in cooperation with JA Group and JF Group in each prefecture so that customers could withdraw their deposits after verification of their identities, even in cases where they had lost their savings certificate, passbook, registered seal, cash card or other identification. The Bank continues to respond to a wide range of inquiries from customers who are disaster victims. One effort the Bank undertook to help such customers was to waive all direct deposit fees in any area where the Disaster Relief Act is under enforcement.

The Bank also set up a nationwide call center to help customers who had become temporarily separated from their places of residence due to the disaster, and to consult with them not only at JA and JF branches where their accounts are held, but at their nearest branch anywhere in the country. This flexible approach enabled customers to access funds from their accounts within a specific limit. In September 2011, call center functions were transferred to the Disaster-Affected Customer Support Center within the Bank's Fukushima Branch.

The Bank's Reconstruction Support System

In June 2011, the Bank established the Reconstruction Team Headquarters Council, with the President serving as its general manager. It has also assigned a Director of Reconstruction Countermeasures, with the head office and branches joining forces to support reconstruction. As of March 31, 2012, 100 employees of the Bank continued to be involved in reconstruction support activities, including those who were sent to other national-level union and federations and to help members in disaster-stricken areas.



*Note: Loan service counters are located at all branches nationwide.

Q3 What measures are being taken to expand the Bank's role as the central organization for cooperatives as well as financial institution for farmers, fishermen, and foresters?

The Bank views restructuring of its organization toward the interests of its members and its strengthened role as the central organization for cooperatives as major pillars of the Medium-Term Management Plan. The Bank conducts planning and business management of JA Bank and JF Marine Bank, of which the Bank itself is a member, together with JA, JF, JA Shinnoren, and JF Shingyoren, and is working to improve financial services for the agricultural, forestry and fisheries industries.

Promotion of JA Bank Business Strategies

Under the JA Bank Medium-Term Strategies (running from fiscal 2010 through 2012), JA Bank is seeking to achieve its basic goal of becoming a bank that contributes to both the agricultural industry and people's daily lives, is chosen by the people, and continues to grow. (Please see page 16 for further details)

In fiscal 2011, JA Bank built centralized agricultural financial centers in all prefectures to strengthen its role as the main bank for the agricultural industry, and their startup has been completed. It also created an agriculture financial certification system that has produced 896 certified JA Bank Agriculture Financial Planners as of March 31, 2012. To strengthen its role as the main bank for local residents, JA Bank is improving a variety of services including expansion of its commission-free nationwide network of approximately 62,000 ATMs, one of the largest ATM networks in Japan. It is increasing the number of customers who use JA Bank as their main bank through these improvements based on JA Bank's customer satisfaction surveys.

(Please see page 30 for further details about the JA Bank System)

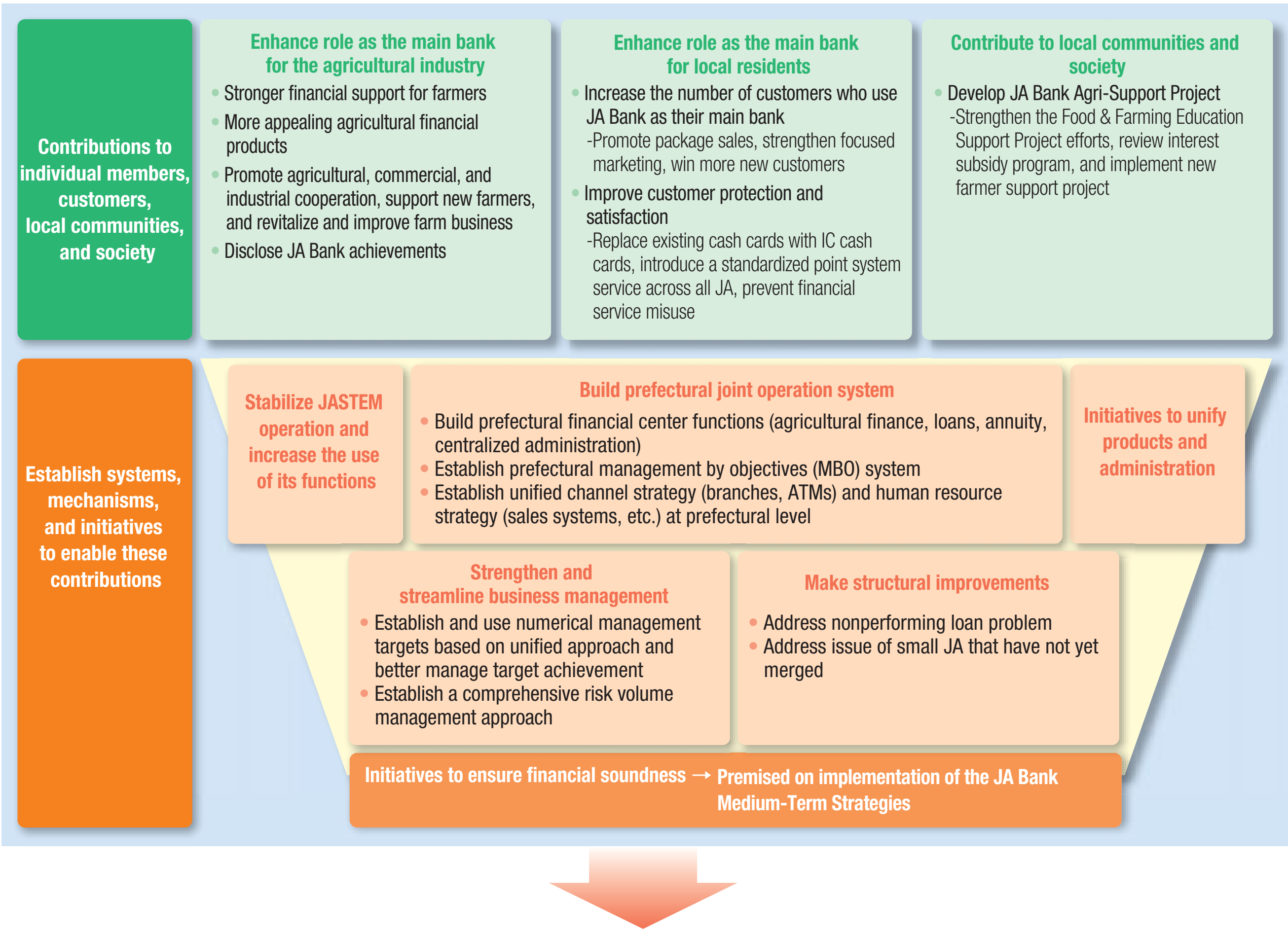
JASTEM System

JASTEM is a unified, nationwide online transaction processing system managed by the Bank for JA Bank. It is one of the largest mass-retail type systems of its kind in Japan, covering roughly 8,600 branches of 750 JA and JA Shinnoren (as of March 31, 2012), with data processing capabilities covering approximately 45 million accounts and data from approximately 32,000 ATMs and other terminals.

The JASTEM System was set up to take over joint operation of online systems that had been managed by individual prefectural and regional units under the nationwide JA Shinnoren network. The system went online in October 1999. The JASTEM System is an infrastructure that can provide shared services to users everywhere in Japan. In 2002, the Bank took over its development and operation, with the goal of attaining greater management efficiency and improved risk management. The Bank encouraged units from every prefecture in Japan to join the system, and all JA and JA Shinnoren now use it.

To provide services that satisfy JA Bank customers, a four-phase migration to the next-generation JASTEM System was carried out between January 2010 and May 2011 progressively covering all prefectures and operation is now stable. The Next Generation JASTEM System Planning Division was established (in July 2011) to upgrade future systems. We are now reviewing basic concepts based on what direction JA Bank business takes over the medium- to long-term.

Action Items (Framework) for the JA Bank Medium-Term Strategies (FY2010—FY2012)



JA Bank's Goals (Fiscal 2012)

- Stronger relations with agricultural corporations and large-scale farmers; increase number of customers
- Increase number of customers over the next two generations
- Raise JA's and JA Bank's regional reputation
- Raise satisfaction of individual members (farmers) and customers
- Increase number of customers, raise regional market share, and encourage greater use of JA Bank

Promotion of JF Marine Bank Business Strategies

In accordance with the JF Marine Bank Medium-Term Business Promotion Policy (running from fiscal 2009 through 2011), we improved financial services for the fisheries industries and continued our efforts to become the main bank for individual members and customers. In March 2012, the JF Marine Bank Basic Policies, which comprises the common rules for JF Marine Bank members, were reviewed in preparation for the creation of the JF Marine Bank Safety System (a stable and responsible JF cooperative banking business system). Based on the revised basic policies, we will take swift and focused action to create an even sounder JF Marine Bank.

(Please see page 34 for further details about JF Marine Bank)

JForest Group Initiatives

Based on the government's Forestland and Forestry Industry Regeneration Plan, JForest Group launched the Movement to Expand the Use of Domestic Lumber and Revitalize Forestlands and the Forestry Industry (running from fiscal 2011 through 2015), with one of its pillars being forest improvement through forest management consolidation. As a part of its forest support initiatives, the Bank subsidized the costs incurred from adopting Geographic Information System (GIS) and Global Positioning System (GPS), which were needed for defining forest boundaries and collecting forest information. Training courses are now being conducted on the efficient use of GPS and GIS. In fiscal 2011, JForest Group held workshops to help strengthen and expand the Group's internal controls and supported prefectural initiatives to increase the use of domestic lumber.

(Please see page 37 for further details about JForest Group).

Initiatives Undertaken by the Bank Independently as Fund Provider to Cooperatives

In order to respond to the forward-looking financial needs of agricultural, forestry, and fisheries workers, the Bank is expanding loan services to these workers. It has also established a capital funding framework for the development of agricultural corporations, providing comprehensive financial services. Through these efforts, the Bank is strengthening its role as the financial institution for the agricultural, forestry, and fisheries industries.

The Bank also organizes business conferences, providing export support and business-matching to assist business diversification of farmers, foresters, fishermen and their communities in rural areas with a view to support the sixth industrialization of the agricultural, forestry and fisheries industries and their villages.

(Please see page 11 for further information about our efforts in disaster-stricken areas)

• Expansion of Financial Services for Agriculture, Forestry and Fisheries Workers

Expansion of Loan Services

The Bank has developed the following new products: the Agri-Seed Loan, which is designed to meet the short-term working capital needs of agricultural corporations, and the Agriculture, Forestry, Fishery & Ecology Business Loan, which is aimed at encouraging companies to enter the agricultural, forestry and fisheries industries. Both loan products are growing steadily.

<Millions of Yen>

Product	Number of loans	Total loans outstanding
Agri-Seed Loan (since December 2009)	23	203
Agriculture, Forestry, Fishery & Ecology Business Loans (since October 2009)	140	48,872

*Cumulative total as of March 31, 2012

To speed up recovery of producers who were devastated by the Great East Japan Earthquake, the Bank established in December 2011 the Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan, which lightens the immediate principal and interest payment burden of borrowers.

Enhancement of Capital Funding Schemes

In fiscal 2010, the Bank established the Agri-Seed Fund, a new framework for supplying capital to agricultural corporations including agricultural production corporations. The Bank develops new agricultural leaders in their areas by investing in technically-competitive, yet undercapitalized agricultural corporations, using the JA Bank Agri-Eco Support Fund and through its affiliate company The Agribusiness Investment & Consultation, Co., Ltd.

The Agri-Eco Fund also supplies financing as part of the JA Bank Agri-Support Project (CSR project) to support business entities that aggressively promote agriculture, and contribute to the environment and community.

<Millions of Yen>

Product	Number of investments	Total investments outstanding
Agri-Seed Fund (since April 2010)	34	306
Agri-Eco Fund (since October 2009)	30	1,122

*Cumulative total as of March 31, 2012

The Bank launched the Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund in February 2012 as a new financial program for providing long-term support for agricultural, forestry, and fishery corporations that suffered damage by the Great East Japan Earthquake. The fund relaxes investment criteria and limits to a greater extent than the Agri-Seed Fund does. The purpose of the fund is to financially assist in restoring the agricultural, forestry, and fisheries industries in affected areas. Not only does the fund cover agricultural corporations, but also seafood processors in fishing towns that were devastated by the Great East Japan Earthquake.

Environmental Finance Initiatives

In December 2010, the Bank introduced its unique Agricultural, Forestry, Fishery and Ecology Rating System. With this system, preferential interest rates are granted on loans depending on rating, following an appraisal and evaluation of the borrowers' environmental initiatives. Items subject to evaluation under this system include environment-friendly initiatives, biodiversity preservation, and sixth industrialization initiatives. Under this new system, the Bank loaned ¥6.8 billion in fiscal 2011.

In March 2012, the Bank began acting as an intermediary for the Offset Credit (J-VER) Scheme. The J-VER scheme is a domestic emissions trading scheme run by the Japanese government. The object of the scheme is to issue emission credits based on the reduction of greenhouse gas emissions through the use of energy-saving equipment and the absorption of greenhouse gases by forest thinning. By acting as an intermediary for the trading of J-VER emission credits for the agricultural, forestry, and fisheries industries, the Bank seeks to support environment-friendly industries and corporate environmental protection measures.

Support for the Sixth Industrialization

JA Bank and JF Marine Bank organize various types of business conferences and business-matching events, leveraging the strengths and advantages of the cooperative system, as part of their support for the sixth industrialization of agricultural, forestry and fisheries industries and communities. Through these efforts, they promote coordination of production, processing and distribution (sales) by agricultural, forestry and fisheries industry workers and cooperation between the secondary and tertiary industries.

The Kyushu Business Conference was held in Fukuoka in October 2011, the Hokuriku Business Conference was held in Kanazawa in November 2011, and the Kochi Business Conference was held in Tokyo in January 2012. In addition, the Miyagi Reconstruction Support Business Conference was held in Sendai in February 2012 under the theme of "Full Support for the Recovery of Local Industries." The conference was attended by many producers from devastated coastal areas and was highly rated by seller groups and buyer companies.

The Bank is also involved in business-matching events that bring enterprises into the agricultural, forestry and fisheries sector by matching businesses with workers in these industries and cooperative members, leveraging the advantages of the nationwide cooperative network. In addition to becoming a member of the Japan Agricultural Corporations Association in each prefecture and arranging seminars for agricultural corporations all over Japan, the Bank held Agri-Eco Business Seminars in Tokyo and Osaka, which provided a platform for meetings of members, agricultural, forestry and fisheries industry workers and companies.

To provide export assistance to members, agricultural, forestry and fisheries industry workers in January 2012, we invited overseas buyers to Tokyo and held the Asia Food Market Opening Seminar, which was based on export practices.

Raising Awareness and Enhancing Personnel Exchanges

The Bank is exchanging an increasing number of personnel with JA and JA Shinnoren to foster understanding among directors and employees on how business is done in the agricultural, forestry and fisheries industries, and to incorporate those insights into planning and policymaking. We established the Cooperative System Human Resource Development Division within the Bank in July 2011 to enhance development of human resources for cooperative business.

International Year of Cooperatives 2012

Cooperative Enterprises Build a Better World

The United Nations declared 2012 to be the first International Year of Cooperatives (IYC) based on a UN General Assembly resolution. Governments around the world and people involved with cooperatives need to take advantage of this international year to further promote cooperative activities and work to raise awareness of the contributions cooperatives have made to social and economic development.

Background of IYC — The Cooperative Spirit Supports Every Generation

The world's first cooperative was the Rochdale Society of Equitable Pioneers founded in 1844 in England. Other cooperatives followed in the 19th century in Germany, Denmark, and France. Meanwhile, in Japan, the Noson (Rural) Cooperative was established in various locations at the end of the Edo Period. In various periods in history, cooperatives were based in communities and played a role in stabilizing people's lives by encouraging mutual aid between people and revitalizing communities.

Cooperatives have made a significant contribution in modern times as well. Notably, during the global food and energy crisis in 2007 and the financial and economic crisis from 2008 onward, with cooperatives entrenched in local economies, the United Nations praised them for helping minimize the effects of the bubble economy, and its subsequent burst, as well as for stabilizing the economic system. Based on that experience, the United Nations declared that cooperatives can contribute significantly to building a better economy and society. The International Year of Cooperatives (IYC) was established to urge governments and citizens so that such contribution continues.

On August 4, 2010, the Japan National Planning Committee for IYC 2012 was launched to raise citizens' awareness of the value and role of cooperatives and to promote cooperative campaigns.

* For further details about the International Year of Cooperatives, please refer to "CSR Report 2012" (available in Japanese only)

Kick-off event for the 2012 International Year of Cooperatives (United Nations University, January 2012)

2012 International Year of Co-operatives

IYC logo

The IYC logo shows seven people working together to lift a cube-shaped object. The cube expresses the various goals and aspirations that cooperative effort aims for, and the results that can be achieved by those efforts.

Q4 What were the Bank's financial results and capital adequacy in fiscal 2011?

In the environment marked by a deepening financial crisis in Europe and concerns about the global economic future, nonconsolidated financial results in fiscal 2011 continued to be unstable in both domestic and foreign economic and financial markets. Against this backdrop, the Bank continued its cautious financial management and achieved ordinary profit of ¥68.4 billion, well within its target of ¥50.0 billion to ¥100.0 billion.

In addition, valuation difference on securities as of March 31, 2012 came to ¥504.2 billion, a substantial improvement from the ¥342.9 billion loss recorded in the previous fiscal year. A positive figure on the valuation difference was recorded for the first time since the end of fiscal 2006.

Net assets came to ¥4,820.4 billion, a 13.4% year-on-year increase, due to the improved valuation difference on securities and higher net income. Accordingly, the Bank's capital adequacy ratio at the end of fiscal 2011 stood at 24.83% and Tier I ratio came to 18.22%. In fiscal 2012 as well, based on the proper practice of risk management, the Bank will maintain its ordinary profit target of between ¥50.0 billion to ¥100.0 billion and will stably return profits to its members.

Summary of Earnings (Non-Consolidated Basis)

<Billions of Yen>

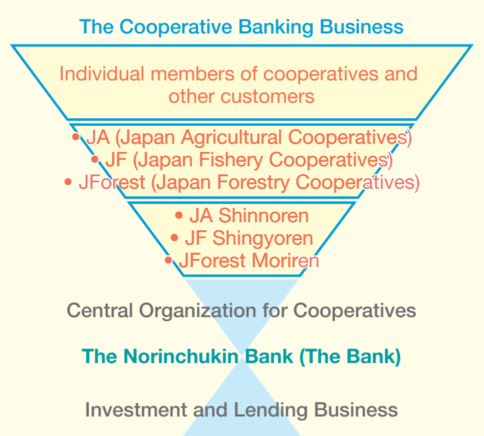
	FY2009	FY2010	FY2011
Ordinary Profit	71.6	117.3	**68.4**
Net Income	29.5	144.3	**61.6**
Net Assets	3,931.6	4,250.4	**4,820.4**
Capital Adequacy Ratio	19.26%	22.76%	**24.83%**
Tier I Ratio	13.88%	16.80%	**18.22%**
Valuation Difference on Securities, etc.	(605.8)	(342.9)	**504.2**

What are the Roles of the Bank?

As the national-level financial institution for Japan's agricultural, forestry, and fishery cooperatives, two pillars support the basic role of the Bank: The first pillar is the "stable return of profits" to its members including JA, JF, and JForest. With the capital provided by members and the stable funding base provided by JA Bank and JF Marine Bank, the Bank returns profits gained through efficient and stable management of lending, securities, and its other banking businesses, to its members.

As the central organization for cooperatives in Japan, the second pillar of the Bank is to conduct planning and business management for JA Bank and JF Marine Bank, and, as the financial institution founded on the agricultural, forestry, and fisheries industries, to financially support agricultural, forestry, and fishery workers and provide appropriate financial services.

The Roles of the Bank



Q5 What financial and risk management efforts is the Bank taking?

In light of the turmoil in the global financial markets in fiscal 2008, the Bank has been stabilizing its financial management and upgrading its risk management since fiscal 2009 based on the Business Renewal Plan already instituted. In the current Medium-Term Management Plan, we continue to maintain a prudent investment stance based on a globally diversified investment portfolio and are continuously upgrading our risk management methods.

Financial and Risk Management Efforts

Investment and Loan Risk Management

- **Maintain a prudent investment stance based on globally diversified investment**
  - ◇ Assuming a continuing unstable market environment, together with market price volatility and market liquidity for each investment and loan asset
  - ◇ In that environment, take on new high-quality investment opportunities in new fields
- **Effective risk management and portfolio management**
  - ◇ Select only lower-risk credit assets based on sophisticated and rigorous analysis of stress scenarios
  - ◇ Continuously upgrade our risk management methods by introducing loss-based management and risk volume-based management by asset class

Profit Returns

- **"Stable return of profits" to its members continues to be management's highest priority**
- **Ordinary profit target is ¥50.0 billion to ¥100.0 billion (nonconsolidated)**

Capital Policies

- **Be mindful of fund management safety and strengths of particular business models, while maintaining a capital adequacy of around 20%**
- **Review and strengthen capital adequacy management with a view to transitioning to Basel III**

Risk Management System

The Bank practices “integrated risk management” as a framework for integrated management of various risk volumes that the management of the Bank faces.

1. Board of Directors

- The board sets management goals such as medium-term management plans, operation plans, economic capital allocation and management, and budgets. It also implements the Internal Capital Adequacy Assessment Process (ICAAP).
- Based on feedback from internal and external audits, it monitors the status of the risk management system.

2. Management Committees

- The Risk Management Committee discusses and determines important issues related to management of economic capital, regulatory capital and evaluation of fair value.
- Based on the determination, each relevant committee, such as the Market and Credit Portfolio Management Committees, sets concrete portfolio management policies.

3. Risk Management

- For integrated risk management of market, credit, liquidity, and operational risks, the Bank sets up units to control individual risks and a unit to control these risks through an integrated approach to clearly define roles and responsibilities.
- Together with its integrated risk management, in volatile markets and in changing economic and financial environments, the Bank achieves flexible financial management taking into account financial soundness and profitability through a careful examination of balance among risks, profits, and capital.

Q6 What is the Bank’s approach to corporate social responsibility (CSR)?

The Bank has a longstanding and strong commitment to CSR activities.

In March 2005, the Bank contributed ¥1 billion to establish the Norinchukin 80th Anniversary Forest Rejuvenation Fund (FRONT80), a public trust, and began supporting initiatives to revitalize private-sector forestry. The Bank contributed approximately ¥13.2 billion over a five-year period ending in fiscal 2011 to the JA Bank Agri-Eco Support Fund, founded by JA Bank, and the JA Bank Agri-Support Project has evolved from this fund.

In fiscal 2008, the Bank established the CSR Committee and a division dedicated to CSR and is enhancing its CSR efforts, and has published CSR Report every year since then.

As the central organization founded on the agricultural, forestry, and fisheries industries, the Bank will continue pursing CSR activities throughout the business together with its group companies under the three pillars of contributing to (1) members, (2) advancement of the agricultural, forestry, and fisheries industries, and (3) the community at large.

*For more information about our CSR activities, please see our CSR Report for 2012. (available in Japanese only)

JA Bank Agri-Support Project

In the five years up to fiscal 2011, the Bank invested ¥13.2 billion in the JA Bank Agri-Eco Support Fund established by JA Bank. As a member of JA Bank, for the JA Bank Agri-Support Project, the Norinchukin Bank teams up with JA and JA Shinnoren to carry out more extensive measures for Japan's agricultural and farming villages, which are facing major agricultural system reform, as well as fulfilling its societal mission.

• Publication of Special Needs Education Version of JA Bank Teaching Aid "Agriculture and Our Lives"

Since fiscal 2008, the JA Bank Agri-Support Project has published and given out an original teaching aid entitled "Agriculture and Our Lives" for senior elementary school students in Japan. The newly created fiscal 2012 version of the teaching aid is aimed at children of special needs schools and classrooms, and has been given out since March 2012. A universal design approach was taken, giving careful consideration to the font and color of the textbook. Every effort was made to incorporate innovations into the text such as appendix seals to provide an enjoyable learning experience to children. Through its efforts to deepen children's interest and understanding of food and agriculture, JA Bank seeks to encourage development of agriculture and local communities.

Japan Institute of Agricultural Management

Under a cooperative arrangement between the agricultural, industrial, and academic sectors throughout Japan, AgriFuture Japan was established in February 2012 to develop the next generation of farmers to pioneer Japan's agricultural future. In addition, AgriFuture Japan is planning to open Japan Institute of Agricultural Management as its core business in April 2013.

The Institute aims at providing high quality education by inviting top-class lecturers from every field and organically combining theories and practices so that farmers equipped with global perspective and practical knowledge will be developed.

The Bank supports the establishment of AgriFuture Japan and has joined the corporation as a full committee member together with JA Zenchu, JA Zen-Noh, and JA Zenkyoren. The Bank's policy is to offer its full cooperation in the start up and management of Japan Institute of Agricultural Management.

JA Bank Agri-Support Project

Summary of Activities

Development of projects that contribute to promoting agriculture: Providing support for agricultural leaders; offering assistance for activities that contribute to agriculture as well as local communities

Business Entity

JA Bank Agri-Eco Support Fund

Initiatives in Fiscal 2011

Providing support for agricultural leaders

Interest Subsidy Project:
Implemented a maximum 1% interest subsidy scheme for agriculture-related loans provided by JA

Granted subsidies for 69,000 agricultural loans provided by JA to customers for a total amount of ¥1.21 billion.

Investment Project: Support via funding of corporations in agricultural and environmental fields

The Agri-Eco Support Fund invested ¥2 billion in the Agri Eco Fund, which was established to assist corporations actively engaged in promoting agriculture and contributing to the environment and society. Investments have been made in 26 corporations thus far totaling ¥1.122 billion.

New farmer support project:
Support to encourage acceptance of new entrants into the farming sector in order to develop new agricultural leaders

In order to help train new agricultural leaders of the future, in April 2010, the Bank began subsidizing the expenses of farmers and JA that take on trainees who wish to start a career in agriculture. In fiscal 2011, the Bank accepted 528 applications, with planned funding of around ¥56 million and subsidized total ¥43 million for 453 applications made in fiscal 2010.

Assistance for initiatives that contribute to agriculture and local communities

JA Bank Food & Farming Education Support Project:
Financial assistance for JA's food and farming education and creation and donation of textbooks

Textbook Donation Project:
JA Bank created original textbooks for senior elementary school students on the subjects of food and farming, and donated 1.43 million textbooks to 20,000 schools nationwide. A special needs education version was also published in 2012 based on a new universal design approach and the Bank has started giving them out.

Educational Activities Aid Project:
Financial aid is given for JA's food and farming education-related activities targeted at children. In fiscal 2011, the project accepted 2,250 program plans amounting to ¥678 million. In the second half of fiscal 2010 and first half of fiscal 2011, the program subsidized 2,281 projects for a total of ¥558 million.

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 agricultural, forestry, and fisheries industries in Japan, and provides financial support for the livelihood of local citizens.

The Cooperative System and the Cooperative Banking Business

In addition to the cooperative 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; "economic support" through sale of agricultural, forestry, and fisheries products as well as procurement of production materials; and "mutual insurance" as insurance coverage for various unforeseen events.

The cooperative members that perform this wide range of activities comprise JA, JF, and JForest at the municipal level, and their respective prefectural federations and unions, as well as national federations and union of agricultural, forestry, and fishery cooperatives (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 and JF Shingyoren 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 members' management of their farms and their standards of living; (2) providing economic support for farming, including gathering and selling of crops, and supplying materials needed for production and daily living; (3) providing mutual insurance, such as life insurance, automobile insurance; and (4) offering banking-related services, such as accepting deposits, making loans, remitting funds.

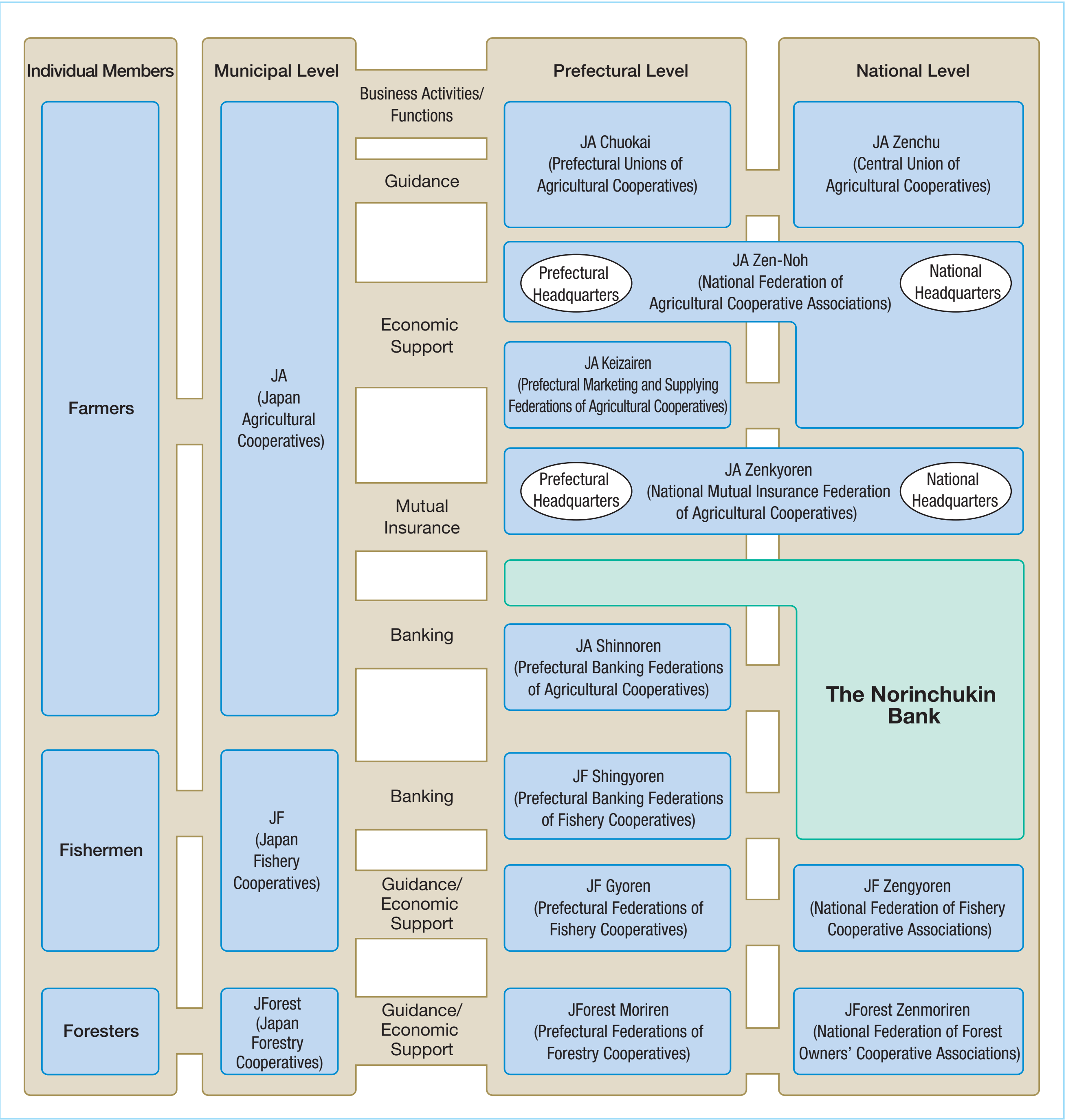
708 JA (as of April 1, 2012) throughout Japan have been contributing to the agricultural industry as well as the development of rural communities through their various businesses and other activities.

• 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 providing (1) guidance for the management of marine resources, improvement of individual members' management of their business and production technology; (2) economic support, such as for the storage, processing, and sale of caught fish and other marine products of individual members, and the supply of materials required for the businesses and daily lives of individual members; (3) banking services, including the acceptance of deposits and lending of needed funds; and (4) mutual and property insurance. As of April 1, 2012, there were 988 JF throughout Japan that contribute to both the fisheries industry and to the development of fisheries communities through a broad range of activities.

As of April 1, 2012, there were 145 JF throughout Japan that conduct JF's banking businesses. In addition to these JF, there are JF that act as agents of JF Shingyoren providing their banking services for fisheries communities. They provide banking services for the fisheries industry in their respective prefectures.

Structure of the Cooperative System



• 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 activities of JForest consist of planting, undergrowth removal, and thinning of forests owned by individual members as well as sale of forest products, such as logs and timber.

Playing a central role in forestland improvement, 666 JForest (as of April 1, 2012) throughout Japan contribute to helping forests perform their diverse range of natural functions, including 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, foresters and fishermen through cooperative efforts of their respective members under the slogan "one for all and all for one."

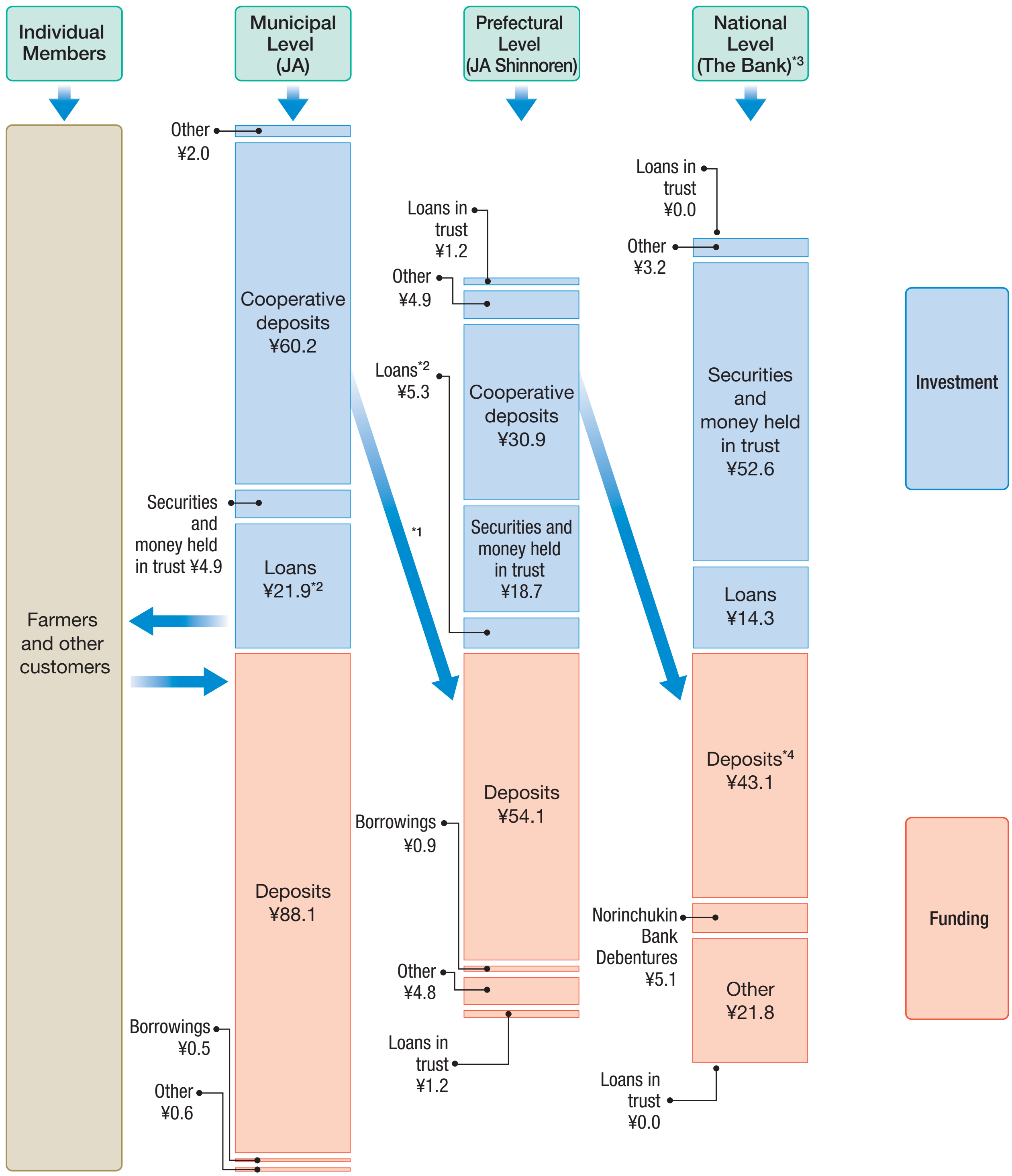
The Bank is a national-level cooperative financial institution whose membership (i.e. shareholders) comprises the previously mentioned municipal cooperatives, prefectural federations, and other organizations. Furthermore, the Bank plays a major role in Japanese society as a contributor to the development of the nation's economy and as a supporter of the advancement of the agricultural, forestry, and fisheries 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 JA and JF members), 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, corporations connected to the agricultural, forestry, and fisheries industries, and 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, forestry, and fishery cooperatives as well as other members of the agriculture, forestry, and fishery cooperative system, the Bank contributes to the development of the nation's economy by supporting the advancement of the agricultural, forestry, and fisheries industries by providing financial services for the member organizations of the cooperative system.

Flow of Funds within JA Cooperative Banking System (As of March 31, 2012) (Trillions of Yen)



Totals of "investment" and "funding" may not equal the sum of their components due to rounding.

Notes: *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, but also those from JF, JForest Group and other financial institutions.

Current State of Japan's Agricultural, Forestry, and Fisheries Industries

• Agricultural Industry

With many problems surrounding Japanese agriculture including a shortage of leaders in rural communities due to a sharp decrease in agricultural incomes, dwindling population, and an aging society, uncertainties are mounting. These include rising grain prices resulting from economic growth in emerging countries and other factors, as well as the move to join the Trans-Pacific Partnership (TPP).

Faced with these conditions, the Japanese government established the Basic Policy and Action Plan for the Revival of the Food, Agriculture, Forestry and Fishery Industries in Japan in October 2011, and decided how to revive these industries, policies to be taken nationwide, and an action plan to achieve this.

With the goal of achieving a sustainable and dynamic agricultural industry, measures to be taken under the action plan that is budgeted for the agricultural, forestry, and fisheries industries in fiscal 2012 include stimulating an interest in farming, establishing new agricultural businesses to encourage people to take up farming, setting up a project to promote business stability through income compensation for each household to enable accumulation of farm land, and promoting the sixth industrialization and growth industries.

In light of the basic policy and action plan, JA Group is now discussing agenda items for the 26th JA National Convention to be held in October 2012 and continues working toward sustainable development of agriculture in Japan.

• Fisheries Industry

Circumstances surrounding the fisheries industry and communities are growing increasingly harsh due to rising fuel prices, deteriorating fishing grounds, stagnant resources, advancing age of existing fishermen, and other factors.

Given these circumstances, the Fisheries Agency initiated in fiscal 2011 resource management and fisheries industry income compensation measures that combine resource management and income stabilization measures and cost measures that protect against sharply rising fuel and other prices. Furthermore, the agency is implementing measures that reduce the interest burden on funds for equipment investment and working capital and that provide loans that do not require collateral or a guarantor. The Bank is now collaborating more closely with the government and relevant groups so that Japan's fisheries industry can continue to develop.

• Forestry Industry

Japan's forests cover 25 million hectares, or about two-thirds of the country's land mass. About 70% of forest area in Japan is held by private landowners. Partly due to the aging of the population, the trend towards depopulation in rural mountain villages, and a lower interest in entering the forestry sector, Japanese forest areas are not properly cared for and have become unproductive wilderness. This explains why cedar and cypress forests that were planted after World War II are unable to properly perform their functions even though the trees have reached maturity.

Under these circumstances, in December 2009, the Ministry of Agriculture, Forestry and Fisheries instituted the Forestland and Forestry Industry Regeneration Plan, a roadmap for the regeneration of forestlands and the forestry industry. To make the plan legally binding, the Forest Act was revised in fiscal 2011, and the plan is now in the full implementation phase with calls for the institution of a Forest Management Plan in fiscal 2012. In keeping with forestry policy trends, JForest Group is involved in the Movement to Expand the Use of Domestic Lumber and Revitalize Forestlands and the Forestry Industry, a cooperative campaign that covers a five-year period beginning in fiscal 2011. It is also implementing various measures with the goal of prioritized implementation of proposal-based forest management consolidation and establishing a sustainable low-cost forestry industry.

Operations of the JA Bank System

JA, JA Shinnoren, and the Norinchukin Bank, 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 more often by its members and customers.

What is JA Bank?

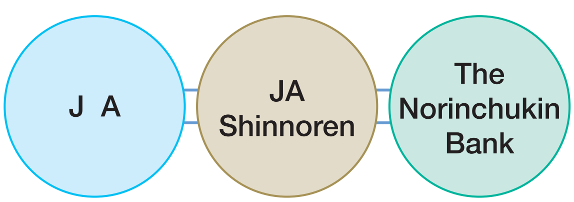
• JA Bank is the Name of a Group of Financial Institutions

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 July 1, 2011, JA Bank contained 718 JA, 36 JA Shinnoren, and the Norinchukin Bank, for a total of 755 entities.

JA Bank

JA Bank consists of JA, JA Shinnoren, and the Norinchukin Bank, known as JA Bank members



*Number of JA Bank members: 755 (as of July 1, 2011)

JA Bank System

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

To ensure that JA Bank individual members and customers 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 the "promotion of unified 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 "the bankruptcy prevention system," which ensures the reliability of JA Bank.

• Comprehensive Strategy of JA Bank

JA Bank has instituted the JA Bank Medium-Term Strategies (running from fiscal 2010 through fiscal 2012), as a comprehensive management and business strategy. The basic objective of the JA Bank Medium-Term Strategies is to turn JA Bank into a bank that contributes to both the agricultural industry and people's daily lives, is chosen by the people, and continues to grow. The main pillar of the strategy is to strengthen the Norinchukin Bank's role as the main bank for the agricultural industry as well as the main bank for local residents. In fiscal 2011, while reconstruction and recovery from the Great East Japan Earthquake was our top priority, we focused on implementing measures together with JA and other JA Bank members at the prefectural and national levels, based on the JA Bank Medium-Term Strategies, of which we are now in the second fiscal year, in order to fulfill our numerical targets.

• 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.

In order to more properly respond to the financial needs of agricultural leaders in local farming communities, JA Bank established centralized agricultural financial centers in fiscal 2011 in all prefectures and regions, while JA, JA Shinnoren, and the Norinchukin Bank have proactively visited customers on a group-wide basis. Other group-wide initiatives being taken include providing agricultural loans and consultations, providing capital for farming corporations, holding business meetings in preparation for the sixth industrialization, offering business matching services, and organizing export support seminars.

Another of our efforts within JA Bank Group was to improve our ability to provide financing to the agricultural industry. To achieve this, in fiscal 2011, we created an agriculture financial certification system and have produced 896 certified JA Bank Agriculture Financial Planners.

• Initiatives to Strengthen its Role as the Main Bank for Local Residents

Seeking to be the main bank for individual members and customers, JA Bank, together with JA, JA Shinnoren and the Norinchukin Bank, puts the highest priority on providing meticulous customer care and raising customer satisfaction.

Specific measures taken include increasing the number of ATMs at other banks that JA Bank's individual members can use free of charge, shifting to IC cash cards and IC card ATMs, expanding pension account services, and introducing JA's very own point service that uses the JA Card (a credit card) as its primary vehicle. In addition, we have been upgrading JA Bank branches to attract more customers to JA Bank and to get them use its service more extensively by carrying out improvements based on JA Bank's customer satisfaction surveys. Through these efforts, we want to ensure that JA Bank will continue to be a group of financial institutions that is chosen by its members and customers.

• Initiatives to Develop Efficient Business Operation

The JASTEM System, a unified nationwide IT system managed by the Bank for JA Bank, is the core infrastructure needed to provide a consistent level of service to users everywhere in Japan. While fulfilling our social responsibility, we are upgrading the system to create greater convenience for JA's individual members and customers and to fulfill and streamline the functions required for JA business operations.

We began migrating over to our existing system in January 2010 due to a system upgrade, and completed the fourth stage of the migration in May 2011.

Moreover, we are creating a stronger internal control system through installation of even more reliable administrative system within JA Bank.

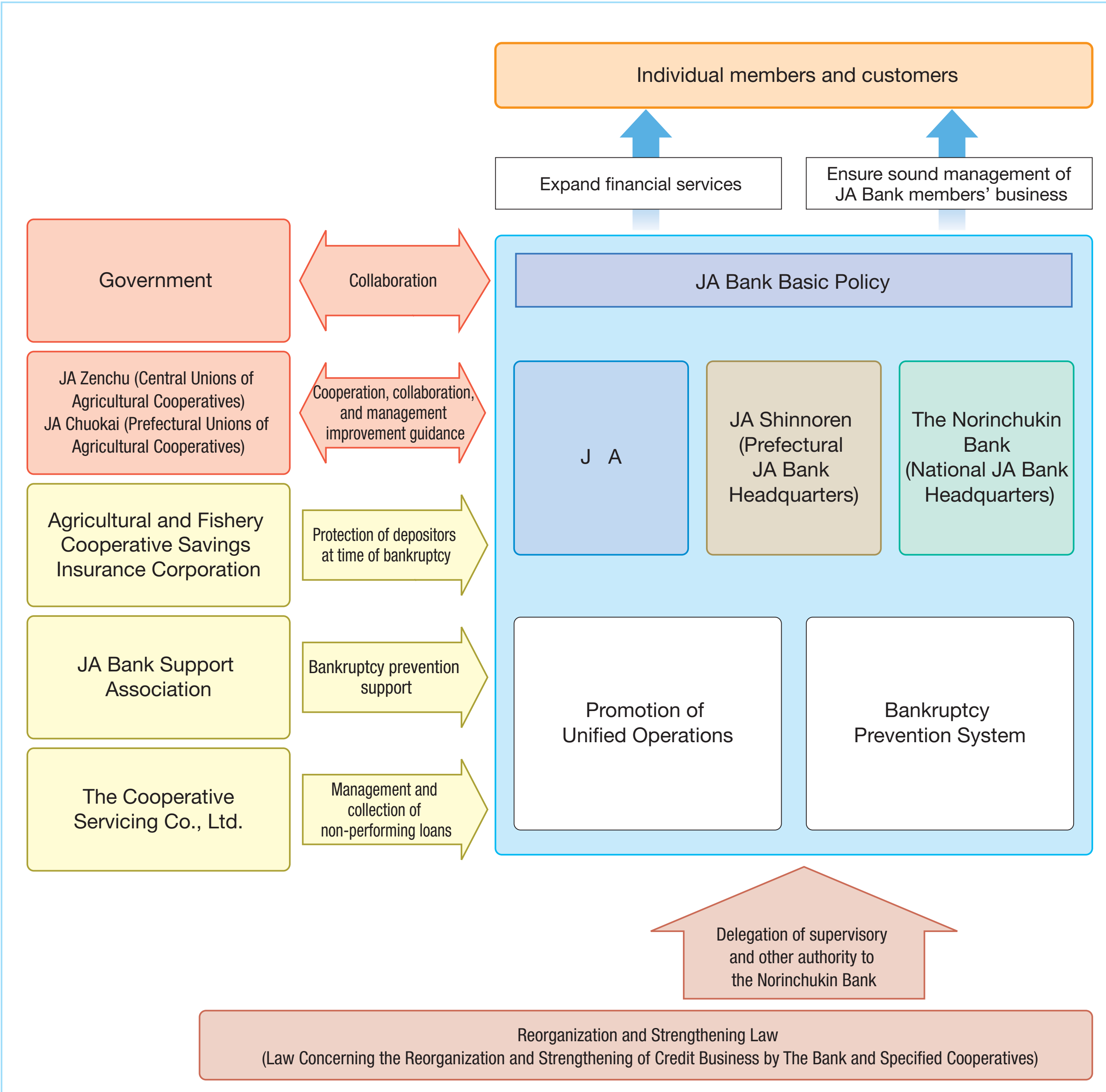
• Initiatives to Ensure Sound and Stable JA Bank System

Under the "bankruptcy prevention system," JA Bank 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 ensure that JA Bank enjoys an even greater degree of confidence from its individual members and customers.

In addition, JA, JA Shinnoren, and the Norinchukin Bank participate in the Agricultural and Fishery Cooperative Savings Insurance System, a public savings insurance system.

