

# Financial Review

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

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

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

### • Balance of Assets and Liabilities

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

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

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

### • Income

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

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

### • Capital Adequacy Ratio

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

## Key Management Indicators (Consolidated)

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

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

Notes: 1. U.S. dollars have been converted at the rate of ¥112.17 to U.S. \$1, the effective rate of exchange at March 31, 2017.

2. The calculation of the Bank's Consolidated BIS Capital Adequacy Ratio is based on the formula found in Notification No. 4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of Management of the Norinchukin Bank) issued in 2006.

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

### • Balance of Assets and Liabilities

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

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

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

### • Income

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

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

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

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

### • Capital Adequacy Ratio

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

### Key Management Indicators (Non-consolidated)

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

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

Notes: 1. U.S. dollars have been converted at the rate of ¥112.17 to U.S. \$1, the effective rate of exchange at March 31, 2017.

2. The calculation of the Bank's Non-Consolidated BIS Capital Adequacy Ratio is based on the formula found in Notification No. 4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of Management of the Norinchukin Bank) issued in 2006.

## Consolidated Balance Sheet

The Norinchukin Bank and Subsidiaries  
As of March 31, 2017

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

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

# Consolidated Statements of Operations and Comprehensive Income

(1) Consolidated Statement of Operations

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

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2017	2016	2017
<b>Income</b>			
Interest Income:	¥1,106,541	¥1,034,824	\$ 9,864
Interest on Loans and Bills Discounted	63,079	64,736	562
Interest and Dividends on Securities	1,026,605	949,746	9,152
Interest on Call Loans and Bills Bought	(607)	514	(5)
Interest on Receivables under Resale Agreements	(0)	1	(0)
Interest on Receivables under Securities Borrowing Transactions	244	71	2
Interest on Due from Banks	10,509	18,081	93
Other Interest Income	6,710	1,672	59
Fees and Commissions	29,239	26,106	260
Trading Income (Note 23)	5	268	0
Other Operating Income (Note 24)	81,447	89,833	726
Other Income (Note 25)	156,280	136,952	1,393
<b>Total Income</b>	<b>1,373,514</b>	<b>1,287,985</b>	<b>12,244</b>
<b>Expenses</b>			
Interest Expenses:	858,813	715,922	7,656
Interest on Deposits	52,753	37,144	470
Interest on Negotiable Certificates of Deposit	23,324	12,010	207
Interest on Debentures	9,004	13,452	80
Interest on Borrowed Money	80,017	80,080	713
Interest on Call Money and Bills Sold	68	514	0
Interest on Payables under Repurchase Agreements	69,927	45,154	623
Interest on Payables under Securities Lending Transactions	3	746	0
Interest on Bonds	622	1,106	5
Other Interest Expenses	623,092	525,712	5,554
Fees and Commissions	16,487	15,511	146
Trading Expenses (Note 26)	4	201	0
Other Operating Expenses (Note 27)	62,740	56,500	559
General and Administrative Expenses	162,574	162,563	1,449
Other Expenses (Note 28)	51,941	13,755	463
<b>Total Expenses</b>	<b>1,152,562</b>	<b>964,455</b>	<b>10,275</b>
<b>Income before Income Taxes</b>	<b>220,952</b>	<b>323,530</b>	<b>1,969</b>
Income Taxes — Current	23,932	58,139	213
Income Taxes — Deferred	(9,982)	(6,846)	(88)
<b>Total Income Taxes</b>	<b>13,950</b>	<b>51,292</b>	<b>124</b>
<b>Profit</b>	<b>207,002</b>	<b>272,237</b>	<b>1,845</b>
Profit Attributable to Non-controlling Interests	893	955	7
<b>Profit Attributable to Owners of Parent</b>	<b>¥ 206,109</b>	<b>¥ 271,281</b>	<b>\$ 1,837</b>
		Yen	U.S. Dollars (Note 1)
	2017	2016	2017
<b>Profit Attributable to Owners of Parent per Share</b>	<b>¥38.08</b>	<b>¥53.66</b>	<b>\$0.33</b>

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

## (2) Consolidated Statement of Comprehensive Income

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

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

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

## Consolidated Statement of Capital Surplus and Retained Earnings

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

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

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

# Consolidated Statement of Cash Flows

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

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

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

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

# Notes to the Consolidated Financial Statements

The Norinchukin Bank and Subsidiaries

## 1. Basis of Presentation

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

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

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

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

## 2. Summary of Significant Accounting Policies

### (1) Principles of Consolidation

#### Scope of Consolidation

##### Subsidiaries

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

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

The major consolidated subsidiaries are as follows:

The Norinchukin Trust & Banking Co., Ltd.

Kyodo Housing Loan Co., Ltd.

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

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

##### Affiliates

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

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



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

## (2) Transactions for Trading Purposes

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

Gains and losses arising from transactions for trading purposes are recorded in Trading Income and Trading Expenses on the consolidated statement of operations.

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

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

## (3) Financial Instruments

### a. Securities

Held-to-maturity debt securities are valued at amortized cost (straight-line method), as determined by the moving average method.

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

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

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

### b. Derivatives

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

### c. Hedge Accounting

#### (a) Hedge of Interest Rate Risk

The Bank applies the deferral method of hedge accounting to the hedge transactions to manage interest rate risk associated with various financial assets and liabilities, which is described in "Accounting and Auditing Treatment relating to the Adoption of the 'Accounting for Financial Instruments' for Banks," issued by the Japanese Institute of Certified Public Accountants ("JICPA"), (JICPA Industry Audit Committee Report No. 24, issued on February 13, 2002). Hedge effectiveness of a fair value hedge is assessed by identified groups of hedged items, such as loans and deposits, and the corresponding groups of hedging instruments, such as interest rate swaps within the same maturity bucket. Hedge effectiveness of a cash flow hedge is assessed based on the correlation of the interest rate risk indicators of the hedged items and that of the hedging instruments.

#### (b) Hedge of Foreign Exchange Rate Risk

The Bank applies the deferral method of hedge accounting to the hedge transactions to manage foreign exchange rate risk arising from various financial assets and liabilities denominated in foreign currencies, which is described in "Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25, issued on July 29, 2002). Hedge effectiveness is assessed by reviewing whether the amount of the hedged items, such as financial monetary assets and liabilities denominated in foreign currencies, exceeds that of the hedging instruments, such as currency swap or foreign exchange swap transactions, entered into to mitigate the foreign exchange rate risk arising from the hedged items.

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

(c) Internal Derivative Transactions

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

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

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

**a. Depreciation**

Depreciation of Tangible Fixed Assets of the Bank is calculated using the declining-balance method. However, depreciation on buildings acquired on or after April 1, 1998 (excluding buildings and accompanying facilities) and buildings and accompanying facilities and structures acquired on or after April 1, 2016 are calculated using the straight-line method.

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

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

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

**b. Land Revaluation**

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

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

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

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

The costs of software developed or obtained for internal use are capitalized and amortized over an estimated useful life of 5 years.

**(6) Lease Assets**

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

**(7) Foreign Currency Translation**

Assets and liabilities denominated in foreign currencies, and accounts of overseas branches are translated into Japanese yen primarily

using the exchange rates in effect at the consolidated balance sheet date.

Assets and liabilities of the consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen using the respective exchange rates in effect at the balance sheet date.

