

# Financial Review

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

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

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

### • Balance of Assets and Liabilities

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

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

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

### • Income

Consolidated Ordinary Profits\* were ¥171.0 billion, down ¥43.0 billion from the previous fiscal year, and Profit Attributable to Owners of Parent was ¥147.6 billion, down ¥58.5 billion from the previous fiscal year.

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

### • Capital Adequacy Ratio

The Bank's Consolidated Capital Adequacy Ratios (Basel III standard) were as follows: Consolidated Common Equity Tier 1 Capital Ratio 19.02%, Consolidated Tier 1 Capital Ratio 19.02%, and Consolidated Total Capital Ratio 23.50% as of March 31, 2018.

## Key Management Indicators (Consolidated)

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

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

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

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

## ■ Financial Results for the fiscal year ended March 31, 2018 (Non-consolidated)

### • Balance of Assets and Liabilities

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

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

### • Income

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

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

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

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

### • Capital Adequacy Ratio

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

### Key Management Indicators (Non-consolidated)

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

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

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

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

## Consolidated Balance Sheet

The Norinchukin Bank and Subsidiaries  
As of March 31, 2018

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

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2018	2017	2018
<b>Income</b>			
Interest Income:	¥1,146,827	¥1,106,541	\$10,793
Interest on Loans and Bills Discounted	79,458	63,079	747
Interest and Dividends on Securities	1,050,275	1,026,605	9,884
Interest on Call Loans and Bills Bought	(912)	(607)	(8)
Interest on Receivables under Resale Agreements	(0)	(0)	(0)
Interest on Receivables under Securities Borrowing Transactions	147	244	1
Interest on Due from Banks	12,847	10,509	120
Other Interest Income	5,011	6,710	47
Fees and Commissions	29,076	29,239	273
Trading Income (Note 22)	163	5	1
Other Operating Income (Note 23)	92,874	81,447	874
Other Income (Note 24)	195,496	156,280	1,839
<b>Total Income</b>	<b>1,464,439</b>	<b>1,373,514</b>	<b>13,782</b>
<b>Expenses</b>			
Interest Expenses:	1,021,366	858,813	9,612
Interest on Deposits	84,872	52,753	798
Interest on Negotiable Certificates of Deposit	30,896	23,324	290
Interest on Debentures	5,602	9,004	52
Interest on Borrowed Money	81,256	80,017	764
Interest on Call Money and Bills Sold	13	68	0
Interest on Payables under Repurchase Agreements	121,255	69,927	1,141
Interest on Payables under Securities Lending Transactions	0	3	0
Interest on Bonds	—	622	—
Other Interest Expenses	697,469	623,092	6,564
Fees and Commissions	17,339	16,487	163
Trading Expenses (Note 25)	246	4	2
Other Operating Expenses (Note 26)	68,292	62,740	642
General and Administrative Expenses	162,899	162,574	1,533
Other Expenses (Note 27)	10,402	51,941	97
<b>Total Expenses</b>	<b>1,280,546</b>	<b>1,152,562</b>	<b>12,052</b>
<b>Income before Income Taxes</b>	<b>183,892</b>	<b>220,952</b>	<b>1,730</b>
Income Taxes — Current	12,735	23,932	119
Income Taxes — Deferred	22,283	(9,982)	209
<b>Total Income Taxes</b>	<b>35,019</b>	<b>13,950</b>	<b>329</b>
<b>Profit</b>	<b>148,873</b>	<b>207,002</b>	<b>1,401</b>
Profit Attributable to Non-controlling Interests	1,268	893	11
<b>Profit Attributable to Owners of Parent</b>	<b>¥ 147,604</b>	<b>¥ 206,109</b>	<b>\$ 1,389</b>
		Yen	U.S. Dollars (Note 1)
	2018	2017	2018
<b>Profit Attributable to Owners of Parent per Share</b>	<b>¥24.11</b>	<b>¥38.08</b>	<b>\$0.22</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, 2018

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

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

## Consolidated Statement of Capital Surplus and Retained Earnings

The Norinchukin Bank and Subsidiaries  
For the fiscal year ended March 31, 2018

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

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

# Consolidated Statement of Cash Flows

The Norinchukin Bank and Subsidiaries  
For the fiscal year ended March 31, 2018

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

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2018	2017	2018
<b>Cash Flows from Investing Activities:</b>			
Purchases of Securities	(14,994,997)	(13,834,995)	(141,129)
Proceeds from Sales of Securities	8,928,067	1,925,617	84,028
Proceeds from Redemption of Securities	14,695,131	7,363,698	138,307
Increase in Money Held in Trust	(2,085,643)	(970,421)	(19,629)
Decrease in Money Held in Trust	1,022,188	825,014	9,620
Purchases of Tangible Fixed Assets	(9,212)	(7,536)	(86)
Purchases of Intangible Fixed Assets	(16,094)	(11,452)	(151)
Proceeds from Sales of Tangible Fixed Assets	1,055	11,211	9
Purchase of Stocks of Subsidiaries (Affecting the Scope of Consolidation)	(2)	—	(0)
Net Cash Provided by (Used in) Investing Activities	7,540,491	(4,698,863)	70,969
<b>Cash Flows from Financing Activities:</b>			
Payments for Redemption of Subordinated Bonds	—	(50,000)	—
Proceeds from Stock Issuance to Non-controlling Interests	—	88	—
Dividends Paid	(69,507)	(68,387)	(654)
Dividends Paid to Non-controlling Interests	(420)	(395)	(3)
Net Cash Provided by (Used in) Financing Activities	(69,927)	(118,694)	(658)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>5,645,062</b>	<b>8,605,997</b>	<b>53,130</b>
<b>Cash and Cash Equivalents at the Beginning of the Fiscal Year</b>	<b>22,229,610</b>	<b>13,623,612</b>	<b>209,219</b>
<b>Cash and Cash Equivalents at the End of the Fiscal Year (Note 29)</b>	<b>¥ 27,874,673</b>	<b>¥ 22,229,610</b>	<b>\$ 262,349</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 ¥106.25=U.S.\$1, the approximate rate of exchange prevailing on March 31, 2018, has been used for translation purposes. The inclusion of such amounts is not intended to imply that Japanese yen amounts have been, or could be, readily converted, realized or settled in U.S. dollars at the aforementioned rate or at any other rate.