Framework of the JA Bank System



Trends of Cooperative Members and the Cooperative Banking Business

• Trends of JA Group Funds

In fiscal 2011, JA deposits rose 2.8% year on year, to a year-end balance of ¥88,196.3 billion. This was largely due to an increase in deposits mainly from individuals as a result of providing financial services meeting customers' needs, as well as a higher deposit balance due to increased deposits received from mutual insurance funds in earthquake-stricken prefectures and areas.

Although JA focused on expanding personal loans, especially mortgage loans, total JA loans declined 1.5% year on year, to a year-end balance of ¥21,982.4 billion. This was mainly due to sluggish growth from intensifying interest rate competition with other banks and other factors. Securities held by JA Bank decreased 2.2% year on year, to a year-end balance of ¥4,950.7 billion.

Deposits with JA Shinnoren increased 1.6% year on year, to a year-end balance of ¥54,193.8 billion.

The balance of loans issued by JA Shinnoren declined 0.3% year on year, to a year-end balance of ¥5,345.1 billion. Securities (including money held in trusts) held by JA Shinnoren increased 3.8%, to a year-end balance of ¥18,730.8 billion.

Reorganization of JA Cooperative Banking 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.

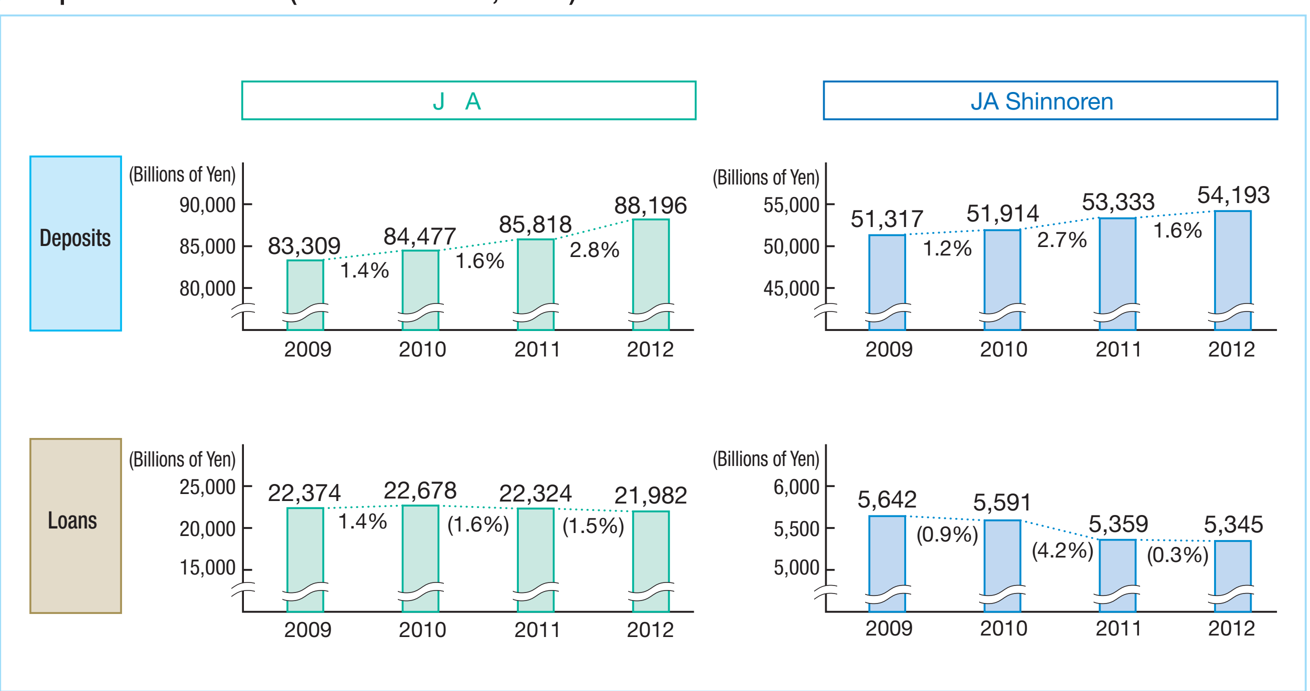
The Norinchukin Bank has also conducted the following organizational streamlining by shifting from a three-tier structure consisting of JA at the municipal level, JA Shinnoren at the prefectural level, and the Norinchukin Bank at the national level to a two-tier structure of JA and the Norinchukin Bank. This was achieved by the merger of JA Shinnoren in nine prefectures (Miyagi, Akita, Yamagata, Fukushima, Tochigi, Toyama, Okayama, Nagasaki, and Kumamoto). Also, a partial transfer of the operations of JA Shinnoren in two prefectures (Aomori and Gunma) to the Norinchukin Bank has been carried out.

A complete transfer of all JA Shinnoren operations in Aomori Prefecture to the Norinchukin Bank is scheduled for October 2012.

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) are integrated and taken over by a single JA, has been achieved in Okinawa and Nara Prefectures.

The Bank will continue to steadily support functional and system reforms of JA and its efforts to rationalize and streamline operations 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 (As of March 31, 2012)



JF Marine Bank's Operations

JF Marine Bank provides financial support to coastal communities and appropriate financial functions to the fisheries 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.

As of April 1, 2012, JF Marine Bank members totaled 176, consisting of 145 JF that offer financial services and 30 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: 176 (as of April 1, 2012)

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 it 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 jointly established the JF Marine Bank Support Fund and have 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)

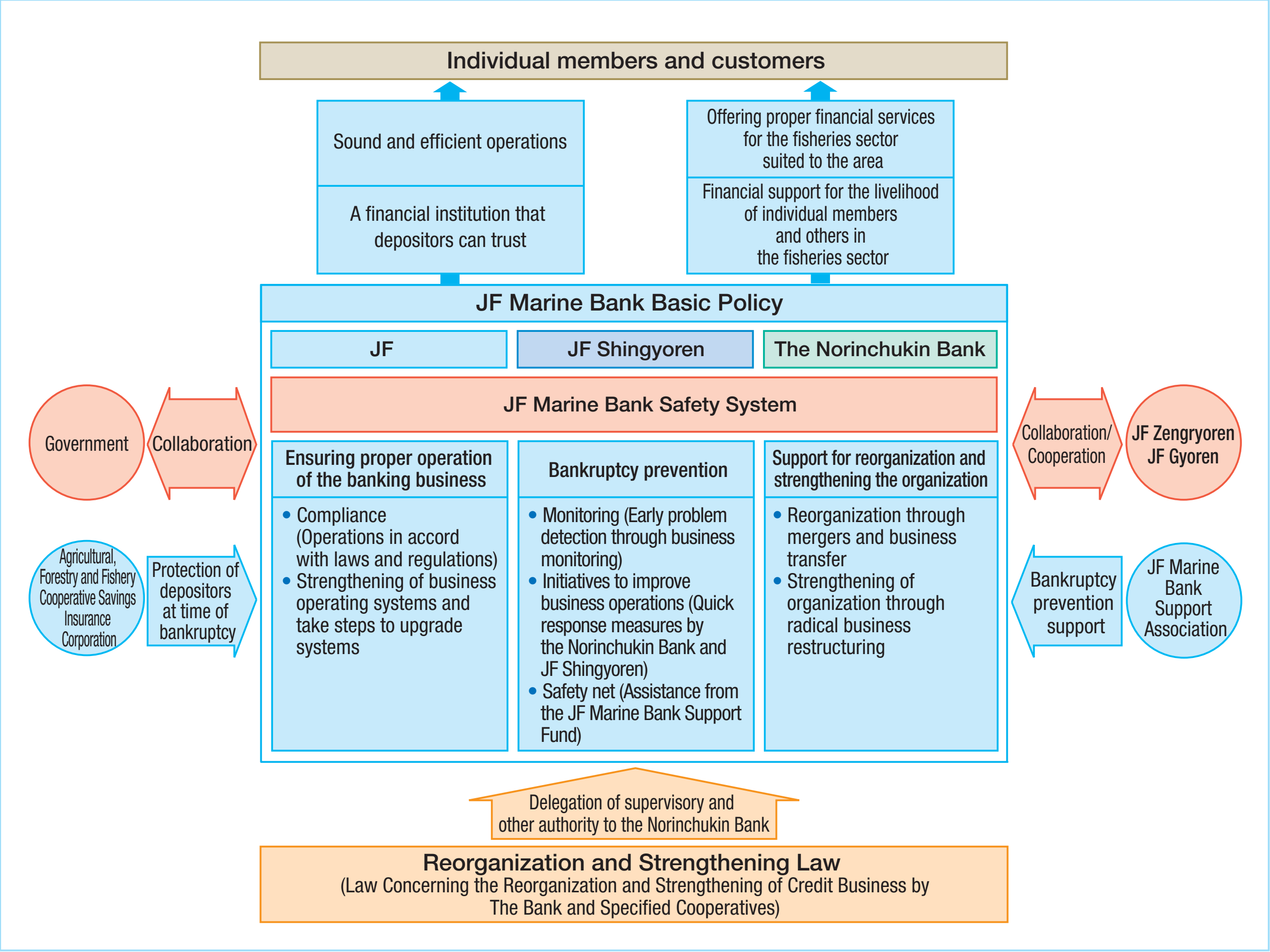
JF Marine Bank provides community-based financial services to members of the fisheries industry and assumes an essential role in coastal communities. To make improvements that will ensure that JF Marine Bank has a management system appropriate for a member of Japan's financial system, a "system of one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

With the goal of making this foundation even stronger and achieving sound and efficient business operation, we have set up the JF Marine Bank Safety System (Stable and Responsible JF Cooperative Banking Business System). Under the system, business of JF Marine Bank is managed by (1) a JF Shingyoren formed through merger of several JF Shingyoren in the same prefecture, (2) a JF Shingyoren together with more than one JF in the same prefecture, (3) a JF in its prefecture, and (4) a JF Shingyoren covering more than one prefecture.

JF Marine Bank formulated the JF Marine Bank Medium-Term Business Promotion Policy as a new banking business initiative. Under this policy, JF Marine Bank is continuing to take steps to improve its management and strengthen its financial position in line with new campaign policies and the JF Marine Bank Basic Policy, while placing an even greater emphasis than before on the improvement of fishery operations, the basis of sound operations of JF Marine Bank.

JF Marine Bank is working to be a trusted provider of financial services for fishing communities. As a cooperative banking institution, it believes that its purpose is to serve not only its individual members and customers, but also communities and local societies. To these aims, JF Marine Bank will work to respond to the financial needs of the fishery industry suited to the area.

Management Framework of JF Marine Bank



Trends of JF Cooperative Banking Business

The balance of deposits held with JF Bank increased 3.1% year on year, to ¥2,325.2 billion, at the end of fiscal 2011. The balance of loans at JF Bank fell 2.4% year on year, to ¥651.6 billion, due to such factors as easing of demand for new financing amid a harsh environment for fisheries business.

Reorganization of JF Cooperative Banking Business

JF cooperative banking business is being reorganized to create a more sound and efficient management system by means of the following two methods:

Merger among several JF, and transfer of banking business from JF to JF Shingyoren. These efforts have reduced the number of JF engaged in banking business from 875 as of March 31, 2000, to 145 as of April 1, 2012.

The total number of JF, including those not engaged in banking business, decreased by 13 in fiscal 2011. As a result, the number of JF stood at 988 as of April 1, 2012, 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 by JF cooperative members.

JForest Group Initiatives

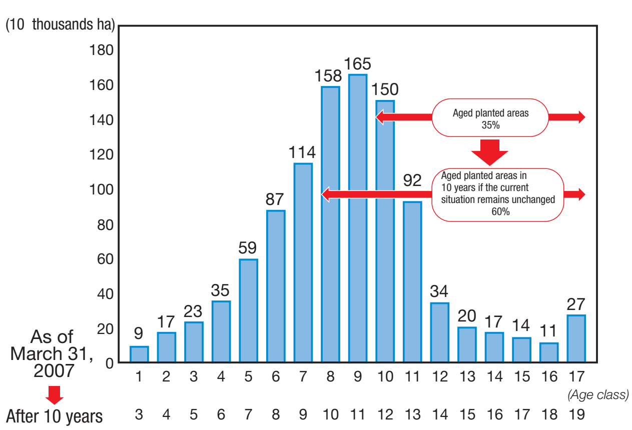
Current State of Cooperative Activities

In light of the recent state of the forestry industry in Japan, in October 2010, JForest Group established the Movement to Expand the Use of Domestic Lumber and Revitalize Forestlands and the Forestry Industry, a new cooperative campaign policy that runs from fiscal 2011 through fiscal 2015. With the goal of developing more than 70% of private forest and supplying more than 50% domestic lumber in the next decade, JForest Group is carrying out the following three agendas: (1) expand domestic lumber use and reform distribution system, (2) consolidate management and establish low-cost forest industry, and (3) establish management and accountability system. Through these efforts JForest Group will play a key role in regenerating Japan's forestland and forest industry.

Norinchukin Bank Initiatives

The Bank will financially support various JForest Group initiatives while contributing to the development of Japan's forestlands and forest industry through the following initiatives.

Japan's Planted Forest Areas by Age Class



Source: Forestry Agency, "Fiscal 2009 Forestlands and Forestry Industry White Paper"

• Forest Rejuvenation Fund (FRONT80)

In 2005, the Bank established the Norinchukin 80th Anniversary Forest Rejuvenation Fund, a public trust, to support projects and campaigns aimed at revitalizing Japan's deserted private forests and demonstrating the public benefit of forests. Between fiscal 2005 and 2011, we received 245 applications nationwide for the fund, out of which a total of 37 were selected.

In fiscal 2012, we will continue to provide support through this fund.

• GIS/GPS Support

Cooperative campaign policies prioritize implementation of proposal-based forest management consolidation, including clarification of forest boundaries and establishment of a forest information database. In fiscal 2009 through 2011, the Bank partially subsidized the expenses for introducing the Geographic Information System (GIS) and Global Positioning System (GPS), which were needed for defining mountain and forest boundaries and collecting forest information. In fiscal 2012, we will continue to provide financial support to cover the costs for introducing GIS and GPS systems.

• Support to Expand Use of Domestic Lumber and Strengthen Management System

Expanding the use of domestic lumber is one of the cooperative campaign policies, and efforts are underway to shift to domestic lumber and to make its use widespread. In fiscal 2011, the Bank partially subsidized expenses incurred for the effort to expand the use of domestic lumber in 15 prefectures. Further, in collaboration with JForest Zenmoriren (National Federation of Forest Owners' Cooperative Associations), the Bank provided materials including the Training Text for JForest Directors and Employees and the Financial Statement Templates for JForest to contribute to a stronger cooperative management system. The Bank also gave lectures at compliance-related workshops sponsored by JForest Group.

The Bank will continue to support JForest Group efforts in fiscal 2012.

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

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

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

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

• Main Bank for the Agricultural Industry and Local Residents Human Resources Training to Strengthen Financial Services (JA Bank)

To respond effectively to the financial needs of local agricultural leaders, JA Bank is putting much effort into training human resources who can provide products and services necessary for the daily lives of individual members and customers.

Specifically, JA Bank is taking steps to enhance practical capabilities and expertise of personnel in charge of agricultural loans so that they can respond to related inquiries on customer visits, and those in charge of customer service so that they can respond to general inquires from individual members and customers and meet their needs.

• Human Resources Training to Strengthen Financial Services to the Fisheries Industry (JF Marine Bank)

With the goal of becoming a bank that contributes to the fisheries industry and fishing communities, JF Marine Bank is developing and allocating financial consultants who can provide enhanced financial services to the industry. Trainings are aimed at improving customer protection and providing services appropriate to customers.

Kyodo Seminar's Training Record in Fiscal 2011

Number of employees who took group trainings	1,991
Number of employees who took correspondence courses	12,902
Number of employees who took certification exams	11,894

Support for Human Resources Training for JForest Group

JForest Group is training engineers (e.g. forestry management planners) to deal with proposal-based forest management consolidation. In fiscal 2011, JForest Zenmoriren (National Federation of Forest Owners' Cooperative Associations) and the Bank jointly offered trainings on the use of GIS and GPS, which are required for forest management consolidation.

Personnel Exchanges between JA, JA Shinnoren, and the Bank

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

Specifically, the Bank accepts trainees from JA to train them so that they can play a key role in banking business and gain wide-ranging business know-how. The Bank also accepts staff and trainees seconded from JA Shinnoren, and they work in various areas such as retail planning, administration, systems, agricultural and corporate loans, and securities investment. Moreover, the Bank sends staff as secondees to cooperative organizations (e.g.

JA, JA Shinnoren, and JA Chuokai 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.

Strengthened Human Resources Development for the Future

To contribute to the development of the agricultural, forestry and fisheries industries through various businesses, JA Bank, JF Marine Bank, and JForest Group are strengthening personnel training and skill development of directors and employees.

The Bank, in collaboration with related organizations, established the Cooperative System Human Resource Development Division on July 1, 2011 in order to strengthen and support human resources development of directors and employees of cooperative organizations.

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, 2012 the balance of the JA Bank Support Fund was ¥170.2 billion and that of the JF Marine Bank Support Fund was ¥25.8 billion.*

Agricultural and Fishery Cooperative Savings Insurance System

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

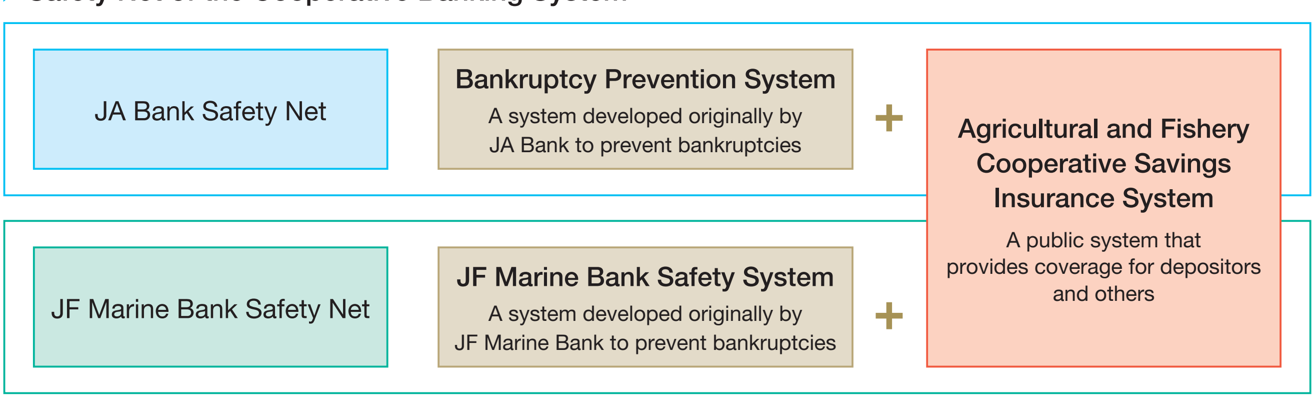
The Agricultural and Fishery Cooperative Savings Insurance System is provided for under the Agricultural and Fishery Cooperative Savings Insurance Law. It is managed by the Agricultural and Fishery Cooperative Savings Insurance Corporation, which was established through joint investment by the Japanese government, the Bank of Japan, the Norinchukin Bank, JA Shinnoren, JF Shingyoren, and other entities.

When funds are deposited in agricultural or fishery cooperatives that are 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, checkable, payment, and settlement deposits are still fully protected by the system. However, all other types of deposits are only covered up to ¥10 million in principal (per depositor of each cooperative organization), plus interest accrued.

As of March 31, 2012 the balance of the reserve fund of the Agricultural and Fishery Cooperative Savings Insurance System was ¥317.3 billion.

Safety Net of the Cooperative Banking System



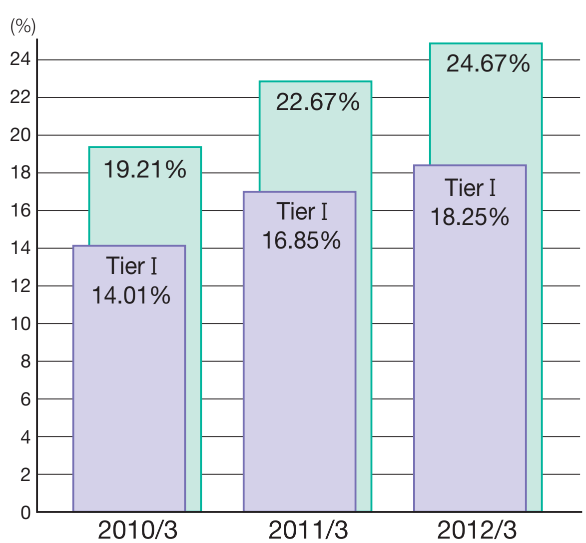
Capital Position

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

Capital Adequacy

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 the "stable return of profits" to its members and to enhance its role as the central bank for Japan's agricultural, forestry, and fishery 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. As of March 31, 2012, the Bank's capital adequacy ratio on both a consolidated (nine companies) and non-consolidated basis were both in the 24% range. This was attributable to ordinary profit and a significant improvement in unrealized profits and losses on securities.

Capital Adequacy Ratio (consolidated)



Enhancing the Bank's Capital Adequacy and Financial Position

Amid the unprecedented financial crisis and market turmoil, the Bank carried out a major capital increase during fiscal 2008. Its aim was to ensure operational soundness and to properly meet the needs of members, customers, and domestic and overseas markets, and to maintain their confidence.

In March 2009, the Bank took another step to maintain a sufficient level of capital, the key indicator of soundness for financial institutions, especially for banks with international operations, even in cases where financial market turmoil worsens in the future. With the full understanding and support of members, the Bank raised ¥1,380.5 billion in lower dividend rate stocks, a form of common stock, and increased perpetual subordinated borrowings from ¥963.7 billion to ¥1,476.0 billion. The Bank intends to improve its capital adequacy ratio in both quality and quantity, and strengthen its financial position.

In the years ahead, the Bank faces a trend of stronger international capital regulations for financial institutions. The center of the Bank's management agenda will henceforth be to expand its role as the central organization for the cooperatives, while maintaining its capital at a sufficiently high level, and to ensure "stable return of profits" to its members.

Strong Capital Base

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

While major commercial banks in Japan have received injections of public funds to restore financial soundness and facilitate their ability to extend credit, the Bank, based on its capital adequacy, has yet to apply for such an injection.

Methods of Raising Capital

The Bank's paid-in capital is funded from the following sources.

<table>
<tr><th></th><th colspan="2">Common Stocks</th><th>Preferred Stocks</th></tr>
<tr><td>Investors</td><td colspan="2">Members, as stipulated by the Norinchukin Bank Law</td><td>No restrictions</td></tr>
<tr><td>Voting rights</td><td colspan="2">Yes</td><td>No</td></tr>
<tr><td>Par value / Issue price</td><td colspan="2">¥100 / Issued at par value</td><td>¥100 / Issued at market value</td></tr>
<tr><td rowspan="2">Dividends</td><td rowspan="2">Dividend rates are approved by the Council of Delegates. Dividends are paid after payment of dividends on preferred stock. When dividends are paid on common stocks, participatory dividends are paid to holders of preferred stock.</td><td>For lower dividend rate stocks</td><td rowspan="2">Dividend rates are set by the Council of Delegates. Dividends on preferred stock are composed of preferred dividends and participatory dividends. Participatory dividend priority is the same as for common stocks.</td></tr>
<tr><td>Dividend rates are set by the Council of Delegates. Dividend priority is the same as for common stocks. Under the Bank's Articles of Association, dividends on lower dividend rate stocks have a lower priority than common stocks.</td></tr>
</table>

Risk Management

Approach to Risk Management

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

The Bank's financial position has been significantly influenced by the outbreak of the unprecedented global financial crisis in 2008. However, as a result of a major capital injection in March 2009 and continued financial improvement since then, along with various steps taken to strengthen our risk management system, the Bank was able to maintain a high capital adequacy ratio as of March 31, 2012. As the Bank executes its basic mission of working to recover after the Great East Japan Earthquake, providing a "stable return of profits" to its members, and expanding its role as the central organization for cooperatives as well as financial institution for farmers, fishermen, and foresters, the ceaseless upgrading of our risk-management system continues to be an important management task in helping us to maintain management stability in a global economic and financial environment full of uncertainties.

Risk management initiatives by the Bank are stipulated in its Basic Policies for Risk Management. The policy identifies the types of risks to be managed and the basic framework for risk management, including organizational structure and methodology. In accordance with this policy, the Bank manages individual risks after assessing the materiality of risks it faces in managing its business and identifying risks subject to management taking into account the nature of each type of risk and measures the overall magnitude of these risks using quantitative methods to control integrated risk by comparing the amount of risk 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 (e.g. significant decisions made by the Risk Management Committee, current overall risk management issues) 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 Market Portfolio Management Committee (market risk and liquidity risk), the Credit Committee, the Credit Portfolio Management Committee, the Cooperative 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 to within an acceptable level. In line with the controls described above, based on the risk management framework, including economic capital management (refer to page 46) determined by the Risk Management Committee, in its portfolio and financial management, the Bank places the highest priority on the provision of "stable return of profits" to its members, while carefully maintaining a balance between return, capital, and risk, amid the uncertain economic and financial conditions surrounding the Bank.

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

Compliance with Basel Banking Regulations

Basel II (the new capital adequacy regulations), which went into effect in Japan in March 2007, requires banks to comply with its three pillars. Pillar I is the introduction of a risk sensitive computational formula for capital adequacy. Pillar II is the financial institution's internal capital adequacy assessment process, consistent with its risk profile, followed by supervisory review. Pillar III is the proactive disclosure to ensure proper evaluation of the effectiveness of Pillar I and Pillar II by the market. The Bank addresses issues related to the three pillars on an ongoing basis.

To calculate its capital adequacy ratio, the Bank has adopted the "Foundation Internal Ratings-Based Approach (F-IRB)" for credit risk and "The Standardized Approach (TSA)" for operational risk, pursuant to the Norinchukin Bank Law Notification regarding Basel II.

Regarding the Basel Banking Regulations, based on the lessons learned from the recent financial crisis, strengthening of Basel II began in 2011, with a focus on reexamining the risk weight of securitized products and taking into account stress period in market risk measurements. Further, step-by-step implementation of Basel III is scheduled to begin in 2013.

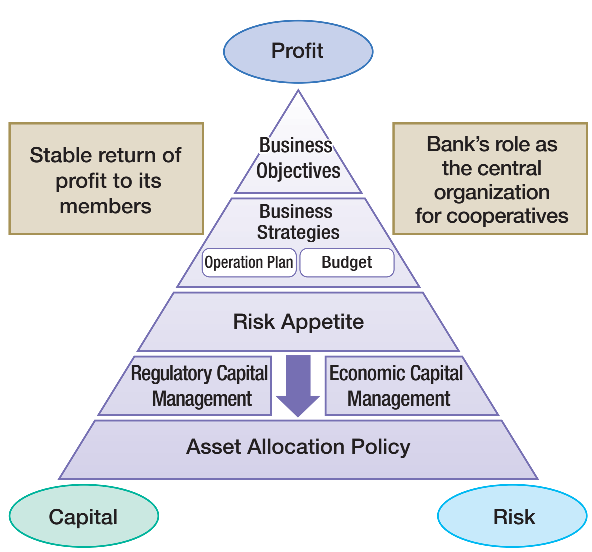
As a global regulatory framework for creating stronger banks and strengthening the global banking system, Basel III will introduce higher standards and quality for capital by introducing the Tier I capital ratio for common equity, strengthened risk acquisition, such as raising regulatory required capital for counterparty credit risk, as well as supplementing capital adequacy regulations based on leverage ratio, and a capital buffer for easing pro-cyclicality. Further, as an international framework for liquidity risk regulation, Basel III will also usher in the liquidity coverage ratio (an indicator that expresses the capacity to deal with large financial outflows under short-term stress conditions) and the long-term net stable funding ratio (an index for measuring the stability of the fund procurement and management structure). The Bank will respond appropriately to any new regulatory requirements when they are implemented.

Internal Capital Adequacy Assessment Process (ICAAP)

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

The ICAAP is a process for demonstrating the appropriate management of risks facing a company 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 management objectives and strategies. Its aim is to simultaneously achieve high level of

ICAAP Concept



soundness and profitability through a proper balance between these three factors.

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

• Risk Appetite

In implementing the Bank's strategies, such as budget and operation plan for attaining its business objectives, Risk Appetite reflects specific views on risk-taking, and defines what types of risk and magnitude of risk the Bank is willing to accept. Under Risk Appetite, the level of risk to be managed is also determined by various related indicators, and from both a qualitative and a quantitative perspective. The proper setting of risk appetite by the Board of Directors is important in order to raise the effectiveness of governance in risk management. The Bank's portfolio management strategy for executing globally diversified investments is called an asset allocation strategy and is viewed as the manifestation of Risk Appetite.

• Risk Appetite and Consistent Business Operation

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

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

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

• Implementation of Stress Tests

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

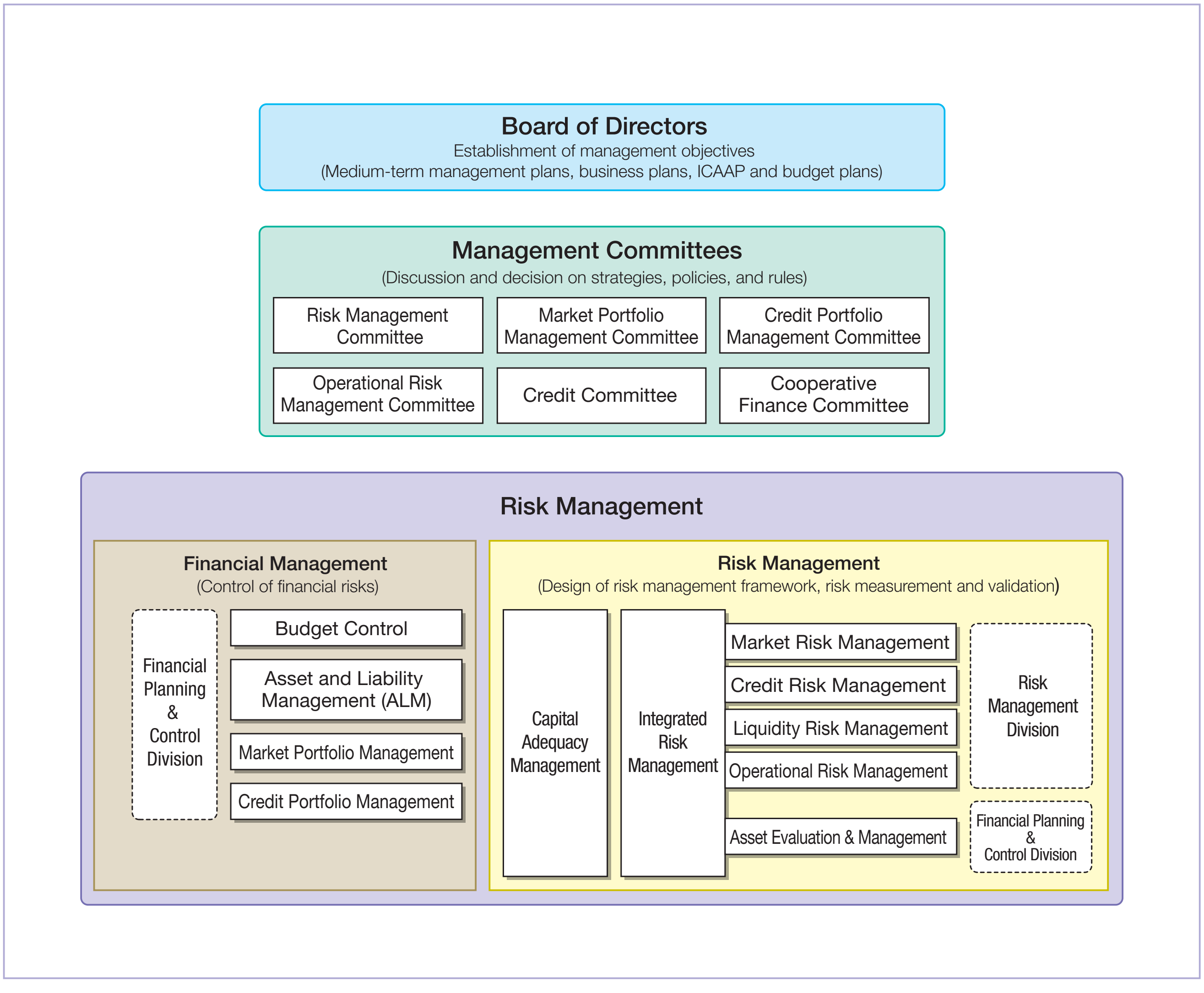
Integrated Risk Management

The Bank has drawn up the Basic Policies for Risk Management, and stipulates a core risk management framework that quantifies and manages risk comprehensively in comparison with capital, which represents the Bank's financial strength. The core function within the risk management process is economic capital management.

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

In economic capital management, the capital applied is principally Tier I capital in the similar definition as in the regulatory capital calculation. Tier II capital is viewed as a buffer for risk in stress situations. The Bank categorizes the types of risks to be controlled into market risk, credit risk and operational risk. To maximize the benefit of the globally diversified investment concept, the Bank manages the economic capital on an aggregate basis instead of allocating the capital to each asset class or to each business segment, as the Bank

Risk Management System



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 fluctuations in capital levels and the amount of risk during each fiscal year. These results are reported to the management on a regular basis.

Market risk is primarily measured by Value-at-Risk (VaR), using a historical simulation method with a 99.50% confidence interval and one-year holding period. Credit risk is mainly measured by Value-at-Risk (VaR), using a Monte Carlo simulation method with a 99.50% confidence interval and rating transition within a one-year holding period. Operational risk is measured by The Standardized Approach (TSA), in line with the regulatory capital requirement. This amount is taken as the operational risk volume.

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

• Integrated Risk Management Consistent with Financial Management

The Bank's integrated risk management framework is carried out consistently with its financial management framework to maintain a balance between a sound financial position and adequate profitability. The Bank has specifically established the market risk management infrastructure to enable a prompt response to changes in financial market conditions. The Bank conducts analysis from various perspectives, including static and dynamic interest rate sensitivity analyses toward the impact on profit/loss, and price sensitivity analysis of its assets for the impact on interest rate changes. In addition, as a part of asset and liability management (ALM), the Bank measures the risk volume, 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.

Credit Risk Management

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

For the Bank, transactions involving credit risk are one of the most important sources of earnings from a strategic point of view. The Bank comprehensively manages credit risk for all credit portfolios and on an individual credit basis for all credit risk assets including loans. In this way, the Bank appropriately manages the amount of credit risk to ensure stable earnings.

• Credit Risk Management Framework

The Bank's credit risk management framework comprises four committees 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 policy. The front office executes loan transactions and credit investments in accordance with the credit policy and within the credit limits approved by the committees. The middle office, which is independent from the front office, monitors changes in the credit risk portfolio and reports them to the committees. Feedback is then used for upgrading the risk management framework and for future credit investment planning.

Each of the four committees has a specific role assigned to it by the management. The Risk Management Committee is responsible for deliberation on the basic infrastructure for overall credit risk management, including the Bank's internal rating system, self-assessment system, the economic capital management system. The Credit Committee primarily functions as a venue for the discussion of various credit ceiling systems, which are used to manage credit overconcentration risk.

The Credit Portfolio Management Committee and the Cooperative Finance Committee discuss basic strategies and policies regarding control of the credit risk infrastructure, and decide on business strategy for important or large transactions.

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

• Credit Risk Analysis Framework

The Bank has steadily upgraded its credit risk analysis capability for each investment risk. To perform highly specialized credit analysis according to borrower characteristics for cooperative loans, corporate loans, credit for financial institutions, overseas borrowers, and securitized products, the Bank leverages its investment and loan knowledge developed over many years and analyzes the borrower's credit by industry and product type.

This is done by having senior credit administrators in charge of specific sectors and products research the borrower's background through financial and cash flow analysis. In addition, the Bank has introduced a framework that enables accurate credit decisions to be made by researching the borrower's industry utilizing the Bank's research capabilities and then comparing the borrower with other companies in the same industry. When evaluating loans to overseas borrowers, the Bank reviews country risk, an inherently different category of risk from domestic corporations, by analyzing economic and political conditions and uses the country ceiling system that takes into account risks that differ from domestic loans. The credit risk on overseas loans is appropriately managed together with the credit review performed by region-specialized senior credit administrators. In addition, structured finance such as those backed by cash flows generated from mortgages, credit cards, and other loans, as well as commercial real estate, are subject to due diligence and credit analysis according to the risk profile of each product. The Bank continuously monitors and reviews the performance of the underlying assets of these products throughout the maturity of investment.

Through those credit analysis systems, the Bank conducts advanced credit risk management based on stringent analytical standards, proprietary financial and cash flow analysis methods, and monitoring reviews.

• The Bank's Internal Rating Framework

Outline of the Internal Rating Framework and Special Features

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

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

Structure and Application of the Internal Rating Framework

The Bank's internal rating framework comprises three components: the Borrower Rating System, the Loan

Recovery Rating System, and the Retail Exposure Internal Rating System.

The Borrower Rating System evaluates the exposure grades of corporate borrowers. The Bank has 15 borrower grades: 10 borrower grades for non-defaulted borrowers and five for defaulted borrowers. Each borrower grade defines the level of credit risk for a borrower.

In principle, borrower ratings are evaluated and assigned using a combination of quantitative and qualitative factors. For certain assets subject to risk-weighted asset calculation for the investment fund, the Bank assigns its internal ratings by using external ratings as the primary factor, those of Standard & Poor's (S&P) and Moody's Investors Service (Moody's).

The Bank clearly maps its internal grades to the scale used by the credit rating agencies (e.g., grade "1-1" corresponds to the external grade "AAA" and "Aaa"). This mapping is based on the comparisons of grades and default probabilities on the same borrowers between internal ratings and credit rating agencies' ratings.

The Loan Recovery Rating System is used to evaluate the factors affecting the recoverability of collateral for corporate exposure. Ratings are assigned according to the expected recovery ratios, and are determined from the assessment of factors that may have an impact on the recoverability, such as loan security (collateral or guarantees), capital structure (senior or subordinate), and other factors affecting recovery for defaulted exposures.

The Retail Exposure Internal Rating System estimates Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD) on an exposure pool basis, and allocates exposure according to the type of pool.

As the Bank adopts the F-IRB approach, the internal rating system is the basis for the calculation of the capital adequacy ratio for regulatory capital, the primary indicator for the financial soundness of a bank. At the same time, in its economic capital management, the Bank applies the same probability of default (PD) figures for each rating calculated for capital adequacy ratio regulatory capital to measure the amount of risk deriving from credit risk assets.

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

Management of the Internal Rating Framework and Validation Procedures

The internal rating system is managed by dedicated units of the Bank that are segregated from the front office. The system is designed to fit the profile of the Bank's credit portfolio and implemented according to policies and procedures that set forth the objectives of the internal rating system, criteria for each rating grade, evaluation methods and mapping of ratings, approval authority and validation of rating system. Validation and monitoring of the internal rating system to ensure appropriate implementation is performed on a regular basis.

In addition, the Internal Audit Division periodically oversees and audits the Bank's credit risk management, including the appropriateness of estimated parameters and historical default rates, compliance with minimum IRB Approach requirements, and reports to the Board of Directors.

• Self-Assessments, Write-Offs, and Provisions to Reserves Based on Internal Ratings Framework

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 internal ratings. There are five classifications: standard, substandard, doubtful, debtors in default, and debtors in bankruptcy.

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

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

Internal Rating		Self-Assessments: Debtor Classification	Self-Assessments: Asset Category	Self-Assessments: Definition of Asset Category	Exposure Requiring Mandatory Disclosure under the Financial Revitalization Law
1-1	4	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
1-2	5				
2	6				
3	7				
8-1		Substandard	II	Debtors requiring close monitoring going forward	
8-2					
8-3		Other substandard debtors			
8-4		Debtors under requirement of control			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		Debtors who are legally and formally bankrupt	

The Norinchukin Bank's Debtor Classification and Reserves for Possible Loan Losses (As of March 31, 2012) (On a Non-Consolidated Basis)

(Billions of Yen)

Self-Assessments: Debtor classification	Category I	Category II	Category III	Category IV	Reserves for Possible Loan Losses	Claims Disclosed under the Financial Revitalization Law	Risk-Managed Loans (Note 2)
Debtors in bankruptcy Debtors in default	Portion deemed to be recoverable through collateral or guarantees		Provisions are made to cover the entire amount	Full amount written off or provisions made	Specific reserve for possible loan losses 177.6	Bankrupt or De facto bankrupt 1.1	Loans to borrowers under bankruptcy proceedings 0.8
Doubtful debtors	Portion deemed to be recoverable through collateral or guarantees		Provision ratio: 78.6%			Doubtful 187.9	Delinquent loans 187.3
Substandard debtors: Special attention	Provision ratio of the uncovered portion: 14.8%				General reserve for possible loan losses 43.9 (Note 1)	Special attention 69.3	Loans with principal or interest payments three months or more in arrears —
							Restructured loans 69.3
Substandard debtors: (Claims on debtors under requirement of control) Other substandard debtors	Claims on substandard debtors other than "Special Attention"					Standard loans 14,552.7	
Standard debtors							

Notes: 1. The expected default ratios for computing the provisions to the general reserve for possible loan losses are 0.34% for standard debtors, 4.57% for substandard debtors (excluding claims under requirement of control), and 4.79% for claims under requirement of control.
2. The difference between the total of claims disclosed under the Financial Revitalization Law and the total of risk-managed loans is the inclusion of claims other than loans.

• Criteria for Write-Offs and Provisions to Reserves

Write-offs and provisions to reserves for possible loan losses are made according to the criteria set by the Bank for each debtor classification by self-assessment. For exposure to standard debtors and substandard debtors, the Bank makes provisions to general reserves for possible loan losses for each category of borrower based on the expected loss ratio, which is calculated from historical loss data, including losses from defaults. For debtors under control requirements 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 amount not recovered by collateral or guarantee to the exposure classified as Category

III, and the amount deemed necessary to the exposure classified as Category IV.

Criteria for Write-Offs and Provisions to Reserves

<table>
<tr><th colspan="2">Debtor Classification</th><th>Criteria for Write-Offs and Reserves for Possible Loan Losses</th><th>Provision Ratio as of March 31, 2012</th></tr>
<tr><td colspan="2">Standard debtors</td><td>Provisions are made to reserve for possible loan losses, by multiplying the total credit exposure by the expected loss ratio based on the historical default ratio.</td><td>0.34%</td></tr>
<tr><td rowspan="2">Substandard debtors</td><td>Other substandard debtors</td><td rowspan="2">Initially, categorize debtors into two groups: “Debtors under requirement of control” or “other substandard debtors,” in accordance with credit quality of debtors. Debtors in the latter group are further classified into sub-categories.
Applies Discounted Cash Flow (DCF) method to debtors with large exposure if classified as “Debtors under requirement of control.”
Provisions are made to reserve for possible loan losses, by multiplying the total credit exposure by the expected loss ratio based on the historical default ratio for each category of borrower.</td><td>4.57%</td></tr>
<tr><td>Debtors under requirement of control</td><td>4.79% (Excluding borrowers to whom the DCF method is applied)</td></tr>
<tr><td colspan="2">Doubtful debtors</td><td>Provisions are made as specific reserve for possible loan losses the necessary amount estimated against the amount classified as Category III (amount not likely to be recovered from collateral or guarantee) on an individual borrower basis.</td><td>78.66% of the unrecoverable portion</td></tr>
<tr><td colspan="2">Debtors in default</td><td rowspan="2">Provisions are made as specific reserve for possible loan losses on an individual borrower basis for the entire amount classified as Category III. Write-offs are performed on an individual borrower basis for the amount classified as Category IV (the amount estimated as uncollectable or unrecoverable), regardless of treatment under criteria in tax law.</td><td rowspan="2">The full amount of the unrecoverable portion is written off or provisioned</td></tr>
<tr><td colspan="2">Debtors in bankruptcy</td></tr>
</table>

Credit Costs in Fiscal 2011 (On a Non-consolidated Basis)

	Billions of Yen
Loan write-offs	¥ 1.7
Provision to general reserve for possible loan losses	(13.2)
Provisions to specific reserve for possible loan losses	(4.5)
Provision to reserve for specified overseas debts	—
Other	0.0
Total credit costs	¥ (6.9)

• Credit Overconcentration Risk

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

Regarding the corporate ceiling, maximum lending limits are set for each borrower, based on the rankings assigned by the internal rating system. Limits are set and lending is managed not only on an individual debtor basis but also on a corporate group basis. The Bank Ceiling is precisely managed and credit limits are set for each type of transaction. Regular reviews are also performed on overconcentration of credit exposure of each industry.

• Measuring Credit Risk

The Bank measures the amount of credit risk using statistical based methods, and applies it to economic capital management.

Methods for Measuring Credit Risk

The Bank uses the internal model for credit risk (the Monte Carlo Method) in estimating credit risk, and measures credit risk. The scope of measurement includes loans, guarantees, foreign exchange, and securities (e.g. corporate bonds), as well as off-balance-sheet transactions (e.g. swaps). The Bank measures the amount of credit risk by defining it as the potential impairment amounts incurred from credit exposure.

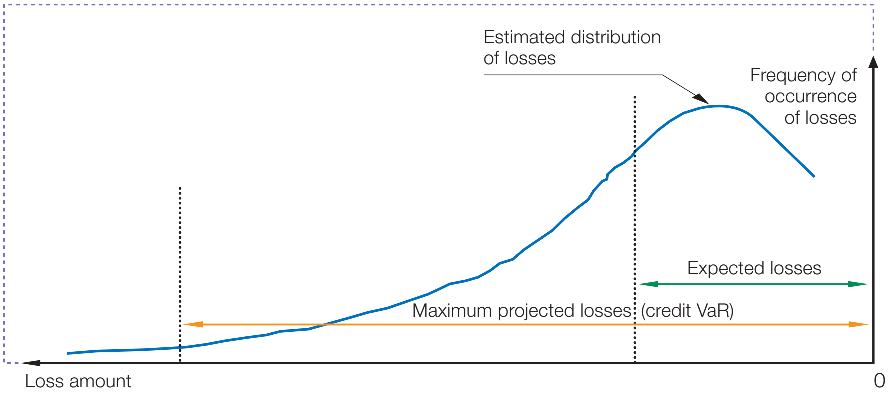
The method of measuring credit risk involves performing simulations on tens of thousands of scenarios involving losses and the deterioration of asset value resulting from customer actions, product default, rating changes and other factors, using statistical models. Using the simulation results, the Bank estimates the distribution of potential losses on the Bank's credit portfolio over the next year. Key parameters for the simulation include probability of defaults (PD) for each rating category, rating transition probability (likelihood for changes of one rating category to another rating category), and correlation among credit exposures.

The economic capital of the Bank is managed by calculating two figures for the amount of credit risk, namely the "Expected Loss (EL)," the average indicator of losses on simulated scenarios, and the "Maximum Projected Loss," defined as the potential losses incurred in a specific confidence interval in the simulation. Utilizing EL and UL, the Bank monitors the utilization of allocated risk capital against the amount of risk under economic capital management.

Market Risk Management

The Bank deems market risk, such as interest risk and equity risk, to be one of the most significant risk factors affecting the Bank's earnings base, along with credit risk. Through active and appropriate risk-taking supported by a robust risk management framework, the Bank aims to retain a stable level of profit by constructing a sound and profitable market portfolio that balances profit, capital, and risk. The Bank's investment principle is to maintain a good balance of risk in its globally diversified investment portfolio in viewing the amount of aggregated market risk, the risk-return profile of each asset class, and the correlation among asset classes. Asset allocation is decided after considering the risk balance described above and other crucial factors, such as the financial position of the Bank and the market environment. To ensure the effectiveness of market risk management through the execution process of investments, the Bank ensures the segregation of duties among divisions in charge of decision-making (planning) for allocation policy, execution of individual transactions, and monitoring of risk positions. Specifically, the Risk Management Committee is

Illustration of Credit Risk Measurement Model



The loss distribution of the Bank's credit portfolio is estimated based on the Bank's credit risk measurement model. Credit risk parameters, including expected loss and Credit Value-at-Risk (VaR) are calculated using this model.

responsible for and discusses overall risk management, the Market Portfolio Management Committee sets market portfolio allocation policy, the front office executes transactions in accordance with the allocation policy, and the middle office monitors. Matters relevant to the market risk portfolio management activities (such as market conditions, major investment decisions made by the Market 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.