#### **(8) Reserve for Possible Loan Losses**

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

a. Reserve for loans to debtors who are legally or substantially bankrupt under the Bankruptcy Law, Special Liquidation under the Company Law or other similar laws is provided based on the remaining book value of the loans after the direct write-off described below and the deduction of the amount expected to be collected through the disposals of collateral or the execution of guarantees.

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

b. Reserve for loans to debtors who are not currently bankrupt, but are likely to become bankrupt (“doubtful debtors”), is determined after taking into account a comprehensively evaluated repayment ability of debtors after deducting the amount expected to be collected through the disposal of collateral or the execution of guarantees.

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

d. Reserve for loans other than those indicated above, is provided primarily at the amount calculated using the default rates which the Bank has calculated based on actual defaults experienced in the past.

e. Specific reserve for loans to certain countries with financial difficulties is provided based on the expected amount of losses taking into account the political, economic and other conditions in each country.

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

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

#### **(9) Reserve for Possible Investment Losses**

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

#### **(10) Reserve for Bonus Payments**

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

#### **(11) Reserve for Directors’ Retirement Benefits**

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

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

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

**(13) Accounting Method for Retirement Benefits**

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

Unrecognized prior service cost is amortized over a certain period (10 years) within the employees' average remaining service period using the straight-line method beginning in the fiscal year in which the difference has arisen.

Unrecognized actuarial differences are amortized over a certain period (10 years) within the employees' average remaining service period using the declining-balance method beginning in the fiscal year after the difference has arisen.

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

**(14) Consumption Taxes**

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

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

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

**(16) Profit Attributable to Owners of Parent per Share**

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

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

**(Changes in Accounting Policies)**

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

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

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

**(Additional Information)**

Adoption of the Implementation Guidance on Recoverability of Deferred Tax Assets

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

**3. Trading Assets**

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

## 4. Securities

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

The maturity profile of securities is as follows:

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

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

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

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

## 5. Loans and Bills Discounted

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

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

Notes: 1. Loans to Borrowers under Bankruptcy Proceedings are loans (excluding the parts written-off for possible loan losses) stipulated in Article 96-1-3, 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97, 1965) on which interest is placed on a no-accrual status (hereinafter referred to as "Non-accrual Loans") since the loan principals and/or their pertaining interests are determined to be uncollectible considering the period of time past due and other reasons.  
2. Delinquent Loans are also Non-accrual Loans other than loans to borrowers under bankruptcy proceedings or loans whereby payments of interests are deferred in order to support the borrowers' rehabilitation.  
3. Loans Past Due for Three Months or More are loans whose principal or interest is past-due for three months or more, other than loans to borrowers under bankruptcy proceedings and delinquent loans.  
4. Restructured Loans are loans whereby its terms are modified in favor of the borrowers by reducing the interest rate, deferral of payments of interest or principal, waiving principal repayments, etc., in order to support the borrowers' rehabilitation and facilitate the collection of the loan.

## 6. Foreign Exchange Assets

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

## 7. Other Assets

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

## 8. Tangible Fixed Assets and Intangible Fixed Assets

### Tangible Fixed Assets

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

### Intangible Fixed Assets

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

## 9. Assets Pledged

Assets pledged as collateral comprise the following:

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

Liabilities secured by the above assets are as follows:

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

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

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

## 10. Deposits

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

## 11. Debentures

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

## 12. Bonds

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

## 13. Trading Liabilities

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

## 14. Borrowed Money

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

## 15. Foreign Exchange Liabilities

	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
As of March 31			
Foreign Bills Payable	¥2	¥17	\$0
<b>Total</b>	<b>¥2</b>	<b>¥17</b>	<b>\$0</b>



## 16. Other Liabilities

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

## 17. Retirement Benefit Plans

### (1) Outline of the adopted Retirement Benefit Plans

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

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

### (2) Defined Benefit Plan

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**h. Particulars of Plan Assets**

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

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

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

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

**i. The assumptions used in accounting for the above plan**

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

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

## 18. Accounting for Income Taxes

Components of deferred tax assets and liabilities are as follows:

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

## 19. Acceptances and Guarantees

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

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

## 20. Commitments to Overdrafts and Loans

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

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

## 21. Securities Loaned

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

Securities borrowed under unsecured borrowing agreements (Saiken Taishaku Torihiki) and securities purchased under resale agreements and cash-collateralized borrowing agreements, which can be sold or re-pledged by the Bank, include securities re-pledged of ¥ — million (\$ — million) and ¥12,911 million as of March 31, 2017 and 2016, respectively, and securities held without re-pledge of ¥487,411 million (\$4,345 million) and ¥2,398,140 million as of March 31, 2017 and 2016, respectively. No such securities are re-loaned to the third parties.

## 22. Paid-in Capital

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

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

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

## 23. Trading Income

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

## 24. Other Operating Income

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

## 25. Other Income

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

## 26. Trading Expenses

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

## 27. Other Operating Expenses

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

## 28. Other Expenses

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

## 29. Other Comprehensive Income

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

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

## 30. Cash Flows

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

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

## 31. Segment Information

Fiscal year ended March 31, 2017

### (1) Segment Information

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

**(2) Related Information****a. Information about Services**

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

  

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

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

**b. Information about Geographic Areas****(a) Ordinary Income**

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

  

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

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

**(b) Tangible Fixed Assets**

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

  

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

**c. Information about Major Customers**

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

  

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

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

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

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

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

None



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

None

**Fiscal year ended March 31, 2016****(1) Segment Information**

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

**(2) Related Information****a. Information about Services**

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

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

**b. Information about Geographic Areas****(a) Ordinary Income**

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

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

**(b) Tangible Fixed Assets**

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

**c. Information about Major Customers**

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

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

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

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

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

None

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

None

## 32. Financial Instruments

### (1) Particulars of Financial Instruments

#### a. Policy on Financial Instruments

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

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

#### b. Contents and Risk of Financial Instruments

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

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

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

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

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

#### c. Risk Management for Financial Instruments

##### (a) Integrated Risk Management

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

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

**(b) Market Risk Management**

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

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

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

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

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

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

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

**(c) Credit Risk Management**

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

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

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

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

#### (d) Liquidity Risk Management

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

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

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

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

“Consolidated Balance Sheet Amount,” “Fair Value” and “Difference” as of March 31, 2017 and 2016 are as follows:

Unlisted stocks and other financial instruments, the fair value of which is extremely difficult to determine, are excluded from the table below. (ref. Note 2)

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

(\*1) Money Held in Trust and Loans and Bills Discounted are net of Reserve for Possible Loan Losses. Money Held in Trust is presented by net on the consolidated balance sheet as the reserve amounts are immaterial.

2. Derivative Instruments are excluded from Trading Assets.

3. Derivative Instruments within Trading Assets, Trading Liabilities, Other Assets and Other Liabilities are shown by net position. Receivables and payables which arise from Derivative Instruments are shown on a net basis.