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

## 2. Summary of Significant Accounting Policies

### (1) Principles of Consolidation

#### Scope of Consolidation

#### Subsidiaries

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

The numbers of subsidiaries as of March 31, 2018 and 2017 were 13 and 12, respectively, all of which were consolidated.

The major consolidated subsidiaries are as follows:

The Norinchukin Trust & Banking Co., Ltd.

Kyodo Housing Loan Co., Ltd.

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

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

#### Affiliates

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

The numbers of affiliates as of March 31, 2018 and 2017 were 7 and 8, respectively, all of which were accounted for by the equity method. Differences between the cost and the underlying net equity at fair value of investments in companies which are accounted for by the equity method have been amortized by the straight-line method over 20 years except for immaterial goodwill which are charged to income in the year of acquisition. Negative goodwill is credited to income in the year of acquisition. The major affiliate accounted for by the equity method is as follows:

JA MITSUI LEASING, LTD.

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

## (2) Transactions for Trading Purposes

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

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

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

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

## (3) Financial Instruments

### a. Securities

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

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

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

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

### b. Derivatives

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

### c. Hedge Accounting

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

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

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

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

The deferral method or the fair value method of hedge accounting is applied to the portfolio hedges of foreign exchange rate risks associated with securities denominated in foreign currencies (other than debt securities), provided that (1) the securities denominated in

foreign currencies are identified as hedged items in advance, and (2) foreign currency amounts of spot and forward liabilities exceeds those of the acquisition costs of the foreign currency securities designated as hedged items.

#### (c) Internal Derivative Transactions

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

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

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

#### a. Depreciation

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

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

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

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

#### b. Land Revaluation

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

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

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

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

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

### (6) Lease Assets

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

### (7) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies, and accounts of overseas branches are translated into Japanese yen primarily using the exchange rates in effect at the consolidated balance sheet date.

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

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

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

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

With respect to loans to borrowers who are legally or substantially bankrupt and that are secured by collateral or guarantees, the remaining book value of the loan, after the deduction of the amount of collateral or the execution of guarantees, is directly written off. Direct write-offs were ¥16,648 million (\$156 million) and ¥14,393 million for the fiscal years ended March 31, 2018 and 2017, respectively.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(13) Consumption Taxes**

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

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

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

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

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

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

**3. Trading Assets**

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

**4. Securities**

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

The maturity profile of securities is as follows:

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

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, 2018	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	\$14,176	\$ 88,120	\$ 183	\$13,382	\$ —
Japanese Government Bonds	13,751	82,758	153	12,717	—
Municipal Government Bonds	0	82	0	0	—
Short-term Corporate Bonds	—	—	—	—	—
Corporate Bonds	425	5,279	29	664	—
Stocks	—	—	—	—	8,176
Other	19,628	77,910	110,127	57,515	103,218
Foreign Bonds	19,102	69,048	106,328	51,432	—
Foreign Stocks	—	—	—	—	362
Investment Trusts	19	7,191	396	5,650	100,905
Other	506	1,670	3,402	432	1,950
<b>Total</b>	<b>\$33,805</b>	<b>\$166,030</b>	<b>\$110,311</b>	<b>\$70,898</b>	<b>\$111,394</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

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

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

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

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

## 6. Foreign Exchange Assets

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
As of March 31			
Due from Foreign Banks	¥324,698	¥224,101	\$3,055
<b>Total</b>	<b>¥324,698</b>	<b>¥224,101</b>	<b>\$3,055</b>

## 7. Other Assets

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

## 8. Tangible Fixed Assets and Intangible Fixed Assets

### Tangible Fixed Assets

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

**Intangible Fixed Assets**

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

**9. Assets Pledged**

Assets pledged as collateral comprise the following:

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

Liabilities secured by the above assets are as follows:

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

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

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

**10. Deposits**

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

**11. Debentures**

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

## 12. Trading Liabilities

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

## 13. Borrowed Money

Borrowed Money includes subordinated borrowings of ¥1,513,296 million (\$14,242 million) and ¥1,513,296 million as of March 31, 2018 and 2017, respectively, which have a special agreement that requires the fulfillment of the payment obligations of such borrowing to be subordinated to other general liabilities. Above subordinated borrowing includes ¥1,415,480 million (\$13,322 million) and ¥1,415,480 million qualifying Tier 2 capital stipulated in Notification No. 4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of Management of the Norinchukin Bank) issued in 2006.