Going forward, the Bank continues to upgrade its market risk management framework and further improves risk management by implementing various measures such as increasing the number of staff in charge, enhancing technical elements, such as the information technology infrastructure, and refining risk measurement techniques.

• Market Portfolio Management

The fundamental element of the Bank's market risk management is management of allocated capital under an economic capital framework. The key objectives of risk management of the market portfolio are to construct an optimal market portfolio through active adjustment of the risk balance among asset classes according to the economic and financial conditions and to manage the risk balance and the level of earnings of the market portfolio in line with the financial position of the Bank. Specifically, the risk balance of the market portfolio is managed by analyzing and understanding the situation of the market portfolio based on market risk measured by the middle office, including the amount of aggregate risk, risk indicators, such as Value at Risk (VaR) and Basis Point Value (BPV), and correlation among asset classes. The Bank also analyzes and takes into account its financial position, based on the outlook of economic and financial conditions supported by research into macro-economic factors and the financial markets, and simulations of earnings, unrealized gains and losses of the portfolio, and the capital adequacy ratio. In principle, market risk measurement covers all financial assets and liabilities in the Bank's portfolio, and employs the Internal Model (historical simulation method) for the calculation of VaR. Moreover, by using an alarm point for losses in each asset class and risk volume increase, as well as VaR based on the variance-covariance method taking into account the impact of short-term market fluctuations, the Bank can quickly detect changes in the market environment and then review our market portfolio management policies expeditiously and flexibly.

The basic framework of market risk management is described in the following section.

Decision Making

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

Decision-making on market investment is carried out after examining the investment environment, including the financial markets and the economic outlook, the current position of the securities portfolio, and the asset and liability management (ALM) situation of the Bank. The Market Portfolio Management Committee holds meetings on a monthly basis in practice on a weekly basis, as well as when needed, in a flexible manner, to enable prompt responses to changes in market conditions.

In addition, to facilitate close communication regarding the market environment on a regular basis, relevant board members and the general managers in charge of the market portfolio hold meetings to share information and awareness on a weekly basis to make both timely and appropriate decisions.

Execution

Based on the investment decisions made by the Market Portfolio Management Committee, the front office execute securities transactions and risk hedging. The front office is not only responsible for executing securities transactions and risk hedging but also monitoring market conditions closely and proposing new investment strategies. Additionally, they also make other recommendations to the Market Portfolio Management Committee.

Monitoring

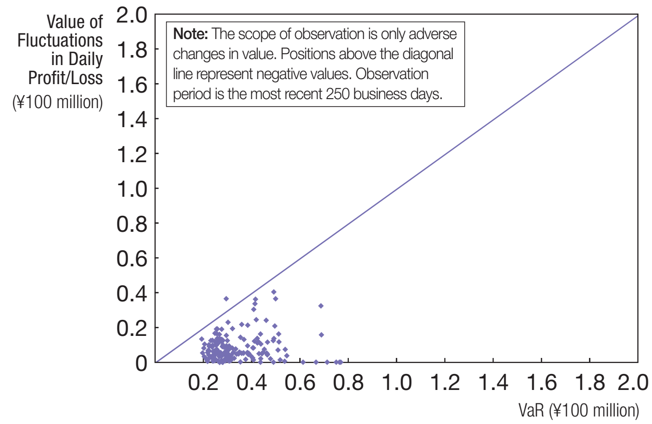
The term “monitoring functions” refers to checking whether the execution of transactions made by the front office is compliant with the investment decisions approved by the Market Portfolio Management Committee, and measuring the amount of risk in the Bank’s investment portfolio. To maintain an appropriate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

• Trading Operations

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

The risk involved in trading operations is managed under an integrated risk management framework and within the market risk management framework with economic capital management as a critical element of the framework.

▶ Results of Back Testing Performed (Trading Divisions, Interest Rate VaR (1day))



Changes in Interest Rate Risk (with a one-day holding period) in Trading Divisions

	VaR (in ¥100 million)
June 30, 2011	0.3
September 30, 2011	0.4
December 30, 2011	0.2
March 30, 2012	0.2

Risk Measurement Methods

The Bank uses an internal model approach for risk measurements. The model employs 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. The Bank’s model is internally developed and periodically validated by both the middle office and the Internal Audit Division, as well as by outside experts, from the quantitative and qualitative perspectives. The Bank continues to apply cutting-edge financial and information technologies to the upgrading of its risk measurement methods.

In addition, to validate the Bank’s internal model, the amount of risk calculated by the model is compared with the volatilities in actual profit and loss on a daily basis (known as back testing). When discrepancies between the model’s estimates and actual results due to the designs of the model go beyond a certain level, the Bank scrutinizes the relevant model factors and revises the model if necessary. The Bank also performs a series of monthly stress tests assuming extremely volatile market situations, such as the largest interest rate changes in the last five years on a monthly basis.

Glossary of Terms

VaR (Value at Risk)
VaR is the maximum possible loss over a specified holding period and within a certain confidence interval. The Bank calculates VaR by setting specific holding periods and confidence intervals, and applying the appropriate measurement method to measure the risk.

BPV (Basis Point Value)
BPV refers to the changes in the value with respect to a 0.01% change in interest rates given the current position. The Bank uses total delta as the indicator of the impact of the change assuming a parallel shift in the yield curve.

Liquidity Risk Management

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

The appropriate management of cash flow risk is a prerequisite for business continuity and stable portfolio management. Considering the characteristics of the Bank, such as its steady fund procurement structure, which is primarily centered on deposits from its membership, together with its assets of low market liquidity that holds, and examining the funding procurement capability under stressed environments, the Bank takes initiatives to diversify and enhance the varieties of funding instruments, placing emphasis on the stability of cash flows. Cash flow management is conducted on an aggregated basis at the head office. For this purpose, various operating limits including currency, funding instruments and individual funding office are established considering the global market situation and these are approved by the Risk Management Committee. Specific cash flow management plan is reviewed on a quarterly basis with the Bank’s investment portfolio projection and its expected funding procurement capacity, and it is approved by the Market Portfolio Management Committee. Execution strategies are discussed every week based on a predetermined financial plan. The Bank strives for the appropriate cash flow management in response to circumstances by constantly monitoring market conditions. The execution status is continuously reviewed each and every month.

Market liquidity risk is considered to be an important factor for investment decisions in order to maintain a flexible asset allocation framework that enables prompt responses to changes in market conditions. Investment strategies are also prepared through assessing the market liquidity (cash-convertibility) of each type of financial product. Market liquidity risk is applied to the evaluation of stabilities on funding procurement as well. For this reason, the middle office regularly reviews and analyzes the market liquidity of financial products, including the market size of each asset class and product. The results of these analyses are reported to the Risk Management Committee and the Market Portfolio Management Committee.

The operational status of liquidity risk management is also regularly reported to the Bank’s Board of Directors.

Operational Risk Management

As its basic policy for the management of operational risk, the Bank has adopted the "Operational Risk Management Policy" by its Board of Directors. Under this Policy, the Bank clearly states the definition, management framework, and basic management processes of operational risk.

• The Objective of the Operational Risk Management

The Bank categorizes and ranks by importance each risk arising from daily operations such as processing risk, legal risk, and IT systems risk; and handles these risks according to their category and rank. This allows the Bank to reach its objective of effectively allocating the organization's management resources, and at the same time minimizes the likelihood of risk event occurrence arising from business operations which per se do not generate profit, and losses incurred from such events.

• Definition of Operational Risk

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

• Organizational Structure of Operational Risk Management

Important issues such as the basic policies and annual planning of the Bank's operational risk management are approved by its Board of Directors. The Operational Risk Management Committee, comprised of relevant members of the Board as well as the heads 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, an operational administrator is designated in each branch and division.

The administrator is in charge of the operational risk management of his or her branch (division), and acts as a liaison officer between the branch (division), and the functional units stated above.

• Basic Approach of Operational Risk Management

Of the various subcategories of operational risk, for those risks (such as processing risk, legal risk, IT systems 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 has put into effect the following controlling measures. In order to identify, analyze, assess, monitor, manage, and mitigate risk effectively, the Bank employs the results of its RCSA (Risk & Control Self Assessment), as well as the information of actual risk and near-miss events which have been accumulated using the organization's operational risk reporting framework. In addition, management standards which have been designed to meet the characteristics of specific risks and which the Bank deems capable to effectively control the said risks, have been implemented in the organization's operational risk management framework. The Bank's RCSA is carried out in the following manner. Each division identifies the potential risks inherent in the business activities they are in charge of, analyzes the effectiveness of the controls which have been put in place, and assesses what risks reside. Important vulnerabilities which have been recognized as a result of the RCSA are tended to by including their control into the annual risk management plan. The Bank's operational risk reporting framework amasses and analyzes information based on a clear reporting standard which comprehends the classification of loss events defined by Basel II. From the collected information, specific cases may be fed back to the Bank's RCSA (for example when a certain reported risk was overlooked by the assessment made by the division in charge), and new controls may be imposed to prevent their recurrence.

For business continuity risk, which constitutes part of the group of risks the Bank defines its key management strategy as the mitigation of the impact and effect of risk events following their occurrence, the Bank is currently enhancing its ability to counter such risks, incorporating lessons learned from the East Japan Great Earthquake. In addition, the Bank augments the effectiveness of its business continuity framework through regular drills which assume scenarios such as the occurrence of an earthquake in the Tokyo metropolitan area, or the outbreak of a pandemic.

Risks other than the above (such as reputational risk, regulatory risk, and risks associated with changes to legal systems), are defined as risks which should be dealt in accordance with the Bank's business judgment. The Bank strives to take proactive actions in order to prevent the occurrence of risk events of this type, and continuously monitors these risks for signs of change, 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 (based on these reports) the basic policy for the management of operational risk is reviewed 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.

The Bank has adopted the Standardized Approach (TSA) for calculating operational risk capital charges, as required by Basel II.

• Processing Risk Management

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

The organization's framework for managing processing risk comprises the following procedures. A processing risk management plan which includes methods for further development of risk mitigation measures and steps to enhance the current risk management framework is created based on the result of the Bank's process RCSA, as well as the information of actual risk and near-miss events which have been accumulated using the organization's operational risk reporting framework. The progress of this plan is reported to the Bank's management (namely the Operational Risk Management Committee) periodically. In addition, various procedures, such as implementing preventive procedures for specific risk events which have surfaced in the past, updating the current procedure manuals, carrying out self-checking exercises, and hosting staff training sessions, have been continuously performed by the Bank in order to mitigate the occurrence of processing risk events. Should there be any major environmental changes in the Bank's business procedures (for example due to the adoption of new products and services, organizational restructuring, etc.), and should this change have a certain impact on the current business processes and operating manuals, the Bank takes steps deemed necessary to address this change.

• IT Systems Risk Management

The Bank defines IT systems risk as the risk of suffering losses from computer system crashes, errors, system defects, improper computer use, or from the inadequate operation of system development projects. The Bank manages its IT Systems risk based on its "IT Systems Risk Management Standards."

Specifically, the Bank incorporates new measures to face emerging risks generated by changes in the domestic and international environment, while simultaneously taking steps to upgrade its management of IT systems risk, by formulating and implementing Risk and Control Self-Assessment (RCSA) and risk management plans. The bank collects and analyses information on system failure, and reports the analysis along with future prevention plans, to the Bank's management. In addition to the above, the Bank endeavors to adopt measures necessary to address system failure. For example, in order to minimize the impact of such failures, the Bank has reexamined its system recovery procedures, using scenarios of major system failures. In this way, the Bank strives to strengthen its internal controls and management of IT systems risk, in order to respond to the public's demand, for a stable financial service (which constitutes part of the social infrastructure), and for a more rigorous management of information security.

• Legal Risk Management

The Bank defines legal risk as the risk of incurring losses or facing transactional problems in the context of a management decision or execution of a business operation, by violating the law or by entering an inappropriate contract. The Bank manages its legal risk based on its "Legal Risk Management Standards."

As the Bank reorganizes the agricultural and fishery cooperative banking system, offers new financial services, and engages in investment activities, in addition to providing traditional financial services, the Bank considers legal risk management to be a key management issue for all of its branches and divisions, and strives to enforce its legal management framework.

• Business Continuity Risk Management

The Bank defines business continuity risk as the risk of being incapable of continuing critical businesses in the aftermath of a natural disaster or a major system failure, due to lack of effective countermeasures. The Bank treats its business continuity risks based on its Basic Business Continuity Policy, Policy and Procedures for Business Continuity, and Guidelines for Establishment and Management of Emergency Headquarters; and enhances its ability to handle such risks through regular drills.

In 2011, the Bank set up a disaster countermeasures office to deal with the effects of the East Japan Great Earthquake, and the power shortages that followed. The office discussed and executed the necessary means to continue the Bank's business, and organized emergency measures for the withdrawal of client deposits of the agricultural and fishery cooperatives hit by the earthquake and subsequent tsunamis. Issues which have surfaced from these experiences are currently being incorporated into the Bank's framework to counter business continuity risk, and the Bank works ceaselessly to enhance its ability to meet such risk.

Risk Management in Group Companies

The associated companies in the Norinchukin Bank Group are managed in accordance with the Bank's Management and Operation Policy and Regulations for Group Companies. Each of these companies prepares a feasible and effective risk management policy and framework, taking into account the Bank's Risk Management Policies as well as the nature of its own business activities and risk profile. The Bank and each group company then confer and decide on a risk management system for the company in question, taking into consideration the characteristics of the risks the company bears.

To ensure adequate risk management and compliance throughout the group, the department with overall responsibility for group companies works together with other related departments as and when necessary, and categorize group companies according to risk profiles and other characteristics. The required risk management frameworks and controls are specified by the Bank in its policies for each category of group company. The risk management of group companies is performed based on those policies. When deemed necessary, meetings between the Bank and group companies are held and attended by executive management and working-level managers. With regard to the risk management framework of group companies and their administrative operations, the Bank's Internal Audit Division oversees and conducts audits in accordance with the Internal Audit Policy Rules and relevant policies.

In addition, the Bank performs economic capital management on a consolidated basis and ensures that it maintains its economic capital within the allocated capital by exhaustively monitoring and measuring the Bank's risks including the risks of consolidated subsidiaries. Among consolidated entities, The Norinchukin Trust & Banking Co., Ltd. and Kyodo Housing Loan Co., Ltd. manage market risk, credit risk, liquidity risk, and operational risk. Other consolidated entities manage risks that are classified under operational risks.

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

Corporate Governance

The Norinchukin Bank's Management System

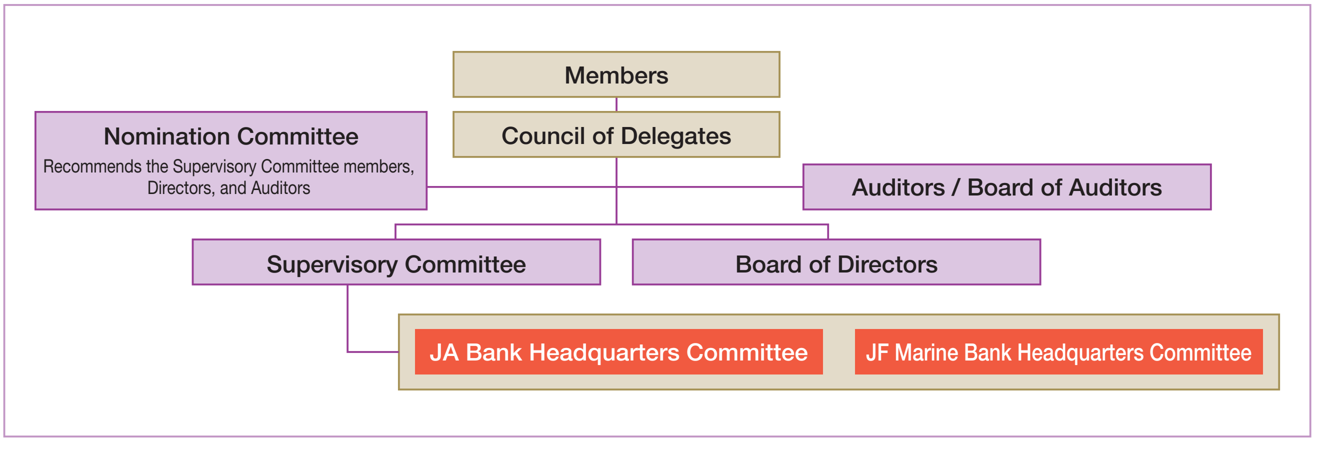
The Bank is both the central organization for Japan's agricultural, forestry, and fishery cooperatives as well as an institutional investor that plays a major role in the financial and capital markets through investment of large amounts of funds in Japan and overseas. Naturally, the Bank adheres to decisions 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 situation 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 the agricultural, forestry and fishery 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. At present, the Supervisory Committee has 17 members selected from among the board members of cooperative organizations, people engaged in the agricultural, forestry, and fishery 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 cooperatives as well as on operational guidance for the Bank's members acting in the name of the headquarters.

Management System of the Bank



Board of Directors

The Board of Directors makes decisions regarding 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. The members of the Board are elected by the Supervisory Committee and assume their positions upon approval of the Council of Delegates. There are 14 full-time board members, two of whom selected as representative directors are appointed as members of the Supervisory Committee. Hence, decisions made by both the Supervisory Committee and the Board of Directors are closely coordinated.

Auditors/Board of Auditors

Auditors 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 oversight of the Supervisory Committee and board members' business activities. The Board of Auditors currently comprises five members (three full-time auditors and two part-time auditors), four of whom satisfy the conditions stated in Article 24-2 of the Norinchukin Bank Law,* and are equivalent to external auditors in publicly traded companies.

* *According to Article 24-2 of the Norinchukin Bank Law, at least one of the auditors must satisfy the following conditions: The auditor must not be a director or employee of a corporation that is a member of the Norinchukin Bank and must not have held any of the following positions in the five years before being appointed auditor: (1) director, member of the Supervisory Committee, or employee of the Norinchukin Bank, or (2) 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.*

Initiatives for Strengthening Internal Control

Basic Approach

For the Bank to fulfill its fundamental mission as the central organization for Japan's agricultural, forestry, and fishery 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

1. 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 Corporate Ethics Charter and the 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 auditors. In addition, the Compliance Division, which supervises the Bank's overall compliance matters, reviews important decisions in advance.

(3) With respect to compliance matters, the Bank has set up a 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 that 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 maintains a policy of exclusion towards them.

(6) With respect to internal controls on financial reporting, the Bank has in place measures to ensure that such reporting is reliable and appropriate.

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

(1) Important documents related to 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 directors' and auditors' request, to present information related to the performance of their duties for their inspection.

3. Rules and Other Systems for Managing the Risk of Loss

(1) The Bank views 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.

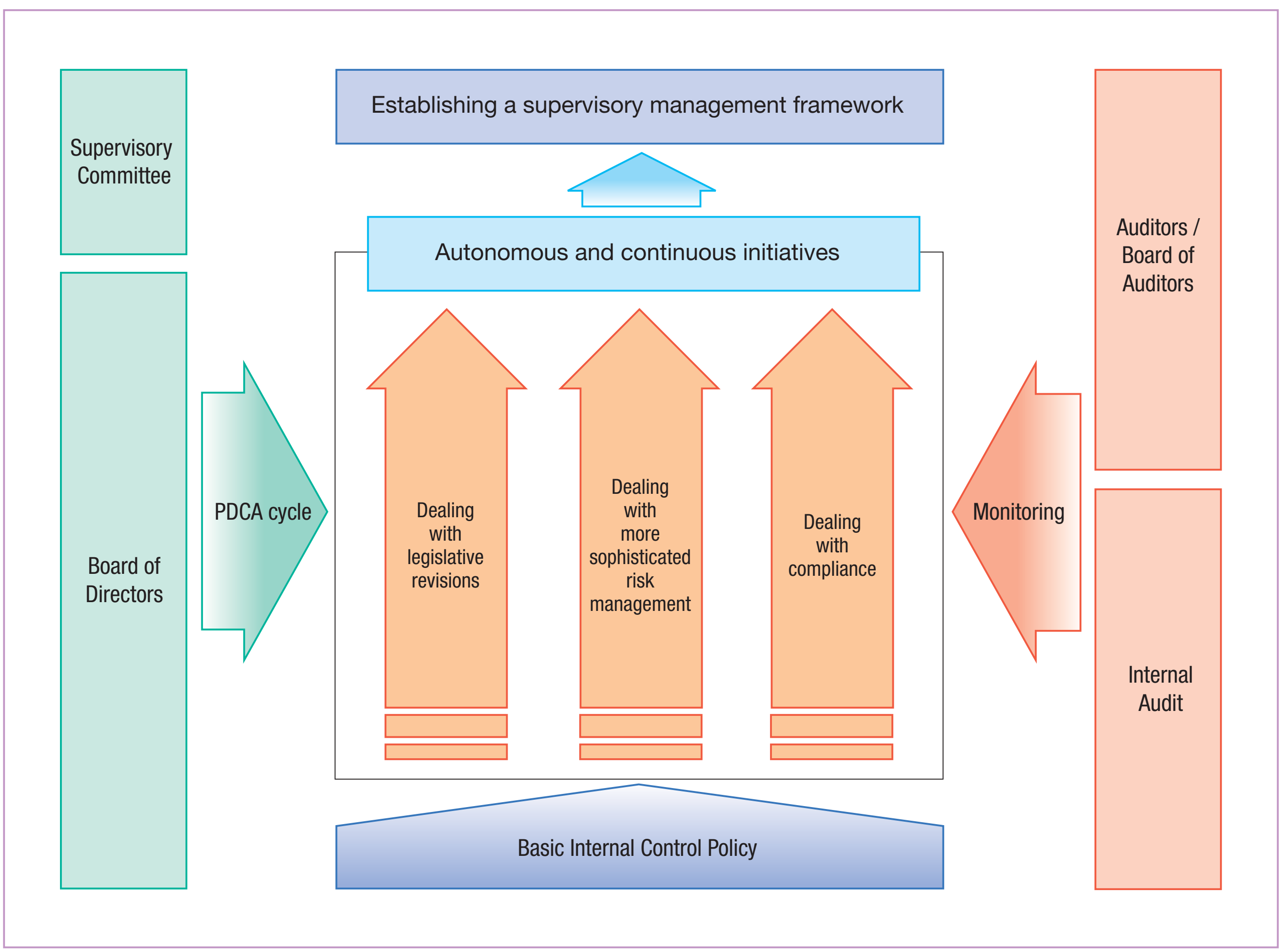
(4) To comply with requirements for ensuring management soundness set forth in the Norinchukin Bank Law, the Bank conducts regulatory capital management based on the conditions stipulated in legal provisions.

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

4. Systems for Ensuring Efficient Execution of Directors' Duties

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

Initiatives for Strengthening Internal Control



(2) To ensure that decision making by the Board of Directors is efficient, the Bank has formed committees composed of directors 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, and their duties include 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.

5. Systems for Ensuring that Operations are Conducted Properly at the Bank, its Subsidiaries, and other Group Companies

(1) To ensure proper operation of the Norinchukin Bank Group, the Bank has established basic policies for the operation and management of its group companies.

(2) The Bank and each group company have agreed on matters to be discussed and reported to ensure smooth operation within the group. In addition, the Bank monitors the conduct of management and operation of each group company, provides guidance, advice and supervision, and reviews performance, as needed.

6. Internal Audit System

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

(2) The scope of internal audits includes all aspects of the Bank's operations as well as its group companies, and internal audits 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 auditors and accounting auditors to exchange views and information as well as to better coordinate their auditing activities.

7. Details Regarding Staff who Support Auditors and their Independence from Directors

(1) The Office of Corporate Auditors, an independent unit, was formed by the Bank to assist auditors in fulfilling their duties.

(2) In principle, three or more full-time employees are assigned to the Office of Corporate Auditors to perform clerical work to help administer the Board of Auditors, and other tasks specified by the auditors.

(3) Employees assigned to the Office of Corporate Auditors work in accordance with auditor's instructions.

(4) Full-time auditors' views on the performance evaluations of employees assigned to the Office of Corporate Auditors and employees' reassignment to other departments are obtained in advance and duly respected.

8. Systems for Directors and Employees to Report to Auditors and other Systems for Reporting to Auditors

(1) When a director discovers information that could cause serious damage to the Bank, it must be reported immediately to the Board of Auditors.

(2) When the Compliance Division discovers information that is important from a compliance perspective or that is vital to the compliance system in general, the division must report these matters to the Board of Auditors.

(3) The Internal Audit Division reports its findings regarding internal audits to the Board of Auditors, 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 auditors for review.

9. Other Systems to Ensure Effective Conduct of Audits by Auditors

Fully aware of the importance and value of auditors' audits, the following system has been created to ensure that they are conducted effectively.
(1) Auditors 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 auditors periodically meet to exchange views.
(3) Directors and employees are to cooperate with auditors' investigation and interview requests.
(4) In general, directors and employees must comply with matters set forth in the Rules of the Board of Auditors 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 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 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 letters of intent 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 the letters of intent, contracts, and 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 Policies, which set out the basic internal auditing functions, including definitions, objectives, scope of auditing, and positioning within the organization.

Based on these policies, 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 to verify audit results.

Moreover, the Internal Audit Division, auditors, 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 then taking into account the frequency and depth of the audit based on the type and extent of risks.

Implementation of Effective Internal Audits

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 unannounced audits, off-site audits for which on-site auditing is not required, and off-site monitoring to gather daily audit-related information.

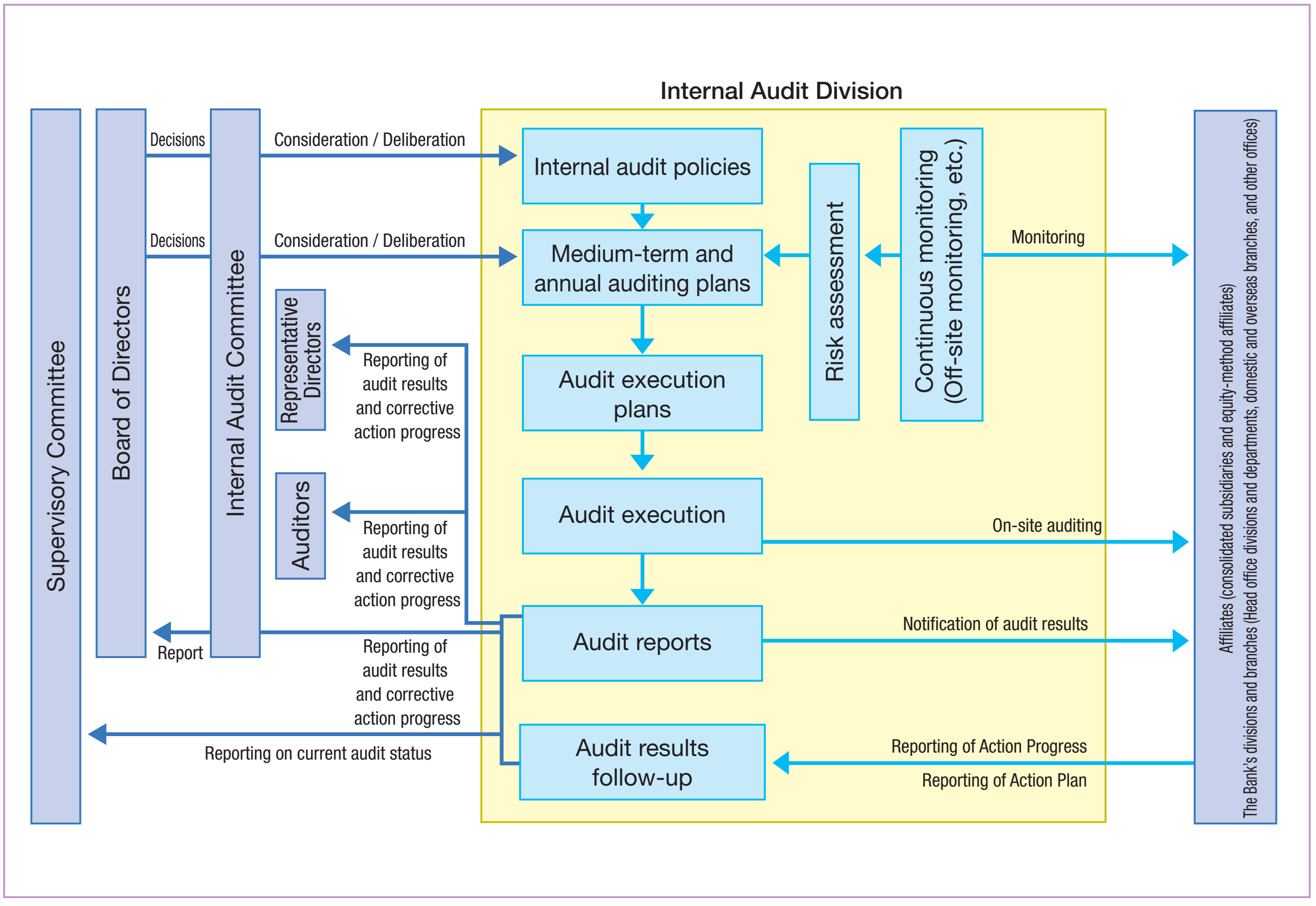
Reporting of Audit Results and Follow-Up

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 a specified deadline. When necessary, they prepare corrective action plans and report them to the Internal Audit Division. The Internal Audit Division reports and explains its audit results together with the audited divisions' report to directors and auditors. 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 are to be immediately reported to representative directors, auditors, and the Board of Directors, and, when deemed necessary, to the Supervisory Committee.

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.

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, 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.

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 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 rules and regulations based on the principle of total self-reliance. It is 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 Corporate Ethics Charter and code of conduct for all Bank 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" and the "Outline of the compliance systems of the Bank." These measures

Corporate Ethics Charter

The Bank's Basic Mission and Social Responsibilities

1. Always aware of the importance of its basic mission and social responsibilities, the Bank, as a financial institution, is committed to forging even stronger bonds of social trust by fulfilling its mission and responsibilities through sound management.

Provision of High-Quality Financial Services

2. By providing high-quality financial services that take advantage of the Bank's creativity and ingenuity, the Bank fulfills its role as the national-level financial institution engaging in the cooperative banking business that meets the needs of its customers and users. The Bank also contributes to the economic and social development of Japan as a member of the financial system.

Strict Compliance with Laws and Regulations

3. The Bank complies with all relevant laws and regulations, and conducts its business in a fair and impartial manner according to social norms.

Elimination of Anti-social Elements

4. The Bank maintains a resolute stance in opposition to anti-social elements who pose a threat to social order and security.

Creation of an Organizational Culture Committed to Highly Transparent Disclosure

5. The Bank continually strives to improve communication with parties inside and outside the cooperative system, for instance through forthcoming and fair disclosure of business information. The Bank also maintains good relationships with these parties while building a corporate culture with a high degree of transparency based on respect for human rights.

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 subcontractors in case of outsourcing customer-related business, and managing transactions that may involve a conflict of interest with customers.

Compliance Activities Directly Linked to Management

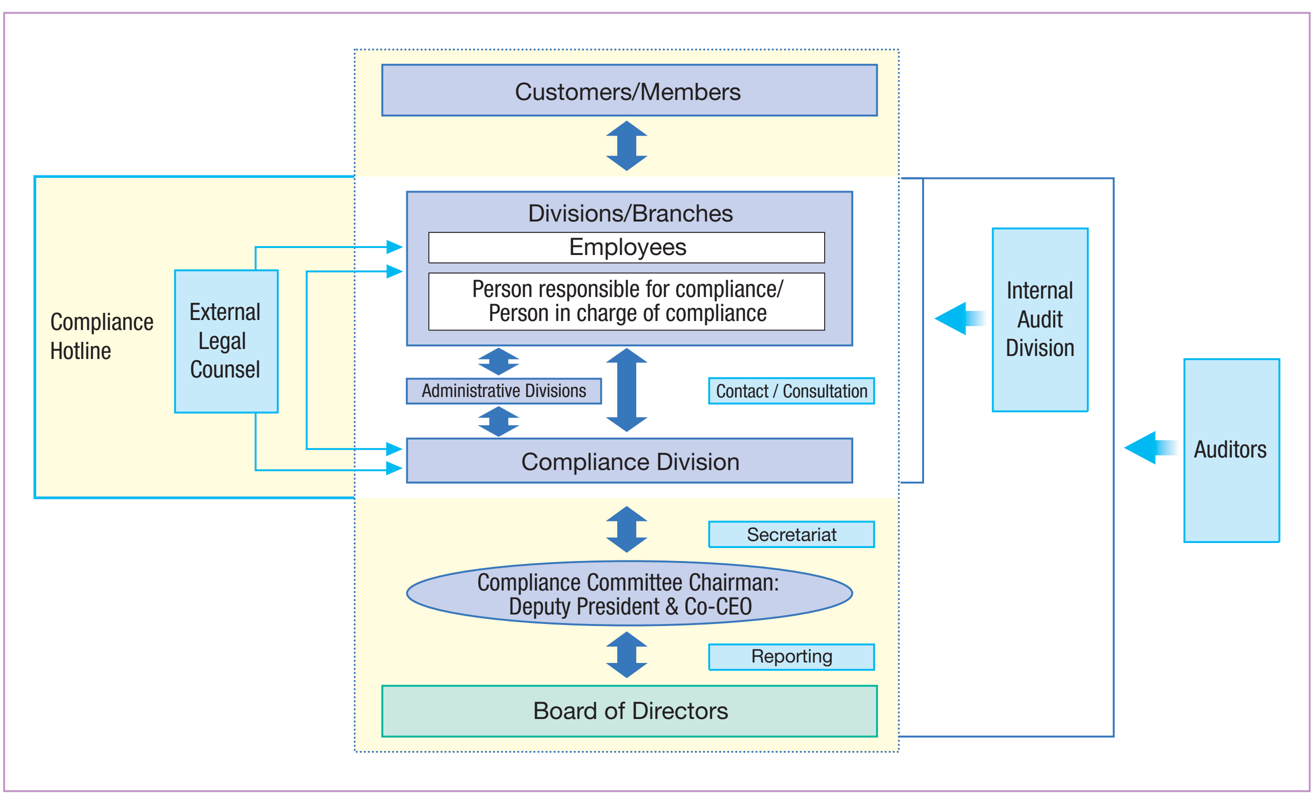
The Bank's compliance framework is comprised of the Compliance Committee, the Compliance Division (in charge of overall compliance activities), administrative divisions of relevant businesses, as well as personnel responsible for compliance and those in charge of compliance assigned to the Bank's divisions and branches. The Compliance Committee (chaired by Deputy President) was 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, basic issues relating to customer protection are discussed by this committee.

Compliance Practices within the Bank

The compliance framework at individual branches and divisions is based on the combined efforts of each and

Compliance Framework



every employee, centered primarily on the general manager of the relevant branch or division who is assigned responsibility for compliance, and a person in charge of compliance. Directly appointed by the General Manager of the Compliance Division, persons in charge of compliance oversee all compliance-related matters at their branch or division. 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.

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 compliance monitoring, which includes visiting branches and divisions to verify their compliance practices directly while providing guidance.

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

The Compliance Division supervises compliance activities in the area of customer protection as well, and ensures that branches and divisions are practicing compliance while coordinating and guiding 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, 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 Subsidiaries and Affiliates

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 personnel responsible for compliance 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 the Bank's 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 Eliminate Anti-Social Elements

To ensure sound management, the Bank has devised a set of measures for eliminating anti-social elements through cooperation with outside agencies such as the police, as well as civil and criminal legal actions. These measures are based on our policy of maintaining a firm stance and strong conviction to eliminate and completely break off any relationship with anti-social elements that pose a threat to social order and security.

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.

Disclosure Policy

As the national-level financial institution for Japan's agricultural, forestry, and fisheries 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 forecast 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 the 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 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 and branch managers serving concurrently as Data Administrators) 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.

Protection of Personal Information

The Personal Information Protection Law went into full effect in April 2005 in Japan. As a business responsible for handling personal information, the Bank created a required framework to facilitate proper handling of personal information. As part of these activities, the Bank educates and trains employees to ensure that personal information is properly handled and managed effectively and 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.

Creating a Pleasant Working Environment

Offering Employees Opportunities to Excel

As the national-level central financial institution for Japan's agricultural, forestry, and fisheries cooperatives, the Bank operates a wide range of services with a small workforce. To fulfill its basic mission in every field, the Bank believes it is absolutely essential that it create a pleasant work environment in which all employees can put the full range of their abilities to good use and feel motivated and fulfilled as they go about their work.

With this approach, our effort is focused on the proper 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 the repetition of this process, the Bank improves employee awareness and efforts to contribute to the Bank's performance and develop competency while also supporting it through extensive training options.

The Bank bases its deployment and assignment of personnel on the competency, aptitude, and career perspective of each person assessed through competency assessment, various interviews, self-assessment, and other means. In this way, it supports employee career development and self-fulfillment through work, by recruiting and assigning the right person to the right job, with consideration given to employee rotation during a fixed period.

Further, we are takings steps to improve the health management and benefit program for employees so that they can work in a state of health and with peace of mind. In health management, not only does it provide periodic health examinations, the Bank conducts programs that lead to a healthier life, organizes mental health counseling with a medical specialist, and offers self-care techniques for managing stress. Moreover, the Bank has focused on building an environment in which employees can devote themselves. To that end, it is providing stronger child raising and nursing-care support and establishing a system of obtaining legal advice from a lawyer.

In this way, the Bank is providing each and every employee with the opportunity to grow and succeed while maximizing innate strengths, regardless of gender or age.

Human Resource Initiatives

With the goal of training core personnel in each division to have a spirit of challenge that enables them to flexibly deal with the changes in the business environment, 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 group training, 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, and Saturday seminars based on required subjects in each business field.

The Bank is also focusing on education in such areas as compliance and human rights through group study by years in service or by rank.

In addition, we are deepening employee understanding of the Bank's basic mission by sending new and mid-career employees along with management-level employees to JA, JA Shinnoren, and other cooperative organizations and by holding workshops led by specialists in the cooperative system and the agricultural, forestry, and fishery industries. At the same time, we are developing human resources who can play a role in the Bank's business as employees of the cooperative system.

In addition to entry training, new employees are sent for two weeks at a time to JA nationwide and experience a wide range of work at JA and on-site agricultural work. Based on a workplace training system for new employees, the Bank also provides on-the-job training to each and every new employee supervised by training supervisors and senior Bank associates acting as instructors.

Along with these various training systems, the Bank operates the Career Development Support System to help employees with their career development.

In this system, employees take an inventory of their abilities through career development interviews with their superiors and career development training. After defining their career goals, employees proactively work on their own career development based on the ability requirements of employees to carry out their job in each business field.

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, and work efficiency • Business skill training: Acquire and improve business skills including coaching, negotiation, presentation, and the seven habits • Management consultant training: Improve and deepen understanding of basic business management theory and consulting abilities
Personal Development Support
• Financial support for correspondence courses, gaining certifications outside the Bank, foreign language training: Support for employee self-directed career development by partially subsidizing various studies
Outside Studies
• Overseas study: Acquire specialized knowledge and global viewpoint through attendance at an MBA or LL.M program • Overseas branch trainee system • 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 • Orientation training, basic training for new employees, on-site training at JA
Other
• After-work training, Saturday seminars • Lectures by specialists from cooperatives, foster awareness as employees of the cooperative system through staff workshops • e-Learning

Creating a Working Environment that Respects Human Rights

In order to comply with the Act on Promotion of Education and Enlightenment of Human Rights, the Bank strives to create a highly transparent corporate culture underpinned by a respect for human rights, which is incorporated in our Corporate Ethics Charter. The Bank therefore conducts ongoing education and awareness programs for directors and employees on various human rights issues.

Measures designed to instill respect for human rights are discussed by the Human Rights Education Promotion Committee, and policies are set by the Board of Directors. Measures are implemented primarily by the Personnel Division's Human Rights Team and personnel in charge of human rights assigned to each branch and division.

Training sessions featuring guest lecturers specializing in human rights-related fields are held at the Bank's head office, branches, local offices, and overseas locations to ensure that directors and employees have an accurate understanding of human rights issues, and to raise awareness. Other steps include countermeasures against sexual harassment and abuse of authority. In addition to establishing a hotline within the Bank for lodging formal complaints, we have set up an outside hotline. These are just some of many measures we are taking.

As a member of JA Group, we are working in close collaboration with the Central Union of Agricultural Cooperatives (JA Zenchu) to further raise awareness throughout the Norinchukin Group regarding human rights issues.

Business Outline

FINANCE FOR COOPERATIVE ORGANIZATIONS

As the main bank for the agricultural, forestry, and fishery industries, the Bank has created a unique cooperative financing program called the Agricultural, Forestry, and Fisheries Support Fund. It is aimed at providing financial support for the development of Japan's agricultural, forestry, and fishery industries, as well as related cooperative organizations. This is accomplished by developing leaders in the agricultural, forestry, and fishery industries and promoting environment-friendly agricultural practices.

Although cooperative organizations (JA, JF, JForest, and other related federations) are taking a leading role in these initiatives as the financial contact point with leaders in the agricultural, forestry, and fisheries industries, the Bank is playing a complimentary role and providing financial support to the cooperative organizations. This financing for cooperative organizations, which is directly linked to the development of the agricultural, forestry, and fisheries industries, has been positioned as the Bank's core business since its establishment.

Loans to the Agricultural, Forestry, and Fisheries Industries

Japan's agricultural, forestry, and fisheries industries are facing a challenging operating environment due to factors such as soaring global food prices, decreasing farmland, declining fishery resources, slumping prices of marine products, aging and dwindling population of workers, and diminishing incomes.

Against this challenging backdrop, the Bank is strongly aware of its increasingly important financing role within the agricultural, forestry, and fisheries industries. In order to quickly meet the needs of businesses in these sectors in a proactive manner, the Bank is developing new products and putting together a product lineup that meets funding needs.

Specifically, we offer the Agricultural Corporation Development Loan (Agri-Seed Loan) to meet new business needs of agricultural corporations run by agricultural leaders. We also offer the Agriculture, Forestry, Fishery and Ecology Business Loan, which allows businesses in these industries access to funding that is not excessively dependent on collateral and guarantees. In addition, we have the Management Improvement Support Loan for agricultural, forestry, and fisheries businesses actively engaging in management reform.

Further, in response to the Great East Japan Earthquake, we established the Tohoku Agricultural,

Types of Loans (As of March 31, 2012)

<table>
<tr><th></th><th colspan="2">General Loan</th><th>System Loans</th></tr>
<tr><td>Agriculture</td><td>Agriculture Promotion Fund</td><td rowspan="3">Agri-Seed Loan
Agriculture, Forestry, Fishery & Ecology Business Loan
Management Improvement Support Loan
Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan</td><td>Agriculture Modernization Loan
Agricultural Management Assistance Support Loan
Agricultural Management Improvement Promotion Loan (Super-S Loan)
Mountainous Region Revitalization Loan, etc.</td></tr>
<tr><td>Fisheries</td><td>Fisheries Development Fund</td><td>Fisheries Modernization Loan
Fisheries Management Improvement Promotion Loan
Mountainous Region Revitalization Loan, etc.</td></tr>
<tr><td>Forestry</td><td>Forestry Development Fund</td><td>Forestry Development Promotion Loan
Mountainous Region Revitalization Loan, etc.</td></tr>
</table>

Forestry, and Fisheries Industries Support Loan in December 2011 as a source of financing with flexible interest rates for workers in these industries. We will continue to support recovery of disaster-hit industries through our financing services.

For the agricultural sector, funding is provided through loans directly related to agricultural production and to processing, distribution and sale of agricultural products, as well as system loans (loans tied into the government's primary industries and financial policy) such as the Agriculture Modernization Loan. For forestry sector, we supply funds to JForest Group and forestry workers, who play a key role in improving forest conditions in Japan, to both finance forest growth and offer financing for producers, processors, and distributors of timber. Financing for the fisheries sector comes from funding for marine product production, including fishing and fish farming, and other activities for processing and distribution of these products. We also provide access to financing for promotion of the fisheries industry through system loans including the Fisheries Modernization Loan.

As the main bank for the industries, the Bank meets the business consulting and management needs of those engaged in these industries in a speedy and appropriate manner. We are proactively building relationships with everyone involved in these industries through financing to support management improvement plans, providing business matching information and services, and other means.

Q What is the Agriculture, Forestry, Fishery & Ecology Business Loan?

A To strengthen our financial support for industry leaders, we disbanded the agribusiness loan established in 2005 as a means of financing corporations such as agricultural corporations, and expanded the range of funding for the fishery and forestry industries. Funding is provided for facilities and working capital needed for production in the agricultural, forestry and fishery industries and the processing, distribution and sale of products in those industries.

Q What is the Agricultural Corporation Development Loan (Agri-Seed Loan)?

A For new agricultural corporations, we have set a loan ceiling of ¥10 million of, in principle, unsecured, non-guaranteed funds per corporation to be used as working capital for agricultural production and the processing, distribution and sale of agricultural products.

Q What is the Agriculture Modernization Loan?

A It is the most common form of system loan that uses cooperative funds and is targeted at agricultural leaders seeking to achieve efficient and stable farm management. The funds are used primarily for acquiring needed agricultural facilities, farm equipment, and long-term working capital for modernizing agricultural management. Agricultural organizations in rural areas were added to eligible borrowers of this loan in fiscal 2006.

• Initiatives to Facilitate the Bank's Financing

The Bank views uninterrupted supply of needed funds to customers, including agricultural, forestry and fishery workers and small- and medium-sized enterprises that operate sound businesses, as one of its most important functions. Recognizing its public role and social responsibility, the Bank has established the following policies and is taking steps to execute its business.

1. **Flexibly handle loan applications from SMEs and other customers**
2. **Restructuring of loans in response to customer requests for liability relief**
3. **Proactively respond to business inquiries from customers and support customer business improvement efforts**
4. **Aggressively and swiftly respond to collaborative efforts between the agricultural, forestry and fisheries industries and business and industry**
5. **Honestly and courteously respond to customer requests and loan application**

To advance the above initiatives, the Bank has established (1) the Financing Facilitation Management Committee, (2) the Financing Facilitation Promotion Office, (3) contact points handling customer complaints and inquiries, and (4) a position responsible for facilitated financing.

As of March 31, 2012, the Bank had responded to more than 90% of applications from customers for alteration of loan conditions. As the central organization for agricultural, forestry, and fishery cooperatives in Japan, the Bank, in collaboration with related institutions, provides guidance and advice so that JA Bank and JF Marine Bank members are adequately prepared for facilitated financing.

Funds for Agricultural Corporations

The Bank continues to support development of agricultural corporations in cooperation with the Agribusiness Investment & Consultation Co., Ltd.

Specifically, we have developed a new funding framework (the Agri-Seed Fund) for agricultural corporation development up to a maximum of ¥10 million, in principle, for each corporation that is technically competent, yet undercapitalized.

As a part of our efforts to support earthquake-stricken areas, we established the Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund, which provides capital more flexibly than our existing framework and assists disaster-afflicted areas to recover by helping to restore agriculture.

Expanding Business with Agricultural Corporations

Because the Bank views cooperation between the agriculture, forestry and fisheries industries and business and industry as its highest priority, it finances these industries.

Specifically, the Bank is meeting a wide range of needs by leveraging the Agri-Seed Loan, the Agri-Seed Fund and other loan resources, and increasing opportunities for contact with agricultural corporations.

Initiatives for the Sixth Industrialization

The Bank is offering support for initiatives for the sixth industrialization by agricultural, forestry and fisheries industry workers that promote consolidation of production, processing and distribution and cooperation with the secondary and tertiary industries.

Leveraging its distinctive characteristic as the central organization for cooperatives, the Bank has been conducting business matching services between commercial enterprises and cooperative members, successfully opening markets for brand-name products and local produce, and developing new products in cooperation with food-processing companies.

In fiscal 2011, we held the Sixth Annual JA Group National Agricultural and Livestock Producers' Conference, which was jointly sponsored by the Central Union of Agricultural Cooperatives (JA Zenchu), National

Federation of Agricultural Cooperative Associations (JA Zen-Noh), and JA Bank. In addition, we held local business conferences in cooperation with regional JA and JF, including conferences in the Kyushu Bloc (in Fukuoka), Hokuriku Bloc (in Kanazawa), and Kochi Prefecture (in Tokyo), and for Miyagi Prefecture (in Sendai).

We also proactively supported domestic agricultural and livestock exports. In January 2012, we invited overseas buyers to Tokyo and held the Asia Food Market Opening Seminar for our members and agricultural, forestry and fisheries workers.