As of March 31, 2016	Millions of Yen		
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and Due from Banks	¥15,057,960	¥15,057,960	¥ —
(2) Call Loans and Bills Bought	139,877	139,877	—
(3) Monetary Claims Bought	244,023	244,751	727
(4) Trading Assets (*2)			
Trading Securities	5,077	5,077	—
(5) Money Held in Trust (*1)			
Other Money Held in Trust	4,922,392	4,931,540	9,147
(6) Securities			
Held-to-Maturity Debt Securities	17,828,600	17,913,765	85,165
Other Securities	39,888,734	39,888,734	—
(7) Loans and Bills Discounted	18,022,160		
Reserve for Possible Loan Losses (*1)	(92,299)		
	17,929,861	17,957,229	27,367
<b>Total Assets</b>	<b>¥96,016,528</b>	<b>¥96,138,936</b>	<b>¥122,408</b>
(1) Deposits	¥58,823,374	¥58,823,431	¥ 57
(2) Negotiable Certificates of Deposit	3,598,338	3,598,338	—
(3) Debentures	3,122,077	3,137,162	15,085
(4) Call Money and Bills Sold	4,276	4,276	—
(5) Payables under Repurchase Agreements	18,488,218	18,488,218	—
(6) Borrowed Money	3,090,120	3,090,371	251
(7) Short-term Entrusted Funds	1,397,731	1,397,731	—
<b>Total Liabilities</b>	<b>¥88,524,136</b>	<b>¥88,539,530</b>	<b>¥ 15,394</b>
Derivative Instruments (*3)			
Transactions not Accounted for as Hedge			
Transactions	¥ (2,461)	¥ (2,461)	¥ —
Transactions Accounted for as Hedge			
Transactions	48,841	48,841	—
<b>Total Derivative Instruments</b>	<b>¥ 46,380</b>	<b>¥ 46,380</b>	<b>¥ —</b>

(\*1) 1. Money Held in Trust and Loans and Bills Discounted are net of Reserve for Possible Loan Losses. Money Held in Trust is presented by net on the consolidated balance sheet as the reserve amounts are immaterial.

2. Derivative Instruments are excluded from Trading Assets.

3. Derivative Instruments within Trading Assets, Trading Liabilities, Other Assets and Other Liabilities are shown by net position. Receivables and payables which arise from Derivative Instruments are shown on a net basis.

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

### Assets

#### (1) Cash and Due from Banks

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

#### (2) Call Loans and Bills Bought

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

#### (3) Monetary Claims Bought

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

#### (4) Trading Assets

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

**(5) Money Held in Trust**

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

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

**(6) Securities**

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

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

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

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

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

**(7) Loans and Bills Discounted**

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

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

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

**Liabilities****(1) Deposits**

With respect to demand deposits, the amounts payable on demand as of the consolidated balance sheet date (the carrying value) are estimated at fair value. The carrying value of Time Deposits with floating rates approximates the fair value since it is repriced reflecting market interest rate fluctuations within a short period (1 year or less), unless the creditworthiness of the Bank and its consolidated subsidiaries has changed. Accordingly, the carrying value is deemed to be the fair value. As for Time Deposits with fixed rates, are calculated according to the Discounted Cash Flow method, and these discount rates are the currently-applied deposit rates. Some contractual terms are short-term (1 year or less), and fair value approximates the carrying value.

**(2) Negotiable Certificates of Deposit**

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

**(3) Debentures**

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

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

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

**(6) Borrowed Money**

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

**Derivative Instruments**

Derivative instruments include interest rate-related derivative instruments (interest rate swaps and others) and currency-related derivative instruments (currency swaps and others). The fair value is based on the closing price at the exchange, a discounted net present value model, an option pricing model or other models as appropriate.

The accrual method of hedge accounting, as specifically permitted for certain interest rate swaps, is valued with the valuation of hedged items, so that the fair value is included in the fair value of Loans and Bills Discounted and other items.

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

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

“Assets (6) Securities” in “Disclosures Regarding the Fair Value of Financial Instruments and Other Items” excludes these financial instruments.

<b>As of March 31, 2017</b>	Millions of Yen	Millions of U.S. Dollars
Unlisted Stocks and Others (*1) (*2)	<b>¥349,956</b>	<b>\$3,119</b>
Investments in Partnership and Others (*3)	<b>289,433</b>	<b>2,580</b>
<b>Total</b>	<b>¥639,389</b>	<b>\$5,700</b>

(\*1) Unlisted Stocks and Others are excluded from “Disclosures Regarding the Fair Value of Financial Instruments and Other Items,” since there are no market prices and their fair value is extremely difficult to determine.

2. The amount of revaluation losses for the fiscal year ended March 31, 2017 was ¥0 million (\$0 million) on Unlisted Stocks and Others.

3. Out of Investments in Partnership and Others, certain “Partnership” or “Limited Partnership” whose fair value is extremely difficult to determine are excluded from “Disclosures Regarding the Fair Value of Financial Instruments and Other Items.”



As of March 31, 2016	Millions of Yen
Unlisted Stocks and Others (*1) (*2)	¥323,319
Investments in Partnership and Others (*3)	265,737
<b>Total</b>	<b>¥589,056</b>

(\*1) 1. Unlisted Stocks and Others are excluded from "Disclosures Regarding the Fair Value of Financial Instruments and Other Items," since there are no market prices and their fair value is extremely difficult to determine.

2. The amount of revaluation losses for the fiscal year ended March 31, 2016 was ¥17 million on Unlisted Stocks and Others.

3. Out of Investments in Partnership and Others, certain "Partnership" or "Limited Partnership" whose fair value is extremely difficult to determine are excluded from "Disclosures Regarding the Fair Value of Financial Instruments and Other Items."

(Note 3) The redemption schedule of money claims and securities with stated maturities after the consolidated balance sheet date is as follows:

	Millions of Yen					
	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
<b>As of March 31, 2017</b>						
Due from Banks (*1)	¥22,843,712	¥ —	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	146,220	—	—	—	—	—
Monetary Claims Bought	93,000	—	1,756	20,532	57,332	85,259
Securities						
Held-to-Maturity Debt Securities	3,371,960	4,284,045	5,172,618	696,286	1,631,502	3,062,116
Other Securities held that have Maturity	2,536,550	10,932,845	7,300,803	2,811,831	4,770,740	2,936,063
Loans and Bills Discounted (*2)	6,258,385	2,107,300	2,017,712	756,037	599,056	269,793
<b>Total</b>	<b>¥35,249,829</b>	<b>¥17,324,191</b>	<b>¥14,492,890</b>	<b>¥4,284,688</b>	<b>¥7,058,632</b>	<b>¥6,353,232</b>

	Millions of U.S. Dollars					
	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
<b>As of March 31, 2017</b>						
Due from Banks (*1)	\$203,652	\$ —	\$ —	\$ —	\$ —	\$ —
Call Loans and Bills Bought	1,303	—	—	—	—	—
Monetary Claims Bought	829	—	15	183	511	760
Securities						
Held-to-Maturity Debt Securities	30,061	38,192	46,114	6,207	14,544	27,298
Other Securities held that have Maturity	22,613	97,466	65,086	25,067	42,531	26,175
Loans and Bills Discounted (*2)	55,793	18,786	17,987	6,740	5,340	2,405
<b>Total</b>	<b>\$314,253</b>	<b>\$154,445</b>	<b>\$129,204</b>	<b>\$38,198</b>	<b>\$62,927</b>	<b>\$56,639</b>

(\*1) 1. Demand deposits within Due from Banks are included in the entry for "1 Year or Less."