## 14. Foreign Exchange Liabilities

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Foreign Bills Payable	¥38	¥2	\$0
<b>Total</b>	<b>¥38</b>	<b>¥2</b>	<b>\$0</b>

## 15. Other Liabilities

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

## 16. Retirement Benefit Plans

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

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

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

## (2) Defined Benefit Plan

a. The changes in the retirement benefit obligations for the years ended March 31, 2018 and 2017, except for the plans accounted for by the simplified method, are as follows:

	Millions of Yen		Millions of U.S.
	2018	2017	Dollars 2018
As of March 31			
Balance at the Beginning of the Fiscal Year	¥138,996	¥137,796	\$1,308
Service Cost	4,025	3,945	37
Interest Cost	427	416	4
Actuarial Differences	918	1,075	8
Retirement Benefit Paid	(4,836)	(4,237)	(45)
Balance at the End of the Fiscal Year	¥139,531	¥138,996	\$1,313

b. The changes in plan assets for the years ended March 31, 2018 and 2017, except for the plans accounted for by the simplified method, are as follows:

	Millions of Yen		Millions of U.S.
	2018	2017	Dollars 2018
As of March 31			
Balance at the Beginning of the Fiscal Year	¥147,829	¥127,587	\$1,391
Expected Return on Plan Assets	2,004	1,913	18
Actuarial Differences	8,881	18,646	83
Contributions by the Bank	1,699	1,748	15
Retirement Benefit Paid	(2,115)	(2,067)	(19)
Balance at the End of the Fiscal Year	¥158,299	¥147,829	\$1,489

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

	Millions of Yen		Millions of U.S.
	2018	2017	Dollars 2018
As of March 31			
Balance at the Beginning of the Fiscal Year	¥1,860	¥1,577	\$17
Retirement Benefit Expense	511	663	4
Retirement Benefit Paid	(478)	(229)	(4)
Contributions to the Plans	(154)	(151)	(1)
Balance at the End of the Fiscal Year	¥1,739	¥1,860	\$16

d. The following table sets forth the funded status of the plans and the amounts recognized in the Consolidated Balance Sheet as of March 31, 2018 and 2017 for the Bank's and the consolidated subsidiaries' defined benefit plans:

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

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

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

For the fiscal years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Service Cost	¥ 4,025	¥ 3,945	\$ 37
Interest Cost	427	416	4
Expected Return on Plan Assets	(2,004)	(1,913)	(18)
Amortization of Actuarial Differences	(3,792)	(26)	(35)
Amortization of Prior Service Cost	159	159	1
Retirement Benefit Expense by the Simplified Method	511	663	4
Other	1,051	878	9
<b>Retirement Benefit Expense on Defined Benefit Plan</b>	<b>¥ 377</b>	<b>¥ 4,124</b>	<b>\$ 3</b>

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:

For the fiscal years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Prior Service Cost	¥ 159	¥ 159	\$ 1
Actuarial Differences	4,170	17,544	39
<b>Total</b>	<b>¥4,330</b>	<b>¥17,704</b>	<b>\$40</b>

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. Dollars
	2018	2017	2018
Unrecognized Prior Service Cost	¥ (212)	¥ (371)	\$ (1)
Unrecognized Actuarial Differences	22,772	18,602	214
<b>Total</b>	<b>¥22,560</b>	<b>¥18,230</b>	<b>\$212</b>

h. Particulars of Plan Assets

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

As of March 31	2018	2017
Bonds	15%	15%
Stocks	75%	74%
Insurance Assets (General Account)	9%	10%
Other	1%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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

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

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

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

As of or for the fiscal years ended March 31	2018	2017
Discount Rate	0.3%	0.3%
Expected Rates of Increase in Salary	1.1–4.6%	1.1–4.6%
Expected Rates of Return on Plan Assets	0–3.0%	0–3.0%

## 17. Accounting for Income Taxes

Components of deferred tax assets and liabilities are as follows:

As of March 31	Millions of Yen		Millions of U.S.
	2018	2017	Dollars 2018
<b>Deferred Tax Assets:</b>			
Reserve for Possible Loan Losses	¥ 4,489	¥ 7,133	\$ 42
Write-off of Loans	2,347	2,313	22
Losses on Revaluation of Securities	15,503	32,448	145
Net Defined Benefit Liability	10,102	11,566	95
Depreciation Expense	416	430	3
Net Operating Losses Carried Forward	141	83	1
Unrealized Losses on Other Securities	6	1	0
Deferred Losses on Hedging Instruments	71,621	84,760	674
Unrealized Losses on Reclassification	4,428	6,780	41
Other	81,236	75,967	764
Subtotal	190,293	221,485	1,791
Valuation Allowance	(59,161)	(60,492)	(556)
<b>Total Deferred Tax Assets</b>	<b>131,132</b>	<b>160,992</b>	<b>1,234</b>
<b>Deferred Tax Liabilities:</b>			
Gains from Contribution of Securities to Employee			
Retirement Benefit Trust	(11,228)	(10,027)	(105)
Unrealized Gains on Other Securities	(424,879)	(587,335)	(3,998)
Deferred Gains on Hedging Instruments	(94,480)	(74,507)	(889)
Unrealized Gains on Reclassification	(12,669)	(17,992)	(119)
Other	(50,763)	(42,947)	(477)
<b>Total Deferred Tax Liabilities</b>	<b>(594,021)</b>	<b>(732,809)</b>	<b>(5,590)</b>
<b>Net Deferred Tax Liabilities</b>	<b>¥(462,888)</b>	<b>¥(571,816)</b>	<b>\$(4,356)</b>

## 18. Acceptances and Guarantees

As of March 31	Millions of Yen		Millions of U.S.
	2018	2017	Dollars 2018
Guarantees	¥1,474,730	¥1,215,882	\$13,879
<b>Total</b>	<b>¥1,474,730</b>	<b>¥1,215,882</b>	<b>\$13,879</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.

## 19. Commitments to Overdrafts and Loans

Commitments related to overdrafts and loans represent agreements to extend overdrafts or loans up to the pre-agreed amount at the customer's request as long as no violation of the conditions stipulated in the commitment agreement exists. The amounts of undrawn commitments in relation to such agreements were ¥3,318,911 million (\$31,236 million) and ¥3,238,210 million as of March 31, 2018 and 2017, respectively. The amounts of the undrawn commitments, which the Bank and its consolidated subsidiaries could cancel at any time without cause, were ¥2,272,177 million (\$21,385 million) and ¥2,194,610 million as of March 31, 2018 and 2017, respectively.