Environmental and Financial Initiatives

In 2010, the Bank introduced the Agricultural, Forestry, Fishery and Ecology Rating System for evaluating members and companies that practice environment-friendly initiatives. This system is used to independently assess items that not only appear in general environmental ratings, such as those that check the implementation status of environmental management systems and CO_2 emissions reduction initiatives, but also items that focus on environmental contributions in the agricultural, forestry and fisheries industries by means of biodiversity and sixth industrialization initiatives. Loans made under this system contribute to corporate environmental efforts.

In March 2012, the Bank began participating in Japan's emissions trading system, acting as an intermediary for emission credits from the agricultural, forestry, and fisheries industries. Through emission credit trading, the Bank seeks to support eco-friendly efforts in agriculture and forestry, such as forest preservation, and corporate environmental protection measures.

CORPORATE FINANCE

The Bank's customers span a wide range of fields including those directly involved in the agricultural, forestry and fisheries industries, such as the food industry where agricultural, forestry and fishery products are processed, the pulp and paper industries, the chemical and machinery industries that produce production materials for primary industries, the trading, supermarket and restaurant industries that distribute primary industry products. The Bank also deals with customers in other fields, including the leasing, credit, IT, telecommunications, real estate, and service industries.

The Bank provides its customers with a diverse range of financial services drawing on its solid financing ability and its expertise cultivated form the experience in its global investment and lending activities. The Bank's basic policy is to contribute to socioeconomic development of Japan as well as to development of Japan's agricultural, forestry, and fisheries industries. Through these contributions, the Bank hopes to grow and develop together with its customers.

For customers entering overseas market and requiring funding for M&A, the Bank actively responds to them using its foreign funding ability through cooperation among its overseas offices located in New York, London and Singapore and branches in Japan.

Additionally, the Bank proactively offers business matching services for its customers and primary industry workers, to act as a “bridge” between their needs.

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. The Bank's balance of securities and money held in trust totals approximately ¥53 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 a high 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 the major portion of the Bank's assets due to their risk-return characteristics and other attributes, and are the Bank' 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.

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.

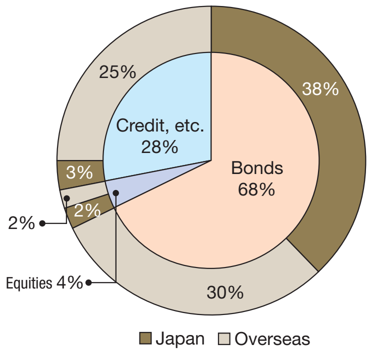
Market Asset Management System

Major decisions related to the Bank's market investment portfolio are reached systematically by the Market Portfolio Management Committee and the Credit 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.

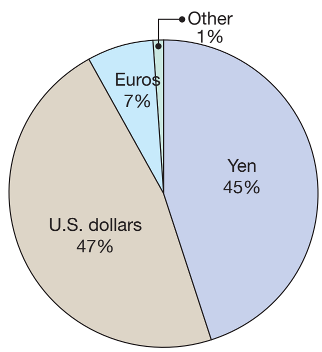
The front office executes transactions based on policies drawn up at each Portfolio Management Committee. The committee also focuses on optimizing transaction efficiency, constant and careful monitoring of market trends, developing proposals for new transaction plans, and other activities. To put the 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

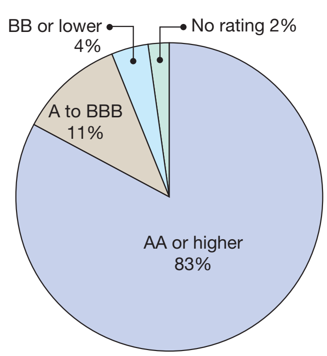
▶ Breakdown of Market Assets by Risk



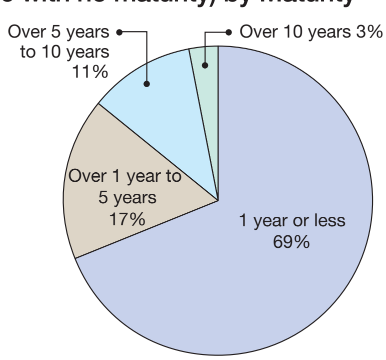
▶ Breakdown of Market Assets by Currency



▶ Breakdown of Bonds and Credit Assets by Rating



▶ Breakdown of Bonds and Credit Assets (excluding those with no maturity) by Maturity



* All data are as of March 31, 2012, on a non-consolidated basis.

checking the appropriateness of front office sections' execution, as well as measurement of 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, forestry, and fishery 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. Through its participation in the CLS System (multi-currency cash settlement system), a framework for foreign currency settlement, the Bank contributes to building a network required for 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 agricultural, forestry, and fisheries 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 cooperative members comprise the majority of the Bank's deposits. Other deposits consist primarily of those from companies involved in the agricultural, forestry, and fisheries industries and non-profit organizations, such as local public bodies. This is due to the Bank's role as the national-level cooperative financial institution for the agricultural, forestry, and fisheries industries.

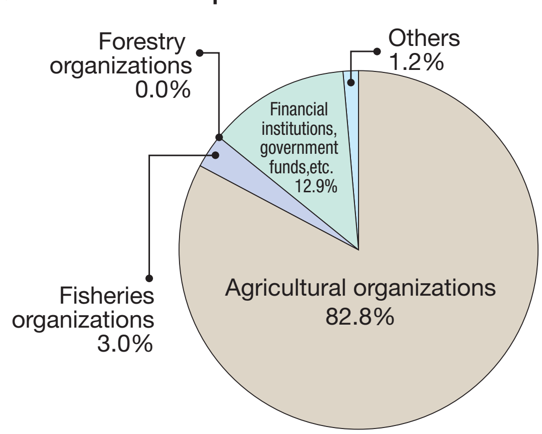
• Deposits from JA Bank and JF Marine Bank Members

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 or JF Shingyoren 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 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, 2012) **Total: ¥43.5631 trillion**

* Excludes negotiable certificates of deposit

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, 2012 totaled ¥5,125.6 billion. The funds raised through issuance of Norinchukin Bank Debentures have been used for purposes that include financing for the agricultural, forestry, and fisheries 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, at approximately 8,900 locations (as of March 31, 2012). 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, forestry, and fishery cooperatives, the Bank has focused on expanding and upgrading settlement services for all cooperatives. Domestic exchange business plays an important role in the settlement of proceeds from the sale of agricultural, forestry, and fishery products that connect consumption and production areas. Leveraging the special characteristics of 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 sectors (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. The cooperative banking institutions have also formed cash dispenser and ATM online alliances with Japan Post Bank and Seven Bank.

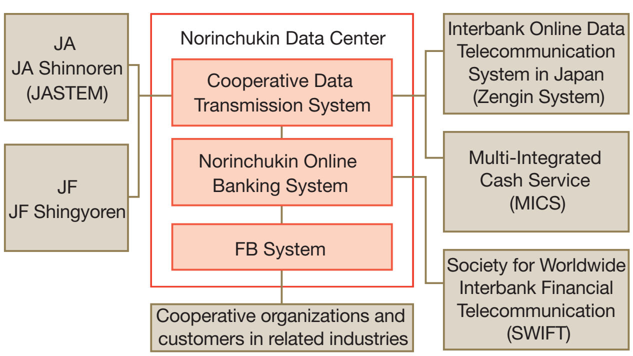
Direct Deposit and Fund Transfer Services

Massive volumes of various data related to the direct deposit of salary and pension and fund transfer services including the payment of utilities are swiftly processed in cooperation with the Cooperative Data Transmission System and the unified IT infrastructure platform for JA and JF. By connecting to the Zengin System, the Bank receives data on 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 "farm 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.

▶ Networks with Customers in Japan and Overseas



▶ Number of Cash Dispensers and ATMs

	No. of cooperative members*	No. of locations*	No. of ATMs and cash dispensers
Norinchukin Bank	1	19	0
JA Shinnoren	36	56	699
JA	714	8,502	11,470
JF Shingyoren	30	126	266
JF	145	231	134
Total	926	8,934	12,569

* Number of cooperative members and locations that handle domestic exchange operations, as of March 31, 2012

HEAD OFFICE AND BRANCH OPERATIONS (DOMESTIC AND OVERSEAS)

The Bank's Domestic Offices

Domestic offices of the Bank comprise the head office and 18 branches located throughout Japan (as of July 31, 2012).

In July 2011, Maebashi Office was upgraded to a branch.

• Domestic Branches' Roles

The principal business roles of domestic branches are to: (1) act as fund-receiving centers for deposits made by the cooperative members; (2) make loans to agricultural, forestry, and fishery industry workers, corporations related to these industries, and local governments, and their entities as part of investment activities; 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 accurately to changes in the globalization of domestic and overseas capital and financial markets, the Bank maintains branches in the world's key international financial centers, and is expanding and enhancing its international financial functions.

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

The Norinchukin Group Companies

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. plays the following basic roles by providing: (1) trust products and services to individual members of cooperatives such as JA and the local communities, leveraging the network of the agricultural, forestry, and fisheries cooperatives, (2) asset investment and management products to organizations connected to the Bank and its group companies, (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 ¥13 trillion. The Norinchukin Trust & Banking also focuses on asset management for individual members of JA, offering inheritance trust services.

Companies that Support the Organizational Base of the Cooperative Banking Business

- 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 agricultural, forestry, and fisheries industries and on environmental issues, (2) practical research on agricultural, forestry and fisheries cooperatives, (3) providing economic and financial information to cooperative organizations and customers, and (4) research that contribute 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. (http://www.nochuri.co.jp/english/index.html)

- Kyodo Seminar 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 trainers, and publishing training materials. In fiscal 2011, 13,000 employees took correspondence courses and 12,000 took certification exams, new records for both.

Companies that Complement the Business Base of the Cooperative Banking Business

- Kyodo Housing Loan Co., Ltd. provides mortgages in partnership with more than 200 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's mortgages. The company also handles Flat 35 mortgages in alliance with the Japan Housing Finance Agency.

- 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. Its private placement fund is noteworthy for having one of Japan's top origination records. This company also offers main investment trust products sold in the branches and offices of cooperative banking institutions.

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

- JA MITSUI LEASING, LTD. is a general leasing company that meets 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 agricultural, forestry and fisheries industries.
(http://www.jamitsuilease.co.jp/en/index.html)

- 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 financial stability and growth of agricultural leaders of tomorrow.

- Mitsubishi UFJ Nicos Co., Ltd. is a leading Japanese credit card company. It issues JA Cards, cash-and-credit cards for JA, and arranges guarantees for JA Bank loans. There are currently about 1.4 million JA Card members.

Companies Working to Rationalize and Streamline the Cooperative Banking Business

- Eiraku Co., Ltd. had been entrusted to perform management work such as cleaning and security as well as food service operation at Bank-owned facilities. It became a subsidiary of the Bank in September 2011. On April 1, 2012, Eiraku Co., Ltd. changed its name to Norinchukin Facilities Co., Ltd.

- Nochu Information System Co., Ltd. is entrusted with 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).

Others

- Ant Capital Partners Co., Ltd., invests in and manages private equity funds.
(http://www.antcapital.jp/english/index.html)

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

Consolidated Balance Sheets

The Norinchukin Bank and Subsidiaries
As of March 31, 2012 and 2011

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2012	2011	**2012**
Assets			
Cash and Due from Banks (Notes 30, 32 and 33)	**¥ 1,687,337**	¥ 1,837,633	**$ 20,540**
Call Loans and Bills Bought (Note 32)	**832,440**	1,300,000	**10,133**
Receivables under Resale Agreements	**44,987**	—	**548**
Receivables under Securities Borrowing Transactions	**492,481**	232,694	**5,995**
Monetary Claims Bought (Notes 32 and 33)	**222,980**	292,406	**2,714**
Trading Assets (Notes 3, 32 and 33)	**32,658**	19,377	**398**
Money Held in Trust (Notes 5, 9, 32 and 34)	**7,027,597**	7,751,802	**85,546**
Securities (Notes 4, 9, 21, 32 and 33)	**45,626,464**	43,041,795	**555,404**
Loans and Bills Discounted (Notes 5, 9, 20 and 32)	**14,738,276**	14,082,755	**179,407**
Foreign Exchange Assets (Note 6)	**44,797**	309,746	**545**
Other Assets (Notes 7, 9 and 32)	**971,610**	371,593	**11,827**
Tangible Fixed Assets (Note 8)	**119,055**	130,908	**1,449**
Intangible Fixed Assets	**43,563**	52,905	**530**
Deferred Tax Assets (Note 18)	**2,121**	134,602	**26**
Customers' Liabilities for Acceptances and Guarantees (Note 19)	**618,301**	557,304	**7,527**
Reserve for Possible Loan Losses (Note 32)	**(229,414)**	(269,211)	**(2,792)**
Reserve for Possible Investment Losses	**(12,374)**	(12,432)	**(151)**
Total Assets	**¥72,262,884**	¥69,833,882	**$879,646**
Liabilities and Net Assets			
Liabilities			
Deposits (Notes 10 and 32)	**¥43,550,349**	¥40,949,373	**$530,132**
Negotiable Certificates of Deposit (Note 32)	**1,882,426**	768,118	**22,915**
Debentures (Notes 11 and 32)	**5,117,872**	5,416,360	**62,299**
Bonds (Note 12)	**50,000**	254,366	**609**
Call Money and Bills Sold (Notes 9 and 32)	**524,922**	473,664	**6,390**
Payables under Repurchase Agreements (Notes 9 and 32)	**7,800,406**	8,523,065	**94,953**
Payables under Securities Lending Transactions (Note 9)	**10,654**	833,229	**130**
Trading Liabilities (Notes 13 and 32)	**10,595**	11,724	**129**
Borrowed Money (Notes 9, 14 and 32)	**1,814,807**	1,866,007	**22,091**
Foreign Exchange Liabilities (Note 15)	**10**	0	**0**
Short-term Entrusted Funds (Note 32)	**4,351,710**	4,397,280	**52,973**
Other Liabilities (Notes 9, 16 and 32)	**1,571,006**	1,498,346	**19,124**
Reserve for Bonus Payments	**6,474**	4,417	**79**
Reserve for Employees' Retirement Benefits (Note 17)	**6,188**	3,754	**75**
Reserve for Directors' Retirement Benefits	**1,018**	989	**12**
Deferred Tax Liabilities (Note 18)	**94,249**	—	**1,147**
Deferred Tax Liabilities for Land Revaluation	**12,932**	16,041	**157**
Acceptances and Guarantees (Note 19)	**618,301**	557,304	**7,527**
Total Liabilities	**67,423,926**	65,574,044	**820,742**
Net Assets			
Paid-in Capital (Note 22)	**3,425,909**	3,425,909	**41,703**
Capital Surplus	**25,020**	25,020	**305**
Retained Earnings	**1,024,914**	972,337	**12,476**
Treasury Preferred Stock	**(150)**	(150)	**(2)**
Total Owners' Equity	**4,475,694**	4,423,117	**54,482**
Net Unrealized Gains (Losses) on Other Securities, net of taxes	**373,302**	(222,611)	**4,544**
Net Deferred Gains (Losses) on Hedging Instruments, net of taxes	**(40,825)**	26,783	**(497)**
Revaluation Reserve for Land, net of taxes	**24,841**	26,666	**302**
Foreign Currency Transaction Adjustments	**(40)**	(39)	**(0)**
Total Accumulated Other Comprehensive Income	**357,277**	(169,200)	**4,349**
Minority Interests	**5,985**	5,920	**73**
Total Net Assets	**4,838,957**	4,259,837	**58,904**
Total Liabilities and Net Assets	**¥72,262,884**	¥69,833,882	**$879,646**

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

Consolidated Statements of Operations and Comprehensive Income

(1) Consolidated Statements of Operations

The Norinchukin Bank and Subsidiaries
For the fiscal years ended March 31, 2012 and 2011

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2012	2011	**2012**
Income			
Interest Income:	**¥597,750**	¥ 665,029	**$ 7,276**
Interest on Loans and Bills Discounted	**85,943**	90,130	**1,046**
Interest and Dividends on Securities	**495,889**	562,327	**6,036**
Interest on Call Loans and Bills Bought	**1,668**	2,440	**20**
Interest on Receivables under Resale Agreements	**7**	104	**0**
Interest on Receivables under Securities Borrowing Transactions	**540**	927	**7**
Interest on Due from Banks	**5,393**	2,480	**66**
Other Interest Income	**8,307**	6,618	**101**
Fees and Commissions	**18,397**	19,185	**224**
Trading Income (Note 23)	**753**	194	**9**
Other Operating Income (Note 24)	**86,637**	164,692	**1,055**
Other Income (Note 25)	**249,108**	262,337	**3,032**
Total Income	**952,648**	1,111,439	**11,596**
Expenses			
Interest Expenses:	**587,554**	557,731	**7,152**
Interest on Deposits	**41,704**	53,362	**508**
Interest on Negotiable Certificates of Deposit	**3,680**	2,567	**45**
Interest on Debentures	**59,125**	67,643	**720**
Interest on Borrowed Money	**80,284**	81,890	**977**
Interest on Call Money and Bills Sold	**453**	522	**5**
Interest on Payables under Repurchase Agreements	**15,233**	22,616	**185**
Interest on Payables under Securities Lending Transactions	**8**	156	**0**
Interest on Bonds	**5,678**	11,099	**69**
Other Interest Expenses	**381,385**	317,871	**4,643**
Fees and Commissions	**11,648**	10,544	**142**
Trading Expenses (Note 26)	**—**	160	**—**
Other Operating Expenses (Note 27)	**96,164**	247,483	**1,171**
General and Administrative Expenses	**118,917**	110,063	**1,447**
Other Expenses (Note 28)	**64,162**	60,799	**781**
Total Expenses	**878,447**	986,781	**10,693**
Income before Income Taxes and Minority Interests	**74,200**	124,657	**903**
Income Taxes — Current	**2,085**	1,146	**25**
Income Taxes — Deferred	**1,549**	(6,168)	**19**
Total Income Taxes	**3,634**	(5,022)	**44**
Income before Minority Interests	**70,566**	129,679	**859**
Minority Interests in Net Income	**48**	92	**1**
Net Income	**¥ 70,518**	¥ 129,586	**$ 858**

	Yen		U.S. Dollars (Note 1)
	2012	2011	**2012**
Net Income per Share	**¥14.54**	¥28.41	**$0.18**

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

(2) Consolidated Statements of Comprehensive Income

The Norinchukin Bank and Subsidiaries
For the fiscal years ended March 31, 2012 and 2011

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2012	2011	**2012**
Income before Minority Interests	**¥ 70,566**	¥129,679	**$ 859**
Other Comprehensive Income	**529,922**	174,074	**6,451**
Net Unrealized Gains on Other Securities, net of taxes (Note 29)	**595,754**	184,585	**7,252**
Net Deferred Losses on Hedging Instruments, net of taxes (Note 29)	**(67,551)**	(10,149)	**(822)**
Revaluation Reserve for Land, net of taxes (Note 29)	**1,609**	—	**20**
Foreign Currency Transaction Adjustments (Note 29)	**(1)**	(13)	**(0)**
Share of Other Comprehensive Income of Affiliates accounted for by the equity method (Note 29)	**110**	(347)	**1**
Total Comprehensive Income	**600,488**	¥303,754	**7,310**
Attributable to:			
Owners of the Parent	**600,430**	¥303,672	**7,309**
Minority Interests	**¥ 58**	¥ 81	**$ 1**

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

Consolidated Statements of Capital Surplus and Retained Earnings

The Norinchukin Bank and Subsidiaries
For the fiscal years ended March 31, 2012 and 2011

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2012	2011	**2012**
Capital Surplus			
Balance at the Beginning of the Fiscal Year	**¥ 25,020**	¥ 25,020	**$ 305**
Balance at the End of the Fiscal Year	**25,020**	25,020	**305**
Retained Earnings			
Balance at the Beginning of the Fiscal Year	**972,337**	837,448	**11,836**
Additions:			
Net Income for the Fiscal Year	**70,518**	129,586	**858**
Transfer from Revaluation Reserve for Land, net of taxes	**3,434**	5,302	**42**
Deductions:			
Dividends	**21,375**	—	**260**
Balance at the End of the Fiscal Year	**¥1,024,914**	¥972,337	**$12,476**

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

Consolidated Statements of Cash Flows

The Norinchukin Bank and Subsidiaries
For the fiscal years ended March 31, 2012 and 2011

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2012	2011	**2012**
Cash Flows from Operating Activities:			
Income before Income Taxes and Minority Interests	**¥ 74,200**	¥ 124,657	**$ 903**
Depreciation	**19,999**	14,714	**244**
Losses on Impairment of Fixed Assets	**4,588**	9,170	**56**
Gains on Negative Goodwill Incurred	**(2,729)**	—	**(33)**
Equity in Losses (Earnings) of Affiliates	**(7,113)**	12,875	**(86)**
Net Decrease in Reserve for Possible Loan Losses	**(39,892)**	(34,128)	**(486)**
Net Increase (Decrease) in Reserve for Possible Investment Losses	**(57)**	6,338	**(1)**
Net Increase (Decrease) in Reserve for Bonus Payments	**1,837**	(102)	**22**
Net Increase in Reserve for Employees' Retirement Benefits	**2,288**	1,970	**28**
Net Decrease in Reserve for Directors' Retirement Benefits	**(32)**	(4)	**(0)**
Interest Income	**(597,750)**	(665,029)	**(7,276)**
Interest Expenses	**587,554**	557,731	**7,152**
Losses (Gains) on Securities	**48,044**	(17,538)	**585**
Losses (Gains) on Money Held in Trust	**3,428**	(1,265)	**42**
Foreign Exchange Losses	**314,547**	2,764,234	**3,829**
Gains on Disposal of Fixed Assets	**(404)**	(1,960)	**(5)**
Net Increase in Trading Assets	**(13,280)**	(6,322)	**(162)**
Net Decrease in Trading Liabilities	**(1,129)**	(851)	**(14)**
Net Increase in Loans and Bills Discounted	**(627,455)**	(985,120)	**(7,638)**
Net Increase in Deposits	**1,681,174**	1,847,737	**20,465**
Net Increase in Negotiable Certificates of Deposit	**1,114,307**	65,318	**13,564**
Net Decrease in Debentures	**(298,488)**	(189,406)	**(3,633)**
Net Decrease in Borrowed Money (Excluding Subordinated Borrowed Money)	**(51,200)**	(177,300)	**(623)**
Net Decrease (Increase) in Interest-bearing Due from Banks	**(380,356)**	274,831	**(4,630)**
Net Decrease in Call Loans and Bills Bought and Other	**494,066**	240,982	**6,014**
Net Increase in Receivables under Securities Borrowing Transactions	**(259,787)**	(232,694)	**(3,162)**
Net Decrease in Call Money and Bills Sold and Other	**(671,401)**	(1,618,453)	**(8,173)**
Net Increase (Decrease) in Short-term Entrusted Funds	**(45,569)**	120,109	**(555)**
Net Increase (Decrease) in Payables under Securities Lending Transactions	**(822,575)**	734,686	**(10,013)**
Net Decrease (Increase) in Foreign Exchange Assets	**264,949**	(296,821)	**3,225**
Net Increase (Decrease) in Foreign Exchange Liabilities	**10**	(0)	**0**
Interest Received	**626,006**	744,141	**7,620**
Interest Paid	**(597,543)**	(580,049)	**(7,274)**
Other, Net	**(343,774)**	(30,860)	**(4,185)**
Subtotal	**476,462**	2,681,590	**5,800**
Income Taxes Paid	**(3,933)**	(6,350)	**(48)**
Net Cash Provided by Operating Activities	**472,528**	2,675,240	**5,752**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2012	2011	**2012**
Cash Flows from Investing Activities:			
Purchases of Securities	**(30,101,719)**	(40,115,753)	**(366,424)**
Proceeds from Sales of Securities	**833,008**	3,871,282	**10,140**
Proceeds from Redemption of Securities	**27,220,017**	34,725,684	**331,345**
Increase in Money Held in Trust	**(1,042,889)**	(2,127,571)	**(12,695)**
Decrease in Money Held in Trust	**1,410,795**	896,001	**17,173**
Purchases of Tangible Fixed Assets	**(2,552)**	(8,339)	**(31)**
Purchases of Intangible Fixed Assets	**(2,543)**	(4,953)	**(31)**
Proceeds from Sales of Tangible Fixed Assets	**5,038**	5,601	**61**
Purchase of Stocks of Subsidiaries (Affecting the Scope of Consolidation)	**(1,832)**	—	**(22)**
Purchase of Stocks of Subsidiaries (Not Affecting the Scope of Consolidation)	**(286)**	—	**(3)**
Proceeds from Business Transfer	**895,606**	—	**10,902**
Net Cash Used in Investing Activities	**(787,356)**	(2,758,047)	**(9,585)**
Cash Flows from Financing Activities:			
Payments for Redemption of Subordinated Bonds	**(195,026)**	—	**(2,374)**
Dividends Paid	**(21,375)**	—	**(260)**
Dividends Paid to Minority Interests	**—**	(9)	**—**
Net Cash Used in Financing Activities	**(216,402)**	(9)	**(2,634)**
Net Decrease in Cash and Cash Equivalents	**(531,230)**	(82,816)	**(6,467)**
Cash and Cash Equivalents at the Beginning of the Fiscal Year	**946,195**	1,029,012	**11,518**
Cash and Cash Equivalents at the End of the Fiscal Year (Note 30)	**¥ 414,965**	¥ 946,195	**$ 5,051**

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.

The consolidated financial statements are intended only to present the consolidated financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in Japan.

Amounts in U.S. dollars are included solely for the convenience of readers. The exchange rate of ¥82.15=U.S.$1, the approximate rate of exchange prevailing on March 31, 2012, 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 figures disclosed in the consolidated financial statements are expressed in millions of yen 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

Change in Presentation of the Consolidated Statements of Operations

As the addendum format of "Ordinance for Enforcement of The Norinchukin Bank Law" (Cabinet Office and Ministry of Agriculture, Forestry and Fisheries Ordinance No. 16 of 2001) was revised by "Order Partially Revising Ordinance for Enforcement of The Norinchukin Bank Law" (Cabinet Office and Ministry of Agriculture, Forestry and Fisheries Ordinance No. 1, March 25, 2011), "Income before Minority Interests" has been presented from the fiscal year ended March 31, 2011.

Additional Information

The Bank and its consolidated subsidiaries adopted the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24, December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, December 4, 2009) for accounting changes and corrections of prior period errors made after the beginning of the fiscal year 2011.

The Bank has adopted "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, June 30, 2010) from the fiscal year ended March 31, 2011.

(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 number of subsidiaries as of March 31, 2012 and 2011 was 9 and 8, 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.

Eiraku Co., Ltd. was consolidated from the fiscal year 2011 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 number of affiliates as of March 31, 2012 and 2011 was 6 and 7, respectively, out of which 5 and 6 were accounted for by the equity method, respectively, while the remaining immaterial affiliate is carried at cost. Differences between the cost and the underlying net equity at fair value of investments in companies which are accounted for by the equity method have been amortized by the straight-line method over 20 years except for immaterial goodwill which are charged to income in the year of acquisition. Negative goodwill is credited to income in the year of acquisition. The major affiliates accounted for by the equity method are as follows:

Mitsubishi UFJ NICOS Co., Ltd.

JA MITSUI LEASING, LTD.

Private Equity Fund Research and Investments Co., Ltd. is no longer accounted for by the equity method from the fiscal year 2011 due to the sale of its shares.

(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 statements of operations.

Securities, monetary claims and certain other instruments held for trading purposes are valued at fair value prevailing at the end of the fiscal year. 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 consolidated balance sheet date.

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.

Investments in affiliates that are not accounted for by the equity method are valued at cost, as determined by the moving average method. Other securities that have readily determinable fair value 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.

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 'Accounting for Financial Instruments' for Banks," issued by the Japanese Institute of Certified Public Accountants ("JICPA"), (JICPA Industry Audit Committee Report No. 24). Hedge effectiveness of a fair value hedge is assessed by identified groups of hedged items, such as loans and deposits, and the corresponding groups of hedging instruments, such as interest rate swaps within the same maturity bucket. Hedge effectiveness of a cash flow hedge is assessed based on the correlation of the interest rate risk indicators of the hedged items and that of the hedging instruments.

Deferred hedge gains or losses were recorded in the consolidated balance sheet as a result of applying the hedge accounting method described in "Tentative Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks" (JICPA Industry Audit Committee Report No. 15), to the macro hedges under which the Bank used derivatives to manage the overall interest rate risk arising from various financial assets and liabilities, such as loans and deposits. Such deferred hedge gains or losses are amortized into Interest Income or Interest Expenses as calculated based on the maturity and notional amount of the hedging instruments, beginning in the fiscal year ended March 31, 2004.

The unamortized balances of deferred hedge losses under the macro hedges, before deducting the tax effect, as of March 31, 2012 and 2011 were ¥— and ¥105 million, respectively.

(b) Hedge of Foreign Exchange Rate Risk

The Bank applies the deferral method of hedge accounting to the hedge transactions to manage foreign exchange rate risk arising from various financial assets and liabilities denominated in foreign currencies, which is described in "Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25). Hedge effectiveness is assessed by reviewing whether the amount of the hedged items, such as financial monetary assets and liabilities denominated in foreign currencies, 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 statements 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.

A certain Bank's consolidated subsidiary applies the accrual method of hedge accounting, as specifically permitted for certain interest rate swaps.

(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 annex facilities of buildings) is 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 revalued on March 31, 1998. Unrealized gains arising from revaluation, net of deferred tax, are disclosed as Revaluation Reserve for Land, net of taxes and included in Net Assets on the consolidated balance sheet. The related deferred tax liability is recorded as Deferred Tax Liabilities for Land Revaluation.

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

(5) Intangible Fixed Assets (other than Lease Assets)

Depreciation of Intangible Fixed Assets is calculated using the straight-line method.

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

(6) Lease Assets

a. Depreciation

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.

b. Accounting for Finance Leases

Finance leases where the ownership of assets is not transferred to the lessees, which commenced in fiscal years beginning prior to April 1, 2008, are accounted for by the same accounting method as for operating leases. Rental expenses and lease expenses under operating leases are charged to income when incurred.

(7) Debentures

All the debenture issuance costs are charged to income when incurred.

(8) 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.

(9) Reserve for Possible Loan Losses

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

a. Reserve for loans to debtors who are legally or substantially bankrupt under the Bankruptcy Law, Special Liquidation under the Company Law or other similar laws is provided based on the remaining book value of the loans after the direct write-off described below and the deduction of the amount expected to be collected through the disposal 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 ¥63,829 million ($777 million) and ¥46,050 million for the fiscal years ended March 31, 2012 and 2011, respectively.

b. Reserve for loans to debtors who are not currently bankrupt, but are likely to become bankrupt ("doubtful debtors"), is determined after taking into account a comprehensively evaluated repayment ability of debtors after deducting the amount expected to be collected through the disposal of collateral or the execution of guarantees.
c. Reserve for loans to debtors with restructured loans (see Note 5) is provided based on the Discounted Cash Flow method if the loan balance exceeds a specific amount and the future cash flows of the principal and interest of the loan can be reasonably estimated. Under the Discounted Cash Flow method, reserve is measured as the difference between the book value of the loan and its present value of expected future cash flows, discounted by the contractual interest rate before the terms of the loan were restructured.
d. Reserve for loans other than those indicated above, is provided primarily at the amount calculated using the default rates which the Bank has calculated based on actual defaults experienced in the past.
e. Specific reserve for loans to certain countries with financial difficulties is provided based on the expected amount of losses taking into account the political, economic and other conditions in each country.

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

The effects of the Great East Japan Earthquake were taken into account in the self-assessment as long as the reasonable judgments of the debtors' status could be possibly made. The reasonably estimated amounts of the effects are reflected in the financial statements of the fiscal year ended March 31, 2011.

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.

Some of the Bank's consolidated subsidiaries provided reserve at the amount determined using the information available at the end of the fiscal year ended March 31, 2011 with respect to the debtors whose accurate status was difficult to confirm due to the Great East Japan Earthquake.

(10) 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.

(11) Reserve for Bonus Payments

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

(12) Reserve for Employees' Retirement Benefits

Reserve for Employees' Retirement Benefits, which is provided for the payment of employees' retirement benefits, is recorded as the required amount accrued at the end of the fiscal year, based on the estimated present value of projected benefit obligations ("PBO") and the estimated plan assets at the end of the fiscal year. In the case that plan assets exceed the amounts of the PBO adjusted by unrecognized prior service cost and actuarial differences, the excess portion is recorded as prepaid pension costs in Other Assets.

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 had been incurred.

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 had been incurred.

Some of the Bank's consolidated subsidiaries adopt the simplified method whereby the reserve is provided at the amount that would be paid if all eligible employees voluntarily retired at the consolidated balance sheet date.

(13) Reserve for Directors' Retirement Benefits

Reserve for Directors' Retirement Benefits for the payments of retirement benefits for directors and corporate auditors is recognized as the required amount accrued at the end of the fiscal year.

(14) Consumption Taxes

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

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

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

Non-interest bearing due from banks includes due from Bank of Japan for which interest is paid on excess reserve balance based on a temporary measure introduced by Bank of Japan.

(16) Net Income per Share

Net Income per Share is computed based upon the weighted average number of shares outstanding during the fiscal year.

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 Stock and Preferred Stock is deducted from the denominator, respectively, in the calculation of Net Income per Share.

3. Trading Assets

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2012**	2011	**2012**
Trading Securities	**¥21,425**	¥ 7,206	**$261**
Derivatives of Trading Securities	**1**	—	**0**
Derivatives of Securities Related to Trading Transactions	**—**	—	**—**
Trading-related Financial Derivatives	**11,231**	12,170	**137**
Total	**¥32,658**	¥19,377	**$398**

4. Securities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2012**	2011	**2012**
Japanese Government Bonds	**¥17,541,008**	¥15,276,015	**$213,524**
Municipal Government Bonds	**1,874**	1,489	**23**
Corporate Bonds	**97,844**	104,505	**1,191**
Stocks	**504,161**	498,299	**6,137**
Other	**27,481,576**	27,161,484	**334,529**
Foreign Bonds	**17,698,881**	17,964,916	**215,446**
Foreign Stocks	**48,101**	55,583	**586**
Investment Trusts	**9,160,667**	8,481,284	**111,511**
Other	**573,924**	659,699	**6,986**
Total	**¥45,626,464**	¥43,041,795	**$555,404**

The maturity profile of securities is as follows:

	Millions of Yen				
As of March 31, 2012	1 Year or Less	Over 1 Year to 5 Years	Over 5 Years to 10 Years	Over 10 Years	With no maturity date
Bonds	**¥ 7,013,684**	**¥ 539,573**	**¥ 9,343,698**	**¥ 743,770**	**¥ —**
Japanese Government Bonds	**6,985,821**	**478,626**	**9,342,968**	**733,592**	**—**
Municipal Government Bonds	**58**	**1,052**	**730**	**33**	**—**
Corporate Bonds	**27,804**	**59,894**	**—**	**10,144**	**—**
Stocks	**—**	**—**	**—**	**—**	**504,161**
Other	**3,207,981**	**11,317,099**	**2,792,113**	**1,538,646**	**8,625,735**
Foreign Bonds	**3,163,529**	**10,989,124**	**2,535,514**	**1,010,712**	**—**
Foreign Stocks	**—**	**—**	**—**	**—**	**48,101**
Investment Trusts	**25,514**	**81,336**	**950**	**507,488**	**8,545,377**
Other	**18,936**	**246,638**	**255,649**	**20,444**	**32,255**
Total	**¥10,221,665**	**¥11,856,673**	**¥12,135,812**	**¥2,282,417**	**¥9,129,896**

	Millions of Yen				
As of March 31, 2011	1 Year or Less	Over 1 Year to 5 Years	Over 5 Years to 10 Years	Over 10 Years	With no maturity date
Bonds	¥6,858,263	¥ 103,030	¥5,668,012	¥2,752,704	¥ —
Japanese Government Bonds	6,855,457	17,200	5,662,417	2,740,939	—
Municipal Government Bonds	28	660	556	244	—
Corporate Bonds	2,777	85,169	5,038	11,519	—
Stocks	—	—	—	—	498,299
Other	1,400,260	12,077,862	3,430,173	2,348,178	7,905,010
Foreign Bonds	1,360,520	11,683,349	3,182,839	1,738,207	—
Foreign Stocks	—	—	—	—	55,583
Investment Trusts	25,373	134,817	978	503,036	7,817,078
Other	14,366	259,694	246,355	106,935	32,347
Total	¥8,258,523	¥12,180,892	¥9,098,186	¥5,100,882	¥8,403,309

	Millions of U.S. Dollars				
As of March 31, 2012	1 Year or Less	Over 1 Year to 5 Years	Over 5 Years to 10 Years	Over 10 Years	With no maturity date
Bonds	**$ 85,377**	**$ 6,568**	**$113,739**	**$ 9,054**	**$ —**
Japanese Government Bonds	**85,038**	**5,826**	**113,730**	**8,930**	**—**
Municipal Government Bonds	**1**	**13**	**9**	**0**	**—**
Corporate Bonds	**338**	**729**	**—**	**124**	**—**
Stocks	**—**	**—**	**—**	**—**	**6,137**
Other	**39,050**	**137,762**	**33,988**	**18,729**	**105,000**
Foreign Bonds	**38,509**	**133,769**	**30,865**	**12,303**	**—**
Foreign Stocks	**—**	**—**	**—**	**—**	**586**
Investment Trusts	**311**	**990**	**11**	**6,177**	**104,022**
Other	**230**	**3,003**	**3,112**	**249**	**392**
Total	**$124,427**	**$144,330**	**$147,727**	**$27,783**	**$111,137**

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

5. Loans and Bills Discounted

As of March 31	Millions of Yen 2012	2011	Millions of U.S. Dollars 2012
Loans on Deeds	**¥13,156,036**	¥12,581,210	**$160,146**
Loans on Bills	**232,534**	143,204	**2,831**
Overdrafts	**1,344,308**	1,352,753	**16,364**
Bills Discounted	**5,397**	5,587	**66**
Total	**¥14,738,276**	¥14,082,755	**$179,407**

As of March 31	Millions of Yen 2012	2011	Millions of U.S. Dollars 2012
Loans to Borrowers under Bankruptcy Proceedings	**¥ 1,102**	¥ 3,216	**$ 14**
Delinquent Loans	**197,354**	245,670	**2,402**
Loans Past Due for Three Months or More	**42**	111	**1**
Restructured Loans	**71,496**	62,000	**870**
Total	**¥269,995**	¥310,997	**$3,287**

(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 Corporate Tax Law (Law No. 97, 1965) on which interest is placed on an no-accrual status (hereinafter referred to as "Non-accrual Loans") since the loan principals and/or their pertaining interests are determined to be uncollectible considering the period of time past due and other reasons.

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

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

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

In addition, as of March 31, 2012 and 2011, Money Held in Trust includes restructured loans of ¥— and ¥3 million, respectively .

6. Foreign Exchange Assets

As of March 31	Millions of Yen 2012	2011	Millions of U.S. Dollars 2012
Foreign Bills Bought	**¥ —**	¥ —	**$ —**
Due from Foreign Banks	**44,797**	309,746	**545**
Total	**¥44,797**	¥309,746	**$545**

7. Other Assets

As of March 31	Millions of Yen 2012	2011	Millions of U.S. Dollars 2012
Prepaid Expenses	**¥ 645**	¥ 554	**$ 8**
Accrued Income	**104,711**	119,356	**1,274**
Financial Derivatives	**40,073**	49,256	**488**
Other	**826,180**	202,426	**10,057**
Total	**¥971,610**	¥371,593	**$11,827**

8. Tangible Fixed Assets

As of March 31	Millions of Yen 2012	2011	Millions of U.S. Dollars 2012
Land	**¥ 63,104**	¥ 67,442	**$ 768**
Buildings	**35,396**	40,491	**431**
Equipment	**6,792**	8,343	**83**
Lease Assets	**13,158**	14,430	**160**
Other	**604**	201	**7**
Total Net Book Value	**119,055**	130,908	**1,449**
Accumulated Depreciation Deducted	**¥104,608**	¥101,613	**$1,273**

9. Assets Pledged

Assets pledged as collateral comprise the following:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2012**	2011	**2012**
Securities	**¥10,617,645**	¥13,218,581	**$129,247**
Loans and Bills Discounted	**7,821,553**	7,556,911	**95,211**

Liabilities secured by the above assets are as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2012**	2011	**2012**
Call Money and Bills Sold	**¥ 455,000**	¥ 425,000	**$ 5,539**
Payables under Repurchase Agreements	**7,755,429**	8,523,065	**94,406**
Payables under Securities Lending Transactions	**4,633**	804,888	**56**
Borrowed Money	**283,800**	335,000	**3,455**
Other Liabilities	**—**	21,150	**—**

In addition, as of March 31, 2012 and 2011, Securities (including transactions of Money Held in Trust) of ¥7,217,404 million ($87,856 million) and ¥7,831,309 million, respectively, were pledged as collateral for settlement of exchange and derivative transactions or as margins of futures transactions.

As of March 31, 2012 and 2011, initial margins of futures transactions of ¥1,949 million ($24 million) and ¥1,631 million, respectively, cash collateral under financial derivative transactions of ¥759,895 million ($9,250 million) and ¥953 million, respectively, and guarantee deposits of ¥6,033 million ($73 million) and ¥6,336 million, respectively, were included in Other Assets.

10. Deposits

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2012**	2011	**2012**
Time Deposits	**¥36,683,500**	¥34,495,148	**$446,543**
Deposits at Notice	**84,318**	52,668	**1,026**
Ordinary Deposits	**1,065,109**	990,567	**12,966**
Current Deposits	**131,389**	105,039	**1,599**
Other Deposits	**5,586,032**	5,305,950	**67,998**
Total	**¥43,550,349**	¥40,949,373	**$530,132**

11. Debentures

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2012**	2011	**2012**
One-year Discount Debentures	**¥ —**	¥ —	**$ —**
Long-term Coupon Debentures	**5,117,872**	5,416,360	**62,299**
Total	**¥5,117,872**	¥5,416,360	**$62,299**

12. Bonds

Bonds were subordinated bonds of ¥50,000 million ($609 million) and ¥254,366 million as of March 31, 2012 and 2011, respectively.

13. Trading Liabilities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2012**	2011	**2012**
Derivatives of Trading Securities	**¥ —**	¥ 12	**$ —**
Derivatives of Securities Related to Trading Transactions	**13**	0	**0**
Trading-related Financial Derivatives	**10,581**	11,710	**129**
Total	**¥10,595**	¥11,724	**$129**

14. Borrowed Money

Borrowed Money includes subordinated borrowings of ¥1,486,007 million ($18,089 million) and ¥1,486,007 million as of March 31, 2012 and 2011, respectively.

15. Foreign Exchange Liabilities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2012**	2011	**2012**
Foreign Bills Sold	**¥—**	¥—	**$—**
Foreign Bills Payable	**10**	0	**0**
Due to Foreign Banks	**—**	—	**—**
Total	**¥10**	¥ 0	**$ 0**

16. Other Liabilities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2012**	2011	**2012**
Accrued Expenses	**¥ 52,829**	¥ 62,595	**$ 643**
Income Taxes Payable	**796**	492	**10**
Unearned Income	**1,159**	1,353	**14**
Derivatives Other Than for Trading	**698,326**	193,667	**8,501**
Accounts Payable for Securities Purchased	**715,536**	1,031,865	**8,710**
Other	**102,358**	208,371	**1,246**
Total	**¥1,571,006**	¥1,498,346	**$19,124**

17. Retirement Benefit Plans

The Bank and its consolidated subsidiaries fund a defined benefit pension plan and, in addition, have a lump-sum payment pension plan. Additional retirement benefits are paid to employees in certain cases. To fund the lump-sum payment pension plan, the Bank has established a retirement benefit trust.

The reserve for retirement benefits as of March 31, 2012 and 2011, are as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2012**	2011	**2012**
Projected Benefit Obligations	**¥(103,363)**	¥(88,780)	**$(1,258)**
Plan Assets	**67,647**	68,149	**824**
Unfunded Retirement Benefit Obligations	**(35,715)**	(20,630)	**(434)**
Unrecognized Actuarial Differences	**28,359**	16,253	**345**
Unrecognized Prior Service Cost	**1,168**	1,327	**14**
Net Amounts Reported in the Consolidated Balance Sheets	**(6,188)**	(3,049)	**(75)**
Prepaid Pension Cost	**—**	704	**—**
Reserve for Employees' Retirement Benefits	**¥ (6,188)**	¥ (3,754)	**$ (75)**

Note: Some of the Bank's consolidated subsidiaries adopt the simplified method whereby the amount that would be payable if the eligible employees voluntarily terminate the employment and certain other alternative measures may be used without employing actuarial calculations in accordance with the Accounting Standard for Retirement Benefit to calculate PBO.

Assumptions used in the above calculation are as follows:

As of or for the fiscal years ended March 31	**2012**	2011
Discount Rate	**1.2%**	2.0%
Expected Rate of Return on Plan Assets	**3.0%**	3.0%
Method of Attributing the Projected Benefits to Periods of Service	**Straight-line Basis**	Straight-line Basis
Amortization of Unrecognized Actuarial Differences	**10 years**	10 years
Amortization of Unrecognized Prior Service Cost	**10 years**	10 years

18. Accounting for Income Taxes

Components of deferred tax assets and liabilities are as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2012**	2011	**2012**
Deferred Tax Assets:			
Reserve for Possible Loan Losses	**¥ 50,770**	¥ 65,335	**$ 618**
Write-off of Loans	**9,528**	4,151	**116**
Losses on Revaluation of Securities	**95,451**	122,496	**1,162**
Reserve for Employees' Retirement Benefits	**8,988**	8,912	**109**
Depreciation Expense	**478**	707	**6**
Net Operating Losses Carried Forward	**6,851**	6,389	**83**
Unrealized Losses on Other Securities	**14**	103,372	**0**
Deferred Losses on Hedging Instruments	**22,983**	2,718	**280**
Unrealized Losses on Reclassification	**42,394**	76,651	**516**
Other	**64,853**	80,187	**790**
Subtotal	**302,313**	470,923	**3,680**
Valuation Allowance	**(165,867)**	(200,987)	**(2,019)**
Total Deferred Tax Assets	**136,445**	269,936	**1,661**
Deferred Tax Liabilities:			
Gain from Contribution of Securities to Employee Retirement Benefit Trust	**(4,959)**	(5,577)	**(60)**
Unrealized Gains on Other Securities	**(126,443)**	(47)	**(1,539)**
Deferred Gains on Hedging Instruments	**(7,392)**	(14,839)	**(90)**
Unrealized Gains on Reclassification	**(46,379)**	(58,627)	**(565)**
Other	**(43,398)**	(56,242)	**(528)**
Total Deferred Tax Liabilities	**(228,573)**	(135,333)	**(2,782)**
Net Deferred Tax Assets (Liabilities)	**¥ (92,128)**	¥134,602	**$(1,121)**

19. Acceptances and Guarantees

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2012**	2011	**2012**
Acceptance of Bills of Exchange	**¥ —**	¥ —	**$ —**
Letters of Credit	**174**	578	**2**
Guarantees	**618,126**	556,726	**7,525**
Total	**¥618,301**	¥557,304	**$7,527**

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

20. Commitments to Overdrafts and Loans

Commitments related to overdrafts and loans represent agreements to extend overdrafts or loans up to the pre-agreed amount at the customer's request as long as no violation of the conditions stipulated in the commitment agreement exists. The amount of undrawn commitments in relation to such agreements was ¥2,658,983 million ($32,367 million) and ¥2,545,039 million as of March 31, 2012 and 2011, respectively. The amount of the undrawn commitments, which the Bank and its consolidated subsidiaries could cancel at any time without cause, was ¥1,843,793 million ($22,444 million) and ¥1,715,544 million as of March 31, 2012 and 2011, respectively.

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

21. Securities Loaned

Securities include securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) of ¥129,823 million ($1,580 million) and ¥139,814 million as of March 31, 2012 and 2011, respectively.