2. Loans to debtors in bankruptcy, debtors in default, doubtful debtors and others of ¥40,004 million (\$356 million) for which the redemption date cannot be estimated, and loans with no maturity of ¥10,000 million (\$89 million) within Loans and Bills Discounted, are excluded from the table above.

	Millions of Yen					
	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
<b>As of March 31, 2016</b>						
Due from Banks (*1)	¥14,946,767	¥ —	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	139,877	—	—	—	—	—
Monetary Claims Bought	98,200	—	351	19,313	19,709	106,418
Securities						
Held-to-Maturity Debt Securities	1,323,217	5,759,449	5,014,778	2,832,932	1,115,805	1,775,439
Other Securities held that have Maturity	1,253,851	8,677,462	11,504,978	2,422,933	992,844	2,826,022
Loans and Bills Discounted (*2)	13,417,511	1,803,344	1,469,876	621,924	439,355	164,464
<b>Total</b>	<b>¥31,179,426</b>	<b>¥16,240,256</b>	<b>¥17,989,985</b>	<b>¥5,897,103</b>	<b>¥2,567,714</b>	<b>¥4,872,344</b>

(\*1) 1. Demand deposits within Due from Banks are included in the entry for "1 Year or Less."

2. Debtors in bankruptcy, debtors in default, loans to doubtful debtors and others of ¥105,684 million within Loans and Bills Discounted, for which the redemption date cannot be estimated, are excluded from the table above.

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

	Millions of Yen					
	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
<b>As of March 31, 2017</b>						
Deposits (*1)	¥61,742,857	¥ 126,876	¥ 16,452	¥ —	¥ —	¥ —
Negotiable Certificates of Deposit	3,689,270	—	—	—	—	—
Debentures	770,684	1,111,060	531,072	6	—	—
Call Money and Bills Sold	3,365	—	—	—	—	—
Payables under Repurchase Agreements	19,645,010	—	—	—	—	—
Borrowed Money (*2)	820,147	881,612	1,146,392	1,392,795	32,847	97,816
Short-term Entrusted Funds	1,257,432	—	—	—	—	—
<b>Total</b>	<b>¥87,928,767</b>	<b>¥2,119,549</b>	<b>¥1,693,917</b>	<b>¥1,392,801</b>	<b>¥32,847</b>	<b>¥97,816</b>

	Millions of U.S. Dollars					
	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
<b>As of March 31, 2017</b>						
Deposits (*1)	\$550,440	\$ 1,131	\$ 146	\$ —	\$ —	\$ —
Negotiable Certificates of Deposit	32,889	—	—	—	—	—
Debentures	6,870	9,905	4,734	0	—	—
Call Money and Bills Sold	30	—	—	—	—	—
Payables under Repurchase Agreements	175,136	—	—	—	—	—
Borrowed Money (*2)	7,311	7,859	10,220	12,416	292	872
Short-term Entrusted Funds	11,210	—	—	—	—	—
<b>Total</b>	<b>\$783,888</b>	<b>\$18,895</b>	<b>\$15,101</b>	<b>\$12,416</b>	<b>\$292</b>	<b>\$872</b>

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

	Millions of Yen					
	1 Year or Less	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years to 7 Years	Over 7 Years to 10 Years	Over 10 Years
<b>As of March 31, 2016</b>						
Deposits (*1)	¥58,660,194	¥ 143,140	¥ 20,039	¥ —	¥ —	¥ —
Negotiable Certificates of Deposit	3,598,338	—	—	—	—	—
Debentures	833,906	1,408,485	879,679	7	—	—
Call Money and Bills Sold	4,276	—	—	—	—	—
Payables under Repurchase Agreements	18,488,218	—	—	—	—	—
Borrowed Money (*2)	680,341	198,519	696,774	852	1,415,816	97,816
Short-term Entrusted Funds	1,397,731	—	—	—	—	—
<b>Total</b>	<b>¥83,663,007</b>	<b>¥1,750,144</b>	<b>¥1,596,492</b>	<b>¥859</b>	<b>¥1,415,816</b>	<b>¥97,816</b>

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

### 33. Fair Value of Securities

#### Trading Securities

	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
<b>As of March 31</b>			
Trading Securities	Unrealized Gain Recognized as Income	Unrealized Gain Recognized as Income	Unrealized Gain Recognized as Income
	¥(26)	¥15	\$(0)

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

## Held-to-Maturity Debt Securities

As of March 31, 2017	Type	Millions of Yen			Millions of U.S. Dollars		
		Consolidated	Fair Value	Difference	Consolidated	Fair Value	Difference
		Balance Sheet Amount			Balance Sheet Amount		
Transactions for Fair Value exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	¥ 3,467,509	¥ 3,484,835	¥ 17,325	\$ 30,912	\$ 31,067	\$ 154
	Municipal Government Bonds	—	—	—	—	—	—
	Short-term Corporate Bonds	—	—	—	—	—	—
	Corporate Bonds	4,294	4,338	43	38	38	0
	Other	9,437,325	9,530,257	92,931	84,134	84,962	828
	Foreign Bonds	9,373,453	9,466,025	92,571	83,564	84,389	825
	Other	63,872	64,232	360	569	572	3
	Sub total	12,909,129	13,019,430	110,300	115,085	116,068	983
Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	4,008,361	4,001,310	(7,050)	35,734	35,671	(62)
	Municipal Government Bonds	—	—	—	—	—	—
	Short-term Corporate Bonds	—	—	—	—	—	—
	Corporate Bonds	—	—	—	—	—	—
	Other	1,532,549	1,527,570	(4,978)	13,662	13,618	(44)
	Foreign Bonds	1,375,129	1,370,220	(4,908)	12,259	12,215	(43)
	Other	157,420	157,349	(70)	1,403	1,402	(0)
	Sub total	5,540,910	5,528,881	(12,029)	49,397	49,290	(107)
Total	¥18,450,040	¥18,548,312	¥ 98,271	\$164,482	\$165,358	\$ 876	

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

As of March 31, 2016	Type	Millions of Yen		
		Consolidated	Fair Value	Difference
		Balance Sheet Amount		
Transactions for Fair Value exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	¥ 4,639,067	¥ 4,668,056	¥ 28,988
	Municipal Government Bonds	—	—	—
	Short-term Corporate Bonds	—	—	—
	Corporate Bonds	5,773	5,877	104
	Other	6,354,177	6,462,245	108,068
	Foreign Bonds	6,265,918	6,373,258	107,340
	Other	88,258	88,986	727
	Sub total	10,999,018	11,136,179	137,161
Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	2,887,353	2,880,280	(7,073)
	Municipal Government Bonds	—	—	—
	Short-term Corporate Bonds	—	—	—
	Corporate Bonds	—	—	—
	Other	4,035,705	3,991,510	(44,195)
	Foreign Bonds	4,030,487	3,986,292	(44,194)
	Other	5,218	5,218	(0)
	Sub total	6,923,059	6,871,791	(51,268)
Total	¥17,922,077	¥18,007,970	¥ 85,893	