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

## 20. Securities Loaned

Securities include securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) of ¥1,142,492 million (\$10,752 million) and ¥850,039 million as of March 31, 2018 and 2017, respectively.

Securities borrowed under unsecured borrowing agreements (Saiken Taishaku Torihiki) and securities purchased under resale agreements and cash-collateralized borrowing agreements, which can be sold or re-pledged by the Bank, include securities held without re-pledge of ¥581,414 million (\$5,472 million) and ¥487,411 million as of March 31, 2018 and 2017, respectively. No such securities are re-pledged or re-loaned to the third parties.

## 21. Paid-in Capital

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Common Stock	¥3,455,488	¥3,455,488	\$32,522
Preferred Stock	24,999	24,999	235
<b>Total</b>	<b>¥3,480,488</b>	<b>¥3,480,488</b>	<b>\$32,757</b>

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

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

## 22. Trading Income

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

**23. Other Operating Income**

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

**24. Other Income**

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

**25. Trading Expenses**

Fiscal years ended March 31	Millions of Yen		Millions of U.S.
	2018	2017	Dollars 2018
Expenses on Securities and Derivatives Related to Trading Transactions	¥246	¥4	\$2
<b>Total</b>	<b>¥246</b>	<b>¥4</b>	<b>\$2</b>

**26. Other Operating Expenses**

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

**27. Other Expenses**

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

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

## 29. Cash Flows

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

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
Cash and Due from Banks	¥28,756,371	¥22,939,086	\$270,648
Less: Interest-bearing Due from Banks	(881,697)	(709,475)	(8,298)
<b>Cash and Cash Equivalents at the End of the Fiscal Year</b>	<b>¥27,874,673</b>	<b>¥22,229,610</b>	<b>\$262,349</b>

## 30. Segment Information

Fiscal year ended March 31, 2018

### (1) Segment Information

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

### (2) Related Information

#### a. Information about Services

Millions of Yen				
Fiscal year ended March 31, 2018	Loan Business	Securities Investment Business	Others	Total
Ordinary Income from External Customers	¥86,599	¥1,261,866	¥101,489	¥1,449,954

  

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

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

#### b. Information about Geographic Areas

##### (a) Ordinary Income

Millions of Yen					
Fiscal year ended March 31, 2018	Japan	Americas	Europe	Others	Total
	¥1,417,051	¥18,867	¥3,118	¥10,917	¥1,449,954

  

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

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

##### (b) Tangible Fixed Assets

Millions of Yen					
As of March 31, 2018	Japan	Americas	Europe	Others	Total
	¥121,076	¥277	¥663	¥338	¥122,356

  

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

#### c. Information about Major Customers

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

  

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

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

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

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

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

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

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

None

**Fiscal year ended March 31, 2017****(1) Segment Information**

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

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

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

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

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

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

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

**(b) Tangible Fixed Assets**

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

**c. Information about Major Customers**

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

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

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

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

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

None

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

None

**31. Financial Instruments****(1) Particulars of Financial Instruments****a. Policy on Financial Instruments**

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

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

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

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

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

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

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

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

**c. Risk Management for Financial Instruments****(a) Integrated Risk Management**

The Bank, under its "Basic Policies for Risk Management," focuses on "comprehensive risk management, where risks it faces in conducting business are identified and managed taking into account their respective natures, and its overall risk measured using quantitative methods is managed in comparison with its capital, the Bank's financial strength. To implement integrated risk management, the Bank

has established the Risk Management Committee. The Committee also ensures that the total amount of risk undertaken is kept within the Bank's financial strength. The Bank has also established a number of committees which are categorized according to the type of risk they handle, e.g. the Portfolio Management Committee (market risk, credit risk, liquidity risk), the Credit Committee, the Food and Agri Finance Committee (credit risk), and other, to enable the top management to discuss risk management policies, including planned risk-taking. The framework also requires the integrated risk management situation to be regularly reported to the Board of Directors.

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

#### (b) Market Risk Management

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

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

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

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

The Bank adopts the variance-covariance method to measure the VaR of the trading securities within Trading Assets and certain interest-related, bond-related or other derivative transactions within Derivative Instruments, which are accounted for as trading operations. The market risk (the estimate of the potential loss) of the Bank's trading operations as of March 31, 2018 and 2017 summed up to ¥19 million (\$0 million) and ¥31 million, respectively, in total under the variance-covariance method with the holding period of one business day, a 99% confidence interval, and the observation period of 1,000 business days.

In order to measure the VaR of the financial assets and liabilities from the banking operations (the operations other than trading operations), the Bank adopts the historical simulation method. The market risk (the estimate of the potential net loss) of the Bank from the banking operations totaled ¥2,202,220 million (\$20,726 million) and ¥2,143,551 million as of March 31, 2018 and 2017, respectively, under the historical simulation method with holding period of 1 year, a 99.5% confidence interval, and the observation period from fiscal year 1995 to recent day. Since the Bank adopts mid- to long-term investment policies, as to the impact of the short-term market volatilities, the variance-covariance method VaR and others are separately calculated while market risks are basically measured by using the historical simulation method VaR as mentioned above.

The Bank also performs a back-testing to compare the model-measured VaR with the actual profits and losses. From the back-testing for the fiscal years ended March 31, 2018 and 2017 actual results, the Bank had only one exception for each fiscal year where the actual loss exceeded VaR and concludes that the adopted measurement method provides a sufficient accuracy of the market risk measurement. VaR, however, is designed to measure the market risk under the certain occurrence probability hypothesis based on the statistical calculation of the historical market movements. Therefore, VaR may not cover the risks in extremely volatile market conditions. The Bank measures losses under various scenarios (stress test) to complement the said limits and weakness of the model.