Securities borrowed under unsecured borrowing agreements (Saiken Taishaku Torihiki) and securities purchased under resale agreements and cash-collateralized borrowing agreements, which can be sold or re-pledged by the Bank, include securities re-pledged of ¥50,151 million ($610 million) and ¥29,671 million as of March 31, 2012 and 2011, respectively, and securities held without re-pledge of ¥1,361,956 million ($16,579 million) and ¥1,065,101 million as of March 31, 2012 and 2011, respectively. No such securities are re-loaned to the third parties.

22. Paid-in Capital

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2012**	2011	**2012**
Common Stock	**¥3,400,909**	¥3,400,909	**$41,399**
Preferred Stock	**24,999**	24,999	**304**
Total	**¥3,425,909**	¥3,425,909	**$41,703**

The Common Stock account includes Lower Dividend Rate Stock with a total par value of ¥2,975,192 million ($36,217 million) and ¥2,975,192 million as of March 31, 2012 and 2011, respectively.

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

23. Trading Income

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	**2012**	2011	**2012**
Income from Trading Securities and Derivatives	**¥590**	¥ —	**$ 7**
Income from Securities and Derivatives Related to Trading Transactions	**9**	—	**0**
Income from Trading-related Financial Derivatives	**154**	194	**2**
Other	**—**	—	**—**
Total	**¥753**	¥194	**$ 9**

24. Other Operating Income

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	**2012**	2011	**2012**
Gains on Foreign Exchange Transactions	**¥ —**	¥ —	**$ —**
Gains on Sales of Bonds	**24,919**	69,902	**303**
Gains on Redemption of Bonds	**16,557**	28,499	**202**
Gains on Financial Derivatives	**—**	21,276	**—**
Other	**45,160**	45,014	**550**
Total	**¥86,637**	¥164,692	**$1,055**

25. Other Income

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	**2012**	2011	**2012**
Gains on Sales of Stocks and Other Securities	**¥ 14,318**	¥ 23,639	**$ 174**
Gains on Money Held in Trust	**211,387**	205,109	**2,573**
Equity in Earnings of Affiliates	**7,113**	—	**86**
Gains on Disposals of Fixed Assets	**1,865**	2,484	**23**
Recoveries of Written-off Claims	**2,962**	1,533	**36**
Reversal of Reserve for Possible Loan Losses	**6,787**	25,615	**83**
Gains on Negative Goodwill Incurred	**2,729**	—	**33**
Other	**1,943**	3,955	**24**
Total	**¥249,108**	¥262,337	**$3,032**

26. Trading Expenses

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	**2012**	2011	**2012**
Expenses on Trading Securities and Derivatives	**¥—**	¥ 65	**$—**
Expenses on Securities and Derivatives Related to Trading Transactions	**—**	94	**—**
Expenses on Trading-related Financial Derivatives	**—**	—	**—**
Total	**¥—**	¥160	**$—**

27. Other Operating Expenses

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	**2012**	2011	**2012**
Amortization of Debenture Issuance Costs	**¥ 466**	¥ 471	**$ 6**
Losses on Foreign Exchange Transactions	**4,486**	657	**55**
Losses on Sales of Bonds	**28,908**	178,810	**352**
Losses on Redemption of Bonds	**136**	4,593	**2**
Losses on Revaluation of Bonds	**1,969**	10,390	**24**
Losses on Financial Derivatives	**12,992**	—	**158**
Other	**47,203**	52,560	**574**
Total	**¥96,164**	¥247,483	**$1,171**

28. Other Expenses

Fiscal years ended March 31	Millions of Yen 2012	Millions of Yen 2011	Millions of U.S. Dollars 2012
Write-off of Loans	**¥ 1,783**	¥ 1,908	**$ 22**
Provision of Reserve for Possible Loan Losses	**—**	—	**—**
Losses on Sales of Stocks and Other Securities	**21,179**	120	**258**
Losses on Revaluation of Stocks and Other Securities	**15,243**	10,902	**185**
Losses on Money Held in Trust	**11,794**	6,001	**143**
Equity in Losses of Affiliates	**—**	12,875	**—**
Losses on Disposals of Fixed Assets	**1,461**	523	**18**
Provision of Reserve for Possible Investment Losses	**—**	6,338	**—**
Other	**12,699**	22,129	**155**
Total	**¥64,162**	¥60,799	**$781**

29. Other Comprehensive Income

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

Fiscal year ended March 31, 2012	Millions of Yen	Millions of U.S. Dollars
Net Unrealized Gains on Other Securities, net of taxes:		
Gains arising during the fiscal year	**¥740,113**	**$ 9,009**
Reclassification adjustments to profit or loss	**107,189**	**1,305**
Amounts before income tax effects	**847,303**	**10,314**
Income tax effects	**(251,548)**	**(3,062)**
Total	**595,754**	**7,252**
Net Deferred Losses on Hedging Instruments, net of taxes:		
Losses arising during the fiscal year	**(177,707)**	**(2,163)**
Reclassification adjustments to profit or loss	**82,443**	**1,004**
Amounts before income tax effects	**(95,263)**	**(1,159)**
Income tax effects	**27,711**	**337**
Total	**(67,551)**	**(822)**
Revaluation Reserve for Land, net of taxes:		
Gains (Losses) arising during the fiscal year	**—**	**—**
Reclassification adjustments to profit or loss	**—**	**—**
Amounts before income tax effects	**—**	**—**
Income tax effects	**1,609**	**20**
Total	**1,609**	**20**
Foreign Currency Transaction Adjustments:		
Losses arising during the fiscal year	**(1)**	**(0)**
Reclassification Adjustments to profit or loss	**—**	**—**
Amounts before income tax effects	**(1)**	**(0)**
Income tax effects	**—**	**—**
Total	**(1)**	**(0)**
Share of Other Comprehensive Income of Affiliates accounted for by the equity method:		
Losses during the fiscal year	**(31)**	**(0)**
Reclassification Adjustments to profit or loss	**142**	**1**
Total	**110**	**1**
Total Other Comprehensive Income	**¥529,922**	**$ 6,451**

30. Cash Flows

(1) The reconciliation of Cash and Due from Banks in the consolidated balance sheets to "Cash and Cash Equivalents" at the end of the fiscal year

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2012**	2011	**2012**
Cash and Due from Banks	**¥1,687,337**	¥1,837,633	**$20,540**
Less: Interest-bearing Due from Banks	**(1,272,371)**	(891,437)	**(15,489)**
Cash and Cash Equivalents at the End of the Fiscal Year	**¥ 414,965**	¥ 946,195	**$ 5,051**

(2) The major assets and liabilities increased due to the business transfer

The major assets and liabilities which increased due to the business transfer from Gunma Prefectural Credit Federations of Agricultural Cooperatives were Loans and Bills Discounted of ¥28,066 million ($342 million) and Deposits of ¥923,591 million ($11,243 million), respectively.

31. Segment Information

Fiscal year ended March 31, 2012

(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, 2012	Loan Business	Securities Investment Business	Others	Total
Ordinary Income from External Customers	**¥98,069**	**¥770,466**	**¥79,517**	**¥948,053**

	Millions of U.S. Dollars			
Fiscal year ended March 31, 2012	Loan Business	Securities Investment Business	Others	Total
Ordinary Income from External Customers	**$1,194**	**$9,379**	**$968**	**$11,541**

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, 2012	Japan	Americas	Europe	Others	Total
	¥924,745	**¥4,128**	**¥8,640**	**¥10,539**	**¥948,053**

	Millions of U.S. Dollars				
Fiscal year ended March 31, 2012	Japan	Americas	Europe	Others	Total
	$11,257	**$50**	**$105**	**$129**	**$11,541**

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 Asset

	Millions of Yen				
As of March 31, 2012	Japan	Americas	Europe	Others	Total
	¥118,494	**¥292**	**¥170**	**¥98**	**¥119,055**

	Millions of U.S. Dollars				
As of March 31, 2012	Japan	Americas	Europe	Others	Total
	$1,442	**$4**	**$2**	**$1**	**$1,449**

c. Information about Major Customers

		Millions of Yen	
Fiscal year ended March 31, 2012	Name of Customer	Ordinary Income	Name of Related Segments
	U.S. Department of the Treasury	**¥107,761**	—

		Millions of U.S. Dollars	
Fiscal year ended March 31, 2012	Name of Customer	Ordinary Income	Name of Related Segments
	U.S. Department of the Treasury	**$1,312**	—

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

Information about Gain on Recognition of Negative Goodwill in Reportable Segments is not shown in these statements, since the banking business is the only reportable segment.

Fiscal year ended March 31, 2011

(1) Segment Information

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

(Additional information)

The Bank and its consolidated subsidiaries have adopted the standard of "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008) from the fiscal year ended March 31, 2011.

(2) Related Information

a. Information about Services

	Millions of Yen			
Fiscal year ended March 31, 2011	Loan Business	Securities Investment Business	Others	Total
Ordinary Income from External Customers	¥103,139	¥898,026	¥80,640	¥1,081,805

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, 2011	Japan	Americas	Europe	Others	Total
	¥1,058,570	¥2,706	¥7,710	¥12,819	¥1,081,805

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 Asset

	Millions of Yen				
As of March 31, 2011	Japan	Americas	Europe	Others	Total
	¥130,296	¥342	¥178	¥91	¥130,908

c. Information about Major Customers

		Millions of Yen	
Fiscal year ended March 31, 2011	Name of Customer	Ordinary Income	Name of Related Segments
	U.S. Department of the Treasury	¥125,800	—

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

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

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

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

None

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

None

32. Financial Instruments

(1) Particulars of Financial Instruments

a. Policy on Financial Instruments

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

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

b. Contents and Risk of Financial Instruments

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

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

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

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

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

c. Risk Management for Financial Instruments

(a) Integrated Risk Management

The Bank has established its “Basic Policies for Risk Management,” which specifies a core risk management framework that quantifies and manages the Bank’s risk comprehensively 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 Market Portfolio Management Committee (market risk, liquidity risk), the Credit Portfolio Management 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) 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.

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 an 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 Credit 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.

The Internal Audit Division periodically oversees and audits credit risk management, and reports to the Board of Directors.

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.

(c) 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, 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 Basis Point Value, and correlation among asset classes. The Bank also analyzes and takes into account its financial position, based on the outlook for economic and financial conditions supported by research into macro-economic factors and the financial markets, simulations of earnings, unrealized gains and losses of the portfolio and the capital adequacy ratio. 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. 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 Market Portfolio Management Committee sets market portfolio allocation policy, the front sections execute the transactions in accordance with allocation policy, and the middle sections conduct monitoring. 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, 2012 and 2011 summed up to ¥24 million ($0 million) and ¥26 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.

The Bank also performs a back-testing to compare the model-measured VaR with the actual profits and losses. From the back test for the fiscal years 2011 and 2010 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.

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 and its consolidated subsidiaries from the banking operations totaled ¥2,278,254 million ($27,733 million) and ¥2,020,554 million as of March 31, 2012 and 2011, 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 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. VaR, 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 risks in extremely volatile market conditions.

(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 by the head office, for each currency, funding instrument and funding operation center. The cash flow management plan is approved by the Market 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, 2012 and 2011 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, 2012	Consolidated Balance Sheet Amount	Fair Value	Difference	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and Due from Banks	**¥ 1,687,337**	**¥ 1,687,337**	**¥ —**	**$ 20,540**	**$ 20,540**	**$ —**
(2) Call Loans and Bills Bought	**832,440**	**832,440**	**—**	**10,133**	**10,133**	**—**
(3) Monetary Claims Bought (*1)	**221,643**	**221,657**	**14**	**2,698**	**2,698**	**0**
(4) Trading Assets (*2)						
Trading Securities	**21,425**	**21,425**	**—**	**261**	**261**	**—**
(5) Money Held in Trust (*1)						
Money Held in Trust for Trading Purpose	**25,546**	**25,546**	**—**	**311**	**311**	**—**
Other Money Held in Trust	**6,999,992**	**7,013,133**	**13,140**	**85,210**	**85,370**	**160**
(6) Securities						
Held-to-Maturity Debt Securities	**15,819,186**	**16,150,261**	**331,074**	**192,565**	**196,595**	**4,030**
Other Securities	**29,201,854**	**29,201,854**	**—**	**355,470**	**355,470**	**—**
(7) Loans and Bills Discounted	**14,738,276**			**179,407**		
Reserve for Possible Loan Losses (*1)	**(175,093)**			**(2,132)**		
	14,563,183	**14,606,572**	**43,389**	**177,275**	**177,803**	**528**
Total Assets	**¥69,372,610**	**¥69,760,229**	**¥387,618**	**$844,463**	**$849,181**	**$4,718**
(1) Deposits	**¥43,550,349**	**¥43,550,422**	**¥ 72**	**$530,132**	**$530,133**	**$ 1**
(2) Negotiable Certificates of Deposit	**1,882,426**	**1,882,426**	**—**	**22,915**	**22,915**	**—**
(3) Debentures	**5,117,872**	**5,170,488**	**52,616**	**62,299**	**62,939**	**640**
(4) Call Money and Bills Sold	**524,922**	**524,922**	**—**	**6,390**	**6,390**	**—**
(5) Payables under Repurchase Agreements	**7,800,406**	**7,800,406**	**—**	**94,953**	**94,953**	**—**
(6) Borrowed Money	**1,814,807**	**1,814,807**	**—**	**22,091**	**22,091**	**—**
(7) Short-term Entrusted Funds	**4,351,710**	**4,351,710**	**—**	**52,973**	**52,973**	**—**
Total Liabilities	**¥65,042,494**	**¥65,095,183**	**¥ 52,688**	**$791,753**	**$792,394**	**$ 641**
Derivative Instruments (*3)						
Transactions not Accounted for as Hedge Transactions	**¥ 1,562**	**¥ 1,562**	**¥ —**	**$ 19**	**$ 19**	**$ —**
Transactions Accounted for as Hedge Transactions	**(660,160)**	**(660,160)**	**—**	**(8,036)**	**(8,036)**	**—**
Total Derivative Instruments	**¥ (658,598)**	**¥ (658,598)**	**¥ —**	**$ (8,017)**	**$ (8,017)**	**$ —**

(*) 1. Monetary Claims Bought, Money Held in Trust and Loans and Bills Discounted are net of Reserve for Possible Loan Losses. Monetary Claims Bought and Money Held in Trust are 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, 2011	Millions of Yen Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and Due from Banks	¥ 1,837,633	¥ 1,837,633	¥ —
(2) Call Loans and Bills Bought	1,300,000	1,300,000	—
(3) Monetary Claims Bought (*1)	290,776	290,800	23
(4) Trading Assets (*2)			
Trading Securities	7,206	7,206	—
(5) Money Held in Trust (*1)			
Money Held in Trust for Trading Purpose	38,450	38,450	—
Other Money Held in Trust	7,708,182	7,725,649	17,467
(6) Securities			
Held-to-Maturity Debt Securities	14,886,555	15,292,334	405,779
Other Securities	27,501,141	27,501,141	—
(7) Loans and Bills Discounted	14,082,755		
Reserve for Possible Loan Losses (*1)	(211,609)		
	13,871,146	13,924,464	53,317
Total Assets	¥67,441,091	¥67,917,680	¥476,589
(1) Deposits	¥40,949,373	¥40,949,411	¥ 38
(2) Negotiable Certificates of Deposit	768,118	768,118	—
(3) Debentures	5,416,360	5,481,245	64,884
(4) Call Money and Bills Sold	473,664	473,664	—
(5) Payables under Repurchase Agreements	8,523,065	8,523,065	—
(6) Borrowed Money	1,866,007	1,866,007	—
(7) Short-term Entrusted Funds	4,397,280	4,397,280	—
Total Liabilities	¥62,393,870	¥62,458,793	¥ 64,923
Derivative Instruments (*3)			
Transactions not Accounted for as Hedge Transactions	¥ (1,248)	¥ (1,248)	¥ —
Transactions Accounted for as Hedge Transactions	(143,698)	(143,698)	—
Total Derivative Instruments	¥ (144,946)	¥ (144,946)	¥ —

(*) 1. Monetary Claims Bought, Money Held in Trust and Loans and Bills Discounted are net of Reserve for Possible Loan Losses. Monetary Claims Bought and Money Held in Trust are 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 fiscal year. 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.

(2) Call Loans and Bills Bought

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

(3) Monetary Claims Bought

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

(4) Trading Assets

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

(5) Money Held in Trust

Loans and Bills Discounted and Securities included in Money Held in Trust are valued according to the same methods described in (6) and (7) below.

Relevant notes concerning the fair value of Money Held in Trust of each classification are described in section 34. Fair Value of Money Held in Trust.

(6) Securities

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

As for corporate bonds issued through private offerings, the fair value is based on reasonably estimated amounts which are calculated according to the Discounted Cash Flow method. The price-determining variables include the default rates based on each credit rating, recovery rates and other variables. The estimates for the valuations of some securitized products are calculated according to the prices calculated by the Discounted Cash Flow method, using variables such as default rates, recovery rates, pre-payment rates, discount rates and other variables, 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 fiscal year, which are calculated according to the Discounted Cash Flow method. The price-determining variables include the yield of Japanese government bonds, swaption volatilities and other variables.

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

Relevant notes about the fair value of securities of each classification are described in section 33. Fair Value of Securities.

(7) Loans and Bills Discounted

The carrying value of Loans and Bills Discounted with floating rates approximates the fair value since they are repriced reflecting market interest fluctuations within a short period, unless the creditworthiness of the debtors has been revised. Accordingly, the carrying value is deemed to be the fair value. As for Loans and Bills Discounted with fixed rates, the fair value is calculated according to the Discounted Cash Flow method. The price-determining variables include the default rates based on each credit rating, recovery rates, and other variables. As for mortgages, the fair value is calculated according to the Discounted Cash Flow method. The price-determining variables include the default rates, recovery rates, pre-payment rates and other variables.

As for Loans and Bills Discounted to doubtful debtors and others, the reserves for those assets are provided by the amount not expected to be recovered based on the present value of expected future cash flows or the recovery amount of collateral and guarantee. Accordingly, the carrying values net of the reserve approximate the fair value.

As for Loans and Bills Discounted without stated maturity for which credit is extended up to the value of the collateral assets, the carrying value is deemed to approximate the fair value, taking into account expected maturities, interest rates and other terms.

Liabilities

(1) Deposits

With respect to demand deposits, the amounts payable on demand as of the consolidated balance sheet date (the carrying value) are estimated at fair value. Time deposits are calculated according to the Discounted Cash Flow method, and these discount rates are the currently-applied deposit rates. Some contractual terms are short-term (1 Year or Less), and fair value approximates the carrying value.

(2) Negotiable Certificates of Deposit

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

(3) Debentures

As for Debentures, fair value is based on the quoted market price if available, or calculated according to the Discounted Cash Flow method. The price-determining variable of this method is the rate which would be applied if a similar debenture was issued.

(4) Call Money and Bills Sold, (5) 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.

(6) Borrowed Money

The carrying value of Borrowed Money with floating rates approximates the fair value since it is repriced reflecting market interest rate fluctuations within a short period (1 Year or Less), unless the creditworthiness of the Bank and its consolidated subsidiaries has changed. Accordingly, the carrying value is deemed to be the fair value. Some contractual terms are short-term (1 Year or Less), and the fair value approximates the carrying value.

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 hedge items, so that the fair value is included in the fair value of Loans and Bills Discounted and other items.

Relevant notes regarding the fair value of Derivative Instruments are described in section 35. Fair Value of Derivative Instruments.

(Note 2) The following table lists financial instruments, the fair value of which is extremely difficult to determine:
“Assets (6) Other Securities” of fair value of financial instruments exclude the transactions of the table below.

As of March 31, 2012	Millions of Yen	Millions of U.S. Dollars
Unlisted Stocks and Others (*1) (*2)	**¥224,684**	**$2,735**
Bonds (*3)	**96,295**	**1,172**
Investments in Partnership and Others (*4)	**281,265**	**3,424**
Total	**¥602,245**	**$7,331**

(*) 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, 2012 was ¥524 million ($6 million) on Unlisted Stocks.
3. Out of Bonds (including foreign bonds), real estate backed bonds, which are extremely difficult to estimate cash flow and to determine fair value, are excluded from “Disclosures Regarding the Fair Value of Financial Instruments and Other Items.” With respect to doubtful bonds, the Bank has set aside Reserve for Possible Loan Losses of ¥42,499 million ($517 million), in accordance with the Bank’s internal rules.
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, 2011	Millions of Yen
Unlisted Stocks (*1) (*2)	¥180,315
Bonds (*2) (*3)	127,375
Investments in Partnership and Others (*4)	343,109
Total	¥650,800

(*) 1. Unlisted Stocks 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, 2011 was ¥2,498 million on Unlisted Stocks and ¥346 million on Bonds.
3. Out of Bonds (including foreign bonds), real estate backed bonds, which are extremely difficult to estimate cash flow and to determine fair value, are excluded from “Disclosures Regarding the Fair Value of Financial Instruments and Other Items.” With respect to doubtful bonds, the Bank has set aside Reserve for Possible Loan Losses of ¥42,049 million, in accordance with the Bank’s internal rules.
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, 2012	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)	**¥ 1,550,737**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Call Loans and Bills Bought	**832,440**	**—**	**—**	**—**	**—**	**—**
Monetary Claims Bought	**13,661**	**7,703**	**16,357**	**—**	**4,000**	**184,724**
Securities						
Held-to-Maturity Debt Securities	**2,159,050**	**2,987,946**	**2,120,237**	**2,358,936**	**5,779,668**	**480,794**
Other Securities held that have Maturity	**8,096,709**	**4,925,885**	**1,694,201**	**867,925**	**2,904,769**	**1,473,886**
Loans and Bills Discounted (*2)	**11,378,860**	**2,304,301**	**363,465**	**300,449**	**93,928**	**98,719**
Total	**¥24,031,459**	**¥10,225,836**	**¥4,194,261**	**¥3,527,311**	**¥8,782,366**	**¥2,238,124**

	Millions of U.S. Dollars					
As of March 31, 2012	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)	**$ 18,877**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Call Loans and Bills Bought	**10,133**	**—**	**—**	**—**	**—**	**—**
Monetary Claims Bought	**166**	**94**	**199**	**—**	**49**	**2,248**
Securities						
Held-to-Maturity Debt Securities	**26,282**	**36,372**	**25,809**	**28,715**	**70,355**	**5,853**
Other Securities held that have Maturity	**98,560**	**59,962**	**20,623**	**10,565**	**35,359**	**17,941**
Loans and Bills Discounted (*2)	**138,513**	**28,050**	**4,425**	**3,657**	**1,143**	**1,202**
Total	**$292,531**	**$124,478**	**$51,056**	**$42,937**	**$106,906**	**$27,244**

(*) 1. Demand deposits within Due from Banks are included in the entry for "1 Year or Less."
2. Debtors in bankruptcy, debtors in default, loans to doubtful debtors and others of ¥198,551 million ($2,417 million) within Loans and Bills Discounted, for which the redemption date cannot be estimated, are excluded from the table above.

	Millions of Yen					
As of March 31, 2011	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)	¥ 1,733,912	¥ —	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	1,300,000	—	—	—	—	—
Monetary Claims Bought	—	37,299	16,698	11,581	—	231,519
Securities						
Held-to-Maturity Debt Securities	668,020	3,250,598	2,506,213	1,099,540	4,813,576	2,700,205
Other Securities held that have Maturity	8,935,951	4,309,796	1,463,944	979,056	2,424,955	1,314,895
Loans and Bills Discounted (*2)	10,523,189	1,987,363	842,149	203,668	169,228	108,543
Total	¥23,161,073	¥9,585,056	¥4,829,005	¥2,293,847	¥7,407,761	¥4,355,163

(*) 1. Demand deposits within Due from Banks are included in the entry for "1 Year or Less."
2. Debtors in bankruptcy, debtors in default, loans to doubtful debtors and others of ¥248,612 million within Loans and Bills Discounted, for which the redemption date cannot be estimated, are excluded from the table above.

(Note 4) The redemption schedule of Borrowed Money and other Interest-bearing liabilities after the consolidated balance sheet date is as follows:

	Millions of Yen					
As of March 31, 2012	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)	**¥43,516,029**	**¥ 30,701**	**¥ 3,619**	**¥—**	**¥—**	**¥ —**
Negotiable Certificates of Deposit	**1,882,426**	**—**	**—**	**—**	**—**	**—**
Debentures	**1,280,873**	**2,166,794**	**1,670,198**	**5**	**—**	**—**
Call Money and Bills Sold	**524,922**	**—**	**—**	**—**	**—**	**—**
Payables under Repurchase Agreements	**7,800,406**	**—**	**—**	**—**	**—**	**—**
Borrowed Money (*2)	**328,800**	**—**	**—**	**—**	**—**	**1,486,007**
Short-term Entrusted Funds	**4,351,710**	**—**	**—**	**—**	**—**	**—**
Total	**¥59,685,168**	**¥2,197,495**	**¥1,673,817**	**¥ 5**	**¥—**	**¥1,486,007**

	Millions of U.S. Dollars					
As of March 31, 2012	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)	**$529,714**	**$ 374**	**$ 44**	**$—**	**$—**	**$ —**
Negotiable Certificates of Deposit	**22,915**	**—**	**—**	**—**	**—**	**—**
Debentures	**15,592**	**26,376**	**20,331**	**0**	**—**	**—**
Call Money and Bills Sold	**6,390**	**—**	**—**	**—**	**—**	**—**
Payables under Repurchase Agreements	**94,953**	**—**	**—**	**—**	**—**	**—**
Borrowed Money (*2)	**4,002**	**—**	**—**	**—**	**—**	**18,089**
Short-term Entrusted Funds	**52,973**	**—**	**—**	**—**	**—**	**—**
Total	**$726,539**	**$26,750**	**$20,375**	**$ 0**	**$—**	**$18,089**

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

	Millions of Yen					
As of March 31, 2011	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)	¥40,913,812	¥ 30,928	¥ 4,632	¥—	¥—	¥ —
Negotiable Certificates of Deposit	768,118	—	—	—	—	—
Debentures	1,131,919	2,501,055	1,783,373	11	—	—
Call Money and Bills Sold	473,664	—	—	—	—	—
Payables under Repurchase Agreements	8,523,065	—	—	—	—	—
Borrowed Money (*2)	380,000	—	—	—	—	1,486,007
Short-term Entrusted Funds	4,397,280	—	—	—	—	—
Total	¥56,587,861	¥2,531,984	¥1,788,006	¥11	¥—	¥1,486,007

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

33. Fair Value of Securities

Trading Securities

	Millions of Yen	Millions of U.S. Dollars
As of March 31, 2012	Unrealized Gain Recognized as Income	Unrealized Gain Recognized as Income
Trading Securities	**¥20**	**$0**

Note: The above analysis of Trading Securities includes Trading Securities disclosed as Trading Assets in the consolidated balance sheet.

	Millions of Yen
As of March 31, 2011	Unrealized Gain Recognized as Income
Trading Securities	¥6

Note: The above analysis of Trading Securities includes Trading Securities disclosed as Trading Assets in the consolidated balance sheet.

Held-to-Maturity Debt Securities

		Millions of Yen		
As of March 31, 2012	Type	Consolidated Balance Sheet Amount	Fair Value	Difference
Transactions for Fair Value exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	**¥ 7,572,633**	**¥ 7,794,668**	**¥222,035**
	Municipal Government Bonds	**—**	**—**	**—**
	Corporate Bonds	**—**	**—**	**—**
	Other	**6,824,875**	**6,955,238**	**130,362**
	Foreign Bonds	**6,817,385**	**6,947,735**	**130,349**
	Other	**7,490**	**7,503**	**13**
	Sub total	**14,397,509**	**14,749,907**	**352,398**
Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	**—**	**—**	**—**
	Municipal Government Bonds	**—**	**—**	**—**
	Corporate Bonds	**—**	**—**	**—**
	Other	**1,435,547**	**1,414,237**	**(21,310)**
	Foreign Bonds	**1,429,167**	**1,407,857**	**(21,310)**
	Other	**6,379**	**6,379**	**—**
	Sub total	**1,435,547**	**1,414,237**	**(21,310)**
	Total	**¥15,833,056**	**¥16,164,144**	**¥331,088**

		Millions of U.S. Dollars		
As of March 31, 2012	Type	Consolidated Balance Sheet Amount	Fair Value	Difference
Transactions for Fair Value exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	**$ 92,181**	**$ 94,884**	**$2,703**
	Municipal Government Bonds	**—**	**—**	**—**
	Corporate Bonds	**—**	**—**	**—**
	Other	**83,078**	**84,665**	**1,587**
	Foreign Bonds	**82,987**	**84,574**	**1,587**
	Other	**91**	**91**	**0**
	Sub total	**175,259**	**179,549**	**4,290**
Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	**—**	**—**	**—**
	Municipal Government Bonds	**—**	**—**	**—**
	Corporate Bonds	**—**	**—**	**—**
	Other	**17,474**	**17,215**	**(259)**
	Foreign Bonds	**17,397**	**17,138**	**(259)**
	Other	**77**	**77**	**—**
	Sub total	**17,474**	**17,215**	**(259)**
	Total	**$192,733**	**$196,764**	**$4,031**

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.

		Millions of Yen		
As of March 31, 2011	Type	Consolidated Balance Sheet Amount	Fair Value	Difference
Transactions for Fair Value exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	¥ 7,585,693	¥ 7,859,500	¥273,806
	Municipal Government Bonds	—	—	—
	Corporate Bonds	—	—	—
	Other	4,799,722	4,980,400	180,677
	Foreign Bonds	4,799,722	4,980,400	180,677
	Other	—	—	—
	Sub total	12,385,416	12,839,900	454,484
Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	—	—	—
	Municipal Government Bonds	—	—	—
	Corporate Bonds	—	—	—
	Other	2,501,838	2,453,134	(48,704)
	Foreign Bonds	2,501,138	2,452,434	(48,704)
	Other	700	700	—
	Sub total	2,501,838	2,453,134	(48,704)
	Total	¥14,887,255	¥15,293,034	¥405,779

Note: The above analysis of Held-to-Maturity Debt Securities includes Securities and trust beneficiary interests in Monetary Claims Bought in the consolidated balance sheet.

Other Securities

As of March 31, 2012	Type	Millions of Yen Consolidated Balance Sheet Amount	Acquisition Cost	Difference
Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Stocks	¥ 253,885	¥ 169,963	¥ 83,922
	Bonds	3,771,111	3,713,486	57,624
	Japanese Government Bonds	3,760,604	3,703,059	57,544
	Municipal Government Bonds	1,682	1,635	46
	Corporate Bonds	8,824	8,790	33
	Other	14,635,563	14,002,992	632,571
	Foreign Bonds	8,209,604	7,932,534	277,069
	Foreign Stocks	9,492	8,954	537
	Investment Trusts	6,369,212	6,018,096	351,115
	Other	47,255	43,407	3,847
	Sub total	18,660,561	17,886,442	774,118
Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost	Stocks	77,631	90,341	(12,709)
	Bonds	6,296,826	6,298,518	(1,692)
	Japanese Government Bonds	6,207,771	6,208,411	(640)
	Municipal Government Bonds	191	192	(0)
	Corporate Bonds	88,863	89,914	(1,051)
	Other	4,388,636	4,938,986	(550,349)
	Foreign Bonds	1,146,585	1,255,804	(109,219)
	Foreign Stocks	6,498	6,498	—
	Investment Trusts	2,771,525	3,208,307	(436,782)
	Other	464,027	468,376	(4,348)
	Sub total	10,763,095	11,327,846	(564,751)
	Total	¥29,423,656	¥29,214,289	¥209,367

As of March 31, 2012	Type	Millions of U.S. Dollars Consolidated Balance Sheet Amount	Acquisition Cost	Difference
Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Stocks	$ 3,090	$ 2,069	$1,021
	Bonds	45,905	45,204	701
	Japanese Government Bonds	45,777	45,077	700
	Municipal Government Bonds	21	20	1
	Corporate Bonds	107	107	0
	Other	178,157	170,456	7,701
	Foreign Bonds	99,934	96,562	3,372
	Foreign Stocks	116	109	7
	Investment Trusts	77,532	73,257	4,275
	Other	575	528	47
	Sub total	227,152	217,729	9,423
Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost	Stocks	945	1,100	(155)
	Bonds	76,651	76,671	(20)
	Japanese Government Bonds	75,567	75,574	(7)
	Municipal Government Bonds	2	2	(0)
	Corporate Bonds	1,082	1,095	(13)
	Other	53,422	60,121	(6,699)
	Foreign Bonds	13,957	15,287	(1,330)
	Foreign Stocks	79	79	—
	Investment Trusts	33,737	39,054	(5,317)
	Other	5,649	5,701	(52)
	Sub total	131,018	137,892	(6,874)
	Total	$358,170	$355,621	$2,549

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, 2011	Type	Millions of Yen Consolidated Balance Sheet Amount	Acquisition Cost	Difference
Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Stocks	¥ 255,131	¥ 181,032	¥ 74,098
	Bonds	2,001,782	1,997,067	4,715
	Japanese Government Bonds	1,989,405	1,985,029	4,375
	Municipal Government Bonds	984	950	34
	Corporate Bonds	11,393	11,087	305
	Other	10,292,582	9,884,213	408,369
	Foreign Bonds	6,077,348	5,951,594	125,754
	Foreign Stocks	9,574	9,063	511
	Investment Trusts	4,144,863	3,865,416	279,446
	Other	60,796	58,139	2,657
	Sub total	12,549,496	12,062,313	487,183
Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost	Stocks	91,572	123,312	(31,740)
	Bonds	5,794,182	5,797,440	(3,257)
	Japanese Government Bonds	5,700,917	5,702,257	(1,340)
	Municipal Government Bonds	505	511	(6)
	Corporate Bonds	92,760	94,671	(1,910)
	Other	9,371,949	10,229,044	(857,095)
	Foreign Bonds	4,459,681	4,699,018	(239,336)
	Foreign Stocks	17,290	20,946	(3,655)
	Investment Trusts	4,336,421	4,944,974	(608,552)
	Other	558,554	564,106	(5,551)
	Sub total	15,257,704	16,149,797	(892,093)
	Total	¥27,807,201	¥28,212,110	¥(404,909)

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, 2012 and 2011.

Other Securities Sold during the Fiscal Year

	Millions of Yen			Millions of U.S. Dollars		
Fiscal year ended March 31, 2012	Sales Proceeds	Gains on Sales	Losses on Sales	Sales Proceeds	Gains on Sales	Losses on Sales
Stocks	**¥ 26,313**	**¥ 3,847**	**¥21,198**	**$ 320**	**$ 47**	**$258**
Bonds	**203,351**	**3,506**	**—**	**2,475**	**43**	**—**
Japanese Government Bonds	**203,351**	**3,506**	**—**	**2,475**	**43**	**—**
Municipal Government Bonds	**—**	**—**	**—**	**—**	**—**	**—**
Corporate Bonds	**—**	**—**	**—**	**—**	**—**	**—**
Other	**569,589**	**29,740**	**23,851**	**6,934**	**362**	**290**
Foreign Bonds	**531,022**	**17,464**	**23,848**	**6,464**	**212**	**290**
Foreign Stocks	**614**	**2**	**2**	**8**	**0**	**0**
Investment Trusts	**32,323**	**10,491**	**—**	**393**	**128**	**—**
Other	**5,629**	**1,782**	**—**	**69**	**22**	**—**
Total	**¥799,254**	**¥37,094**	**¥45,050**	**$9,729**	**$452**	**$548**

Note: Investment Trusts include Japanese trusts and foreign trusts.

Fiscal year ended March 31, 2011	Millions of Yen Sales Proceeds	Gains on Sales	Losses on Sales
Stocks	¥ 24,605	¥12,326	¥ 37
Bonds	519,890	—	10,183
Japanese Government Bonds	456,382	—	10,183
Municipal Government Bonds	—	—	—
Corporate Bonds	63,507	—	—
Other	3,361,636	46,917	166,672
Foreign Bonds	3,279,004	19,712	166,590
Foreign Stocks	12,954	4,429	82
Investment Trusts	46,773	6,881	—
Other	22,905	15,892	—
Total	¥3,906,132	¥59,243	¥176,892

Note: Investment Trusts include Japanese trusts and foreign trusts.

Securities Recognized for Revaluation Loss

Certain securities (other than trading purposes) which have readily determinable fair values 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 2011 and 2010 ("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, 2012 was ¥18,906 million ($230 million) including ¥1,655 million ($20 million) on Stocks, ¥1,066 million ($13 million) on Bonds (Corporate Bonds), ¥903 million ($11 million) on Foreign Bonds, ¥13,063 million ($159 million) on Foreign Stocks and ¥2,217 million ($27 million) on Other.

The amount of revaluation loss for the fiscal year ended March 31, 2011 was ¥28,940 million including ¥8,404 million on Stocks, ¥1,700 million on Foreign Bonds, ¥8,343 million on Investment Trusts and ¥10,493 million on Other.

The criteria for determining whether the securities' fair value has "significantly deteriorated" are outlined as follows:

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

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

34. Fair Value of Money Held in Trust

Money Held in Trust for Trading Purpose

	Millions of Yen		Millions of U.S. Dollars	
As of March 31, 2012	Consolidated Balance Sheet Amount	Unrealized Gain Recognized as Income	Consolidated Balance Sheet Amount	Unrealized Gain Recognized as Income
Money Held in Trust for Trading Purpose	**¥25,546**	**¥557**	**$311**	**$7**

	Millions of Yen	
As of March 31, 2011	Consolidated Balance Sheet Amount	Unrealized Loss Recognized as Expenses
Money Held in Trust for Trading Purpose	¥38,450	¥(122)

Other Money Held in Trust (Money Held in Trust other than that for trading purpose or held to maturity)

	Millions of Yen				
As of March 31, 2012	Consolidated Balance Sheet Amount	Acquisition Cost	Difference	Transactions for Consolidated Balance Sheet Amount exceeded Acquisition Cost	Transactions for Consolidated Balance Sheet Amount not exceeded Acquisition Cost
Other Money Held in Trust	**¥7,002,051**	**¥6,721,400**	**¥280,650**	**¥287,011**	**¥6,361**

As of March 31, 2012	Millions of U.S. Dollars				
	Consolidated Balance Sheet Amount	Acquisition Cost	Difference	Transactions for Consolidated Balance Sheet Amount exceeded Acquisition Cost	Transactions for Consolidated Balance Sheet Amount not exceeded Acquisition Cost
Other Money Held in Trust	**$85,235**	**$81,819**	**$3,416**	**$3,494**	**$78**

Note: "Transactions for Consolidated Balance Sheet Amount exceeded Acquisition Cost" and "Transactions for Consolidated Balance Sheet Amount not exceeded Acquisition Cost" are gross valuation of the difference between the acquisition cost and the consolidated balance sheet amount presented in "Difference."

As of March 31, 2011	Millions of Yen				
	Consolidated Balance Sheet Amount	Acquisition Cost	Difference	Transactions for Consolidated Balance Sheet Amount exceeded Acquisition Cost	Transactions for Consolidated Balance Sheet Amount not exceeded Acquisition Cost
Other Money Held in Trust	¥7,713,352	¥7,593,372	¥119,979	¥144,015	¥24,035

Note: "Transactions for Consolidated Balance Sheet Amount exceeded Acquisition Cost" and "Transactions for Consolidated Balance Sheet Amount not exceeded Acquisition Cost" are gross valuation of the difference between the acquisition cost and the consolidated balance sheet amount presented in "Difference."

35. Fair Value of Derivative Instruments

(1) Derivative Instruments not accounted for as hedges

Regarding the derivative instruments which are not accounted for as hedge transactions, Contract Amount or Notional Amount, Fair Value and Unrealized Gain or Loss for each type of derivative transactions, respectively, at the end of 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, 2012	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss
Exchange-traded Transactions								
Interest Rate Futures:								
Sold	¥ —	¥ —	¥ —	¥ —	$ —	$ —	$ —	$ —
Purchased	—	—	—	—	—	—	—	—
Interest Rate Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Forward Rate Agreements:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Interest Rate Swaps:								
Rec.: Fix.-Pay.: Flt.	**320,011**	**242,639**	**11,194**	**11,194**	**3,895**	**2,954**	**136**	**136**
Rec.: Flt.-Pay.: Fix.	**307,520**	**238,705**	**(10,542)**	**(10,542)**	**3,743**	**2,906**	**(128)**	**(128)**
Rec.: Flt.-Pay.: Flt.	**23,500**	**11,000**	**15**	**15**	**286**	**134**	**0**	**0**
Interest Rate Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total	**¥ /**	**¥ /**	**¥ 667**	**¥ 667**	**$ /**	**$ /**	**$ 8**	**$ 8**

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, 2011	Millions of Yen: Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss
Exchange-traded Transactions				
Interest Rate Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Over-the-counter Transactions				
Forward Rate Agreements:				
Sold	—	—	—	—
Purchased	—	—	—	—
Interest Rate Swaps:				
Rec.: Fix.-Pay.: Flt.	411,344	343,902	11,502	11,502
Rec.: Flt.-Pay.: Fix.	580,657	493,871	(12,959)	(12,959)
Rec.: Flt.-Pay.: Flt.	41,800	23,500	42	42
Interest Rate Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	—	—	—	—
Total	¥ /	¥ /	¥(1,414)	¥(1,414)

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, 2012	Millions of Yen: Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss	Millions of U.S. Dollars: Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss
Exchange-traded Transactions								
Currency Futures:								
Sold	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**$ —**	**$—**	**$—**	**$—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Currency Options:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Over-the-counter Transactions								
Currency Swaps	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Forwards:								
Sold	**185,874**	**1,951**	**(1,682)**	**(1,682)**	**2,263**	**24**	**(20)**	**(20)**
Purchased	**249,756**	**1,951**	**2,588**	**2,588**	**3,040**	**24**	**31**	**31**
Currency Options:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Other:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**¥ /**	**¥ /**	**¥ 906**	**¥ 906**	**$ /**	**$ /**	**$11**	**$11**

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, 2011	Millions of Yen Contract Amount or Notional Amount	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	457,333	2,213	(1,880)	(1,880)
Purchased	512,527	2,213	2,060	2,060
Currency Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	—	—	—	—
Total	¥ /	¥ /	¥ 179	¥ 179

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.
2. Determination of fair value:
Fair value is determined based on the discounted net present value model.

Stock-Related Derivative Instruments

	Millions of Yen				Millions of U.S. Dollars			
As of March 31, 2012	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount	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	**1,000**	**1,000**	**—**	**—**	**12**	**12**	**—**	**—**
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 Tokyo Stock 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.

As of March 31, 2011	Millions of Yen Contract Amount or Notional Amount	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	1,000	1,000	—	—
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 Tokyo Stock 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.

Bond-Related Derivative Instruments

	Millions of Yen				Millions of U.S. Dollars			
As of March 31, 2012	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss
Exchange-traded Transactions								
Bond Futures:								
Sold	**¥7,237**	**¥—**	**¥(11)**	**¥(11)**	**$88**	**$—**	**$(0)**	**$(0)**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Bond Futures Options:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Over-the-counter Transactions								
Bond Options:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Other:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**¥ /**	**¥ /**	**¥(11)**	**¥(11)**	**$ /**	**$ /**	**$(0)**	**$(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 Tokyo Stock Exchange or other relevant exchanges. The fair value of over-the-counter traded derivative instruments is determined based on an option pricing model or other models as appropriate.

As of March 31, 2011	Millions of Yen Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss
Exchange-traded Transactions				
Bond Futures:				
Sold	¥3,569	¥—	¥(13)	¥(13)
Purchased	—	—	—	—
Bond Futures Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Over-the-counter Transactions				
Bond Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	—	—	—	—
Total	¥ /	¥ /	¥(13)	¥(13)

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 Tokyo Stock 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, 2012 and 2011.

Credit Derivative Instruments

As of March 31, 2012	Millions of Yen Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss	Millions of U.S. Dollars Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss
Over-the-counter Transactions								
Credit Default Swaps:								
Sold	**¥ —**	**¥ —**	**¥—**	**¥—**	**$ —**	**$ —**	**$—**	**$—**
Purchased	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Other:								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchased	**12,500**	**12,500**	**—**	**—**	**152**	**152**	**—**	**—**
Total	**¥ /**	**¥ /**	**¥—**	**¥—**	**$ /**	**$ /**	**$—**	**$—**

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations. As for derivative transactions which are listed on "Other" of "Over-the-counter Transactions," the fair value and unrealized gain/loss are excluded from the consolidated balance sheet and the consolidated statement of operations, since there are no market prices and their fair value is extremely difficult to determine.
2. Determination of fair value:
Fair value is determined based on the discounted net present value model.
3. "Sold" and "Purchased" indicate assumption and transfer of credit risk, respectively.

As of March 31, 2011	Millions of Yen Contract Amount or Notional Amount	 Over 1 Year	 Fair Value	 Unrealized Gain/Loss
Over-the-counter Transactions				
Credit Default Swaps:				
Sold	¥ —	¥ —	¥—	¥—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	12,500	12,500	—	—
Total	¥ /	¥ /	¥—	¥—

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations. As for derivative transactions which are listed on "Other" of "Over-the-counter Transactions," the fair value and unrealized gain/loss are excluded from the consolidated balance sheet and the consolidated statement of operations, since there are no market prices and their fair value is extremely difficult to determine.
2. Determination of fair value:
Fair value is determined based on the discounted net present value model.
3. "Sold" and "Purchased" indicate assumption and transfer of credit risk, respectively.

(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 end of the consolidated balance sheet date, and determination of fair value are as follows.

Contract Amount or Notional Amount does not show itself market risk of derivative instruments.

Interest Rate-Related Derivative Instruments

As of March 31, 2012			Millions of Yen			Millions of U.S. Dollars		
Method of Hedges	Type of Derivative Instruments	Hedged Items	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Contract Amount or Notional Amount	Over 1 Year	Fair Value
The Deferral Method	Interest Rate Swaps (Rec.: Fix.-Pay.: Flt.)	Debentures	**¥1,540,000**	**¥1,390,000**	**¥ 10,407**	**$18,746**	**$16,920**	**$ 127**
	Interest Rate Swaps (Rec.:Flt.-Pay.: Fix.)	Yen-denominated Securities, Deposits and Others	**3,054,338**	**3,054,338**	**(69,306)**	**37,180**	**37,180**	**(844)**
The Accrual Method	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Loans and Bills Discounted, Yen-denominated Securities and Others	**135,428**	**134,360**	Note3	**1,649**	**1,636**	Note3
Total			**¥ /**	**¥ /**	**¥(58,898)**	**$ /**	**$ /**	**$(717)**

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).
2. Determination of fair value:
The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo Financial Exchange or other relevant exchanges. The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.
3. The accrual method of hedge accounting, as specifically permitted for certain interest rate swaps, is valued with the valuation of hedged items, so that the fair value is included in the fair value of Loans and Bills Discounted and other items (ref: 32. Financial Instruments (2) Disclosures Regarding the Fair Value of Financial Instruments and Other Items).

As of March 31, 2011

Method of Hedges	Type of Derivative Instruments	Hedged Items	Contract Amount or Notional Amount (Millions of Yen)	Over 1 Year (Millions of Yen)	Fair Value (Millions of Yen)
The Deferral Method	Interest Rate Swaps (Rec.: Fix.-Pay.: Flt.)	Debentures and Others	¥1,077,570	¥960,000	¥12,957
	Interest Rate Swaps (Rec.:Flt.-Pay.: Fix.)	Yen-denominated Securities, Deposits and Others	565,486	565,486	19,928
The Accrual Method	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Loans and Bills Discounted, Yen-denominated Securities and Others	116,303	110,958	Note 3
Total			¥ /	¥ /	¥32,886

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).
2. Determination of fair value:
The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo Financial Exchange or other relevant exchanges. The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.
3. The accrual method of hedge accounting, as specifically permitted for certain interest rate swaps, is valued with the valuation of hedged items, so that the fair value is included in the fair value of Loans and Bills Discounted and other items (Ref: 32. Financial Instruments (2) Disclosures Regarding the Fair Value of Financial Instruments and Other Items).

Currency-Related Derivative Instruments

As of March 31, 2012

Method of Hedges	Type of Derivative Instruments	Hedged Items	Millions of Yen			Millions of U.S. Dollars		
			Contract Amount or Notional Amount	Over 1 Year	Fair Value	Contract Amount or Notional Amount	Over 1 Year	Fair Value
The Deferral Method	Currency Swaps	Foreign Currency Denominated Securities and Others	**¥9,252,230**	**¥1,496,653**	**¥(418,920)**	**$112,626**	**$18,219**	**$(5,099)**
	Forex Forward		**4,273,708**	**—**	**(182,341)**	**52,023**	**—**	**(2,220)**
Total			**¥ /**	**¥ /**	**¥(601,262)**	**$ /**	**$ /**	**$(7,319)**

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).
2. Determination of fair value:
Fair value is determined based on the discounted net present value model.