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

## Other Securities

As of March 31, 2017	Type	Millions of Yen			Millions of U.S. Dollars		
		Consolidated Balance Sheet Amount	Acquisition Cost	Difference	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
	Stocks	¥ 689,558	¥ 263,441	¥ 426,116	\$ 6,147	\$ 2,348	\$ 3,798
	Bonds	5,926,081	5,637,229	288,852	52,831	50,256	2,575
	Japanese Government Bonds	5,703,478	5,414,754	288,724	50,846	48,272	2,573
	Municipal Government Bonds	148	140	7	1	1	0
Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Short-term Corporate Bonds	150,000	149,999	0	1,337	1,337	0
	Corporate Bonds	72,454	72,334	120	645	644	1
	Other	28,297,495	26,748,303	1,549,191	252,273	238,462	13,811
	Foreign Bonds	19,472,160	18,916,497	555,663	173,595	168,641	4,953
	Foreign Stocks	19,328	7,092	12,236	172	63	109
	Investment Trusts	8,504,081	7,602,743	901,337	75,814	67,778	8,035
	Other	301,924	221,969	79,954	2,691	1,978	712
	Sub total	34,913,135	32,648,974	2,264,161	311,251	291,066	20,185
	Stocks	7,560	9,224	(1,663)	67	82	(14)
	Bonds	195,872	196,354	(481)	1,746	1,750	(4)
	Japanese Government Bonds	—	—	—	—	—	—
	Municipal Government Bonds	—	—	—	—	—	—
Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost	Short-term Corporate Bonds	—	—	—	—	—	—
	Corporate Bonds	195,872	196,354	(481)	1,746	1,750	(4)
	Other	8,156,216	8,397,771	(241,554)	72,712	74,866	(2,153)
	Foreign Bonds	4,404,572	4,504,248	(99,676)	39,266	40,155	(888)
	Foreign Stocks	—	—	—	—	—	—
	Investment Trusts	3,581,199	3,719,376	(138,177)	31,926	33,158	(1,231)
	Other	170,445	174,146	(3,701)	1,519	1,552	(32)
	Sub total	8,359,650	8,603,349	(243,699)	74,526	76,699	(2,172)
	Total	¥43,272,786	¥41,252,324	¥2,020,462	\$385,778	\$367,766	\$18,012

Notes: 1. The above analysis of Other Securities includes Securities, negotiable certificates of deposit disclosed as Cash and Due from Banks and trust beneficiary interests in Monetary Claims Bought in the consolidated balance sheet.

2. Investment Trusts include Japanese trusts and foreign trusts.

As of March 31, 2016	Type	Millions of Yen		
		Consolidated Balance Sheet Amount	Acquisition Cost	Difference
	Stocks	¥ 656,880	¥ 270,813	¥ 386,066
	Bonds	5,989,380	5,577,211	412,169
	Japanese Government Bonds	5,952,106	5,540,021	412,085
	Municipal Government Bonds	213	201	12
Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Short-term Corporate Bonds	—	—	—
	Corporate Bonds	37,060	36,988	71
	Other	30,768,219	28,863,009	1,905,210
	Foreign Bonds	21,248,609	20,301,993	946,616
	Foreign Stocks	15,434	7,556	7,878
	Investment Trusts	9,248,126	8,353,423	894,702
	Other	256,048	200,035	56,013
	Sub total	37,414,480	34,711,034	2,703,445
	Stocks	13,479	16,201	(2,722)
	Bonds	42,943	43,022	(79)
	Japanese Government Bonds	—	—	—
	Municipal Government Bonds	—	—	—
Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost	Short-term Corporate Bonds	—	—	—
	Corporate Bonds	42,943	43,022	(79)
	Other	2,602,190	2,660,833	(58,643)
	Foreign Bonds	248,802	250,522	(1,719)
	Foreign Stocks	—	—	—
	Investment Trusts	2,047,119	2,100,221	(53,101)
	Other	306,267	310,089	(3,821)
	Sub total	2,658,612	2,720,057	(61,445)
<b>Total</b>		<b>¥40,073,092</b>	<b>¥37,431,092</b>	<b>¥2,642,000</b>

Notes: 1. The above analysis of Other Securities includes Securities, negotiable certificates of deposit disclosed as Cash and Due from Banks and trust beneficiary interests in Monetary Claims Bought in the consolidated balance sheet.

2. Investment Trusts include Japanese trusts and foreign trusts.

### Held-to-Maturity Debt Securities Sold during the Fiscal Year

The Bank and its consolidated subsidiaries sold no held-to-maturity debt securities for the fiscal years ended March 31, 2017 and 2016.

### Other Securities Sold during the Fiscal Year

Fiscal year ended March 31, 2017	Millions of Yen			Millions of U.S. Dollars		
	Sales Proceeds	Gains on Sales	Losses on Sales	Sales Proceeds	Gains on Sales	Losses on Sales
Stocks	¥ 47,219	¥32,654	¥ 47	\$ 420	\$291	\$ 0
Bonds	315,415	9,664	—	2,811	86	—
Japanese Government Bonds	315,415	9,664	—	2,811	86	—
Municipal Government Bonds	—	—	—	—	—	—
Short-term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	—	—	—	—	—	—
Other	1,622,061	20,536	25,025	14,460	183	223
Foreign Bonds	1,604,130	17,945	25,020	14,300	159	223
Foreign Stocks	515	0	3	4	0	0
Investment Trusts	14,559	2,002	0	129	17	0
Other	2,855	587	0	25	5	0
<b>Total</b>	<b>¥1,984,695</b>	<b>¥62,856</b>	<b>¥25,072</b>	<b>\$17,693</b>	<b>\$560</b>	<b>\$223</b>

Note: Investment Trusts include Japanese trusts and foreign trusts.

Fiscal year ended March 31, 2016	Millions of Yen		
	Sales Proceeds	Gains on Sales	Losses on Sales
Stocks	¥ 6,202	¥ 2,593	¥ 19
Bonds	6,697	5	2
Japanese Government Bonds	—	—	—
Municipal Government Bonds	419	0	0
Short-term Corporate Bonds	—	—	—
Corporate Bonds	6,277	5	1
Other	1,476,781	35,216	19,164
Foreign Bonds	1,375,545	16,842	2,910
Foreign Stocks	21,350	1,650	1,356
Investment Trusts	23,204	492	156
Other	56,681	16,230	14,741
<b>Total</b>	<b>¥1,489,681</b>	<b>¥37,815</b>	<b>¥19,186</b>

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

### Securities Recognized for Revaluation Loss

Securities other than those for trading purposes and those whose fair value is difficult to determine, are revalued to their fair value, and the difference between the acquisition cost (and other) and the fair value is treated as a realized loss for the fiscal years ended March 31, 2017 and 2016 (“revaluation loss”), if the fair value has significantly deteriorated from the acquisition cost (and other), and unless a recovery in the fair value is deemed probable.

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

The amount of revaluation loss for the fiscal year ended March 31, 2016 was ¥227 million including ¥227 million on Stocks.