#### (c) Credit Risk Management

The Bank has established its "Policies and Procedures for Credit Risk Management" and other rules for credit risk, and manages to align the credit risk management framework with the Bank's internal rating, credit risk analysis, credit ceiling, credit management and others. Specifically, as for the credit risk assets, which consist of loans and various products for the item, area and business, the Bank

comprehensively manages credit risk on an entire credit portfolio basis as well as individual credit basis for whole credit risk assets.

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

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

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

#### (d) Liquidity Risk Management

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

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

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

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

“Consolidated Balance Sheet Amount,” “Fair Value” and “Difference” as of March 31, 2018 and 2017 are as follows:

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

	Millions of Yen			Millions of U.S. Dollars		
	Consolidated Balance Sheet Amount	Fair Value	Difference	Consolidated Balance Sheet Amount	Fair Value	Difference
<b>As of March 31, 2018</b>						
(1) Cash and Due from Banks	¥ 28,756,371	¥ 28,756,371	¥ —	\$270,648	\$270,648	\$ —
(2) Call Loans and Bills Bought	630,000	630,000	—	5,929	5,929	—
(3) Monetary Claims Bought	354,872	355,047	175	3,339	3,341	1
(4) Trading Assets (*2)						
Trading Securities	3,064	3,064	—	28	28	—
(5) Money Held in Trust (*1)						
Other Money Held in Trust	7,439,433	7,446,785	7,351	70,018	70,087	69
(6) Securities						
Held-to-Maturity Debt Securities	16,184,983	16,253,721	68,737	152,329	152,976	646
Other Securities	35,389,227	35,389,227	—	333,075	333,075	—
(7) Loans and Bills Discounted	11,858,949	—	—	111,613	—	—
Reserve for Possible Loan Losses (*1)	(45,441)	—	—	(427)	—	—
	<b>11,813,507</b>	<b>11,797,889</b>	<b>(15,618)</b>	<b>111,185</b>	<b>111,038</b>	<b>(146)</b>
<b>Total Assets</b>	<b>¥100,571,460</b>	<b>¥100,632,107</b>	<b>¥60,646</b>	<b>\$946,554</b>	<b>\$947,125</b>	<b>\$570</b>
(1) Deposits	¥ 65,799,561	¥ 65,799,582	¥ 21	\$619,289	\$619,290	\$ 0
(2) Negotiable Certificates of Deposit	2,920,656	2,920,656	—	27,488	27,488	—
(3) Debentures	1,766,498	1,770,670	4,172	16,625	16,665	39
(4) Payables under Repurchase Agreements	15,080,638	15,080,638	—	141,935	141,935	—
(5) Borrowed Money	4,641,504	4,641,504	—	43,684	43,684	—
(6) Short-term Entrusted Funds	1,405,187	1,405,187	—	13,225	13,225	—
<b>Total Liabilities</b>	<b>¥ 91,614,045</b>	<b>¥ 91,618,238</b>	<b>¥ 4,193</b>	<b>\$862,249</b>	<b>\$862,289</b>	<b>\$ 39</b>
Derivative Instruments (*3)						
Transactions not Accounted for as Hedge						
Transactions	¥ 1,495	¥ 1,495	¥ —	\$ 14	\$ 14	\$ —
Transactions Accounted for as Hedge						
Transactions	381,594	381,594	—	3,591	3,591	—
<b>Total Derivative Instruments</b>	<b>¥ 383,090</b>	<b>¥ 383,090</b>	<b>¥ —</b>	<b>\$ 3,605</b>	<b>\$ 3,605</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.

As of March 31, 2017	Millions of Yen		
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and Due from Banks	¥ 22,939,086	¥ 22,939,086	¥ —
(2) Call Loans and Bills Bought	146,220	146,220	—
(3) Monetary Claims Bought	257,888	258,178	289
(4) Trading Assets (*2)			
Trading Securities	3,913	3,913	—
(5) Money Held in Trust (*1)			
Other Money Held in Trust	6,983,234	6,990,266	7,031
(6) Securities			
Held-to-Maturity Debt Securities	18,228,748	18,326,729	97,981
Other Securities	43,210,952	43,210,952	—
(7) Loans and Bills Discounted	12,058,289		
Reserve for Possible Loan Losses (*1)	(53,437)		
	12,004,851	12,040,569	35,717
<b>Total Assets</b>	<b>¥103,774,896</b>	<b>¥103,915,916</b>	<b>¥141,020</b>
(1) Deposits	¥ 61,886,185	¥ 61,886,225	¥ 40
(2) Negotiable Certificates of Deposit	3,689,270	3,689,270	—
(3) Debentures	2,412,824	2,422,617	9,793
(4) Call Money and Bills Sold	3,365	3,365	—
(5) Payables under Repurchase Agreements	19,645,010	19,645,010	—
(6) Borrowed Money	4,371,611	4,371,611	—
(7) Short-term Entrusted Funds	1,257,432	1,257,432	—
<b>Total Liabilities</b>	<b>¥ 93,265,699</b>	<b>¥ 93,275,532</b>	<b>¥ 9,833</b>
Derivative Instruments (*3)			
Transactions not Accounted for as Hedge			
Transactions	¥ 3,691	¥ 3,691	¥ —
Transactions Accounted for as Hedge			
Transactions	182,696	182,696	—
<b>Total Derivative Instruments</b>	<b>¥ 186,387</b>	<b>¥ 186,387</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 33. Fair Value of Money Held in Trust.

## (6) Securities

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

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

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

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

Relevant notes about the fair value of securities of each classification are described in section 32. Fair Value of Securities.

## (7) Loans and Bills Discounted

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

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

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

## Liabilities

### (1) Deposits

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

**(2) Negotiable Certificates of Deposit**

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

**(3) Debentures**

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

**(4) Payables under Repurchase Agreements and (6) Short-term Entrusted Funds**

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

**(5) Borrowed Money**

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

**Derivative Instruments**

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

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

Relevant notes regarding the fair value of derivative instruments are described in section 34. Fair Value of Derivative Instruments.