As of March 31, 2011

Method of Hedges	Type of Derivative Instruments	Hedged Items	Contract Amount or Notional Amount (Millions of Yen)	Over 1 Year (Millions of Yen)	Fair Value (Millions of Yen)
The Deferral Method	Currency Swaps	Foreign Currency Denominated Securities and Others	¥8,720,987	¥2,793,101	¥(116,514)
	Forex Forward		4,855,294	—	(60,070)
Total			¥ /	¥ /	¥(176,584)

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).
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, 2012 and 2011.

Bond-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no Bond-Related Derivative Instruments as of March 31, 2012 and 2011.

36. The Norinchukin Bank (Parent Company)

(1) Non-consolidated Balance Sheets

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2012**	2011	**2012**
Assets			
Cash and Due from Banks	**¥ 1,672,889**	¥ 1,828,040	**$ 20,364**
Call Loans	**832,440**	1,300,000	**10,133**
Receivables under Resale Agreements	**44,987**	—	**548**
Receivables under Securities Borrowing Transactions	**492,481**	232,694	**5,995**
Monetary Claims Bought	**222,980**	292,406	**2,714**
Trading Assets	**32,658**	19,377	**398**
Money Held in Trust	**7,026,907**	7,751,046	**85,537**
Securities	**45,655,404**	43,070,056	**555,756**
Loans and Bills Discounted	**14,655,723**	14,002,397	**178,402**
Foreign Exchange Assets	**44,797**	309,746	**545**
Other Assets	**968,159**	367,682	**11,785**
Tangible Fixed Assets	**116,866**	128,783	**1,423**
Intangible Fixed Assets	**42,133**	51,612	**513**
Deferred Tax Assets	**—**	132,456	**—**
Customers' Liabilities for Acceptances and Guarantees	**140,502**	336,442	**1,710**
Reserve for Possible Loan Losses	**(221,671)**	(261,701)	**(2,698)**
Reserve for Possible Investment Losses	**(8,065)**	(9,072)	**(98)**
Total Assets	**¥71,719,196**	¥69,551,969	**$873,027**
Liabilities and Net Assets			
Liabilities			
Deposits	**¥43,563,186**	¥40,957,047	**$530,288**
Negotiable Certificates of Deposit	**1,882,426**	768,118	**22,915**
Debentures	**5,125,655**	5,421,664	**62,394**
Call Money	**524,922**	473,664	**6,390**
Payables under Repurchase Agreements	**7,800,406**	8,523,065	**94,953**
Payables under Securities Lending Transactions	**10,654**	833,229	**130**
Trading Liabilities	**10,595**	11,724	**129**
Borrowed Money	**1,819,807**	2,075,605	**22,152**
Foreign Exchange Liabilities	**10**	0	**0**
Short-term Entrusted Funds	**4,351,710**	4,397,280	**52,973**
Other Liabilities	**1,550,927**	1,480,545	**18,879**
Reserve for Bonus Payments	**5,129**	3,597	**63**
Reserve for Retirement Benefits	**4,945**	2,776	**60**
Reserve for Directors' Retirement Benefits	**704**	748	**9**
Deferred Tax Liabilities	**94,249**	—	**1,147**
Deferred Tax Liabilities for Land Revaluation	**12,932**	16,041	**157**
Acceptances and Guarantees	**140,502**	336,442	**1,710**
Total Liabilities	**66,898,765**	65,301,553	**814,349**
Net Assets			
Paid-in Capital	**3,425,909**	3,425,909	**41,703**
Capital Surplus	**25,020**	25,020	**305**
Retained Earnings	**1,011,806**	968,106	**12,316**
Total Owners' Equity	**4,462,736**	4,419,036	**54,324**
Net Unrealized Gains (Losses) on Other Securities, net of taxes	**373,612**	(222,078)	**4,548**
Net Deferred Gains (Losses) on Hedging Instruments, net of taxes	**(40,760)**	26,790	**(496)**
Revaluation Reserve for Land, net of taxes	**24,841**	26,666	**302**
Total Valuation and Translation Adjustments	**357,693**	(168,620)	**4,354**
Total Net Assets	**4,820,430**	4,250,415	**58,678**
Total Liabilities and Net Assets	**¥71,719,196**	¥69,551,969	**$873,027**

(2) Non-consolidated Statements of Operations

For the fiscal years ended March 31	Millions of Yen 2012	Millions of Yen 2011	Millions of U.S. Dollars 2012
Income			
Interest Income:	**¥594,671**	¥ 660,629	**$ 7,239**
Interest on Loans and Bills Discounted	**81,856**	85,855	**996**
Interest and Dividends on Securities	**496,906**	562,214	**6,049**
Interest on Call Loans	**1,668**	2,440	**20**
Interest on Receivables under Resale Agreements	**7**	104	**0**
Interest on Receivables under Securities Borrowing Transactions	**540**	927	**7**
Interest on Due from Banks	**5,384**	2,469	**66**
Other Interest Income	**8,307**	6,618	**101**
Fees and Commissions	**12,693**	14,780	**155**
Trading Income	**753**	194	**9**
Other Operating Income	**84,785**	162,768	**1,032**
Other Income	**242,029**	263,407	**2,946**
Total Income	**934,934**	1,101,780	**11,381**
Expenses			
Interest Expenses:	**587,538**	557,758	**7,152**
Interest on Deposits	**41,706**	53,365	**508**
Interest on Negotiable Certificates of Deposit	**3,680**	2,567	**45**
Interest on Debentures	**59,183**	67,706	**720**
Interest on Borrowed Money	**85,891**	92,957	**1,046**
Interest on Call Money	**453**	522	**5**
Interest on Payables under Repurchase Agreements	**15,233**	22,616	**185**
Interest on Payables under Securities Lending Transactions	**8**	156	**0**
Other Interest Expenses	**381,380**	317,865	**4,643**
Fees and Commissions	**11,082**	10,442	**135**
Trading Expenses	**—**	160	**—**
Other Operating Expenses	**95,947**	247,519	**1,168**
General and Administrative Expenses	**112,054**	102,992	**1,364**
Other Expenses	**64,075**	44,459	**780**
Total Expenses	**870,698**	963,332	**10,599**
Income before Income Taxes	**64,236**	138,448	**782**
Income Taxes — Current	**1,203**	322	**15**
Income Taxes — Deferred	**1,391**	(6,177)	**17**
Total Income Taxes	**2,594**	(5,855)	**32**
Net Income	**¥ 61,641**	¥ 144,303	**$ 750**

	Yen 2012	Yen 2011	U.S. Dollars 2012
Net Income per Share	**¥12.45**	¥31.87	**$0.15**

37. Appropriation of Retained Earnings

The following dividends were approved at the Council of Delegates held on June 27, 2012.

	Millions of Yen	Millions of U.S. Dollars
Cash Dividends		
Special Dividends	**¥ 4,626**	**$ 56**
Dividends on Common Stock (at the rate of 3% of the ¥100 face value, or ¥3.00 per share)	**12,771**	**155**
Dividends on Lower Dividend Rate Stock (at the rate of 0.1% of the ¥100 face value, or ¥0.10 per share)	**2,975**	**36**
Dividends on Preferred Stock (at the rate of 18% of the ¥100 face value, or ¥18.00 per share)	**1,004**	**12**

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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 sheets as at March 31, 2012 and 2011, and the consolidated statements of operations, comprehensive income, capital surplus and retained earnings, and cash flows for the years 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, 2012 and 2011, and their consolidated financial performance and cash flows for the years 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 27, 2012

A member firm of Ernst & Young Global Limited

Capital Adequacy (Consolidated)

Disclosure Regarding Capital Adequacy (Basel II Pillar III Disclosure)

Basel II, applied to Japanese banks since March 31, 2007, comprises three pillars. Pillar I is a method for calculating capital adequacy ratios. Pillar II is composed of internal capital adequacy assessment process by bank management and supervisory review process. Pillar III is a set of disclosure requirements which will allow market participants to assess capital adequacy fairly. The disclosure requirements for the Bank are provided in Notification No. 6 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries of Japan entitled "Disclosure Items Related to Capital Adequacy of the Norinchukin Bank" (Notification Regarding Basel II Pillar III Disclosure).

The Bank herein discloses its capital adequacy as of March 31, 2012 based on Notification Regarding Basel II Pillar III Disclosure.

• Items for Qualitative Disclosure Related to Capital Adequacy Condition

Qualitative disclosure items including explanations of risk management policies are contained in the "Capital and Risk Management" and "Capital Adequacy (Consolidated)" sections of this report.

The Notification Regarding Basel II Pillar III Disclosure requires disclosure of risk management policies and other items on both a consolidated and non-consolidated basis. However, since the Bank conducts its primary business on a non-consolidated basis, the Bank provides information generally on a non-consolidated basis. (For consolidated subsidiaries, information is provided in the section "Risk Management of Consolidated Subsidiaries.")

• Items for Quantitative Disclosure Related to Capital Adequacy Condition

In line with Notification Regarding Basel II Pillar III Disclosure, the Bank has disclosed quantitative disclosure on the following pages.

The Bank's consolidated and non-consolidated capital adequacy ratio is calculated based on the formula contained in Notification No. 4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries entitled "Standards for Judging the Soundness of Management of the Norinchukin Bank" (Notification Regarding Capital Adequacy) issued in 2006.

• Compensation Structure Disclosure

The Bank has disclosed its compensation structure as of March 2012 on page 188, based in Notification No. 10 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries entitled "Matters set forth separately by the Minister of Agriculture, Forestry and Fisheries 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" (Compensation Notification).

■ Glossary of Terms

Exposure

Exposure is defined as sum of the corresponding credit amount (before credit risk mitigation) of assets recognized on balance sheet, plus those of off-balance transaction.

Risk-Weighted Asset for Credit Risk (RA)

RA is the amount of credit risk computed from exposure in accordance with the relevant credit risk. Since the Bank adopts the Foundation Internal Ratings-Based Approach (F-IRB), the amount of RAs is computed based on certain parameters—namely, probability of default (PD), loss given default (LGD) and exposure at default (EAD).

Probability of Default (PD)

Probability of default is the likelihood that the obligor will be in default in a one-year period.

Loss Given Default (LGD)

Loss given default is the percentage of losses that are incurred from the exposure in default. The loss referred to herein includes costs and period of recovering the claim.

Exposure at Default (EAD)

EAD is the amount of the exposure at the time of default, taking into account those of the additional drawdown from the commitment line. Since the Bank adopts the F-IRB, it is required to estimate EAD for retail exposure. Regarding corporate, sovereign, and bank exposure, however, the Bank computes EAD based on the calculation method described in the Notification Regarding Capital Adequacy.

Risk Weight (RW)

RW indicates the ratio of RA to EAD. The following formula applies:

EAD x RW (%) = RA

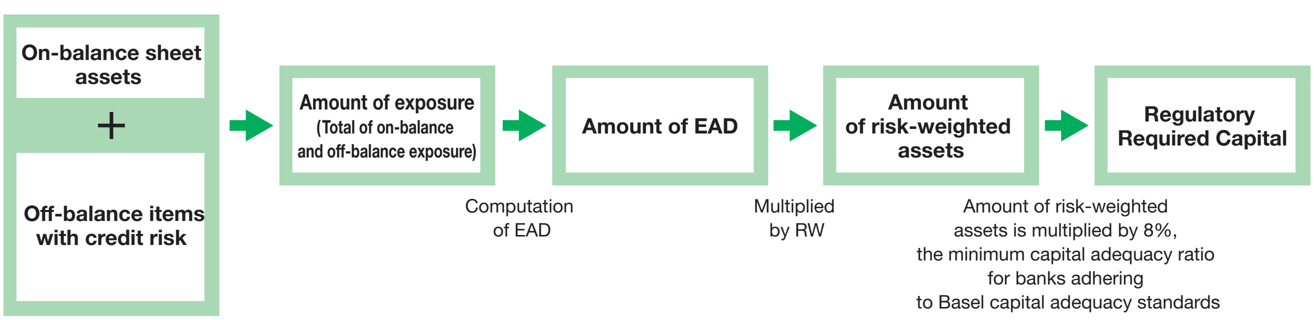
As the Bank adopts F-IRB, with regard to the most of the Bank's assets, RW is determined by parameters, including PD which corresponds to the grade of the internal credit rating.

Regulatory Required Capital

Regulatory required capital is the amount, calculated from the amount of risk, the denominator of the capital adequacy ratio, multiplied by 8%. The 8% figure is the minimum capital adequacy ratio that banks with international operations must maintain. Required regulatory capital is computed according to the following formula:

Sum of the amount of RA x 8% = Regulatory required capital

■ Outline of the Computation Process



■ Exposure Classification under Basel II

The Bank's exposure classification used under Basel II is as follows:

<table>
<tr><td rowspan="12">Assets subject to computation as risk-weighted assets for credit risk</td><td rowspan="12">Assets for which Internal Ratings-Based Approach (IRB) can be applied</td><td rowspan="10">Assets to which Internal Ratings-Based Approach (IRB) are applied</td><td rowspan="5">Corporate, sovereign and bank exposure</td><td rowspan="2"></td><td colspan="2">Sovereign exposure</td></tr>
<tr><td colspan="2">Bank exposure</td></tr>
<tr><td rowspan="3">Corporate exposure</td><td rowspan="2">Corporate exposure</td><td>Resident corporate</td></tr>
<tr><td>Non-resident corporate</td></tr>
<tr><td colspan="2">Specialized Lending (SL)</td></tr>
<tr><td colspan="4">Retail exposure</td></tr>
<tr><td colspan="4">Equity exposure</td></tr>
<tr><td colspan="4">Securitization exposure</td></tr>
<tr><td colspan="4">Risk-weighted assets for investment fund (look-through approach, etc.)</td></tr>
<tr><td colspan="4">Other assets (cash, fixed assets, etc.)</td></tr>
<tr><td colspan="5">Roll-out assets from Standardized Approach to F-IRB Approach</td></tr>
<tr><td colspan="5">Non-IRB applicable assets (assets for Standardized Approach)</td></tr>
<tr><td colspan="7">Assets subject to evaluation at market risk (Trading account)</td></tr>
<tr><td colspan="7">Amounts deducted from capital (goodwill, etc.)</td></tr>
<tr><td colspan="7">Assets not subject to risk computations</td></tr>
</table>

■ Items for Quantitative Disclosure Related to Capital Adequacy Condition (Basel II Pillar III)

Capital adequacy conditions of the Bank in line with Basel II are described on the following pages.

Capital Adequacy

<table>
<tr><th colspan="2">Items</th><th>Content of principal quantitative disclosure</th><th>Consolidated disclosure (Page)</th><th>Non-consolidated disclosure (Page)</th></tr>
<tr><td rowspan="2">Items related to composition of capital</td><td>Capital adequacy ratio</td><td>Detailed components of Tier I capital and Tier II</td><td>134</td><td>164</td></tr>
<tr><td>Explanation of computation of capital adequacy ratio</td><td>Scope of consolidation</td><td>136</td><td>—</td></tr>
<tr><td colspan="2">Items relating to capital adequacy</td><td>For the purpose of capital adequacy assessment, the capital adequacy ratio (being above the regulatory minimum of 8%) total amounts of regulatory required capital and details of principal exposure (credit risk exposure, market risk, operational risk, etc.) are disclosed.</td><td>137</td><td>166</td></tr>
</table>

Details of Risks and Risk Exposures

<table>
<tr><th colspan="3">Items</th><th>Content of principal quantitative disclosure</th><th>Consolidated disclosure (Page)</th><th>Non-consolidated disclosure (Page)</th></tr>
<tr><td rowspan="8">Items related to credit risk</td><td colspan="2">Credit risk exposure</td><td>Credit risk exposure (excluding securitization exposure and funds), details on the reserve for possible loan losses by region and industry</td><td>138</td><td>167</td></tr>
<tr><td rowspan="5">Exposure subject to Internal Ratings-Based Approach (IRB)</td><td>Corporate, sovereign, and bank exposure</td><td>Details on PD, LGD, RW and EAD for corporate, sovereign, bank, and equity subject to the PD/LGD approach</td><td>143</td><td>171</td></tr>
<tr><td>Retail exposure</td><td>Details on PD, LGD, RW and EAD</td><td>145</td><td>173</td></tr>
<tr><td>Actual losses, etc., on exposure to corporate, sovereign, bank and retail</td><td>Actual losses, long-term comparison between estimated losses and actual losses</td><td>147</td><td>175</td></tr>
<tr><td>Exposure to Specialized Lending subject to supervisory slotting criteria</td><td>Amount of exposure by RW</td><td>148</td><td>176</td></tr>
<tr><td>Equity exposure subject to the simple risk-weighted method</td><td>Amount of exposure by RW</td><td>148</td><td>176</td></tr>
<tr><td colspan="2">Exposure subject to Standardized Approach</td><td>Amount of exposure by RW</td><td>149</td><td>177</td></tr>
<tr style="display:none"><td colspan="2"></td><td></td><td></td><td></td></tr>
<tr><td colspan="3">Items related to credit risk mitigation</td><td>Coverage/application of collateral, guarantees, etc.</td><td>150</td><td>178</td></tr>
<tr><td colspan="3">Items related to counterparty risk in derivative transactions</td><td>Derivative transaction activity</td><td>152</td><td>179</td></tr>
<tr><td colspan="3">Items related to securitization exposure</td><td>Details on securitization exposure</td><td>154</td><td>180</td></tr>
<tr><td colspan="3">Items related to market risk</td><td>VaR and amount of market risk in trading account</td><td>158</td><td>183</td></tr>
<tr><td colspan="3">Items related to equity exposure</td><td>Details of equity exposure those directly held</td><td>160</td><td>184</td></tr>
<tr><td colspan="3">Items related to exposure subject to risk-weighted asset calculation for investment fund</td><td>Risk-weighted assets for investment fund</td><td>162</td><td>186</td></tr>
<tr><td colspan="3">Items related to interest rate risk</td><td>Interest rate risk for internal management purposes</td><td>163</td><td>187</td></tr>
</table>

1. Capital Structure (Consolidated)

(1) CAPITAL ADEQUACY RATIO (CONSOLIDATED)

Consolidated Capital Adequacy Ratio (Basel capital adequacy standards) (Basel II)

Note: The Bank's capital adequacy ratio for the fiscal year ended March 31, 2012 and 2011, was computed according to Basel II.

As of March 31

Items			Millions of yen		Millions of U.S. dollars
			2012	2011	**2012**
Tier I capital	Capital stock		**3,425,909**	3,425,909	**41,703**
	Included as non-cumulative, perpetual preferred stock		**24,999**	24,999	**304**
	Deposit for subscription to preferred stock		**—**	—	**—**
	Capital surplus		**25,020**	25,020	**304**
	Earned surplus		**1,003,537**	950,962	**12,215**
	Less: Amount corresponding to the decrease in capital due to merger of subsidiaries		**—**	—	**—**
	Less: Treasury stock		**150**	150	**1**
	Deposit for subscription to treasury stock		**—**	—	**—**
	Unrealized loss on other securities		**—**	(222,205)	**—**
	Foreign currency transaction adjustment		**(40)**	(39)	**0**
	Stock acquisition rights		**—**	—	**—**
	Minority interest of consolidated subsidiaries		**6,007**	5,952	**73**
	Including preferred securities issued by overseas special-purpose corporations		**—**	—	**—**
	Less: Amount corresponding to operating rights		**—**	—	**—**
	Less: Amount corresponding to consolidated adjustments		**—**	—	**—**
	Less: Intangible assets acquired via business combination		**—**	—	**—**
	Less: Goodwill and others		**—**	—	**—**
	Less: Amount corresponding to the increase in capital due to securitization transactions		**—**	—	**—**
	Less: Amount equivalent to 50% expected losses in excess of qualifying allowance		**37,531**	44,249	**456**
	Subtotal	(A)	**4,422,752**	4,141,199	**53,837**
	Including preferred securities with interest rate step-up clause		**—**	—	**—**
	(Ratio of the value of such preferred securities to Tier I capital)		**—**	—	**—**
Tier II capital	45% of unrealized gains on other securities		**223,019**	—	**2,714**
	45% of unrealized gains on land		**16,998**	19,218	**206**
	General reserve for possible loan losses		**29**	27	**0**
	Qualifying subordinated debt		**1,536,007**	1,740,373	**18,697**
	Included as perpetual subordinated bonds and loans		**1,486,007**	1,486,007	**18,088**
	Included as dated subordinated bonds, loans, and preferred stock		**50,000**	254,366	**608**
	Subtotal		**1,776,054**	1,759,618	**21,619**
	Tier II capital included as qualifying capital	(B)	**1,776,054**	1,759,618	**21,619**
Tier III capital	Short-term subordinated debt		**—**	—	**—**
	Including amount added to capital	(C)	**—**	—	**—**
Deductions	Deductions	(D)	**219,435**	330,285	**2,671**
Total Capital	(A)+(B)+(C)-(D)	(E)	**5,979,371**	5,570,532	**72,786**
Risk-weighted assets	Risk-weighted assets for credit risk	(F)	**21,794,392**	22,741,078	**265,299**
	Including on-balance sheet		**20,633,139**	21,665,186	**251,164**
	Including off-balance sheet		**1,161,253**	1,075,892	**14,135**
	Assets equivalent to market risk (H)/8%	(G)	**1,886,536**	1,391,085	**22,964**
	(For reference: actual market risk volume)	(H)	**150,922**	111,286	**1,837**
	Amount corresponding to operational risk (J)/8%	(I)	**549,785**	431,206	**6,692**
	(For reference: amount corresponding to operational risk)	(J)	**43,982**	34,496	**535**
	Total risk-weighted assets (F)+(G)+(I)	(K)	**24,230,715**	24,563,370	**294,956**
Basel II Capital Adequacy Ratio (Basel capital adequacy standards) = (E)/(K) × 100%			**24.67%**	22.67%	**24.67%**
Tier I ratio = (A)/(K) × 100%			**18.25%**	16.85%	**18.25%**
Consolidated required capital (K) × 8%			**1,938,457**	1,965,069	**23,596**

Notes: 1. The Bank's capital adequacy ratio was computed according to the stipulations outlined in Notification No. 4 of the 2006 Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries of Japan (Standard for Judging the Management Soundness of the Norinchukin Bank) (hereinafter, Notification Regarding Capital Adequacy). Note that the Bank adopts Foundation Internal Ratings-Based Approach (F-IRB) in computing risk-weighted assets for credit risk and the Standardized Approach (TSA) in computing the amount corresponding to operational risk.

2. Regarding the calculation of capital adequacy ratio, certain procedures were performed by Ernst & Young ShinNihon LLC pursuant to "Treatment of Inspection of Capital Ratio Calculation Framework Based on Agree-upon Procedures" (JICPA Industry Committee Report No. 30). It does not constitute a part of the audit on financial statements by law, but a review on agree-upon procedures on internal control of capital adequacy calculation. Accordingly, Ernst & Young ShinNihon LLC does not address any opinion as a result of the review.

3. The Tier II capital item "general reserve for possible loan losses" is limited to the amount corresponding to assets which is calculated according to a Standardized Approach in terms of risk-weighted assets for credit risk.

4. Those are items of Deductions: (1) the total amount of the value corresponding to intentional holdings of capital investments issued by other financial institutions, (2) holdings of instruments issued for raising capital, issued by affiliated corporations conducting financial service businesses, (3) 50% of the expected losses on exposure to corporate, sovereign and bank, and expected losses on retail exposure over the value of qualified reserves, (4) expected losses on equity exposure, and (5) securitization exposure subject to deduction from capital (Notification Regarding Capital Adequacy, Article 8).

5. In computing risk-weighted assets for credit risk, the Bank has applied a scaling factor of 1.06 to the amount of risk-weighted assets for credit risk computed based on its Foundation Internal Ratings-Based Approach (F-IRB), as provided for in the Notification Regarding Capital Adequacy, Article 129.

(2) REMARKS ON COMPUTATION OF THE CONSOLIDATED CAPITAL ADEQUACY RATIO

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, Article 8-1-2 a and b, names of those companies whose capital are less than the regulatory required capital and the total amount of shortfalls in their capitals.

Not applicable

Scope of Consolidation

There are no discrepancies between the 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, Article 3, (hereinafter, the Consolidated Group) and the companies to be included in the scope of consolidation, based on regulations relating to terminology, format, methods of preparation of the consolidated financial statements (under Ministerial Ordinance No. 28, issued by the Ministry of Finance in 1976).

As of March 31, 2012, the Bank had nine 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 and related purposes

The Bank has no companies that are subject to capital deductions under Article 8-1-2 a and b of the Notification Regarding Capital Adequacy.

There were no affiliated companies engaged in financial service business that were subject to the provisions of Article 9 of the Notification Regarding Capital Adequacy.

As of March 31, 2012, there was one company that was engaged in similar business activities as specified in Article 72-1-8 and 9 of the Norinchukin Bank Law (Law No. 93, 2001), but was not included in the scope of consolidation.

1. Daiichi Life Norinchukin Building Management Co., Ltd.: Building management business

There are no restrictions on the transfer of funds and capital between the members of the Consolidated Group.

2. Capital Adequacy (Consolidated)

(Minimum amount of regulatory required capital and breakdown for each risk category as required under Basel II)

Regulatory Required Capital

(Billions of yen)

Items	As of March 31, 2012		As of March 31, 2011	
	EAD	**Regulatory Required Capital**	EAD	Regulatory Required Capital
Amount of regulatory required capital for credit risk	**82,163**	**2,067**	80,636	2,296
Exposure subject to Internal Ratings-Based Approach	**82,114**	**2,066**	80,590	2,295
Corporate exposure (excluding Specialized Lending)	**5,237**	**296**	5,267	382
Corporate exposure (Specialized Lending)	**390**	**75**	463	93
Sovereign exposure	**38,459**	**0**	36,502	0
Bank exposure	**13,793**	**100**	13,444	100
Retail exposure	**696**	**29**	647	27
Retail exposure secured by residential properties	**653**	**24**	606	22
Qualifying revolving retail exposure	**—**	**—**	—	—
Other retail exposure	**43**	**4**	40	5
Securitization and re-securitization exposure	**4,462**	**183**	4,216	309
Equity portfolios	**694**	**136**	688	130
Equity portfolios subject to PD/LGD approaches	**81**	**11**	91	12
Equity portfolios subject to simple risk-weighted method	**30**	**10**	27	9
Equities under the internal models approach	**270**	**88**	256	81
Grandfathered equity exposure	**311**	**26**	313	26
Exposure subject to risk-weighted asset calculation for investment fund	**18,027**	**1,229**	18,903	1,225
Other debt purchased	**53**	**1**	36	1
Other exposures	**298**	**12**	419	25
Exposure subject to Standardized Approach	**49**	**1**	46	0
Assets subject to Standardized Approach on a non-consolidated basis	**7**	**0**	6	0
Assets subject to Standardized Approach in consolidated companies (excluding securitization exposure)	**41**	**0**	39	0
Assets subject to Standardized Approach in consolidated companies (securitization exposure)	**0**	**0**	0	0
Amount of regulatory required capital for market risk	**/**	**150**	/	111
Standardized Approach	**/**	**149**	/	110
Interest rate risk category	**/**	**—**	/	—
Equity risk category	**/**	**—**	/	—
Foreign exchange risk category	**/**	**149**	/	110
Commodity risk category	**/**	**—**	/	—
Option transactions	**/**	**—**	/	—
Internal models Approach	**/**	**1**	/	0
Amount of regulatory required capital for operational risk	**/**	**43**	/	34
Offsets on consolidation	**/**	**2,262**	/	2,441

Notes: 1. Regulatory required capital for credit risk = 8% of risk-weighted assets for credit risk + Expected losses + Deductions from capital

2. "Risk-weighted asset calculation for investment fund" is risk-weighted assets as calculated according to the method specified in Notification Regarding Capital Adequacy, Article 144.

3. Article 13 of the Notification Regarding Capital Adequacy contains a grandfathering provision for computing the amount of risk assets related to equity exposures that meet specified criteria.

4. 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. 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, Article 282).

3. Credit Risk (Consolidated)

(Funds and securitization exposures are excluded.)

(1) CREDIT RISK EXPOSURE

For Fiscal 2011, ended March 31, 2012

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

(Billions of yen)

Region	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure
Japan	16,738	18,189	6	2,606	37,541	239
Asia except Japan	100	115	—	314	530	—
Europe	41	4,227	0	3,006	7,275	—
The Americas	327	8,861	3	5,938	15,130	—
Other areas	19	741	—	308	1,070	—
Amounts held by consolidated subsidiaries	705	31	—	39	776	14
Total	17,932	32,167	9	12,214	62,324	253

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

(Billions of yen)

Industry	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	2,479	231	0	0	2,711	31	1
Agriculture	43	0	—	0	43	7	0
Forestry	12	—	—	0	12	0	—
Fishing	28	—	—	0	28	18	0
Mining	3	—	—	0	3	—	—
Construction	116	5	—	0	121	2	—
Utility	120	3	0	0	124	1	—
Information/telecommunications	54	3	0	0	57	1	—
Transportation	633	59	3	0	695	16	—
Wholesaling, retailing	1,585	50	0	0	1,636	31	0
Finance and insurance	1,736	7,451	5	11,869	21,062	33	—
Real estate	546	156	—	0	704	78	23
Services	1,410	60	—	1	1,472	15	0
Municipalities	164	13	—	0	178	—	—
Other	8,291	24,100	—	302	32,695	0	—
Amounts held by consolidated subsidiaries	705	31	—	39	776	14	1
Total	17,932	32,167	9	12,214	62,324	253	26

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)

Term to maturity	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure
In 1 year	**13,603**	**9,794**	**1**	**11,046**	**34,446**
Over 1 year to 3 years	**1,852**	**5,909**	**1**	**0**	**7,764**
Over 3 years to 5 years	**1,124**	**2,724**	**0**	**—**	**3,850**
Over 5 years to 7 years	**448**	**2,742**	**1**	**—**	**3,192**
Over 7 years	**192**	**10,201**	**3**	**—**	**10,396**
No term to maturity	**6**	**763**	**—**	**1,128**	**1,898**
Amounts held by consolidated subsidiaries	**705**	**31**	**—**	**39**	**776**
Total	**17,932**	**32,167**	**9**	**12,214**	**62,324**

Notes: 1. The amount of credit exposure at the end of the period does not substantially differ from the average-risk position during fiscal 2011.

2. The amounts of credit-risk exposure held by consolidated subsidiaries are less than 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 ¥48.5 billion.

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

For Fiscal 2010, ended March 31, 2011

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

(Billions of yen)

Region	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure
Japan	16,007	15,873	8	2,625	34,514	265
Asia except Japan	61	91	—	741	895	—
Europe	25	3,803	0	2,543	6,372	—
The Americas	312	9,857	3	5,493	15,667	0
Other areas	21	730	0	423	1,175	—
Amounts held by consolidated subsidiaries	660	33	—	32	726	16
Total	17,089	30,390	11	11,859	59,351	282

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

(Billions of yen)

Industry	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	2,312	252	1	0	2,565	50	1
Agriculture	46	0	—	0	46	8	0
Forestry	30	—	—	—	30	0	—
Fishing	28	—	—	0	28	21	0
Mining	5	—	—	0	5	—	—
Construction	130	7	—	0	138	3	0
Utility	141	14	0	0	156	1	—
Information/telecommunications	62	8	0	0	70	5	0
Transportation	785	57	3	0	846	3	—
Wholesaling, retailing	1,619	48	0	0	1,668	28	0
Finance and insurance	1,390	6,679	7	11,401	19,478	19	0
Real estate	600	173	—	0	774	106	—
Services	1,119	66	0	1	1,186	14	0
Municipalities	205	12	—	—	217	—	—
Other	7,951	23,035	—	422	31,409	0	—
Amounts held by consolidated subsidiaries	660	33	—	32	726	16	1
Total	17,089	30,390	11	11,859	59,351	282	4

Note: "Others" within "Finance and insurance" includes repo-type transactions, call loans, and certain other items.

Residual Contractual Maturity Breakdown of Credit Risk Exposure

(Billions of yen)

Term to maturity	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure
In 1 year	12,775	9,175	2	11,362	33,316
Over 1 year to 3 years	1,675	5,796	3	0	7,475
Over 3 years to 5 years	1,338	2,647	1	0	3,988
Over 5 years to 7 years	302	1,523	1	—	1,827
Over 7 years	276	10,463	3	—	10,742
No term to maturity	59	751	—	463	1,274
Amounts held by consolidated subsidiaries	660	33	—	32	726
Total	17,089	30,390	11	11,859	59,351

Notes: 1. The amount of credit exposure at the end of the period does not substantially differ from the average-risk position during fiscal 2010.
2. The amounts of credit-risk exposure held by consolidated subsidiaries are less than 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 ¥46.4 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)

Region	As of March 31, 2012	As of March 31, 2011	Increase/(decrease)
General reserve for possible loan losses	**39**	51	**(11)**
Specific reserve for possible loan losses	**102**	123	**(20)**
Japan	**102**	123	**(20)**
Asia except Japan	**—**	—	**—**
Europe	**—**	—	**—**
The Americas	**—**	—	**—**
Other areas	**—**	—	**—**
Amounts held by consolidated subsidiaries	**9**	9	**(0)**
Offsets on consolidation	**(1)**	(2)	**0**
Specified reserve for loans to countries with financial problems	**—**	—	**—**
Total	**150**	182	**(31)**

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)

Industry	As of March 31, 2012	As of March 31, 2011	Increase/(decrease)
General reserve for possible loan losses	**39**	51	**(11)**
Specific reserve for possible loan losses	**102**	123	**(20)**
Manufacturing	**12**	20	**(7)**
Agriculture	**4**	5	**(1)**
Forestry	**0**	0	**0**
Fishing	**8**	9	**(1)**
Mining	**—**	—	**—**
Construction	**0**	0	**(0)**
Utility	**1**	1	**0**
Information/telecommunications	**0**	1	**(1)**
Transportation	**6**	1	**4**
Wholesaling, retailing	**4**	4	**(0)**
Finance and insurance	**21**	8	**12**
Real estate	**32**	58	**(25)**
Services	**10**	9	**0**
Municipalities	**—**	—	**—**
Other	**0**	0	**0**
Others	**—**	—	**—**
Amount held by consolidated subsidiaries	**9**	9	**(0)**
Offsets on consolidation	**(1)**	(2)	**0**
Specified reserve for loans to countries with financial problems	**—**	—	**—**
Total	**150**	182	**(31)**

(3) EXPOSURE SUBJECT TO THE INTERNAL RATINGS-BASED APPROACH

Types of Exposure by Portfolio and Overview of Internal Rating Procedures

■ Corporate, Sovereign and Bank Exposure

Types of Exposure

Corporate, sovereign and bank exposure include exposure to corporate, sovereign, bank and Specialized Lending.

Within these categories, 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 Internal Rating Procedure

The general procedure for assigning a debtor rating for corporate exposure is for the front section to apply for a rating and for the credit risk management section to then review and approve it. Specifically, a rating is assigned based on the Internal Rating Manuals as specified for each type of exposure including resident and non-resident corporate, sovereign, bank and Specialized Lending.

Work Flow for Assigning Internal Ratings

Ratings are assigned after taking into account all of the latest available and most relevant information.

In addition, each internal rating is subject to "periodic review" at least once a year in order to reflect the latest financial results of the borrower in the revised rating. When an event occurs that may trigger a change in the rating, the Bank conducts an "ad-hoc review."

	Items for Review	Content of Review
1	Financial rating	Based on qualitative data of an obligor, including financial statements, the relevant quantitative model according to the risk profile of the obligor is applied to assign a financial rating.
2	Adjustments in financial rating	In addition to the process stated above, the Bank takes account of the events which should affect the obligor, and adjusts the financial rating.
3	Qualitative evaluation	Among significant elements to evaluate creditworthiness of the obligor, those elements which are not captured fully by quantitative evaluation are evaluated.
4	Country adjustments	A rating of obligor is adjusted not to exceed the rating of the country to which substantial risk of obligor belongs to as the ceiling on the rating the Bank assigns.
5	Consideration of external information	Supplemental to quantitative and qualitative evaluation, the Bank may consider other elements, such as changes in agency rating, CDO or corporate bond spread, or stock price, and adjust the rating.
6	Determination of debtor classification	Determine the classification of an obligor in accordance with Procedure for Self-Assessment Exercise.
7	Final ratings	To reflect the situation of the obligor more accurately, supplemental evaluation may be conducted before the final decision of the internal rating.

Please note that the internal auditing units of the Bank, which is independent of the front section and the credit risk management section, also audits the ratings to ensure the appropriateness of the internal ratings assessment method and the accuracy of the rating results.

■ Equity Exposure

Internal ratings are assigned to equity exposure according to the same process used in assigning ratings to corporate exposure whenever possible.

■ Retail Exposure

For retail exposure, eligible criteria for retail pool, the pool which requires risk management framework for retail exposure, is stipulated in Procedures for Internal Rating of Retail Exposure. For each type of retail exposure, having residential properties, qualifying revolving retail exposure as underlying, clustering of exposures into the pools (equivalent to the rating of corporate, sovereign and bank exposures) is determined according to risk profile. Ratings for individual retail exposure are assigned in accordance with Internal Rating Manual for Retail Exposure.

a. Corporate, Sovereign and Bank Exposure

Relationship between Internal Ratings and Parameter Estimates

The table of probability of default for various internal ratings is divided into four categories: resident corporate, non-resident corporate, sovereign and bank. The methods for estimating these probabilities of default are (a) the internal estimate method: the Bank estimates the long-term average for probability of default according to internal rating grades based on internal default data of the Bank and (b) mapping technique: the Bank maps internal grades to rating grades used by a credit rating agency and applies the default rate for a rating grade of the agency to a corresponding grade of internal rating of the Bank.

The Bank's definition of default used in estimating the probability of default and in validation satisfies the criteria stipulated in the Notification Regarding Capital Adequacy.

For Specialized Lending, the Bank applies slotting criteria to compute risk-weighted assets.

Fiscal 2011 (Ended March 31, 2012)

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Corporate Exposure	3.94%	44.93%	71%	5,237	4,545	692
1-1 to 4	0.13%	44.96%	31%	4,193	3,569	623
5 to 7	2.56%	44.87%	132%	698	650	48
8-1 to 8-2	15.82%	45.07%	324%	192	173	18
Subtotal	1.06%	44.95%	56%	5,084	4,393	691
8-3 to 10-2	100.00%	44.37%	557%	152	151	1
Sovereign Exposure	0.00%	44.99%	0%	38,459	36,982	1,477
1-1 to 4	0.00%	44.99%	0%	38,459	36,982	1,477
5 to 7	0.70%	45.00%	122%	0	0	—
8-1 to 8-2	—	—	—	—	—	—
Subtotal	0.00%	44.99%	0%	38,459	36,982	1,477
8-3 to 10-2	—	—	—	—	—	—
Bank Exposure	0.07%	21.73%	9%	13,793	5,921	7,871
1-1 to 4	0.05%	21.74%	9%	13,734	5,867	7,866
5 to 7	1.67%	19.82%	50%	47	42	4
8-1 to 8-2	7.07%	10.56%	53%	11	11	0
Subtotal	0.06%	21.73%	9%	13,793	5,921	7,871
8-3 to 10-2	100.00%	45.00%	563%	0	0	0
Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach	0.76%	90.00%	174%	81	81	—
1-1 to 4	0.14%	90.00%	126%	66	66	—
5 to 7	3.49%	90.00%	388%	14	14	—
8-1 to 8-2	—	—	—	—	—	—
Subtotal	0.75%	90.00%	173%	81	81	—
8-3 to 10-2	100.00%	90.00%	1,125%	0	0	—

Notes: 1. Weighted averages of PD, LGD and risk weights are computed based on EAD (including on-balance and off-balance items).
2. Risk weights are equivalent to 8% of the total of the amount of risk-weighted assets and expected loss, divided by EAD.
3. "Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach" does not take account of Rider No. 13 to the Notification Regarding Capital Adequacy (regarding provisional measures for equity exposure).

Fiscal 2010 (Ended March 31, 2011)

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Corporate Exposure	4.98%	44.92%	91%	5,267	4,585	681
1-1 to 4	0.18%	44.95%	39%	3,914	3,324	589
5 to 7	1.71%	44.85%	113%	718	674	43
8-1 to 8-2	15.92%	44.96%	321%	466	418	47
Subtotal	1.84%	44.94%	75%	5,098	4,417	680
8-3 to 10-2	100.00%	44.53%	559%	168	167	0
Sovereign Exposure	0.00%	44.99%	0%	36,502	34,990	1,511
1-1 to 4	0.00%	44.99%	0%	36,502	34,990	1,511
5 to 7	0.70%	45.00%	122%	0	0	—
8-1 to 8-2	—	—	—	—	—	—
Subtotal	0.00%	44.99%	0%	36,502	34,990	1,511
8-3 to 10-2	—	—	—	—	—	—
Bank Exposure	0.05%	23.11%	9%	13,444	6,388	7,055
1-1 to 4	0.05%	23.08%	9%	13,427	6,377	7,049
5 to 7	1.21%	39.97%	111%	15	9	5
8-1 to 8-2	7.07%	45.00%	242%	1	1	0
Subtotal	0.05%	23.11%	9%	13,444	6,388	7,055
8-3 to 10-2	100.00%	45.00%	563%	0	0	0
Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach	0.86%	90.00%	174%	91	91	—
1-1 to 4	0.14%	90.00%	127%	77	77	—
5 to 7	4.61%	90.00%	422%	14	14	—
8-1 to 8-2	16.23%	90.00%	720%	0	0	—
Subtotal	0.84%	90.00%	173%	91	91	—
8-3 to 10-2	100.00%	90.00%	1,125%	0	0	—

Notes: 1. Weighted averages of PD, LGD and risk weights are computed based on EAD (including on-balance and off-balance items).
2. Risk weights are equivalent to 8% of the total of the amount of risk-weighted assets and expected loss, divided by EAD.
3. "Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach" does not take account of Rider No. 13 to the Notification Regarding Capital Adequacy (regarding provisional measures for equity exposure).

b. Retail Exposure

Relationship between Retail Pools and Parameter Estimates

On retail exposure, the Bank estimates parameters, namely PD, LGD, and EAD for each retail pool. Each of those parameters is estimated based on observed data of defaults and losses net of recovered amounts. 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 discretions of the obligors.

Please note that the Bank's definition of default used in estimating and validating the parameters satisfies the criteria stipulated in the Notification Regarding Capital Adequacy.

Fiscal 2011 (Ended March 31, 2012)
Details on PD, LGD, RW and EAD Assets

(Billions of yen)

Type of exposure	Weighted-average PD	Weighted-average LGD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Retail exposure secured by residential properties	2.19%	50.50%	97.36%	83.19%	60%	873	347	525
Not default Not delinquent	0.41%	50.54%	/	/	37%	847	324	522
Not default Delinquent	28.42%	48.34%	/	/	453%	13	12	0
Not default Subtotal	0.87%	50.50%	/	/	44%	861	337	523
Default	100.00%	/	97.36%	83.19%	1,217%	11	9	1
Qualifying revolving retail exposure	—	—	—	—	—	—	—	—
Not default Not delinquent	—	—	/	/	—	—	—	—
Not default Delinquent	—	—	/	/	—	—	—	—
Not default Subtotal	—	—	/	/	—	—	—	—
Default	—	/	—	—	—	—	—	—
Other retail exposure	5.89%	63.27%	114.89%	99.30%	137%	44	39	5
Not default Not delinquent	0.93%	63.28%	/	/	69%	42	36	5
Not default Delinquent	26.59%	62.05%	/	/	363%	0	0	0
Not default Subtotal	1.11%	63.27%	/	/	72%	42	37	5
Default	100.00%	/	114.89%	99.30%	1,436%	2	2	0
Total	2.37%	51.12%	100.09%	85.69%	64%	917	386	531
Not default Not delinquent	0.44%	51.14%	/	/	39%	889	361	528
Not default Delinquent	28.39%	48.64%	/	/	451%	14	13	1
Not default Subtotal	0.88%	51.10%	/	/	45%	903	374	529
Default	100.00%	/	100.09%	85.69%	1,251%	13	11	2

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, 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, 2012, the Bank held no Qualifying revolving retail exposure for which net withdrawals of commitments had occurred.

Fiscal 2010 (Ended March 31, 2011)

Details on PD, LGD, RW and EAD Assets

(Billions of yen)

Type of exposure	Weighted-average PD	Weighted-average LGD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Retail exposure secured by residential properties	2.65%	49.14%	90.97%	78.23%	66%	863	390	473
Not default Not delinquent	0.46%	49.17%	/	/	40%	829	358	471
Not default Delinquent	28.58%	48.13%	/	/	452%	20	18	1
Not default Subtotal	1.13%	49.14%	/	/	50%	849	376	472
Default	100.00%	/	90.97%	78.23%	1,137%	13	13	0
Qualifying revolving retail exposure	—	—	—	—	—	—	—	—
Not default Not delinquent	—	—	/	/	—	—	—	—
Not default Delinquent	—	—	/	/	—	—	—	—
Not default Subtotal	—	—	/	/	—	—	—	—
Default	—	/	—	—	—	—	—	—
Other retail exposure	7.29%	61.92%	107.82%	98.29%	150%	42	36	6
Not default Not delinquent	0.95%	61.97%	/	/	69%	39	33	5
Not default Delinquent	25.09%	56.56%	/	/	316%	0	0	0
Not default Subtotal	1.19%	61.92%	/	/	72%	39	33	5
Default	100.00%	/	107.82%	98.29%	1,348%	2	2	0
Total	2.87%	49.74%	93.75%	81.54%	70%	905	426	479
Not default Not delinquent	0.48%	49.75%	/	/	41%	869	392	477
Not default Delinquent	28.51%	48.30%	/	/	450%	20	18	1
Not default Subtotal	1.13%	49.72%	/	/	51%	889	410	478
Default	100.00%	/	93.75%	81.54%	1,172%	15	15	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, 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, 2011, 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 for the Previous Period, Comparison with the Year before Last Results and Analysis of Causes

(Billions of yen)

Type of exposure	As of March 31, 2012	As of March 31, 2011	Increase/(decrease)
Corporate exposure	**9**	7	**2**
Sovereign exposure	**—**	—	**—**
Bank exposure	**—**	—	**—**
Equity exposure subject to PD/LGD approach	**0**	0	**0**
Retail exposure secured by residential properties	**1**	0	**1**
Qualifying revolving retail exposure	**—**	—	**—**
Other retail exposure	**0**	0	**(0)**

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.

Estimated Losses Depend on Historical Long-Term Results, Comparison with Actual Losses

(Billions of yen)

Type of exposure	As of March 31, 2012		As of March 31, 2011		As of March 31, 2010		As of March 31, 2009		As of March 31, 2008		As of March 31, 2007	
	Estimated losses	Actual losses	Estimated losses	Actual losses	Estimated losses	Actual losses	Estimated losses	Actual losses	Estimated losses	Actual losses	Estimated losses	Actual losses
Corporate exposure	**42**	**9**	73	7	55	43	46	25	29	7	27	18
Sovereign exposure	**0**	**—**	0	—	0	—	1	—	1	—	1	—
Bank exposure	**0**	**—**	0	—	0	—	0	—	0	—	0	—
Equity exposure subject to PD/LGD approach	**2**	**0**	3	0	1	0	0	0	1	0	0	0
Retail exposure secured by residential properties	**1**	**1**	1	0	1	0	1	0	1	0	—	—
Qualifying revolving retail exposure	**—**	**—**	—	—	—	—	—	—	—	—	—	—
Other retail exposure	**0**	**0**	0	0	0	0	0	0	0	0	0	0

Notes: 1. Comparisons of estimated and actual long-term losses for 10 years accumulatively are scheduled to be disclosed from the year following the application of Basel II (the year ending March 31, 2007).