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

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

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

## 34. Fair Value of Money Held in Trust

### Money Held in Trust for Trading Purposes

As of March 31, 2017	Millions of Yen		Millions of U.S. Dollars	
	Consolidated Balance Sheet Amount	Unrealized Gain Recognized as Income	Consolidated Balance Sheet Amount	Unrealized Gain Recognized as Income
Money Held in Trust for Trading Purposes	¥—	¥—	\$—	\$—

As of March 31, 2016	Millions of Yen	
	Consolidated Balance Sheet Amount	Unrealized Gain Recognized as Income
Money Held in Trust for Trading Purposes	¥269	¥—

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

As of March 31, 2017	Millions of Yen				
	Consolidated Balance Sheet Amount	Acquisition Cost	Difference	Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost
Other Money Held in Trust	¥6,983,612	¥6,862,223	¥121,388	¥192,531	¥71,143

As of March 31, 2017	Millions of U.S. Dollars				
	Consolidated Balance Sheet Amount	Acquisition Cost	Difference	Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost
Other Money Held in Trust	\$62,259	\$61,176	\$1,082	\$1,716	\$634

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

As of March 31, 2016	Millions of Yen				
	Consolidated Balance Sheet Amount	Acquisition Cost	Difference	Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost
Other Money Held in Trust	¥4,922,653	¥4,689,473	¥233,180	¥233,592	¥412

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

## 35. Fair Value of Derivative Instruments

### (1) Derivative Instruments not accounted for as hedges

Regarding the derivative instruments which are not accounted for as hedge transactions, Contract Amount or Notional Amount, Fair Value and Unrealized Gain or Loss for each type of derivative transactions, respectively, at the consolidated balance sheet date, and determination of fair value are as follows.

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

### Interest Rate-Related Derivative Instruments

	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year			Total	Over 1 Year		
<b>As of March 31, 2017</b>								
Exchange-traded Transactions								
Interest Rate Futures:								
Sold	¥1,611,185	¥ —	¥ (466)	¥ (466)	\$14,363	\$ —	\$ (4)	\$ (4)
Purchased	42,135	—	(0)	(0)	375	—	(0)	(0)
Interest Rate Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Forward Rate Agreements:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Interest Rate Swaps:								
Rec.: Fix.-Pay.: Flt.	263,159	236,171	6,094	6,094	2,346	2,105	54	54
Rec.: Flt.-Pay.: Fix.	261,819	235,904	(5,430)	(5,430)	2,334	2,103	(48)	(48)
Rec.: Flt.-Pay.: Flt.	—	—	—	—	—	—	—	—
Interest Rate Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
<b>Total</b>	<b>¥ /</b>	<b>¥ /</b>	<b>¥ 196</b>	<b>¥ 196</b>	<b>\$ /</b>	<b>\$ /</b>	<b>\$ 1</b>	<b>\$ 1</b>

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

2. Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo Financial Exchange or other relevant exchanges.

The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.



As of March 31, 2016	Millions of Yen			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year		
Exchange-traded Transactions				
Interest Rate Futures:				
Sold	¥ 41,849	¥ 41,849	¥ (24)	¥ (24)
Purchased	41,865	16,712	23	23
Interest Rate Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Over-the-counter Transactions				
Forward Rate Agreements:				
Sold	—	—	—	—
Purchased	—	—	—	—
Interest Rate Swaps:				
Rec.: Fix.-Pay.: Flt.	6,627,053	605,711	10,980	10,980
Rec.: Flt.-Pay.: Fix.	226,006	201,895	(8,392)	(8,392)
Rec.: Flt.-Pay.: Flt.	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	—	—	—	—
<b>Total</b>	<b>¥ /</b>	<b>¥ /</b>	<b>¥ 2,588</b>	<b>¥ 2,588</b>

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

2. Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo Financial Exchange or other relevant exchanges.

The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.

## Currency-Related Derivative Instruments

As of March 31, 2017	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year			Total	Over 1 Year		
Exchange-traded Transactions								
Currency Futures:								
Sold	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	\$ —
Purchased	—	—	—	—	—	—	—	—
Currency Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Currency Swaps								
Forwards:								
Sold	217,305	3,070	905	905	1,937	27	8	8
Purchased	336,804	3,097	2,584	2,584	3,002	27	23	23
Currency Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
<b>Total</b>	<b>¥ /</b>	<b>¥ /</b>	<b>¥3,489</b>	<b>¥3,489</b>	<b>\$ /</b>	<b>\$ /</b>	<b>\$31</b>	<b>\$31</b>

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

2. Determination of fair value:

Fair value is determined based on the discounted net present value model.

As of March 31, 2016	Millions of Yen			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year		
<b>Exchange-traded Transactions</b>				
Currency Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
<b>Over-the-counter Transactions</b>				
Currency Swaps				
Forwards:				
Sold	779,780	5,086	7,185	7,185
Purchased	945,889	5,082	(12,233)	(12,233)
Currency Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	—	—	—	—
<b>Total</b>	<b>¥ /</b>	<b>¥ /</b>	<b>¥ (5,048)</b>	<b>¥ (5,048)</b>

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

2. Determination of fair value:

Fair value is determined based on the discounted net present value model.

### Stock-Related Derivative Instruments

As of March 31, 2017	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year			Total	Over 1 Year		
<b>Exchange-traded Transactions</b>								
Equity Price Index Futures:								
Sold	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	\$ —
Purchased	—	—	—	—	—	—	—	—
Equity Price Index Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
<b>Over-the-counter Transactions</b>								
Equity Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Equity Price Index Swaps:								
Rec.: Stock Index	—	—	—	—	—	—	—	—
Pay.: Flt. Rate	—	—	—	—	—	—	—	—
Rec.: Flt. Rate	—	—	—	—	—	—	—	—
Pay.: Stock Index	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	208	—	—	—	1	—	—	—
<b>Total</b>	<b>¥ /</b>	<b>¥ /</b>	<b>¥ —</b>	<b>¥ —</b>	<b>\$ /</b>	<b>\$ /</b>	<b>\$ —</b>	<b>\$ —</b>

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

2. Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at Osaka Exchange or other relevant exchanges.

The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.

3. Derivative instruments without a fair value included in "Over-the-counter Transactions, Other" are valued at cost. The amount of Derivative instruments as of March 31, 2017 was ¥208 million (\$1 million).

As of March 31, 2016	Millions of Yen			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year		
Exchange-traded Transactions				
Equity Price Index Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
Equity Price Index Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Over-the-counter Transactions				
Equity Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Equity Price Index Swaps:				
Rec.: Stock Index	—	—	—	—
Pay.: Flt. Rate	—	—	—	—
Rec.: Flt. Rate	—	—	—	—
Pay.: Stock Index	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	496	—	—	—
<b>Total</b>	<b>¥ /</b>	<b>¥ /</b>	<b>¥ —</b>	<b>¥ —</b>

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

2. Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at Osaka Exchange or other relevant exchanges.

The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.

3. Derivative instruments without a fair value included in "Over-the-counter Transactions, Other" are valued at cost. The amount of Derivative instruments as of March 31, 2016 was ¥496 million.

## Bond-Related Derivative Instruments

As of March 31, 2017	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year			Total	Over 1 Year		
Exchange-traded Transactions								
Bond Futures:								
Sold	¥5,642	¥—	¥ (4)	¥ (4)	\$ 50	\$ —	\$ (0)	\$ (0)
Purchased	6,061	—	8	8	54	—	0	0
Bond Futures Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Bond Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
<b>Total</b>	<b>¥ /</b>	<b>¥ /</b>	<b>¥ 4</b>	<b>¥ 4</b>	<b>\$ /</b>	<b>\$ /</b>	<b>\$ 0</b>	<b>\$ 0</b>

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

2. Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at Osaka Exchange or other relevant exchanges.

The fair value of over-the-counter traded derivative instruments is determined based on an option pricing model or other models as appropriate.