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

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

<b>As of March 31, 2018</b>	Millions of Yen	Millions of U.S. Dollars
Unlisted Stocks and Others (*1) (*2)	<b>¥128,707</b>	<b>\$1,211</b>
Investment Trusts (*3)	<b>274,236</b>	<b>2,581</b>
Investments in Partnership and Others (*4)	<b>344,703</b>	<b>3,244</b>
Total	<b>¥747,648</b>	<b>\$7,036</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, 2018 was ¥988 million (\$9 million) on Unlisted Stocks and Others.

3. Out of Investments in Investment Trusts, certain “Private REIT” whose fair value is extremely difficult to determine are excluded from “Disclosures Regarding the Fair Value of Financial Instruments and Other Items.”

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

As of March 31, 2017	Millions of Yen
Unlisted Stocks and Others (*1) (*2)	¥160,571
Investment Trusts (*3)	189,384
Investments in Partnership and Others (*4)	289,433
<b>Total</b>	<b>¥639,389</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 on Unlisted Stocks and Others.

3. Out of Investments in Investment Trusts, certain “Private REIT” whose fair value is extremely difficult to determine are excluded from “Disclosures Regarding the Fair Value of Financial Instruments and Other Items.”

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

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

As of March 31, 2018	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
Due from Banks (*1)	¥28,700,497	¥ —	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	630,000	—	—	—	—	—
Monetary Claims Bought	138,100	—	4,674	7,460	93,768	110,878
Securities						
Held-to-Maturity Debt Securities	2,016,848	4,928,726	3,081,722	462,712	2,000,846	3,684,906
Other Securities held that have Maturity	1,548,256	6,982,544	2,225,358	2,561,571	6,915,427	3,421,980
Loans and Bills Discounted (*2)	4,982,022	2,571,835	2,486,183	784,145	657,036	341,788
<b>Total</b>	<b>¥38,015,725</b>	<b>¥14,483,105</b>	<b>¥7,797,938</b>	<b>¥3,815,890</b>	<b>¥9,667,079</b>	<b>¥7,559,553</b>

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

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

2. Loans to debtors in bankruptcy, debtors in default, doubtful debtors and others of ¥25,938 million (\$244 million) for which the redemption date cannot be estimated, and loans with no maturity of ¥10,000 million (\$94 million) within Loans and Bills Discounted, are excluded from the table above.

As of March 31, 2017	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
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>

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

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

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

	Millions of Yen					
	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, 2018</b>						
Deposits (*1)	¥65,696,356	¥ 102,694	¥ 510	¥ —	¥ —	¥ —
Negotiable Certificates of Deposit	2,920,656	—	—	—	—	—
Debentures	638,093	875,946	252,455	2	—	—
Payables under Repurchase Agreements	15,080,638	—	—	—	—	—
Borrowed Money (*2)	588,949	1,780,537	751,243	1,392,315	30,642	97,816
Short-term Entrusted Funds	1,405,187	—	—	—	—	—
<b>Total</b>	<b>¥86,329,881</b>	<b>¥2,759,177</b>	<b>¥1,004,209</b>	<b>¥1,392,318</b>	<b>¥30,642</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, 2018</b>						
Deposits (*1)	\$618,318	\$ 966	\$ 4	\$ —	\$ —	\$ —
Negotiable Certificates of Deposit	27,488	—	—	—	—	—
Debentures	6,005	8,244	2,376	0	—	—
Payables under Repurchase Agreements	141,935	—	—	—	—	—
Borrowed Money (*2)	5,543	16,757	7,070	13,104	288	920
Short-term Entrusted Funds	13,225	—	—	—	—	—
<b>Total</b>	<b>\$812,516</b>	<b>\$25,968</b>	<b>\$9,451</b>	<b>\$13,104</b>	<b>\$288</b>	<b>\$920</b>

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

2. Perpetual subordinated borrowings within Borrowed Money are included in the entry for "Over 10 Years."

	Millions of Yen					
	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>

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

2. Perpetual subordinated borrowings within Borrowed Money are included in the entry for "Over 10 Years."

## 32. Fair Value of Securities

### Trading Securities

	Millions of Yen		Millions of U.S. Dollars
	2018	2017	2018
<b>As of March 31</b>			
Trading Securities	Unrealized Gain Recognized as Income	Unrealized Gain Recognized as Income	Unrealized Gain Recognized as Income
	¥30	¥(26)	\$0

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

## Held-to-Maturity Debt Securities

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

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

As of March 31, 2017	Type	Millions of Yen		
		Consolidated	Fair Value	Difference
		Balance Sheet Amount		
Transactions for Fair Value exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	¥ 3,467,509	¥ 3,484,835	¥ 17,325
	Municipal Government Bonds	—	—	—
	Short-term Corporate Bonds	—	—	—
	Corporate Bonds	4,294	4,338	43
	Other	9,437,325	9,530,257	92,931
	Foreign Bonds	9,373,453	9,466,025	92,571
	Other	63,872	64,232	360
	Subtotal	12,909,129	13,019,430	110,300
Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	4,008,361	4,001,310	(7,050)
	Municipal Government Bonds	—	—	—
	Short-term Corporate Bonds	—	—	—
	Corporate Bonds	—	—	—
	Other	1,532,549	1,527,570	(4,978)
	Foreign Bonds	1,375,129	1,370,220	(4,908)
	Other	157,420	157,349	(70)
	Subtotal	5,540,910	5,528,881	(12,029)
Total	¥18,450,040	¥18,548,312	¥ 98,271	