2. The scope of actual and estimated 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.

3. Estimated losses of each year are amount of expected losses.

Year-on-year comparison of actual losses and factor analysis of difference between estimated losses and actual losses

Actual loss amounts have basically maintained at lower levels than the estimated losses at the beginning of the term, for fiscal years stated above.

d. Exposure to Specialized Lending Products Subject to Supervisory Slotting Criteria by RW

Amount of Specialized Lending Exposure Subject to Supervisory Slotting Criteria by RW

(Billions of yen)

Classification	As of March 31, 2012	As of March 31, 2011
Specialized Lending exposure subject to supervisory slotting criteria	**391**	464
Specialized Lending, excluding High-Volatility Commercial Real Estate (HVCRE)	**315**	360
Risk weight of 50%	**75**	47
Risk weight of 70%	**137**	190
Risk weight of 90%	**6**	7
Risk weight of 115%	**—**	3
Risk weight of 250%	**28**	52
Risk weight of 0% (default)	**68**	58
High-Volatility Commercial Real Estate (HVCRE)	**75**	104
Risk weight of 70%	**—**	2
Risk weight of 95%	**13**	13
Risk weight of 120%	**19**	19
Risk weight of 140%	**—**	—
Risk weight of 250%	**21**	21
Risk weight of 0% (default)	**22**	48

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, 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, 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, Article 130-3 and Article 130-5, after taking account of risk weights.

4. For risk weights, the Bank has applied the stipulations contained in the Notification Regarding Capital Adequacy, Article 130-3 and Article 130-5.

e. Equity Exposure Subject to the Simple Risk-Weighted Method of the Market-Based Approach by RW

Amount of Equity Exposure Subject to the Simple Risk-Weighted Method of the Market-Based Approach

(Billions of yen)

Classification	As of March 31, 2012	As of March 31, 2011
Equity exposure subject to the simple risk-weighted method of the market-based approach by RW	**30**	27
Risk weight of 300%	**—**	—
Risk weight of 400%	**30**	27

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, Article 143-4).

(4) EXPOSURE SUBJECT TO STANDARDIZED APPROACH BY RISK WEIGHT

Overview

The Bank adopts Internal Rating Based Approach in computing risk assets. However, for the assets listed below, the Bank considers that the percentage of such assets in overall credit risk assets is minuscule and that they are not regarded as significant from a credit risk management perspective. Accordingly, the Bank partially applies the Standardized Approach specifically to those assets and does not plan to apply the IRB Approach to them.

- The on-balance sheet assets and off-balance sheet items of the Bank's consolidated subsidiaries, with the exception of Kyodo Housing Loan Co., Ltd.
- The following assets held by the Bank and Kyodo Housing Loan: Suspense payments (with the exception of the account for securities), prepaid expenses, foreign currency forward contracts for foreign currency deposits of cooperative organizations and current account overdrafts (to holders of the Bank's debentures).

The Bank applies the ratings of five qualified credit rating agencies (External Credit Assessment Institution (ECAI)) in computing its risk assets, namely Moody's Investors Service, Standard & Poor's, Fitch Ratings, Ltd., Rating & Investment Information, Inc. and Japan Credit Rating Agency, Ltd. The Bank, applies a risk weight of 100% to its exposure to corporate, sovereign and bank exposure (excluding past due exposure for three months or more) in accordance with the Notification Regarding Capital Adequacy, Article 44, regardless of the ratings assigned by these qualified rating agencies.

Amount of Exposure Subject to Standardized Approach

(Billions of yen)

Classification	As of March 31, 2012		As of March 31, 2011	
	Exposure	Refer to ECAI	Exposure	Refer to ECAI
Exposure subject to Standardized Approach	**48**	**—**	46	—
Risk weight of 0%	**31**	**—**	32	—
Risk weight of 10%	**—**	**—**	—	—
Risk weight of 20%	**4**	**—**	3	—
Risk weight of 35%	**—**	**—**	—	—
Risk weight of 50%	**—**	**—**	—	—
Risk weight of 75%	**—**	**—**	—	—
Risk weight of 100%	**11**	**—**	9	—
Risk weight of 150%	**—**	**—**	—	—
Amount deducted from capital	**0**	**—**	—	—
Others	**0**	**—**	0	—

Note: Others include investment funds which are measured credit risk assets by look-through approach and the assets which are more than 150% risk weight.

4. Credit Risk Mitigation Techniques (Consolidated)

Overview of Risk Management Policy and Procedures Related to Credit Risk Mitigation Techniques

The Bank regards future cash flows generated from businesses of the debtors as funds for recovery of its claims on those businesses. Collateral is viewed as supplementary for the recovery of its claims. The Bank applies a collateral evaluation methods to ensure that the amount recovered from collateral is not less than the assessed value of the collateral, even in the case it becomes necessary to recover claims from collateral.

Specifically, the Bank values collateral based on objective evidence such as appraisals, official land valuations for inheritance tax purposes, and market value. Further, it has established detailed valuation procedures that make up its internal rules. In addition, the procedures stipulate the frequency of valuation reviews according to collateral type and the creditworthiness of debtors, which routinely reflects changes in value. The Bank conducts verification whenever possible, even when setting policies for debtors and during self-assessment. The Bank also estimates the recoverable amount by multiplying the weighing factor based on collateral type, and then uses that estimate as a secured amount for the depreciation allowance.

As a part of collateral management, the Bank stipulates the procedures of reviewing the legal efficacy and enforceability of collateral not only at the time of the collateral pledge but also periodically through the term of contract.

■ Principal Types of Collateral

The principal types of collateral are marketable securities, commercial bills and real estate.

■ Types of Guarantors and Principal Counterparties in Credit Derivatives and Explanation of Their Credit Standing

The types of guarantors in such transactions are mainly sovereigns, including central and local governments, and high grade corporates. When evaluating the creditworthiness of guarantors, the Bank evaluates their financial soundness after assigning an internal rating and assessing their creditworthiness. Please note that there is no transaction which uses credit derivatives for the credit risk mitigation.

■ Credit Risk Mitigation Techniques

Taking account of the conditions stated in the Notification Regarding Capital Adequacy and the Bank's operating practices, the Bank adopts Credit Risk Mitigation (the "CRM") techniques as follows.

Eligible Financial Collateral

(1) For repo-type transactions, the Bank recognizes the effectiveness of CRM as stipulated in the Notification Regarding Capital Adequacy and (2) other than repo-type transactions, the Bank recognizes the effectiveness of CRM in such case where deposits with the Bank (including Norinchukin Bank Debentures) or stocks etc. are pledged as collateral.

Other Eligible IRB Collateral

The Bank does not take into account the effects of CRM for collateral such as real estate, commercial bills, and other eligible assets.

Setoff for Loans and Deposits

The Bank does not take into account the effects of CRM for deposits held with the Bank unless pledged as collateral.

Legally Binding Bilateral Netting Contracts for Derivatives and Repo-Style Transactions

The Bank considers legally binding bilateral netting contracts for derivatives as a means of CRM.

The Bank has a policy of entering into derivative transactions, in principle, only with counterparties with legally binding netting contracts. When the Bank calculates the amount of credit risk exposure, the Bank considers transactions made under the International Swap and Derivatives Association (ISDA) Master Agreement as transactions under legally binding netting agreements. As to the management of legally binding netting contract, necessity of the contract itself and scope of transactions therein are reviewed at all times. When the Bank concludes a Credit Support Annex (CSA) contract for derivative transactions, the Bank takes into account the effects of CRM on the types of collateral permitted by the contract.

Regarding repo-style transactions, although the Bank has concluded legally binding netting agreements with its major counterparties, taking account of the stipulations of the Notification Regarding Capital Adequacy and the Bank's operating practices, the Bank does not consider these agreements as a means of mitigating credit risk.

■ Information about Credit and Market Risk Concentration arising from the Application of CRM Techniques

For exposure where the credit risk has been transferred from a guaranteed party to a guarantor, as a result of CRM techniques, the Bank monitors the concentrations of credit risk, and manages exposures accordingly. Regarding market risk, there is no exposure of credit derivatives in the Bank's trading accounts.

Amount of Exposure Subject to Credit Risk Mitigation Techniques (Eligible Financial Collateral, Other Eligible IRB Collateral, Guarantees, Credit Derivatives)

(Billions of yen)

Classification			As of March 31, 2012	As of March 31, 2011
Foundation Internal Ratings-Based Approach			**7,896**	7,844
	Eligible financial collateral		**6,623**	6,051
		Corporate exposure	**7**	8
		Sovereign exposure	**4**	3
		Bank exposure	**6,611**	6,038
	Other eligible IRB collateral		**—**	—
		Corporate exposure	**—**	—
		Sovereign exposure	**—**	—
		Bank exposure	**—**	—
	Guarantees, Credit Derivatives		**1,273**	1,793
		Corporate exposure	**141**	137
		Sovereign exposure	**179**	154
		Bank exposure	**951**	1,500
		Retail exposure secured by residential properties	**—**	—
		Qualifying revolving retail exposure	**—**	—
		Other retail exposure	**—**	—
Standardized Approach			**—**	—
	Eligible financial collateral		**—**	—
	Guarantees, Credit Derivatives		**—**	—

Notes: 1. The amount of exposure for which credit risk mitigation techniques have been used is limited to the portion for which such effects have been taken into account.
2. Exposure subject to risk-weighted asset calculation for investment fund is not included.

5. Counterparty Credit Risk in Derivative Transactions (Consolidated)

Overview of Risk Management Policy and Procedures for Counterparty Credit Risk in Derivatives and Transactions with a Long Settlement Period

■ Policy for Allocation of Risk Capital and Credit Lines

The Bank manages credit risk involving derivative transactions with a financial institutions within the limits (Bank Ceiling). Each front section is allocated a position limit on the basis of each entity within the customer's group and each type of transaction (derivatives, loans, financial transactions, etc.). Credit exposures related with derivative transactions are managed so as not to exceed the position limits. Under the Bank Ceiling system, the value of derivatives that are to be managed is the current exposure (an amount with a special gross add on to exposure that is equivalent to replacement costs).

■ Policy for Calculating the Value of Collateral as Security for Claims and Reserve for Possible Loan Losses

For derivative transactions, the Bank has concluded a CSA contract with its major financial institution counterparty. In some cases, the Bank receives collateral from these counterparties. The collateral posted may vary depending on the terms of the CSA contract, but mainly it consists of Japanese government bonds (JGBs), Japanese yen cash, U.S. Treasury bonds, and U.S. dollar cash. Regarding replacement costs (the difference between the contract price and the market value, which the difference is the amount that the counterparty is liable to pay), the Bank conducts self-assessment exercises and makes provisions to reserves for possible loan losses against possible replacement costs according to the internal rating of the financial institution counterparty.

■ Remarks on Impact in case the Bank is Required to Post Additional Collateral when its Credit Standing Deteriorates

If the Bank's credit rating is downgraded, the Bank's financial institution counterparty will reduce its credit risk limit and may demand the Bank to post collateral. However, since the Bank has ample liquid financial instrument holdings, such as government bonds, it has sufficient assets to be posted as collateral, and the amount of those assets is constantly checked by the Market Portfolio Management Committee. For this reason, even if the Bank is required to post additional collateral, the impact on the Bank will be minimal.

Methods Used for Calculating Amount of Credit Exposure

The current exposure method is adopted.

Breakdown of the Amount of Credit Exposure

(Billions of yen)

Classification		As of March 31, 2012	As of March 31, 2011
Total gross replacement costs (limited to items with a value of greater than zero)	(A)	**50**	60
Total gross add-ons	(B)	**252**	277
Gross credit exposure	(C) = (A)+(B)	**302**	338
Including, foreign exchange related		**219**	267
Including, interest rate related		**81**	68
Including, equity related		**2**	2
Including, credit derivatives		**—**	—
Including, transactions with a long settlement period		**0**	—
Reduction in credit exposure due to netting contracts	(D)	**(7)**	208
Amount of credit exposure before taking into account credit risk mitigation techniques due to collateral	(E) = (C)–(D)	**310**	129
Amount of collateral		**1**	157
Including eligible financial collateral		**1**	157
Amount of credit exposure after taking into account credit risk mitigation techniques due to collateral		**310**	129

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, 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, 2012	As of March 31, 2011
To buy protection	**—**	—
Including credit default swaps	**—**	—
To sell protection	**—**	—
Including credit default 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, Article 10 and Article 56, the amount of credit risk assets not computed has not been included.

6. Securitization Exposure (Consolidated)

Overview of Risk Management Policy and Risk Feature for Securitization Exposure

From the standpoint of globally diversified investments, the Bank invests in securitized (structured finance) transactions to generate earnings from global credit risk. Securitized transactions have a certain type of assets as the underlying assets and make it possible to effectively and efficiently mitigate and acquire credit risk and other forms of risk. The Bank's policy is to continuously utilize such transactions while managing the risk arising from those transactions appropriately.

The Bank's risk management framework for securitization exposure is in line with the credit and market risk management framework and consists of a cycle that is mainly focused on establishing investment policy, performing individual analysis during initial investment research (due diligence), credit screening and implementation, monitoring, and investment policy review.

Securitization exposure changes the risk-return profile of the underlying asset and transfer all or part of them to investors. Therefore, in general, securitization exposure is a complex investment structure with a different risk-return profile than the underlying assets. In view of the risk characteristics of securitization exposure, to properly evaluate risk return, the Bank has established a systematic risk evaluation process, which includes setting investment approval limits based on credit rating, monitoring the rating methods of credit rating agencies, and quantitative analysis of repayment ability. Further, after performing due diligence and identifying items to be monitored and reviewed for each asset class and securitization and re-securitization, the Bank carefully examines risk in the underlying assets and structure at the time of investment. The Bank monitors and reviews the credit condition of each investment on an ongoing basis and analyzes and assesses the market environment for each asset class, taking into account underlying asset performance.

The securitization exposure which contains securitization exposure as underlying asset is called re-securitization exposure. Among the re-securitization exposure, wherein the majority of underlying assets are comprised of securitization exposure, the Bank treats them as Secondary, Tertiary Re-securitization Exposure and separately manages from other re-securitization exposure to monitor closely. The Bank does not plan to acquire new re-securitization products.

Regarding its securitization exposure, the Bank appropriately calculates the amounts of credit risk assets based on the Notification Regarding Capital Adequacy. As part of its integrated risk management, based on the risk properties of the securitization exposure, the Bank computes risk amounts and engages in other initiatives to enhance the accuracy and sophistication of its risk management.

As of March 31, 2012, the Bank engaged in no securitization transactions in which the Bank acts as an originator and recognized regulatory risk asset mitigation effects. In addition, the Bank has had no securitization transactions involving third-party assets using a conduit for the purpose of securitization, nor do the Bank's subsidiaries (excluding consolidated subsidiaries) or affiliates have securitization exposure involving securitization transactions performed by the Bank in fiscal 2011.

Calculation of Risk-Weighted Assets for Credit Risk in Securitization Exposure

The Bank calculates the amount of risk-weighted assets for credit risk for securitization exposure by applying the "Ratings-Based Approach (RBA)," "Supervisory Formula (SF)" and "deduction from capital." The Bank does not use the "Internal Assessment Approach (IAA)."

The Bank has no securitization exposure containing securitization exposure as underlying asset, which, however, is computed as securitization exposure risk-weight based on rules in the Notification Regarding Capital Adequacy. For investments in which the Ratings-Based Approach is applied, the Bank relies on the following five qualified credit rating agencies (External Credit Assessment Institution [ECAI]) in calculating risk assets: Moody's Investors Service, Standard & Poor's, Fitch Ratings, Ltd., Rating & Investment Information, Inc., and Japan Credit Rating Agency, Ltd.

The Bank treats securitized instruments in accordance with the "Accounting Standards for Financial Products" and "Practical Guidelines for Accounting for Financial Products" for accounting purpose.

Re-securitization exposure in particular has been added to quantitative items for disclosure for March 31, 2012, based on the requirements of the Notification Regarding Capital Adequacy revised in December 2011. No other material changes have been made to quantitative data.

(1) ITEMS TO CALCULATE CREDIT RISK ASSETS

Detail of Securitization Exposure Held as Originator

(Billions of yen)

Classification	As of March 31, 2012	As of March 31, 2011
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	—	—
Deducted from capital	—	—
Amounts of re-securitization exposure subject to credit risk mitigation techniques	—	

Notes: 1. As of March 31, 2012, the Bank has not been an originator for securitization exposure, having effects of credit risk mitigation.
2. The items in fiscal 2010 with the slash are the newly indicated in fiscal year 2011.

Details of Securitization Exposure Held as Investor by Exposure Type

Fiscal 2011 (Ended March 31, 2012)

(Billions of yen)

Classification	Total amount of securitization exposure					
	Amount of exposure	Deductions from capital	Re-securitization exposure			
			Amount of exposure	Re-securitization products (Secondary, tertiary)	Re-securitization products peculiar to regulation	Deductions from capital
Amounts of exposures	**4,467 (22)**	**78 (1)**	**436**	**124**	**311**	**20**
Individuals						
Asset-Backed Securities (ABS)	**1,743 (0)**	**— (—)**	**—**	**—**	**—**	**—**
Residential Mortgage-Backed Securities (RMBS)	**1,394 (—)**	**34 (—)**	**20**	**—**	**20**	**—**
Real estate						
Commercial Mortgage-Backed Securities (CMBS)	**290 (—)**	**18 (—)**	**21**	**—**	**21**	**—**
Corporates						
Subtotal of CDOs (CLO, ABS-CDO, CBO)	**939 (19)**	**20 (—)**	**395**	**124**	**270**	**20**
Collateralized Loan Obligations (CLO)	**793 (19)**	**— (—)**	**249**	**—**	**249**	**—**
Asset-Backed Securities CDOs (ABS-CDO)	**124 (—)**	**20 (—)**	**124**	**124**	**—**	**20**
Collateralized Bond Obligations (CBO)	**21 (—)**	**— (—)**	**21**	**—**	**21**	**—**
Others	**98 (2)**	**5 (1)**	**—**	**—**	**—**	**—**

Notes: 1. "Deductions from capital" is equity exposure deducted from capital under Article 224 of the Notification Regarding Capital Adequacy.
2. The off-balance exposure has been described in parentheses. There is no re-securitization exposure of the off-balance.

Fiscal 2010 (Ended March 31, 2011)

(Billions of yen)

Classification	Total amount of securitization exposure					
	Amount of exposure	Deductions from capital	Re-securitization exposure			
			Amount of exposure	Re-securitization products (Secondary, tertiary)	Re-securitization products peculiar to regulation	Deductions from capital
Amounts of exposures	4,216 (/)	179 (/)				
Individuals						
Asset-Backed Securities (ABS)	1,976 (/)	0 (/)				
Residential Mortgage-Backed Securities (RMBS)	470 (/)	42 (/)				
Real estate						
Commercial Mortgage-Backed Securities (CMBS)	352 (/)	20 (/)				
Corporates						
Subtotal of CDOs (CLO, ABS-CDO, CBO)	1,303 (/)	108 (/)				
Collateralized Loan Obligations (CLO)	1,133 (/)	70 (/)				
Asset-Backed Securities CDOs (ABS-CDO)	145 (/)	38 (/)				
Collateralized Bond Obligations (CBO)	24 (/)	0 (/)				
Others	114 (/)	7 (/)				

Notes: 1. "Deductions from capital" is equity exposure deducted from capital under Article 224 of the Notification Regarding Capital Adequacy.
2. The off-balance exposure has been described in parentheses. There is no re-securitization exposure of the off-balance.
3. The items in fiscal 2010 with the slash are the newly indicated in fiscal year 2011.

Amount of Securitization Exposure Held as Investor and Regulatory Required Capital by Risk-Weighted Category

Fiscal 2011 (Ended March 31, 2012)

(Billions of yen)

Classification	Amount of exposure			Regulatory required capital		
		On-balance	Off-balance		On-balance	Off-balance
Amount of securitization exposure	**4,031**	**4,008**	**22**	**127**	**125**	**2**
Risk weight: 20% or less	**3,578**	**3,559**	**19**	**23**	**23**	**0**
Risk weight: exceeding 20% to 50% or less	**154**	**154**	**—**	**4**	**4**	**—**
Risk weight: exceeding 50% to 100% or less	**113**	**113**	**—**	**7**	**7**	**—**
Risk weight: exceeding 100% to 250% or less	**61**	**61**	**—**	**10**	**10**	**—**
Risk weight: exceeding 250% to less than 1,250%	**63**	**62**	**1**	**22**	**21**	**0**
Deductions from capital	**58**	**56**	**1**	**58**	**56**	**1**
Amount of re-securitization exposure	**436**	**436**	**—**	**55**	**55**	**—**
Risk weight: 20% or less	**20**	**20**	**—**	**0**	**0**	**—**
Risk weight: exceeding 20% to 50% or less	**292**	**292**	**—**	**10**	**10**	**—**
Risk weight: exceeding 50% to 100% or less	**34**	**34**	**—**	**2**	**2**	**—**
Risk weight: exceeding 100% to 250% or less	**26**	**26**	**—**	**3**	**3**	**—**
Risk weight: exceeding 250% to less than 1,250%	**42**	**42**	**—**	**18**	**18**	**—**
Deductions from capital	**20**	**20**	**—**	**20**	**20**	**—**

Fiscal 2010 (Ended March 31, 2011)

(Billions of yen)

Classification	Amount of exposure			Regulatory required capital		
		On-balance	Off-balance		On-balance	Off-balance
Amount of securitization exposure	4,216			309		
Risk weight: 20% or less	3,327			24		
Risk weight: exceeding 20% to 50% or less	283			8		
Risk weight: exceeding 50% to 100% or less	173			11		
Risk weight: exceeding 100% to 250% or less	135			27		
Risk weight: exceeding 250% to less than 1,250%	118			58		
Deductions from capital	179			179		
Amount of re-securitization exposure						
Risk weight: 20% or less						
Risk weight: exceeding 20% to 50% or less						
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%						
Deductions from capital						

Note: The items in fiscal 2010 with the slash are the newly indicated in fiscal year 2011.

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

(Billions of yen)

Classification	As of March 31, 2012		As of March 31, 2011	
	Amount of exposure	Regulatory required capital	Amount of exposure	Regulatory required capital
Amount of re-securitization exposure	—	—		
Risk weight applied to guarantor: 20% or less	—	—		
Risk weight applied to guarantor: exceeding 20% to 50% or less	—	—		
Risk weight applied to guarantor: exceeding 50% to 100% or less	—	—		
Risk weight applied to guarantor: exceeding 100% to 250% or less	—	—		
Risk weight applied to guarantor: exceeding 250% to less than 1,250%	—	—		
Deductions from capital	—	—		

Notes: 1. As of March 31, 2012, the Bank has not been re-securitization exposure subject to credit risk mitigation techniques.
2. The items in fiscal 2010 with the slash are the newly indicated in fiscal year 2011.

Risk-Weighted Assets Computed through Application of Appendix Article 15 of the Notification Regarding Capital Adequacy

Not applicable

(2) SECURITIZATION EXPOSURE SUBJECT TO MARKET RISK

Not applicable

7. Market Risk (Consolidated)

Methods for Calculating Market Risk Amounts and Applicable Valuation Methods

The Bank utilizes an internal models approach to measure "general market risk in trading accounts." The Bank applies a standardized approach for measuring "individual risk in trading accounts," "foreign currency exchange risk," "commodity risk," "assets and liabilities related to trading accounts in consolidated subsidiaries," and "foreign currency exchange risk and commodity risk in consolidated subsidiaries." The amount of market risk in securitization exposure is also calculated using this method.

The financial products pertaining to trading accounts are limited to financial products and transactions of extremely high liquidity such as JGBs, derivatives (interest rate futures, bond futures, interest rate swaps, and other products). Securitization exposure is not covered by these accounts.

Computation of the Market Risk Amount using Internal Models Approach

■ Scope of Market Risk Amounts Computed by the Internal Models Approach

The model covers general market risk within the trading accounts. The scope is the same on a consolidated and non-consolidated basis. The following risks are computed according to the standardized method: individual risks in a trading account, foreign currency exchange risk, commodity risk and all the market risks with consolidated subsidiaries.

When computing market risk amounts, the assumed holding period is set at 10 business days based on the characteristics of the product offered, and the market risk amount is the combined total of stress VaR calculated after taking into account market fluctuations at times of past stress affecting the portfolio under review and the VaR measured during the most recent observation period.

■ Internal Models Approach

(1) Applied model: Variance-covariance matrix

(2) Confidence interval: 99th percentile, one-tailed confidence interval

(3) Holding period: 10 business days
(Calculated based on a holding period of one business day by multiplying by the square root of 10)

■ VaR

(Millions of yen)

	Fiscal 2011	Fiscal 2010
Base date of computation	**2012. 3. 30**	2011. 3. 31
VaR (For the most recent 60 business days)		
Base date of computation	**78**	82
Maximum	**224**	264
Minimum	**61**	73
Average	**103**	147

■ Stress VaR

(Millions of yen)

	Fiscal 2011	Fiscal 2010
Base date of computation	**2012. 3. 30**	2011. 3. 31
Stress VaR (For the most recent 60 business days)		
Base date of computation	**247**	
Maximum	**443**	
Minimum	**225**	
Average	**327**	

Note: The items in fiscal 2010 with the slash are the newly indicated in fiscal year 2011.

■ Amounts of Market Risk

(Millions of yen)

		Fiscal 2011	Fiscal 2010
For the portion computed with the internal models approach (B)+(G)+(J)	(A)	**1,292**	442
Value at Risk (MAX (C, D))	(B)	**311**	442
Amount on base date of computation	(C)	**78**	82
Amount determined by multiplying (E) by the average for the most recent 60 business days	(D)	**311**	442
(Multiplier)	(E)	**3.0**	3.0
(Times exceeding VaR in back testing)	(F)	**1**	1
Stress Value at Risk (MAX (H, I))	(G)	**981**	
Amount on base date of computation	(H)	**247**	
Amount determined by multiplying (E) by the average for the most recent 60 business days	(I)	**981**	
Additional amount at the time of measuring individual risk	(J)	**0**	0

Notes: 1. With regard to validation of the Bank's internal model, the amount of risk calculated by the model is compared with the volatilities in actual profit and loss on a daily basis (known as back testing). When discrepancies between the model's estimates and actual results due to the designs of the model go beyond a certain level, the Bank scrutinizes the relevant model factors and revises the model if necessary.

2. 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.

3. The items in fiscal 2010 with the slash are the newly indicated in fiscal year 2011.

8. Equity Exposure (Consolidated)

(Includes items such as shares, excludes items in a trading account)

Overview of Risk Management Policies and Procedures Related to Equity Exposure

The Bank's exposure to equity comprises stocks classified as other securities and stocks of subsidiaries and other associated companies. The amounts of risk-weighted assets for credit risk are computed by the methods specified by the Notification Regarding Capital Adequacy. However, for internal management purposes, the Bank conducts comprehensive risk management within its economic capital management framework, as described in the section, "Risk Management."

■ Equities Classified as Other Securities

Risk management of equities classified as other securities is managed under a framework of overall market risk management (including interest rate risk and foreign currency exchange risk). That framework mainly consists of the economic capital management framework. Further details can be found in "Risk Management."

■ Stocks of Subsidiaries and Affiliates

The stocks of subsidiaries and other associated companies are recognized as credit risk assets and managed within the economic capital management framework.

■ Principal Accounting Policies

For accounting purposes, among exposure to equity and other investments, stocks of subsidiaries and other associated companies are valued at cost, determined by the moving average method. Exposure to equity and other investments classified in other securities is valued at the market value prevailing on the date of the closing of accounts, in the case of equities with quoted market values (with book values mainly determined by the moving average method). Equities which are extremely difficult to determine the fair value are valued at cost, determined by the moving average method. In addition, the valuation difference on other securities is entered directly in the net assets account.

■ Calculating Risk-Weighted Assets Using the Internal Models Approach

The Bank applies the PD/LGD approach to calculate risk-weighted assets for equity exposure, and the simple risk-weighted method and internal models approach under the market-based approach.

Amounts on the Balance Sheet and Market Value

(Billions of yen)

Classification	As of March 31, 2012		As of March 31, 2011	
	Amounts on the balance sheet	Market value	Amounts on the balance sheet	Market value
Equity exposure	**753**	**753**	745	745
Exposure to publicly traded equity	**608**	**608**	602	602
Exposure to privately held equity	**145**	**145**	143	143

Notes: 1. No stocks included in this table are fund-raising instruments of other financial institutions that the Bank holds deliberately as specified in the Notification Regarding Capital Adequacy, Article 8-1-1.

2. Regarding "market value," equities with quoted market values are evaluated at market, and those without market values are valued using the total amounts entered in the balance sheet.

Amount of Gain (Loss) due to Sale or Write-Off

(Billions of yen)

Item	Fiscal 2011			Fiscal 2010		
	Gains from sale of equities, etc.	Losses from sales of equities, etc.	Write-offs of equities, etc.	Gains from sale of equities, etc.	Losses from sales of equities, etc.	Write-offs of equities, etc.
Equity exposure	**14**	**21**	**15**	22	0	11

Note: Amounts reflect relevant figures posted in the consolidated income statements.

Amount of Valuation Gains (Losses)

(Billions of yen)

Item	As of March 31, 2012	As of March 31, 2011
Amount of valuation gains (losses) recognized on the balance sheet and not recognized in the statements of operations	**71**	56

Notes: 1. Exposure is to equity shares issued by both domestic and overseas companies.
2. No stocks included in this table are fund-raising instruments of other financial institutions that the Bank holds deliberately, as specified in the Notification Regarding Capital Adequacy, Article 8-1-1.

Unrealized Gains (Losses) Not Recognized on Consolidated Balance Sheets or Consolidated Statements of Income

Not applicable

Amount Included in Supplementary Capital (Tier II) Under Stipulations of the Notification Regarding Capital Adequacy, Article 6-1-1

(Billions of yen)

Item	As of March 31, 2012	As of March 31, 2011
Amount included in supplementary capital under the stipulations of the Notification Regarding Capital Adequacy, Article 6-1-1	**51**	—

Note: "Amount included in supplementary capital under the stipulations of the Notification Regarding Capital Adequacy, Article 6-1-1" is 45% of the total value of exposure to equity and other investments (excluding equities, etc., that are fund-raising instruments of other financial institutions that the Bank holds deliberately, as specified in the Notification Regarding Capital Adequacy, Article 8-1-1) classified under other securities at market value, minus the total book value of these securities.

Equity Exposure Subject to Treatment Under the Notification Regarding Capital Adequacy, Appendix Article 13

(Billions of yen)

Classification	As of March 31, 2012	As of March 31, 2011
	Amounts on the balance sheets	Amounts on the balance sheets
Equity exposure subject to treatment under the Notification Regarding Capital Adequacy, Appendix Article 13	**326**	326
Corporate	**315**	315
Bank	**5**	5
Sovereign	**5**	5

Note: Appendix Article 13 of the Notification Regarding Capital Adequacy specifies provisional methods for calculating the value of credit risk assets in exposure to equity and other investments that meets certain specified standards.

9. Exposure Subject to Risk-Weighted Asset Calculation for Investment Fund (Consolidated)

Overview of Risk Management Policies and Procedures Related to Exposure Subject to Risk-Weighted Asset Calculations for Investment Fund

Exposure subject to risk-weighted asset calculation for the investment fund 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 risk of the assets. 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 with management firms. Under the relevant procedures described in "Policies and Procedures for Management of Fund Investments," risk is managed by applying method appropriate for each type of funds. In order to select a manager and entrust assets with, 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 continuous basis to assess whether to maintain or replace individual managers.

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

(Billions of yen)

Classification	As of March 31, 2012		As of March 31, 2011	
	Exposure	(For reference) Weighted-average risk weight	Exposure	(For reference) Weighted-average risk weight
Look-through approach	**15,020**	**56%**	15,144	53%
Majority approach	**469**	**376%**	461	331%
Mandate approach	**—**	**—**	—	—
Market-based approach	**1,404**	**248%**	1,552	237%
Others (simple approach)	**240**	**458%**	234	479%
Total	**17,134**	**85%**	17,392	81%

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, 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, 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, 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, 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, Article 144-5.)

6. (For reference) Weighted-average risk weight = {Total risk-weighted assets + (Expected losses + Deductions from capital) / 8%} / EAD

10. Interest Rate Risk (Consolidated)

(Interest rate risk (excluding trading account) is the gain or loss from interest rate shocks or the increase or decrease in economic value used for internal management purposes.)

Overview of Risk Management and Procedures for Interest Rate Risk

As described in the "Risk Management" section, in its economic capital management, the foundation of the Bank's risk management, the Bank primarily conducts overall risk management taking into account the correlation between asset classes such as bonds, stocks, and credit assets under the Bank's core concept of globally diversified investment.

The Bank manages interest rate risk, which it views as but one risk factor, by performing profit and loss simulation analyses under a wide range of scenarios. The Bank also conducts various interest rate sensitivity analyses, such as BPV and yield-curve risk, and static and dynamic revenue and expenditure impact analyses by major currencies. Along with this, it manages interest rate risk based on interest rate risk standards for bank accounts. The Bank is constructing a framework that will enable it properly monitor the multifaceted effects of interest rate risk.

The Bank always ensures the proper operation of interest rate risk management at all times, besides the management of other major risks, from the point of view of the assessment of capital adequacy by monitoring checkpoints for the Bank's capital management and conducting sets of stress testing.

Key Assumptions for Interest Rate Risk Management and Frequency of Risk Measurement

As previously mentioned, economic capital management forms the core of the Bank's risk management. The Bank measures its securities portfolio risk on a daily basis. The internal management of interest rate risk based on interest rate risk standards for bank accounts applies a one year holding period and at least a five year historical observation period to measure interest rate volatility. The Bank calculates the declines in economic value on a monthly basis by measuring the first and 99th percentile of interest rate volatility. The measurements cover, in principle, all financial assets and liabilities, but the measurement process itself does not take into account inter-grid factors and correlations with other assets.

Interest-Rate Risk Volume Computed with the Internal Model in Core Business Accounts (Excluding Trading Accounts)

(Billions of yen)

Classification	As of March 31, 2012	As of March 31, 2011
Interest-rate risk	**1,377**	1,618
Yen interest-rate risk	**173**	107
U.S. dollar interest-rate risk	**1,044**	1,411
Euro interest-rate risk	**154**	96
Interest-rate risk in other currencies	**4**	2

Notes: 1. Interest-rate risk in consolidated subsidiaries is limited in view of the size of their assets, so the interest-rate risk volume for the Bank on a non-consolidated basis is shown here.

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.

1. Capital Structure (Non-Consolidated)

(1) CAPITAL ADEQUACY RATIO (NON-CONSOLIDATED)

Non-Consolidated Capital Adequacy Ratio (Basel capital adequacy standards) (Basel II)

Note: The Bank's capital adequacy ratio for the fiscal year ended March 31, 2012 and 2011, was computed according to Basel II.

As of March 31

Items			Millions of yen		Millions of U.S. dollars
			2012	2011	**2012**
Tier I capital	Capital stock		**3,425,909**	3,425,909	**41,703**
	Included as non-cumulative, perpetual preferred stock		**24,999**	24,999	**304**
	Deposit for subscription to preferred stock		**—**	—	**—**
	Capital surplus		**25,020**	25,020	**304**
	Earned surplus		**990,743**	947,481	**12,060**
	Less: Amount corresponding to the decrease in capital due to merger of subsidiaries		**—**	—	**—**
	Less: Treasury stock		**—**	—	**—**
	Deposit for subscription to treasury stock		**—**	—	**—**
	Unrealized loss on other securities		**—**	(221,641)	**—**
	Foreign currency transaction adjustment		**(40)**	(39)	**0**
	Stock acquisition rights		**—**	—	**—**
	Less: Amount corresponding to operating rights		**—**	—	**—**
	Less: Goodwill and others		**—**	—	**—**
	Less: Amount corresponding to the increase in capital due to securitization transactions		**—**	—	**—**
	Less: Amount equivalent to 50% expected losses in excess of qualifying allowance		**36,203**	43,114	**440**
	Subtotal	(A)	**4,405,428**	4,133,616	**53,626**
	Including preferred securities with interest rate step-up clause		**—**	—	**—**
	(Ratio of the value of such preferred securities to Tier I capital)		**—**	—	**—**
Tier II capital	45% of unrealized gains on other securities		**223,294**	—	**2,718**
	45% of unrealized gains on land		**16,998**	19,218	**206**
	General reserve for possible loan losses		**14**	15	**0**
	Qualifying subordinated debt		**1,536,007**	1,740,373	**18,697**
	Included as perpetual subordinated bonds and loans		**1,486,007**	1,486,007	**18,088**
	Included as dated subordinated bonds, loans, and preferred stock		**50,000**	254,366	**608**
	Subtotal		**1,776,314**	1,759,607	**21,622**
	Tier II capital included as qualifying capital	(B)	**1,776,314**	1,759,607	**21,622**
Tier III capital	Short-term subordinated debt		**—**	—	**—**
	Including amount added to capital	(C)	**—**	—	**—**
Deductions	Deductions	(D)	**179,283**	294,997	**2,182**
Total Capital	(A)+(B)+(C)-(D)	(E)	**6,002,459**	5,598,225	**73,067**
Risk-weighted assets	Risk-weighted assets for credit risk	(F)	**21,750,323**	22,792,210	**264,763**
	Including on-balance sheet		**20,714,374**	21,826,429	**252,153**
	Including off-balance sheet		**1,035,948**	965,780	**12,610**
	Assets equivalent to market risk (H)/8%	(G)	**1,886,536**	1,391,085	**22,964**
	(For reference: actual market risk volume)	(H)	**150,922**	111,286	**1,837**
	Amount corresponding to operational risk (J)/8%	(I)	**529,012**	410,602	**6,439**
	(For reference: amount corresponding to operational risk)	(J)	**42,320**	32,848	**515**
	Total risk-weighted assets (F)+(G)+(I)	(K)	**24,165,872**	24,593,898	**294,167**
Basel II Capital Adequacy Ratio (Basel capital adequacy standards) = (E)/(K) × 100%			**24.83%**	22.76%	**24.83%**
Tier I ratio = (A)/(K) × 100%			**18.22%**	16.80%	**18.22%**
Non-consolidated required capital (K) × 8%			**1,933,269**	1,967,511	**23,533**

Notes: 1. The Bank's capital adequacy ratio was computed according to the stipulations outlined in Notification No. 4 of the 2006 Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries of Japan (Standard for Judging the Management Soundness of the Norinchukin Bank) (hereinafter, Notification Regarding Capital Adequacy). Note that the Bank adopts Foundation Internal Ratings-Based Approach (F-IRB) in computing risk-weighted assets for credit risk and the Standardized Approach (TSA) in computing the amount corresponding to operational risk.

2. Regarding the calculation of capital adequacy ratio, certain procedures were performed by Ernst & Young ShinNihon LLC pursuant to "Treatment of Inspection of Capital Ratio Calculation Framework Based on Agree-upon Procedures" (JICPA Industry Committee Report No. 30). It does not constitute a part of the audit on financial statements by law, but a review on agree-upon procedures on internal control of capital adequacy calculation. Accordingly, Ernst & Young ShinNihon LLC does not address any opinion as a result of the review.

3. The Tier II capital item "general reserve for possible loan losses" is limited to the amount corresponding to assets which is calculated according to a Standardized Approach in terms of risk-weighted assets for credit risk.

4. Those are items of Deductions: (1) the total amount of the value corresponding to intentional holdings of capital investments issued by other financial institutions, (2) 50% of the expected losses on exposure to corporate, sovereign and bank, and expected losses on retail exposure over the value of qualified reserves, (3) expected losses on equity exposure, and (4) securitization exposure subject to deduction from capital (Notification Regarding Capital Adequacy, Article 20).

5. In computing risk-weighted assets for credit risk, the Bank has applied a scaling factor of 1.06 to the amount of risk-weighted assets for credit risk computed based on its Foundation Internal Ratings-Based Approach (F-IRB), as provided for in the Notification Regarding Capital Adequacy, Article 129.

2. Capital Adequacy (Non-Consolidated)

(Minimum amount of regulatory required capital and breakdown for each risk category as required under Basel II)

Regulatory Required Capital

(Billions of yen)

Items	As of March 31, 2012		As of March 31, 2011	
	EAD	Regulatory Required Capital	EAD	Regulatory Required Capital
Amount of regulatory required capital for credit risk	**81,604**	**2,053**	80,130	2,291
Exposure subject to Internal Ratings-Based Approach	**81,597**	**2,053**	80,124	2,290
Corporate exposure (excluding Specialized Lending)	**5,318**	**298**	5,352	384
Corporate exposure (Specialized Lending)	**390**	**75**	463	93
Sovereign exposure	**38,458**	**0**	36,500	0
Bank exposure	**13,793**	**100**	13,443	100
Retail exposure	**5**	**2**	5	2
Retail exposure secured by residential properties	**—**	**—**	—	—
Qualifying revolving retail exposure	**—**	**—**	—	—
Other retail exposure	**5**	**2**	5	2
Securitization and re-securitization exposure	**4,462**	**183**	4,216	309
Equity portfolios	**793**	**149**	786	149
Equity portfolios subject to PD/LGD approaches	**143**	**21**	152	29
Equity portfolios subject to simple risk-weighted method	**30**	**10**	27	9
Equities under the internal models approach	**270**	**88**	256	81
Grandfathered equity exposure	**348**	**29**	349	29
Exposure subject to risk-weighted asset calculation for investment fund	**18,025**	**1,229**	18,902	1,225
Other debt purchased	**53**	**1**	36	1
Other exposures	**295**	**12**	416	25
Exposure subject to Standardized Approach	**7**	**0**	6	0
Overdrafts	**—**	**—**	—	—
Prepaid expenses	**0**	**0**	1	0
Suspense payments	**6**	**0**	5	0
Other	**—**	**—**	—	—
Amount of regulatory required capital for market risk	**/**	**150**	/	111
Standardized Approach	**/**	**149**	/	110
Interest rate risk category	**/**	**—**	/	—
Equity risk category	**/**	**—**	/	—
Foreign exchange risk category	**/**	**149**	/	110
Commodity risk category	**/**	**—**	/	—
Option transactions	**/**	**—**	/	—
Internal models Approach	**/**	**1**	/	0
Amount of regulatory required capital for operational risk	**/**	**42**	/	32
Offsets on consolidation	**/**	**2,247**	/	2,435

Notes: 1. Regulatory required capital for credit risk = 8% of risk-weighted assets for credit risk + Expected losses + Deductions from capital

2. "Risk-weighted asset calculation for investment fund" is risk-weighted assets as calculated according to the method specified in Notification Regarding Capital Adequacy, Article 144.

3. Article 13 of the Notification Regarding Capital Adequacy contains a grandfathering provision for computing the amount of risk assets related to equity exposures that meet specified criteria.

4. 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. 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, Article 282).

3. Credit Risk (Non-Consolidated)

(Funds and securitization exposures are excluded.)

(1) CREDIT RISK EXPOSURE

For Fiscal 2011, ended March 31, 2012

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

(Billions of yen)

Region	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure
Japan	16,738	18,189	6	2,606	37,541	239
Asia except Japan	100	115	—	314	530	—
Europe	41	4,227	0	3,006	7,275	—
The Americas	327	8,861	3	5,938	15,130	—
Other areas	19	741	—	308	1,070	—
Total	17,227	32,136	9	12,175	61,548	239

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

(Billions of yen)

Industry	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	2,479	231	0	0	2,711	31	1
Agriculture	43	0	—	0	43	7	0
Forestry	12	—	—	0	12	0	—
Fishing	28	—	—	0	28	18	0
Mining	3	—	—	0	3	—	—
Construction	116	5	—	0	121	2	—
Utility	120	3	0	0	124	1	—
Information/telecommunications	54	3	0	0	57	1	—
Transportation	633	59	3	0	695	16	—
Wholesaling, retailing	1,585	50	0	0	1,636	31	0
Finance and insurance	1,736	7,451	5	11,869	21,062	33	—
Real estate	546	156	—	0	704	78	23
Services	1,410	60	—	1	1,472	15	0
Municipalities	164	13	—	0	178	—	—
Other	8,291	24,100	—	302	32,695	0	—
Total	17,227	32,136	9	12,175	61,548	239	25

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)

Term to maturity	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure
In 1 year	**13,603**	**9,794**	**1**	**11,046**	**34,446**
Over 1 year to 3 years	**1,852**	**5,909**	**1**	**0**	**7,764**
Over 3 years to 5 years	**1,124**	**2,724**	**0**	**—**	**3,850**
Over 5 years to 7 years	**448**	**2,742**	**1**	**—**	**3,192**
Over 7 years	**192**	**10,201**	**3**	**—**	**10,396**
No term to maturity	**6**	**763**	**—**	**1,128**	**1,898**
Total	**17,227**	**32,136**	**9**	**12,175**	**61,548**

Notes: 1. The amount of credit exposure at the end of the period does not substantially differ from the average-risk position during fiscal 2011.
2. Within credit risk exposure, credit risk exposure subject to the Standardized Approach was ¥7.3 billion.
3. Default exposure is classified in the Bank's self-assessment as being under "Debtor Under Requirement of Control."

For Fiscal 2010, ended March 31, 2011

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

(Billions of yen)

Region	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure
Japan	16,007	15,873	8	2,625	34,514	265
Asia except Japan	61	91	—	741	895	—
Europe	25	3,803	0	2,543	6,372	—
The Americas	312	9,857	3	5,493	15,667	0
Other areas	21	730	0	423	1,175	—
Total	16,428	30,356	11	11,827	58,624	265

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

(Billions of yen)

Industry	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	2,312	252	1	0	2,565	50	1
Agriculture	46	0	—	0	46	8	0
Forestry	30	—	—	—	30	0	—
Fishing	28	—	—	0	28	21	0
Mining	5	—	—	0	5	—	—
Construction	130	7	—	0	138	3	0
Utility	141	14	0	0	156	1	—
Information/telecommunications	62	8	0	0	70	5	0
Transportation	785	57	3	0	846	3	—
Wholesaling, retailing	1,619	48	0	0	1,668	28	0
Finance and insurance	1,390	6,679	7	11,401	19,478	19	0
Real estate	600	173	—	0	774	106	—
Services	1,119	66	0	1	1,186	14	0
Municipalities	205	12	—	—	217	—	—
Other	7,951	23,035	—	422	31,409	0	—
Total	16,428	30,356	11	11,827	58,624	265	3

Note: "Others" within "Finance and insurance" includes repo-type transactions, call loans, and certain other items.