As of March 31, 2016	Millions of Yen			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year		
Exchange-traded Transactions				
Bond Futures:				
Sold	¥12,123	¥ —	¥ (7)	¥ (7)
Purchased	828	—	5	5
Bond Futures Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Over-the-counter Transactions				
Bond Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	—	—	—	—
<b>Total</b>	<b>¥ /</b>	<b>¥ /</b>	<b>¥ (1)</b>	<b>¥ (1)</b>

Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statement of operations.

2. Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at Osaka Exchange or other relevant exchanges.

The fair value of over-the-counter traded derivative instruments is determined based on an option pricing model or other models as appropriate.

## Commodities-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no Commodities-Related Derivative Instruments as of March 31, 2017 and 2016.

## Credit Derivative Instruments

The Bank and its consolidated subsidiaries held no Credit Derivative Instruments as of March 31, 2017 and 2016.

## (2) Derivative Instruments accounted for as hedges

Regarding the derivative instruments which are accounted for as hedge transactions, Contract Amount or Notional Amount, and Fair Value for each type of derivative transactions, respectively, at the consolidated balance sheet date, and determination of fair value are as follows.

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

## Interest Rate-Related Derivative Instruments

As of March 31, 2017			Millions of Yen			Millions of U.S. Dollars		
Method of Hedges	Type of Derivative Instruments	Hedged Items	Contract Amount or Notional Amount		Fair Value	Contract Amount or Notional Amount		Fair Value
			Total	Over 1 Year		Total	Over 1 Year	
The Deferral Method	Interest Rate Swaps (Rec.: Fix.-Pay.: Flt.)	Debentures	¥2,050,000	¥1,290,000	¥ 9,036	\$18,275	\$11,500	\$ 80
	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Yen-denominated Securities, Deposits and Others	7,387,948	7,023,957	(19,159)	65,863	62,618	(170)
The Accrual Method	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Loans and Bills Discounted, Yen-denominated Securities and Others	224,687	210,921	Note 3	2,003	1,880	Note 3
Total			¥ /	¥ /	¥(10,123)	\$ /	\$ /	\$ (90)

Notes: 1. Primarily, the Bank applies the deferral method of hedge accounting which is described in "Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks," issued by the Japanese Institute of Certified Public Accountants ("JICPA"), (JICPA Industry Audit Committee Report No. 24, issued on February 13, 2002).

2. Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo Financial Exchange or other relevant exchanges. The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.

3. The accrual method of hedge accounting, as specifically permitted for certain interest rate swaps, is valued with the valuation of hedged items, so that the fair value is included in the fair value of Loans and Bills Discounted and other items (ref: 32. Financial Instruments (2) Disclosures Regarding the Fair Value of Financial Instruments and Other Items).

As of March 31, 2016		Millions of Yen			
Method of Hedges	Type of Derivative Instruments	Hedged Items	Contract Amount or Notional Amount		Fair Value
			Total	Over 1 Year	
The Deferral Method	Interest Rate Swaps (Rec.: Fix.-Pay.: Flt.)	Debentures	¥2,720,000	¥1,920,000	¥ 22,963
	Interest Rate Swaps (Rec.:Flt.-Pay.: Fix.)	Yen-denominated Securities, Deposits and Others	7,058,945	6,968,785	(377,114)
The Accrual Method	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Loans and Bills Discounted, Yen-denominated Securities and Others	221,838	212,044	Note 3
Total			¥ /	¥ /	¥(354,150)

Notes: 1. Primarily, the Bank applies the deferral method of hedge accounting which is described in "Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks," issued by the Japanese Institute of Certified Public Accountants ("JICPA"), (JICPA Industry Audit Committee Report No. 24, issued on February 13, 2002).

2. Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo Financial Exchange or other relevant exchanges. The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.

3. The accrual method of hedge accounting, as specifically permitted for certain interest rate swaps, is valued with the valuation of hedged items, so that the fair value is included in the fair value of Loans and Bills Discounted and other items (ref: 32. Financial Instruments (2) Disclosures Regarding the Fair Value of Financial Instruments and Other Items).

### Currency-Related Derivative Instruments

As of March 31, 2017		Millions of Yen			Millions of U.S. Dollars			
Method of Hedges	Type of Derivative Instruments	Hedged Items	Contract Amount or Notional Amount		Fair Value	Contract Amount or Notional Amount		Fair Value
			Total	Over 1 Year		Total	Over 1 Year	
The Deferral Method	Currency Swaps	Foreign Currency Denominated Securities and Others	¥12,790,388	¥7,209,195	¥127,092	\$114,026	\$64,270	\$1,133
	Forex Forward		7,041,046	—	65,728	62,771	—	585
Total			¥ /	¥ /	¥192,820	\$ /	\$ /	\$1,719

Notes: 1. Primarily, the Bank applies the deferral method of hedge accounting which is described in "Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25, issued on July 29, 2002).

2. Determination of fair value:

Fair value is determined based on the discounted net present value model.

As of March 31, 2016		Millions of Yen			
Method of Hedges	Type of Derivative Instruments	Hedged Items	Contract Amount or Notional Amount		Fair Value
			Total	Over 1 Year	
The Deferral Method	Currency Swaps	Foreign Currency Denominated Securities and Others	¥11,518,238	¥5,573,454	¥263,890
	Forex Forward		6,281,258	—	139,101
Total			¥ /	¥ /	¥402,992

Notes: 1. Primarily, the Bank applies the deferral method of hedge accounting which is described in "Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25, issued on July 29, 2002).

2. Determination of fair value:

Fair value is determined based on the discounted net present value model.

### Stock-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no Stock-Related Derivative Instruments as of March 31, 2017 and 2016.

### Bond-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no Bond-Related Derivative Instruments as of March 31, 2017 and 2016.