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

## Other Securities

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

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

2. Investment Trusts include Japanese trusts and foreign trusts.

As of March 31, 2017	Type	Millions of Yen		
		Consolidated Balance Sheet Amount	Acquisition Cost	Difference
	Stocks	¥ 689,558	¥ 263,441	¥ 426,116
	Bonds	5,926,081	5,637,229	288,852
	Japanese Government			
	Bonds	5,703,478	5,414,754	288,724
	Municipal Government			
Transactions for	Bonds	148	140	7
Consolidated Balance	Short-term Corporate			
Sheet Amount	Bonds	150,000	149,999	0
exceeding Acquisition	Corporate Bonds	72,454	72,334	120
Cost	Other	28,297,495	26,748,303	1,549,191
	Foreign Bonds	19,472,160	18,916,497	555,663
	Foreign Stocks	19,328	7,092	12,236
	Investment Trusts	8,504,081	7,602,743	901,337
	Other	301,924	221,969	79,954
	Subtotal	34,913,135	32,648,974	2,264,161
	Stocks	7,560	9,224	(1,663)
	Bonds	195,872	196,354	(481)
	Japanese Government			
	Bonds	—	—	—
	Municipal Government			
Transactions for	Bonds	—	—	—
Consolidated Balance	Short-term Corporate			
Sheet Amount not	Bonds	—	—	—
exceeding Acquisition	Corporate Bonds	195,872	196,354	(481)
Cost	Other	8,156,216	8,397,771	(241,554)
	Foreign Bonds	4,404,572	4,504,248	(99,676)
	Foreign Stocks	—	—	—
	Investment Trusts	3,581,199	3,719,376	(138,177)
	Other	170,445	174,146	(3,701)
	Subtotal	8,359,650	8,603,349	(243,699)
	<b>Total</b>	<b>¥43,272,786</b>	<b>¥41,252,324</b>	<b>¥2,020,462</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, 2018 and 2017.

### Other Securities Sold during the Fiscal Year

Fiscal year ended March 31, 2018	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	¥ 8,644	¥ 4,706	¥ 6	\$ 81	\$ 44	\$ 0
Bonds	—	—	—	—	—	—
Japanese Government Bonds	—	—	—	—	—	—
Municipal Government Bonds	—	—	—	—	—	—
Short-term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	—	—	—	—	—	—
Other	8,854,330	43,736	25,586	83,334	411	240
Foreign Bonds	8,838,475	38,265	23,701	83,185	360	223
Foreign Stocks	11	—	0	0	—	0
Investment Trusts	7,860	3,591	0	73	33	0
Other	7,983	1,879	1,884	75	17	17
<b>Total</b>	<b>¥8,862,974</b>	<b>¥48,443</b>	<b>¥25,593</b>	<b>\$83,416</b>	<b>\$455</b>	<b>\$240</b>

Note: Investment Trusts include Japanese trusts and foreign trusts.

Fiscal year ended March 31, 2017	Millions of Yen		
	Sales Proceeds	Gains on Sales	Losses on Sales
Stocks	¥ 47,219	¥32,654	¥ 47
Bonds	315,415	9,664	—
Japanese Government Bonds	315,415	9,664	—
Municipal Government Bonds	—	—	—
Short-term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other	1,622,061	20,536	25,025
Foreign Bonds	1,604,130	17,945	25,020
Foreign Stocks	515	0	3
Investment Trusts	14,559	2,002	0
Other	2,855	587	0
<b>Total</b>	<b>¥1,984,695</b>	<b>¥62,856</b>	<b>¥25,072</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, 2018 and 2017 (“revaluation loss”), if the fair value has significantly deteriorated from the acquisition cost (and other), and unless a recovery in the fair value is deemed probable.

The amount of revaluation loss for the fiscal year ended March 31, 2018 was ¥117 million (\$1 million) including ¥117 million (\$1 million) on Stocks.

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

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

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

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

### 33. Fair Value of Money Held in Trust

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

Millions of Yen					
	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
<b>As of March 31, 2018</b>					
Other Money Held in Trust	¥7,439,710	¥7,467,227	¥(27,517)	¥149,633	¥177,150

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
<b>As of March 31, 2018</b>					
Other Money Held in Trust	\$70,020	\$70,279	\$(258)	\$1,408	\$1,667

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

Millions of Yen					
	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
<b>As of March 31, 2017</b>					
Other Money Held in Trust	¥6,983,612	¥6,862,223	¥121,388	¥192,531	¥71,143