Residual Contractual Maturity Breakdown of Credit Risk Exposure

(Billions of yen)

Term to maturity	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure
In 1 year	12,775	9,175	2	11,362	33,316
Over 1 year to 3 years	1,675	5,796	3	0	7,475
Over 3 years to 5 years	1,338	2,647	1	0	3,988
Over 5 years to 7 years	302	1,523	1	—	1,827
Over 7 years	276	10,463	3	—	10,742
No term to maturity	59	751	—	463	1,274
Total	16,428	30,356	11	11,827	58,624

Notes: 1. The amount of credit exposure at the end of the period does not substantially differ from the average-risk position during fiscal 2010.
2. Within credit risk exposure, credit risk exposure subject to the Standardized Approach was ¥6.2 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)

Region	As of March 31, 2012	As of March 31, 2011	Increase/(decrease)
General reserve for possible loan losses	**39**	51	**(11)**
Specific reserve for possible loan losses	**102**	123	**(20)**
Japan	**102**	123	**(20)**
Asia except Japan	**—**	—	**—**
Europe	**—**	—	**—**
The Americas	**—**	—	**—**
Other areas	**—**	—	**—**
Specified reserve for loans to countries with financial problems	**—**	—	**—**
Total	**142**	174	**(31)**

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)

Industry	As of March 31, 2012	As of March 31, 2011	Increase/(decrease)
General reserve for possible loan losses	**39**	51	**(11)**
Specific reserve for possible loan losses	**102**	123	**(20)**
Manufacturing	**12**	20	**(7)**
Agriculture	**4**	5	**(1)**
Forestry	**0**	0	**0**
Fishing	**8**	9	**(1)**
Mining	**—**	—	**—**
Construction	**0**	0	**(0)**
Utility	**1**	1	**0**
Information/telecommunications	**0**	1	**(1)**
Transportation	**6**	1	**4**
Wholesaling, retailing	**4**	4	**(0)**
Finance and insurance	**21**	8	**12**
Real estate	**32**	58	**(25)**
Services	**10**	9	**0**
Municipalities	**—**	—	**—**
Other	**0**	0	**0**
Others	**—**	—	**—**
Specified reserve for loans to countries with financial problems	**—**	—	**—**
Total	**142**	174	**(31)**

(3) EXPOSURE SUBJECT TO THE INTERNAL RATINGS-BASED APPROACH

a. Corporate, Sovereign and Bank Exposure

Fiscal 2011 (Ended March 31, 2012)

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Corporate Exposure	3.71%	44.94%	70%	5,318	4,626	692
1-1 to 4	0.13%	44.96%	31%	4,193	3,569	623
5 to 7	2.37%	44.89%	126%	791	742	48
8-1 to 8-2	15.82%	45.07%	324%	191	172	18
Subtotal	1.05%	44.95%	57%	5,175	4,484	691
8-3 to 10-2	100.00%	44.33%	557%	142	141	1
Sovereign Exposure	0.00%	44.99%	0%	38,458	36,981	1,477
1-1 to 4	0.00%	44.99%	0%	38,458	36,981	1,477
5 to 7	0.70%	45.00%	122%	0	0	—
8-1 to 8-2	—	—	—	—	—	—
Subtotal	0.00%	44.99%	0%	38,458	36,981	1,477
8-3 to 10-2	—	—	—	—	—	—
Bank Exposure	0.07%	21.73%	9%	13,793	5,921	7,871
1-1 to 4	0.05%	21.74%	9%	13,734	5,867	7,866
5 to 7	1.67%	19.82%	50%	47	42	4
8-1 to 8-2	7.07%	10.56%	53%	11	11	0
Subtotal	0.06%	21.73%	9%	13,793	5,921	7,871
8-3 to 10-2	100.00%	45.00%	563%	0	0	0
Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach	0.88%	90.00%	189%	143	143	—
1-1 to 4	0.15%	90.00%	127%	103	103	—
5 to 7	2.57%	90.00%	343%	39	39	—
8-1 to 8-2	15.84%	90.00%	713%	0	0	—
Subtotal	0.87%	90.00%	189%	143	143	—
8-3 to 10-2	100.00%	90.00%	1,125%	0	0	—

Notes: 1. Weighted averages of PD, LGD and risk weights are computed based on EAD (including on-balance and off-balance items).
2. Risk weights are equivalent to 8% of the total of the amount of risk-weighted assets and expected loss, divided by EAD.
3. "Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach" does not take account of Rider No. 13 to the Notification Regarding Capital Adequacy (regarding provisional measures for equity exposure).

Fiscal 2010 (Ended March 31, 2011)

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Corporate Exposure	4.68%	44.92%	90%	5,352	4,671	681
1-1 to 4	0.18%	44.95%	39%	3,914	3,324	589
5 to 7	1.72%	44.87%	112%	819	775	43
8-1 to 8-2	15.92%	44.96%	321%	464	416	47
Subtotal	1.83%	44.94%	76%	5,197	4,516	680
8-3 to 10-2	100.00%	44.48%	558%	155	154	0
Sovereign Exposure	0.00%	44.99%	0%	36,500	34,988	1,511
1-1 to 4	0.00%	44.99%	0%	36,500	34,988	1,511
5 to 7	0.70%	45.00%	122%	0	0	—
8-1 to 8-2	—	—	—	—	—	—
Subtotal	0.00%	44.99%	0%	36,500	34,988	1,511
8-3 to 10-2	—	—	—	—	—	—
Bank Exposure	0.05%	23.10%	9%	13,443	6,388	7,055
1-1 to 4	0.05%	23.08%	9%	13,426	6,377	7,049
5 to 7	1.21%	39.97%	111%	15	9	5
8-1 to 8-2	7.07%	45.00%	242%	1	1	0
Subtotal	0.05%	23.10%	9%	13,443	6,388	7,055
8-3 to 10-2	100.00%	45.00%	563%	0	0	0
Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach	1.81%	90.00%	240%	152	152	—
1-1 to 4	0.14%	90.00%	127%	77	77	—
5 to 7	1.96%	90.00%	317%	67	67	—
8-1 to 8-2	16.23%	90.00%	720%	7	7	—
Subtotal	1.70%	90.00%	239%	152	152	—
8-3 to 10-2	100.00%	90.00%	1,125%	0	0	—

Notes: 1. Weighted averages of PD, LGD and risk weights are computed based on EAD (including on-balance and off-balance items).
2. Risk weights are equivalent to 8% of the total of the amount of risk-weighted assets and expected loss, divided by EAD.
3. "Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach" does not take account of Rider No. 13 to the Notification Regarding Capital Adequacy (regarding provisional measures for equity exposure).

b. Retail Exposure

Fiscal 2011 (Ended March 31, 2012)

Details on PD, LGD, RW and EAD Assets

(Billions of yen)

Type of exposure	Weighted-average PD	Weighted-average LGD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Retail exposure secured by residential properties	5.66%	45.96%	93.82%	76.04%	105%	218	218	—
Not default Not delinquent	0.60%	45.96%	/	/	44%	199	199	—
Not default Delinquent	29.28%	45.96%	/	/	437%	11	11	—
Not default Subtotal	2.19%	45.96%	/	/	66%	211	211	—
Default	100.00%	/	93.82%	76.04%	1,173%	7	7	—
Qualifying revolving retail exposure	—	—	—	—	—	—	—	—
Not default Not delinquent	—	—	/	/	—	—	—	—
Not default Delinquent	—	—	/	/	—	—	—	—
Not default Subtotal	—	—	/	/	—	—	—	—
Default	—	/	—	—	—	—	—	—
Other retail exposure	23.79%	76.69%	113.70%	99.36%	408%	6	3	3
Not default Not delinquent	1.87%	76.76%	/	/	118%	4	1	3
Not default Delinquent	44.77%	66.84%	/	/	586%	0	0	0
Not default Subtotal	2.17%	76.69%	/	/	121%	4	1	3
Default	100.00%	/	113.70%	99.36%	1,421%	1	1	0
Total	6.16%	46.82%	96.84%	79.58%	113%	225	221	3
Not default Not delinquent	0.63%	46.69%	/	/	46%	204	201	3
Not default Delinquent	29.33%	46.02%	/	/	437%	11	11	0
Not default Subtotal	2.19%	46.66%	/	/	67%	215	212	3
Default	100.00%	/	96.84%	79.58%	1,210%	9	9	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, 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, 2012, the Bank held no Qualifying revolving retail exposure for which net withdrawals of commitments had occurred.

Fiscal 2010 (Ended March 31, 2011)
Details on PD, LGD, RW and EAD Assets

(Billions of yen)

Type of exposure	Weighted-average PD	Weighted-average LGD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Retail exposure secured by residential properties	6.84%	46.41%	87.97%	74.42%	119%	256	256	—
Not default Not delinquent	0.66%	46.43%	/	/	48%	228	228	—
Not default Delinquent	29.59%	46.15%	/	/	440%	16	16	—
Not default Subtotal	2.63%	46.41%	/	/	75%	245	245	—
Default	100.00%	/	87.97%	74.42%	1,100%	11	11	—
Qualifying revolving retail exposure	—	—	—	—	—	—	—	—
Not default Not delinquent	—	—	/	/	—	—	—	—
Not default Delinquent	—	—	/	/	—	—	—	—
Not default Subtotal	—	—	/	/	—	—	—	—
Default	—	/	—	—	—	—	—	—
Other retail exposure	24.18%	70.97%	102.80%	98.38%	375%	7	3	3
Not default Not delinquent	1.71%	71.42%	/	/	107%	5	1	3
Not default Delinquent	27.21%	44.29%	/	/	268%	0	0	0
Not default Subtotal	2.14%	70.97%	/	/	110%	5	1	3
Default	100.00%	/	102.80%	98.38%	1,285%	1	1	0
Total	7.31%	47.09%	89.87%	77.49%	126%	263	259	3
Not default Not delinquent	0.68%	47.02%	/	/	50%	233	230	3
Not default Delinquent	29.58%	46.14%	/	/	439%	16	16	0
Not default Subtotal	2.62%	46.96%	/	/	76%	250	246	3
Default	100.00%	/	89.87%	77.49%	1,123%	12	12	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, 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, 2011, 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 for the Previous Period, Comparison with the Year before Last Results and Analysis of Causes

(Billions of yen)

Type of exposure	As of March 31, 2012	As of March 31, 2011	Increase/(decrease)
Corporate exposure	**9**	7	**2**
Sovereign exposure	**—**	—	**—**
Bank exposure	**—**	—	**—**
Equity exposure subject to PD/LGD approach	**0**	0	**0**
Retail exposure secured by residential properties	**—**	—	**—**
Qualifying revolving retail exposure	**—**	—	**—**
Other retail exposure	**0**	0	**(0)**

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.

Estimated Losses Depend on Historical Long-Term Results, Comparison with Actual Losses

(Billions of yen)

Type of exposure	As of March 31, 2012		As of March 31, 2011		As of March 31, 2010		As of March 31, 2009		As of March 31, 2008		As of March 31, 2007	
	Estimated losses	Actual losses	Estimated losses	Actual losses	Estimated losses	Actual losses	Estimated losses	Actual losses	Estimated losses	Actual losses	Estimated losses	Actual losses
Corporate exposure	**42**	**9**	73	7	55	42	45	23	28	6	27	18
Sovereign exposure	**0**	**—**	0	—	0	—	1	—	1	—	1	—
Bank exposure	**0**	**—**	0	—	0	—	0	—	0	—	0	—
Equity exposure subject to PD/LGD approach	**2**	**0**	3	0	1	0	0	0	1	0	0	0
Retail exposure secured by residential properties	**—**	**—**	—	—	—	—	—	—	—	—	—	—
Qualifying revolving retail exposure	**—**	**—**	—	—	—	—	—	—	—	—	—	—
Other retail exposure	**0**	**0**	0	0	0	0	0	0	0	0	0	0

Notes: 1. Comparisons of estimated and actual long-term losses for 10 years accumulatively are scheduled to be disclosed from the year following the application of Basel II (the year ending March 31, 2007).

2. The scope of actual and estimated 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.

3. Estimated losses of each year are amount of expected losses.

Year-on-year comparison of actual losses and factor analysis of difference between estimated losses and actual losses

Actual loss amounts have basically maintained at lower levels than the estimated losses at the beginning of the term, for fiscal years stated above.

d. Exposure to Specialized Lending Products Subject to Supervisory Slotting Criteria by RW

Amount of Specialized Lending Exposure Subject to Supervisory Slotting Criteria by RW

(Billions of yen)

Classification	As of March 31, 2012	As of March 31, 2011
Specialized Lending exposure subject to supervisory slotting criteria	**391**	464
Specialized Lending, excluding High-Volatility Commercial Real Estate (HVCRE)	**315**	360
Risk weight of 50%	**75**	47
Risk weight of 70%	**137**	190
Risk weight of 90%	**6**	7
Risk weight of 115%	**—**	3
Risk weight of 250%	**28**	52
Risk weight of 0% (default)	**68**	58
High-Volatility Commercial Real Estate (HVCRE)	**75**	104
Risk weight of 70%	**—**	2
Risk weight of 95%	**13**	13
Risk weight of 120%	**19**	19
Risk weight of 140%	**—**	—
Risk weight of 250%	**21**	21
Risk weight of 0% (default)	**22**	48

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, 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, 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, Article 130-3 and Article 130-5, after taking account of risk weights.

4. For risk weights, the Bank has applied the stipulations contained in the Notification Regarding Capital Adequacy, Article 130-3 and Article 130-5.

e. Equity Exposure Subject to the Simple Risk-Weighted Method of the Market-Based Approach by RW

Amount of Equity Exposure Subject to the Simple Risk-Weighted Method of the Market-Based Approach

(Billions of yen)

Classification	As of March 31, 2012	As of March 31, 2011
Equity exposure subject to the simple risk-weighted method of the market-based approach by RW	**30**	27
Risk weight of 300%	**—**	—
Risk weight of 400%	**30**	27

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, Article 143-4).

(4) EXPOSURE SUBJECT TO STANDARDIZED APPROACH BY RISK WEIGHT

Amount of Exposure Subject to Standardized Approach

(Billions of yen)

Classification	As of March 31, 2012		As of March 31, 2011	
	Exposure	Refer to ECAI	Exposure	Refer to ECAI
Exposure subject to Standardized Approach	7	—	6	—
Risk weight of 0%	—	—	—	—
Risk weight of 10%	—	—	—	—
Risk weight of 20%	—	—	—	—
Risk weight of 35%	—	—	—	—
Risk weight of 50%	—	—	—	—
Risk weight of 75%	—	—	—	—
Risk weight of 100%	7	—	6	—
Risk weight of 150%	—	—	—	—
Amount deducted from capital	—	—	—	—
Others	—	—	—	—

Note: Others include investment funds which are measured credit risk assets by look-through approach and the assets which are more than 150% risk weight.

4. Methods of 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, 2012	As of March 31, 2011
Foundation Internal Ratings-Based Approach	**7,896**	7,844
Eligible financial collateral	**6,623**	6,051
Corporate exposure	**7**	8
Sovereign exposure	**4**	3
Bank exposure	**6,611**	6,038
Other eligible IRB collateral	**—**	—
Corporate exposure	**—**	—
Sovereign exposure	**—**	—
Bank exposure	**—**	—
Guarantees, Credit Derivatives	**1,273**	1,793
Corporate exposure	**141**	137
Sovereign exposure	**179**	154
Bank exposure	**951**	1,500
Retail exposure secured by residential properties	**—**	—
Qualifying revolving retail exposure	**—**	—
Other retail exposure	**—**	—
Standardized Approach	**—**	—
Eligible financial collateral	**—**	—
Guarantees, Credit Derivatives	**—**	—

Notes: 1. The amount of exposure for which credit risk mitigation techniques have been used is limited to the portion for which such effects have been taken into account.
2. Exposure subject to risk-weighted asset calculation for investment fund is not included.

5. Counterparty Credit Risk in Derivative Transactions (Non-Consolidated)

Methods Used for Calculating Amount of Credit Exposure

The current exposure method is adopted.

Breakdown of the Amount of Credit Exposure

(Billions of yen)

Classification		As of March 31, 2012	As of March 31, 2011
Total gross replacement costs (limited to items with a value of greater than zero)	(A)	**50**	60
Total gross add-ons	(B)	**252**	277
Gross credit exposure	(C) = (A)+(B)	**302**	338
Including, foreign exchange related		**219**	267
Including, interest rate related		**81**	68
Including, equity related		**2**	2
Including, credit derivatives		**—**	—
Including, transactions with a long settlement period		**0**	—
Reduction in credit exposure due to netting contracts	(D)	**(7)**	208
Amount of credit exposure before taking into account credit risk mitigation techniques due to collateral	(E) = (C)–(D)	**310**	129
Amount of collateral		**1**	157
Including eligible financial collateral		**1**	157
Amount of credit exposure after taking into account credit risk mitigation techniques due to collateral		**310**	129

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, 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, 2012	As of March 31, 2011
To buy protection	**—**	—
Including credit default swaps	**—**	—
To sell protection	**—**	—
Including credit default 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, Article 21-2 and Article 21-3, the amount of credit risk assets not computed has not been included.

6. Securitization Exposure (Non-Consolidated)

(1) ITEMS TO CALCULATE CREDIT RISK ASSETS

Detail of Securitization Exposure Held as Originator

(Billions of yen)

Classification	As of March 31, 2012	As of March 31, 2011
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	—	—
Deducted from capital	—	—
Amounts of re-securitization exposure subject to credit risk mitigation techniques	—	

Notes: 1. As of March 31, 2012, the Bank has not been an originator for securitization exposure, having effects of credit risk mitigation.
2. The items in fiscal 2010 with the slash are the newly indicated in fiscal year 2011.

Details of Securitization Exposure Held as Investor by Exposure Type

Fiscal 2011 (Ended March 31, 2012)

(Billions of yen)

Classification	Total amount of securitization exposure					
	Amount of exposure	Deductions from capital	Re-securitization exposure			
			Amount of exposure	Re-securitization products (Secondary, tertiary)	Re-securitization products peculiar to regulation	Deductions from capital
Amounts of exposures	**4,467 (22)**	**78 (1)**	**436**	**124**	**311**	**20**
Individuals						
Asset-Backed Securities (ABS)	**1,743 (0)**	**— (—)**	**—**	**—**	**—**	**—**
Residential Mortgage-Backed Securities (RMBS)	**1,394 (—)**	**34 (—)**	**20**	**—**	**20**	**—**
Real estate						
Commercial Mortgage-Backed Securities (CMBS)	**290 (—)**	**18 (—)**	**21**	**—**	**21**	**—**
Corporates						
Subtotal of CDOs (CLO, ABS-CDO, CBO)	**939 (19)**	**20 (—)**	**395**	**124**	**270**	**20**
Collateralized Loan Obligations (CLO)	**793 (19)**	**— (—)**	**249**	**—**	**249**	**—**
Asset-Backed Securities CDOs (ABS-CDO)	**124 (—)**	**20 (—)**	**124**	**124**	**—**	**20**
Collateralized Bond Obligations (CBO)	**21 (—)**	**— (—)**	**21**	**—**	**21**	**—**
Others	**98 (2)**	**5 (1)**	**—**	**—**	**—**	**—**

Notes: 1. "Deductions from capital" is equity exposure deducted from capital under Article 224 of the Notification Regarding Capital Adequacy.
2. The off-balance exposure has been described in parentheses. There is no re-securitization exposure of the off-balance.
3. The items in fiscal 2010 with the slash are the newly indicated in fiscal year 2011.

Fiscal 2010 (Ended March 31, 2011)

(Billions of yen)

Classification	Total amount of securitization exposure		Re-securitization exposure			
	Amount of exposure	Deductions from capital	Amount of exposure	Re-securitization products (Secondary, tertiary)	Re-securitization products peculiar to regulation	Deductions from capital
Amounts of exposures	4,216 (/)	179 (/)	/	/	/	/
Individuals						
Asset-Backed Securities (ABS)	1,976 (/)	0 (/)	/	/	/	/
Residential Mortgage-Backed Securities (RMBS)	470 (/)	42 (/)	/	/	/	/
Real estate						
Commercial Mortgage-Backed Securities (CMBS)	352 (/)	20 (/)	/	/	/	/
Corporates						
Subtotal of CDOs (CLO, ABS-CDO, CBO)	1,303 (/)	108 (/)	/	/	/	/
Collateralized Loan Obligations (CLO)	1,133 (/)	70 (/)	/	/	/	/
Asset-Backed Securities CDOs (ABS-CDO)	145 (/)	38 (/)	/	/	/	/
Collateralized Bond Obligations (CBO)	24 (/)	0 (/)	/	/	/	/
Others	114 (/)	7 (/)	/	/	/	/

Notes: 1. "Deductions from capital" is equity exposure deducted from capital under Article 224 of the Notification Regarding Capital Adequacy.
2. The off-balance has been described in parentheses. There is no re-securitization exposure of the off-balance.
3. The items in fiscal 2010 with the slash are the newly indicated in fiscal year 2011.

Amount of Securitization Exposure Held as Investor and Regulatory Required Capital by Risk-Weighted Category

Fiscal 2011 (Ended March 31, 2012)

(Billions of yen)

Classification	Amount of exposure			Regulatory required capital		
		On-balance	Off-balance		On-balance	Off-balance
Amount of securitization exposure	**4,031**	**4,008**	**22**	**127**	**125**	**2**
Risk weight: 20% or less	**3,578**	**3,559**	**19**	**23**	**23**	**0**
Risk weight: exceeding 20% to 50% or less	**154**	**154**	**—**	**4**	**4**	**—**
Risk weight: exceeding 50% to 100% or less	**113**	**113**	**—**	**7**	**7**	**—**
Risk weight: exceeding 100% to 250% or less	**61**	**61**	**—**	**10**	**10**	**—**
Risk weight: exceeding 250% to less than 1,250%	**63**	**62**	**1**	**22**	**21**	**0**
Deductions from capital	**58**	**56**	**1**	**58**	**56**	**1**
Amount of re-securitization exposure	**436**	**436**	**—**	**55**	**55**	**—**
Risk weight: 20% or less	**20**	**20**	**—**	**0**	**0**	**—**
Risk weight: exceeding 20% to 50% or less	**292**	**292**	**—**	**10**	**10**	**—**
Risk weight: exceeding 50% to 100% or less	**34**	**34**	**—**	**2**	**2**	**—**
Risk weight: exceeding 100% to 250% or less	**26**	**26**	**—**	**3**	**3**	**—**
Risk weight: exceeding 250% to less than 1,250%	**42**	**42**	**—**	**18**	**18**	**—**
Deductions from capital	**20**	**20**	**—**	**20**	**20**	**—**

Fiscal 2010 (Ended March 31, 2011)

(Billions of yen)

Classification	Amount of exposure			Regulatory required capital		
		On-balance	Off-balance		On-balance	Off-balance
Amount of securitization exposure	4,216			309		
Risk weight: 20% or less	3,327			24		
Risk weight: exceeding 20% to 50% or less	283			8		
Risk weight: exceeding 50% to 100% or less	173			11		
Risk weight: exceeding 100% to 250% or less	135			27		
Risk weight: exceeding 250% to less than 1,250%	118			58		
Deductions from capital	179			179		
Amount of re-securitization exposure						
Risk weight: 20% or less						
Risk weight: exceeding 20% to 50% or less						
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%						
Deductions from capital						

Note: The items in fiscal 2010 with the slash are the newly indicated in fiscal year 2011.

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

(Billions of yen)

Classification	As of March 31, 2012		As of March 31, 2011	
	Amount of exposure	Regulatory required capital	Amount of exposure	Regulatory required capital
Amount of re-securitization exposure	—	—		
Risk weight applied to guarantor: 20% or less	—	—		
Risk weight applied to guarantor: exceeding 20% to 50% or less	—	—		
Risk weight applied to guarantor: exceeding 50% to 100% or less	—	—		
Risk weight applied to guarantor: exceeding 100% to 250% or less	—	—		
Risk weight applied to guarantor: exceeding 250% to less than 1,250%	—	—		
Deductions from capital	—	—		

Notes: 1. As of March 31, 2012, the Bank has not been re-securitization exposure subject to credit risk mitigation techniques.
2. The items in fiscal 2010 with the slash are the newly indicated in fiscal year 2011.

Risk-Weighted Assets Computed through Application of Appendix Article 15 of the Notification Regarding Capital Adequacy

Not applicable

(2) SECURITIZATION EXPOSURE SUBJECT TO MARKET RISK

Not applicable

7. Market Risk (Non-Consolidated)

Computation of the Market Risk Amount by the Internal Models Approach

■ VaR

(Millions of yen)

	Fiscal 2011	Fiscal 2010
Base date of computation	**2012. 3. 30**	2011. 3. 31
VaR (For the most recent 60 business days)		
Base date of computation	**78**	82
Maximum	**224**	264
Minimum	**61**	73
Average	**103**	147

■ Stress VaR

(Millions of yen)

	Fiscal 2011	Fiscal 2010
Base date of computation	**2012. 3. 30**	2011. 3. 31
Stress VaR (For the most recent 60 business days)		
Base date of computation	**247**	
Maximum	**443**	
Minimum	**225**	
Average	**327**	

Note: The items in fiscal 2010 with the slash are the newly indicated in fiscal year 2011.

■ Amounts of Market Risk

(Millions of yen)

		Fiscal 2011	Fiscal 2010
For the portion computed with the internal models approach (B)+(G)+(J)	(A)	**1,292**	442
Value at Risk (MAX (C, D))	(B)	**311**	442
Amount on base date of computation	(C)	**78**	82
Amount determined by multiplying (E) by the average for the most recent 60 business days	(D)	**311**	442
(Multiplier)	(E)	**3.0**	3.0
(Times exceeding VaR in back testing)	(F)	**1**	1
Stress Value at Risk (MAX (H, I))	(G)	**981**	
Amount on base date of computation	(H)	**247**	
Amount determined by multiplying (E) by the average for the most recent 60 business days	(I)	**981**	
Additional amount at the time of measuring individual risk	(J)	**0**	0

Notes: 1. With regard to validation of the Bank's internal model, the amount of risk calculated by the model is compared with the volatilities in actual profit and loss on a daily basis (known as back testing). When discrepancies between the model's estimates and actual results due to the designs of the model go beyond a certain level, the Bank scrutinizes the relevant model factors and revises the model if necessary.

2. 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.

3. The items in fiscal 2010 with the slash are the newly indicated in fiscal year 2011.

8. Equity Exposure (Non-Consolidated)

(Includes items such as shares, excludes items in a trading account)

Amounts on the Balance Sheet and Market Value

(Billions of yen)

Classification	As of March 31, 2012		As of March 31, 2011	
	Amounts on the balance sheet	Market value	Amounts on the balance sheet	Market value
Equity exposure	**792**	**792**	785	785
Exposure to publicly traded equity	**608**	**608**	602	602
Exposure to privately held equity	**184**	**184**	182	182

Notes: 1. No stocks included in this table are fund-raising instruments of other financial institutions that the Bank holds deliberately as specified in the Notification Regarding Capital Adequacy, Article 20-1-1.
2. Regarding "market value," equities with quoted market values are evaluated at market, and those without market values are valued using the total amounts entered in the balance sheet.

Amount of Gain (Loss) due to Sale or Write-Off

(Billions of yen)

Item	Fiscal 2011			Fiscal 2010		
	Gains from sale of equities, etc.	Losses from sales of equities, etc.	Write-offs of equities, etc.	Gains from sale of equities, etc.	Losses from sales of equities, etc.	Write-offs of equities, etc.
Equity exposure	**14**	**21**	**15**	23	0	11

Note: Amounts reflect relevant figures posted in the income statements.

Amount of Valuation Gains (Losses)

(Billions of yen)

Item	As of March 31, 2012	As of March 31, 2011
Amount of valuation gains (losses) recognized on the balance sheet and not recognized in the statements of operations	**71**	56

Notes: 1. Exposure is to equity shares issued by both domestic and overseas companies.
2. No stocks included in this table are fund-raising instruments of other financial institutions that the Bank holds deliberately, as specified in the Notification Regarding Capital Adequacy, Article 20-1-1.

Unrealized Gains (Losses) Not Recognized on Non-Consolidated Balance Sheets or Non-Consolidated Statements of Income

Not applicable

Amount Included in Supplementary Capital (Tier II) Under Stipulations of the Notification Regarding Capital Adequacy, Article 18-1-1

(Billions of yen)

Item	As of March 31, 2012	As of March 31, 2011
Amount included in supplementary capital under the stipulations of the Notification Regarding Capital Adequacy, Article 18-1-1	**51**	—

Note: "Amount included in supplementary capital under the stipulations of the Notification Regarding Capital Adequacy, Article 18-1-1" is 45% of the total value of exposure to equity and other investments (excluding equities, etc., that are fund-raising instruments of other financial institutions that the Bank holds deliberately, as specified in the Notification Regarding Capital Adequacy, Article 20-1-1) classified under other securities at market value, minus the total book value of these securities.

Equity Exposure Subject to Treatment Under the Notification Regarding Capital Adequacy, Appendix Article 13

(Billions of yen)

Classification	As of March 31, 2012	As of March 31, 2011
	Amounts on the balance sheets	Amounts on the balance sheets
Equity exposure subject to treatment under the Notification Regarding Capital Adequacy, Appendix Article 13	**348**	349
Corporate	**317**	318
Bank	**25**	25
Sovereign	**5**	5

Note: Appendix Article 13 of the Notification Regarding Capital Adequacy specifies provisional methods for calculating the value of credit risk assets in exposure to equity and other investments that meets certain specified standards.

9. Exposure Subject to Risk-Weighted Asset Calculation for Investment Fund (Non-Consolidated)

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

(Billions of yen)

Classification	As of March 31, 2012		As of March 31, 2011	
	Exposure	(For reference) Weighted-average risk weight	Exposure	(For reference) Weighted-average risk weight
Look-through approach	**15,019**	**56%**	15,143	53%
Majority approach	**469**	**376%**	461	331%
Mandate approach	**—**	**—**	—	—
Market-based approach	**1,404**	**248%**	1,552	237%
Others (simple approach)	**240**	**458%**	233	479%
Total	**17,133**	**85%**	17,391	81%

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, 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, 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, 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, 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, Article 144-5.)

6. (For reference) Weighted-average risk weight = {Total risk-weighted assets + (Expected losses + Deductions from capital) / 8%} / EAD

10. Interest-Rate Risk (Non-Consolidated)

(Interest-rate risk (excluding trading account) is the gain or loss from interest-rate shocks or the increase or decrease in economic value used for internal management purposes.)

Interest-Rate Risk Volume Computed with the Internal Model in Core Business Accounts (Excluding Trading Accounts)

(Billions of yen)

Classification	As of March 31, 2012	As of March 31, 2011
Interest-rate risk	**1,377**	1,618
Yen interest-rate risk	**173**	107
U.S. dollar interest-rate risk	**1,044**	1,411
Euro interest-rate risk	**154**	96
Interest-rate risk in other currencies	**4**	2

Note: 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.

Compensation

(1) COMPENSATION STRUCTURE FOR DIRECTORS AND EMPLOYEES OF THE BANK

Definition of the Directors and Employees Process

The scope of the Directors and the Employees stipulated in the Compensation Notification (Notification No. 10 in 2012 of the Financial Services Agency and Ministry of Agriculture, Forestry and Fisheries) who are subject to compensation disclosure is described below.

■ Definition of the Directors

The Directors are the Bank's Board members and auditors. The Supervisory Committee members and part-time auditors are excluded from the scope.

■ Definition of the Employees

Among the Bank's directors other than the 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 Employee and are thereby subject to compensation disclosure. None of the Bank's directors other than the Directors, or the Bank's employees, as well as the directors or employees of its major subsidiaries fall under the category of the Employee.

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 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 persons whose compensation is higher than the average for the Directors, and is calculated by dividing Total Compensation described in the chart "Total Compensation for the Directors" by the number of directors stipulated in the table. Regarding retirement lump sum payments, once the total retirement lump sum payment has been subtracted from total compensation, the amount obtained by dividing the total lump sum payment by the number of years in office is then added to the remaining compensation amount. This amount is regarded as person's total compensation and becomes the basis of the judgment whether the person will be a Highly Compensated Person. None of the Bank's directors other than the Directors, or the Bank's employees falls under this category.

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 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. None of the Bank's directors other than the Directors, or the Bank's employees, as well as the directors or employees of its major subsidiaries fall under this category.

Determining the 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 retirement benefit payments, as well as the standards of such payment. The Director Compensation Deliberation Committee is composed of committee members (cooperative organization representatives, attorneys, CPAs, and others) 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 auditors is decided through auditor 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 consultation for auditors.

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 2011 and March 2012. The Committee members receive no compensation.

(2) MATTERS RELATED TO THE EVALUATION OF THE APPROPRIATENESS OF THE DESIGN AND OPERATION OF THE BANK'S COMPENSATION STRUCTURE FOR THE DIRECTORS

Compensation Policy

■ Compensation Policy for the 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 organization for cooperatives as well as financial institution for farmers, fishermen, and foresters, director compensation is decided and fixed based on the directors' rank after taking into account the business conditions of the Bank and trends in cooperative groups and other business sectors.

Retirement benefits are calculated by applying a fixed weight based on the directors' compensation during his or her term of office in line with 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 in the Supervisory Committee based on the results of the Director Compensation Deliberation Committee's discussions. These proposals are then 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 auditors is decided through auditor 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 consultation for auditors.

(3) THE BANK'S COMPENSATION STRUCTURE FOR THE DIRECTORS, ITS RISK MANAGEMENT CONSISTENCY, AND THE LINK BETWEEN COMPENSATION AND PERFORMANCE

As described in the previous section, the final decision on the 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 DIRECTORS

Aside from that mentioned in the preceding paragraph, no matters fall under this category.

Total Compensation for the Directors (from April 1, 2011 to March 31, 2012)

Category	Number of directors	Total compensation (Millions of yen)				
			Basic compensation	Bonus	Retirement benefits	Other
Subject directors	19	¥618	¥442	—	¥176	—

Notes: 1. Directors who retired during fiscal 2011 are included in the number of subject directors.
2. Retirement benefits are presented as provision of reserve for retirement benefits posted in fiscal 2011.

Status of Capital and Shareholders

Members and Share Ownership (As of March 31, 2012)

(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	894 (148)	5,741,401,140 (4,860,280,000)
Federations of Agricultural Cooperatives	113 (35)	27,205,950,670 (24,289,510,000)
Forestry Cooperatives	663 (0)	19,586,080 (0)
Forestry Production Cooperatives	11 (0)	14,650 (0)
Federations of Forestry Cooperatives	47 (0)	22,945,840 (0)
Fishery Cooperatives	1,024 (4)	126,195,551 (66,520,000)
Fishery Production Cooperatives	25 (0)	203,140 (0)
Federations of Fishery Cooperatives	87 (30)	860,862,989 (535,610,000)
Marine Products Processing Cooperatives	42 (0)	628,200 (0)
Federations of Marine Products Processing Cooperatives	6 (0)	693,750 (0)
Mutual Insurance Federation of Fishery Cooperative Associations	1 (0)	7,064,800 (0)
Agricultural Mutual Relief Insurance Associations	35 (0)	380,700 (0)
Federations of Agricultural Mutual Relief Insurance Associations	41 (0)	978,100 (0)
Fishing Boat Insurance Associations	20 (0)	2,454,350 (0)
Agricultural Credit Guarantee Fund Associations	10 (0)	139,650 (0)
Fishery Credit Guarantee Fund Associations	35 (0)	16,158,600 (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	787 (0)	2,878,940 (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	3,873 (217)	34,009,098,300 (29,751,920,000)

(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, forestry, and fishery 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 31, 2009	1,380,537	3,421,370	Allotment
September 28, 2009	4,539	3,425,909	Allotment

Organizational Diagram (As of July 1, 2012)

- Council of Delegates
  - Supervisory Committee
    - JA Bank Headquarters
    - JF Marine Bank Headquarters
  - Board of Directors
    - President & CEO
      Deputy President & Co-CEO
      Senior Managing Directors
      Managing Directors
      - Secretariat
      - Coordination Div.
        - CSR Promotion Dept.
      - Compliance Div.
      - Legal Div.
      - Internal Audit Div.
      - Personnel Div.
        - Career Development Dept.
      - Corporate Planning Div.
        - Business Development Dept.
        - Public Relations Planning Dept.
        - Facilities Management Dept.
        - Branch Strategy & Management Dept.
        - Subsidiaries & Affiliates Management Dept.
      - Financial Planning & Control Div.
        - Controller's Dept.
      - Risk Management Div.
      - Systems Planning Div.
      - Next Generation JASTEM System Planning Div.
      - Procedures & Operations Planning Div.
        - Procedures & Operations Risk Management Dept.
      - Credit Risk Management Div.
      - Business Revitalization Div.
      - JA Bank System Management Div.
        - JA Bank Management Dept. for two-tiered prefectures
      - JA Bank System Monitoring & Consulting Div.
      - JA Bank System Planning & Promotion Div.
      - JA Bank System Infrastructure Development Div.
      - Cooperative System Human Resource Development Div.
      - JF Marine Bank Management Div.
        - Monitoring & Advisory Dept.
      - Credit & Alternative Portfolio Planning Div.
        - Financing Facilitation Dept.
      - Agriculture. Forestry, Fishery & Ecology Business Planning Div.
        - Ecology & Food Business Promotion Dept.
      - Fixed Income Investment Div.
      - Equity Investment Div.
      - Credit & Alternative Investment Div.
      - Treasury & Forex Div.
      - Investment Documentation Div.
      - Risk Monitoring Div.
      - Operations Planning & Solutions Div.
      - Treasury & Securities Operations Div.
      - Corporate Business Div. I
      - Corporate Business Div. II
      - Corporate Business Div. III
      - Corporate Business Div. IV
      - Corporate Business Div. V
      - Agriculture, Forestry, Fishery & Ecology Business Div.
      - Cooperative Finance & Administration (Kanto Area) Div.
        - Mito Office
        - Kofu Office
        - Nagano Office
      - Head Office Business Service Div.
      - Foreign Business Operation & Management Div.
  - Auditors / Board of Auditors
    - Office of the Corporate Auditors

[Branches]

- Sapporo Branch
- Aomori Branch
- Sendai Branch
  - Morioka Office
- Akita Branch
- Yamagata Branch
- Fukushima Branch
- Utsunomiya Branch
- Maebashi Branch
- 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
- London Branch
- Singapore Branch
- Hong Kong Representative Office
- Beijing Representative Office

Directors and Auditors (As of July 1, 2012)

Supervisory Committee

Akira Banzai
Ichio Kuramitsu
Keiichi Tabata
Noboru Sugimoto
Ikuhiro Hattori
Kiichi Sugawara
Zenichi Shimura
Chikaaki Kitabata
Tatsuhiro Sakuma
Masao Uchimura
Yoshinori Ando
Motonori Baba
Tsuguo Yaguchi
Hideaki Kubori
Eiichiro Kinoshita
Yoshio Kono
Masataka Miyazono

Board of Directors

President & Chief Executive Officer

Yoshio Kono

Deputy President &
Co-Chief Executive Officer

Masataka Miyazono

Senior Managing Directors

Kazumi Torii
Norihiro Takahashi
Hideaki Iida

Managing Directors

Naoki Oshikubo
Shoji Yukimoto
Shinichi Saitoh
Kazuhiko Otake
Kazuto Oku
Minoru Ohta
Noritsugu Sato
Norihiro Suzuki
Katsuyuki Touyama

Board of Auditors

Kozo Konishi
Tomoyasu Komuyama
Tomoyuki Mieda
Tatsuhiko Tanaka
Koji Hatsukawa

History

Milestones in the Bank's 89-Year History

1923 • The Bank established with government funds under special legislation as the central bank for Japanese cooperatives, "Sangyo Kumiai" (December)

1938 • Fisheries cooperatives became members of the Bank

1943 • Forestry cooperatives became members of the Bank (March)
• The Bank's name officially changed to the Norinchukin Bank (September)

1950 • The first Norinchukin Bank debentures issued

1959 • Redemption of the government's equity stake completed, thereby becoming 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 • The New York Representative Office 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 issued in the Euromarket

1990 • A representative office opens in Singapore (October)

1991 • The London Representative Office upgraded to branch status (April)

1993 • The Singapore Representative Office upgraded to branch status (April)
• Norinchukin Securities Co., Ltd., established (July)
• Norinchukin Investment Trust Management Co., Ltd., established (September)

1995 • Preferred stocks issued, opening the way for capital increases through the participation of ordinary investors (February)
• The Norinchukin Trust & Banking Co., Ltd., established (August)

1996 • Laws concerning the integration of the Bank and Shinnoren enacted (December)

1998 • Issuance of ¥1 trillion in lower dividend rate stock to Shinnoren and Shingyoren and ¥0.5 trillion in subordinated loan transaction completed (March)
• Substantial reorganization of the market risk investment sections, updating these to match global asset management styles
• Representative offices open in Hong Kong and Beijing (July, November)

2000 • Norinchukin-Zenkyoren Asset Management Co., Ltd., 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 • The JA Banking System begins (January)
• A capital increase of ¥100 billion in common stock is conducted, and ¥183 billion in funds is procured through the permanently subordinated loans (September, November)
• The consolidation of Shinnoren with the Bank begins

2003 • JF Marine Bank implements fundamental policies (January)

2004 • Norinchukin Securities Co., Ltd., liquidated (September)

2005 • Increase in capital of ¥225 billion in common stock and perpetual subordinated loans of ¥212 billion (December)

2006 • Final integration of Okayama Shinnoren and Nagasaki Shinnoren (January)
• JASTEM made available in all prefectures (May)
• Capital increase through issue of subordinated bonds with maturity dates (September)
• Capital increase through issue of lower dividend rate stock (¥19.0 billion) (September)
• Merger of Kyodo Credit Service Co., Ltd., with UFJ Nicos Co., Ltd. (October)
• Acquisition of Financial Holding Company (FHC) status in the United States (December)
• JA savings deposits top ¥80 trillion (December)

2007 • Final integration of Akita Shinnoren (February)
• JA Bank Agri-Support business established (June)
• Final integration of Tochigi Shinnoren (October)
• Capital increase through issue of lower dividend rate stock (¥15.9 billion) (November)

2008 • Final integration of Yamagata Shinnoren and Toyama Shinnoren (January)
• Capital increase through issue of lower dividend rate stock (¥12.9 billion) (February)
• Capital increase through issue of lower dividend rate stock (¥503.2 billion), and permanently subordinated loan (March)
• Final integration of Fukushima Shinnoren (October)
• Capital increase through issue of lower dividend rate stock (¥24.8 billion) (December)

2009 • Final integration of Kumamoto Shinnoren (January)
• Capital increase through issue of lower dividend rate stock (¥1,380.5 billion), and permanently subordinated loan (March)
• Capital increase through issue of lower dividend rate stock (¥4.5 billion) (September)
• Partial Integration of Aomori Shinnoren (September)

2010 • Growth Base Reinforcement Fund (¥100.0 billion) established (August)
• Growth Base Support Fund (¥600.0 billion) established (December)

2011 • Reconstruction Support Program established (April)
• Partial Integration of Gunma Shinnoren (October)

2012 • Norinchukin Facilities Co., Ltd. became wholly-owned subsidiary company (May)

List of Group Companies

As of March 31, 2012

Company Name	Address	Nature of Business	Date of Establishment	Capital (Millions of yen) Percentage of Voting Rights (%)
The Norinchukin Trust & Banking Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Trust & Banking	August 17, 1995	20,000 100.0
Kyodo Seminar Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Training	May 25, 1981	20 100.0
Norinchukin Research Institute Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Research	March 25, 1986	300 100.0
Nochu Business Support Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Various Operations, Talent Provider on behalf of The Norinchukin Bank	August 18, 1998	100 100.0
Eiraku Co., Ltd.	16-8, Sotokanda 1-chome, Chiyoda-ku, Tokyo 101-0012, Japan	Building Management & Facility Management	August 6, 1956	197 99.85
Kyodo Housing Loan Co., Ltd.	15-3, Chuocho 1-chome, Meguro-ku, Tokyo 152-0001, Japan	Mortgage Loans Housing Loan Guarantee	August 10, 1979	10,500 91.52
Nochu Information System Co., Ltd.	5-3, Musashino 3-chome, Akishima-City, Tokyo 196-0021, Japan	System Development & Maintenance	May 29, 1981	100 90.0
Norinchukin Zenkyoren Asset Management Co., Ltd.	7-9, Hirakawacho 2-chome, Chiyoda-ku, Tokyo 102-0093, Japan	Asset Management & Investment Advice	September 28, 1993	1,920 50.91
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 38.0
The Cooperative Servicing Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Management and Collection of Non-Performing Loans	April 11, 2001	500 37.96
JA MITSUI LEASING, LTD.	10-2, Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo 141-0022, Japan	Leasing Business	April 1, 2008	32,000 28.48
The Agribusiness Investment & Consultation Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Investment Consultation to the Agricultural Companies	October 24, 2002	4,070 19.97
Mitsubishi UFJ NICOS Co., Ltd.	14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo 101-8960, Japan	Credit Card Business	June 7, 1951	109,312 15.01
Daiichi Life Norinchukin Building Management Co., Ltd.	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-8420, Japan	Building Maintenance	April 1, 1993	10 27.0
Norinchukin Finance (Cayman) Limited	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	Issue of Subordinated Bonds, Borrowing of Subordinated Loans	August 30, 2006	\$50,000 100.0

Notes: 1. Due to the sale of its shares in June 2011, Private Equity Fund Research and Investments Co., Ltd. was excluded from the affiliates.
2. Eiraku Co., Ltd. changed its name to Norinchukin Facilities Co., Ltd. on April 1, 2012.

Global Network (As of August 1, 2012)

Overseas Branches

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Tadayuki Hagiwara, *General Manager*

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New York, NY 10167-0104, U.S.A.
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Fax: 1-212-697-5754
SWIFT: NOCUUS 33

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Michimasa Soga, *General Manager*

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London EC2M 3YX, U.K.
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Fax: 44-20-7588-6585
SWIFT: NOCUGB2L
Company number: BR001902

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Yasuyuki Matsumoto, *General Manager*

80 Raffles Place, #53-01,
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Fax: 65-6535-2883
SWIFT: NOCUSGSG
Telex: RS21461

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Fax: 852-2918-4430

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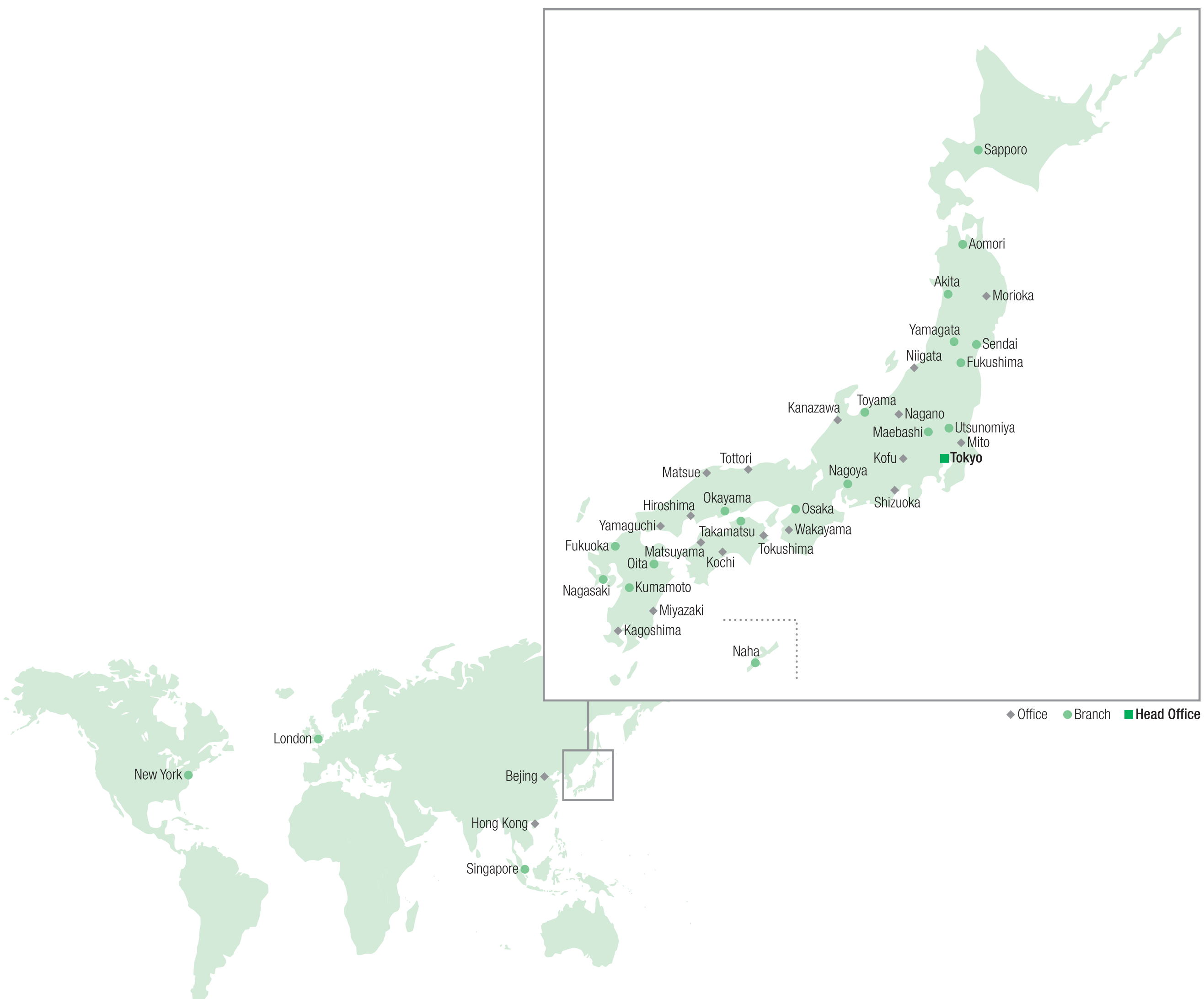

Cooperative Enterprises Build a Better World

Following the UN declaration of 2012 as the International Year of Co-operatives (IYC), the "Japan National Planning Committee for IYC 2012" was launched in August 2010, as a unified national body to pull resources and efforts together in making the year successful and fruitful. The committee will serve as the central body to plan activities and events aiming at increasing public awareness of co-operatives and promoting the growth of co-operatives.

VEGETABLE OIL INK

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The Norinchukin Bank