## 36. The Norinchukin Bank (Parent Company)

### (1) Non-consolidated Balance Sheet

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
<b>Assets</b>			
Cash and Due from Banks	¥ 22,912,982	¥ 15,031,730	\$204,270
Call Loans	146,220	139,877	1,303
Receivables under Securities Borrowing Transactions	1,173	2,049,052	10
Monetary Claims Bought	257,888	244,023	2,299
Trading Assets	10,715	14,284	95
Money Held in Trust	6,982,774	4,922,102	62,251
Securities	62,108,251	58,329,733	553,697
Loans and Bills Discounted	11,948,542	17,915,833	106,521
Foreign Exchange Assets	224,101	237,332	1,997
Other Assets	997,741	1,032,564	8,894
Tangible Fixed Assets	115,392	106,405	1,028
Intangible Fixed Assets	28,425	18,597	253
Prepaid Pension Cost	12,903	8,111	115
Customers' Liabilities for Acceptances and Guarantees	120,867	173,161	1,077
Reserve for Possible Loan Losses	(54,203)	(91,370)	(483)
Reserve for Possible Investment Losses	(1,344)	(1,344)	(11)
<b>Total Assets</b>	<b>¥105,812,432</b>	<b>¥100,130,096</b>	<b>\$943,322</b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Deposits	¥ 61,904,218	¥ 58,838,558	\$551,878
Negotiable Certificates of Deposit	3,689,270	3,598,338	32,889
Debentures	2,423,827	3,133,079	21,608
Call Money	3,365	4,276	30
Payables under Repurchase Agreements	19,645,010	18,488,218	175,136
Payables under Securities Lending Transactions	1,013	903,887	9
Trading Liabilities	6,150	8,476	54
Borrowed Money	4,315,111	3,085,120	38,469
Foreign Exchange Liabilities	2	17	0
Short-term Entrusted Funds	1,257,432	1,397,731	11,210
Other Liabilities	4,894,665	2,611,934	43,636
Reserve for Bonus Payments	6,302	6,227	56
Reserve for Retirement Benefits	22,301	18,846	198
Reserve for Directors' Retirement Benefits	938	850	8
Reserve for Agriculture, Fishery and Forestry Industry Subsidies	523	12,684	4
Deferred Tax Liabilities	573,768	705,782	5,115
Deferred Tax Liabilities for Land Revaluation	8,607	9,263	76
Acceptances and Guarantees	120,867	173,161	1,077
<b>Total Liabilities</b>	<b>98,873,376</b>	<b>92,996,456</b>	<b>881,460</b>
<b>Net Assets</b>			
Paid-in Capital	3,480,488	3,480,488	31,028
Capital Surplus	25,020	25,020	223
Retained Earnings	1,862,453	1,725,717	16,603
<b>Total Owners' Equity</b>	<b>5,367,962</b>	<b>5,231,226</b>	<b>47,855</b>
Net Unrealized Gains on Other Securities, net of taxes	1,583,476	2,118,027	14,116
Net Deferred Losses on Hedging Instruments, net of taxes	(26,695)	(231,634)	(237)
Revaluation Reserve for Land, net of taxes	14,312	16,020	127
<b>Total Valuation and Translation Adjustments</b>	<b>1,571,093</b>	<b>1,902,413</b>	<b>14,006</b>
<b>Total Net Assets</b>	<b>6,939,055</b>	<b>7,133,639</b>	<b>61,861</b>
<b>Total Liabilities and Net Assets</b>	<b>¥105,812,432</b>	<b>¥100,130,096</b>	<b>\$943,322</b>

## (2) Non-consolidated Statement of Operations

For the fiscal years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
<b>Income</b>			
Interest Income:	<b>¥1,107,459</b>	¥1,036,962	<b>\$ 9,873</b>
Interest on Loans and Bills Discounted	<b>59,733</b>	61,332	<b>532</b>
Interest and Dividends on Securities	<b>1,030,871</b>	955,300	<b>9,190</b>
Interest on Call Loans	<b>(607)</b>	514	<b>(5)</b>
Interest on Receivables under Resale Agreements	<b>(0)</b>	1	<b>(0)</b>
Interest on Receivables under Securities Borrowing Transactions	<b>244</b>	71	<b>2</b>
Interest on Due from Banks	<b>10,507</b>	18,069	<b>93</b>
Other Interest Income	<b>6,710</b>	1,672	<b>59</b>
Fees and Commissions	<b>15,456</b>	13,351	<b>137</b>
Trading Income	<b>5</b>	268	<b>0</b>
Other Operating Income	<b>79,380</b>	87,698	<b>707</b>
Other Income	<b>157,999</b>	136,434	<b>1,408</b>
Total Income	<b>1,360,300</b>	1,274,715	<b>12,127</b>
<b>Expenses</b>			
Interest Expenses:	<b>858,766</b>	715,859	<b>7,655</b>
Interest on Deposits	<b>52,753</b>	37,146	<b>470</b>
Interest on Negotiable Certificates of Deposit	<b>23,324</b>	12,010	<b>207</b>
Interest on Debentures	<b>9,038</b>	13,495	<b>80</b>
Interest on Borrowed Money	<b>80,568</b>	81,081	<b>718</b>
Interest on Call Money	<b>68</b>	514	<b>0</b>
Interest on Payables under Repurchase Agreements	<b>69,927</b>	45,154	<b>623</b>
Interest on Payables under Securities Lending Transactions	<b>3</b>	746	<b>0</b>
Other Interest Expenses	<b>623,082</b>	525,710	<b>5,554</b>
Fees and Commissions	<b>14,327</b>	13,188	<b>127</b>
Trading Expenses	<b>4</b>	201	<b>0</b>
Other Operating Expenses	<b>62,738</b>	56,485	<b>559</b>
General and Administrative Expenses	<b>153,436</b>	154,593	<b>1,367</b>
Other Expenses	<b>50,652</b>	13,656	<b>451</b>
Total Expenses	<b>1,139,927</b>	953,985	<b>10,162</b>
<b>Income before Income Taxes</b>	<b>220,373</b>	320,729	<b>1,964</b>
Income Taxes — Current	<b>21,942</b>	56,011	<b>195</b>
Income Taxes — Deferred	<b>(4,984)</b>	(6,861)	<b>(44)</b>
Total Income Taxes	<b>16,958</b>	49,149	<b>151</b>
<b>Net Income</b>	<b>¥ 203,414</b>	¥ 271,580	<b>\$ 1,813</b>
		Yen	U.S. Dollars
	<b>2017</b>	2016	<b>2017</b>
<b>Net Income per Share</b>	<b>¥37.45</b>	¥53.72	<b>\$0.33</b>

## 37. Appropriation of Retained Earnings

The following dividends were approved at the Council of Delegates held on June 23, 2017.

	Millions of Yen	Millions of U.S. Dollars
Cash Dividends		
Special Dividends	<b>¥39,818</b>	<b>\$354</b>
Dividends on Common Stock		
(at the rate of 6% of the ¥100 face value, or ¥6.00 per share)	<b>25,543</b>	<b>227</b>
Dividends on Lower Dividend Rate Stock		
(at the rate of 0.1% of the ¥100 face value, or ¥0.10 per share)	<b>3,029</b>	<b>27</b>
Dividends on Preferred Stock		
(at the rate of 20% of the ¥100 face value, or ¥20.00 per share)	<b>1,115</b>	<b>9</b>

### **38. Subsequent Events**

The Bank, Mitsubishi UFJ Financial Group, Inc. (MUFG), and Mitsubishi UFJ NICOS Co., Ltd. (MUN) have reached agreement as follows on May 15, 2017:

**(1) Funding a new company**

The Bank and MUN will jointly establish a company (JA Card Co., Ltd. (tentative name)) whose main purpose will be to provide settlement solutions to the JA Card business of the JA Group. The Bank will take a 51% stake in this new entity and MUN a 49% stake.

**(2) The objectives of the new company**

Providing specialized settlement solutions to other JA Group members leveraging sophisticated infrastructure and know-how contributed by MUN.

**(3) Planned establishment**

October 1, 2017.

**(4) Review of capital arrangements**

MUFG will acquire the Bank's 15% stake in MUN through a share exchange agreement under which MUN will be 100% owned by MUFG.





Ernst & Young ShinNihon LLC  
 Hibiya Kokusai Bldg.  
 2-2-3 Uchisaiwai-cho, Chiyoda-ku  
 Tokyo 100-0011, Japan

Tel: +81 3 3503 1100  
 Fax: +81 3 3503 1197  
 www.shinnihon.or.jp

## Independent Auditor's Report

The Board of Directors  
 The Norinchukin Bank

We have audited the accompanying consolidated financial statements of The Norinchukin Bank and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2017, and the consolidated statements of operations, comprehensive income, capital surplus and retained earnings, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Norinchukin Bank and its consolidated subsidiaries as at March 31, 2017, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

### *Convenience Translation*

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

*Ernst & Young ShinNihon LLC*

June 23, 2017