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

### 34. Fair Value of Derivative Instruments

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

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

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

## Interest Rate-Related Derivative Instruments

As of March 31, 2018	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year			Total	Over 1 Year		
Exchange-traded Transactions								
Interest Rate Futures:								
Sold	¥ 47,735	¥ 47,735	¥ 140	¥ 140	\$ 449	\$ 449	\$ 1	\$ 1
Purchased	126,752	19,606	(81)	(81)	1,192	184	(0)	(0)
Interest Rate Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Forward Rate Agreements:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Interest Rate Swaps:								
Rec.: Fix.-Pay.: Flt.	260,751	152,285	5,023	5,023	2,454	1,433	47	47
Rec.: Flt.-Pay.: Fix.	232,794	153,257	(4,597)	(4,597)	2,191	1,442	(43)	(43)
Rec.: Flt.-Pay.: Flt.	—	—	—	—	—	—	—	—
Interest Rate Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
<b>Total</b>	<b>¥ /</b>	<b>¥ /</b>	<b>¥ 485</b>	<b>¥ 485</b>	<b>\$ /</b>	<b>\$ /</b>	<b>\$ 4</b>	<b>\$ 4</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, 2017	Millions of Yen			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year		
<b>Exchange-traded Transactions</b>				
<b>Interest Rate Futures:</b>				
Sold	¥1,611,185	¥ —	¥ (466)	¥ (466)
Purchased	42,135	—	(0)	(0)
<b>Interest Rate Options:</b>				
Sold	—	—	—	—
Purchased	—	—	—	—
<b>Over-the-counter Transactions</b>				
<b>Forward Rate Agreements:</b>				
Sold	—	—	—	—
Purchased	—	—	—	—
<b>Interest Rate Swaps:</b>				
Rec.: Fix.-Pay.: Flt.	263,159	236,171	6,094	6,094
Rec.: Flt.-Pay.: Fix.	261,819	235,904	(5,430)	(5,430)
Rec.: Flt.-Pay.: Flt.	—	—	—	—
<b>Interest Rate Options:</b>				
Sold	—	—	—	—
Purchased	—	—	—	—
<b>Other:</b>				
Sold	—	—	—	—
Purchased	—	—	—	—
<b>Total</b>	<b>¥ /</b>	<b>¥ /</b>	<b>¥ 196</b>	<b>¥ 196</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, 2018	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year			Total	Over 1 Year		
<b>Exchange-traded Transactions</b>								
<b>Currency Futures:</b>								
Sold	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	\$ —
Purchased	—	—	—	—	—	—	—	—
<b>Currency Options:</b>								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
<b>Over-the-counter Transactions</b>								
<b>Currency Swaps</b>								
Sold	—	—	—	—	—	—	—	—
<b>Forwards:</b>								
Sold	128,818	9,640	1,599	1,599	1,212	90	15	15
Purchased	143,097	9,644	(595)	(595)	1,346	90	(5)	(5)
<b>Currency Options:</b>								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
<b>Other:</b>								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
<b>Total</b>	<b>¥ /</b>	<b>¥ /</b>	<b>¥1,004</b>	<b>¥1,004</b>	<b>\$ /</b>	<b>\$ /</b>	<b>\$ 9</b>	<b>\$ 9</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, 2017	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	217,305	3,070	905	905
Purchased	336,804	3,097	2,584	2,584
Currency Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	—	—	—	—
<b>Total</b>	<b>¥ /</b>	<b>¥ /</b>	<b>¥3,489</b>	<b>¥3,489</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

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

As of March 31, 2017	Millions of Yen			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	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	—	—	—
<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, 2017 was ¥208 million.

## Bond-Related Derivative Instruments

As of March 31, 2018	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year			Total	Over 1 Year		
Exchange-traded Transactions								
Bond Futures:								
Sold	¥ 1,024	¥ —	¥(17)	¥(17)	\$ 9	\$ —	\$ (0)	\$ (0)
Purchased	10,027	—	23	23	94	—	0	0
Bond Futures Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Bond Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
<b>Total</b>	<b>¥ /</b>	<b>¥ /</b>	<b>¥ 5</b>	<b>¥ 5</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, 2017	Millions of Yen			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year		
Exchange-traded Transactions				
Bond Futures:				
Sold	¥5,642	¥ —	¥ (4)	¥ (4)
Purchased	6,061	—	8	8
Bond Futures Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Over-the-counter Transactions				
Bond Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	—	—	—	—
<b>Total</b>	<b>¥ /</b>	<b>¥ /</b>	<b>¥ 4</b>	<b>¥ 4</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, 2018 and 2017.

## Credit Derivative Instruments

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

**(2) Derivative Instruments accounted for as hedges**

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

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

**Interest Rate-Related Derivative Instruments**

As of March 31, 2018

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

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

2. Determination of fair value:

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

3. The accrual method of hedge accounting, as specifically permitted for certain interest rate swaps, is valued with the valuation of hedged items, so that the fair value is included in the fair value of Loans and Bills Discounted and other items (ref: 31. Financial Instruments (2) Disclosures Regarding the Fair Value of Financial Instruments and Other Items).

As of March 31, 2017

Method of Hedges	Type of Derivative Instruments	Hedged Items	Millions of Yen		
			Contract Amount or Notional Amount		Fair Value
			Total	Over 1 Year	
The Deferral Method	Interest Rate Swaps (Rec.: Fix.-Pay.: Flt.)	Debentures	¥2,050,000	¥1,290,000	¥ 9,036
	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Yen-denominated Securities, Deposits and Others	7,387,948	7,023,957	(19,159)
The Accrual Method	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Loans and Bills Discounted, Yen-denominated Securities and Others	224,687	210,921	Note 3
Total			¥ /	¥ /	¥(10,123)

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

2. Determination of fair value:

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

3. The accrual method of hedge accounting, as specifically permitted for certain interest rate swaps, is valued with the valuation of hedged items, so that the fair value is included in the fair value of Loans and Bills Discounted and other items (ref: 31. Financial Instruments (2) Disclosures Regarding the Fair Value of Financial Instruments and Other Items).

## Currency-Related Derivative Instruments

As of March 31, 2018

Method of Hedges	Type of Derivative Instruments	Hedged Items	Millions of Yen			Millions of U.S. Dollars		
			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	¥13,386,163	¥7,160,947	¥222,272	\$125,987	\$67,397	\$2,091
	Forex Forward		4,882,459	—	50,915	45,952	—	479
Total			¥ /	¥ /	¥273,187	\$ /	\$ /	\$2,571

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

2. Determination of fair value:

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

As of March 31, 2017

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

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

2. Determination of fair value:

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

## Stock-Related Derivative Instruments

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

## Bond-Related Derivative Instruments

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

## 35. The Norinchukin Bank (Parent Company)

### (1) Non-consolidated Balance Sheet

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





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## Independent Auditor's Report

The Board of Directors  
 The Norinchukin Bank

We have audited the accompanying consolidated financial statements of The Norinchukin Bank and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2018, and the consolidated statements of operations, comprehensive income, capital surplus and retained earnings, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Norinchukin Bank and its consolidated subsidiaries as at March 31, 2018, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

### *Convenience Translation*

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

*Ernst & Young ShinNihon LLC*

June 22, 2018