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

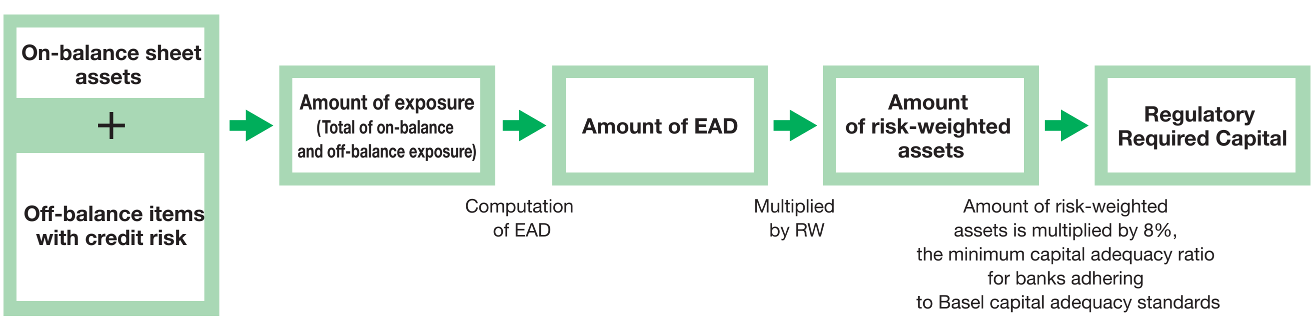
As the Bank adopts F-IRB, with regard to the most of the Bank's assets, RW is determined by parameters, including PD which corresponds to the grade of the internal credit rating.

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:

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<tr><td colspan="4">Retail exposure</td></tr>
<tr><td colspan="4">Equity exposure</td></tr>
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<tr><td colspan="4">Risk-weighted assets for investment fund (look-through approach, etc.)</td></tr>
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<tr><td colspan="5">Roll-out assets from Standardized Approach to F-IRB Approach</td></tr>
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<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>
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</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

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Details of Risks and Risk Exposures

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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, commit-ments, 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, commit-ments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure	Write-off of loans (amounts of partial direct write-off)
Manufacturing	2,479	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					
			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	4,467 (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					
			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 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					
			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	4,467 (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					
	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 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.