

Financial Review

■ Financial Results for the fiscal year ended March 31, 2019 (Consolidated)

The Norinchukin Bank's ("the Bank") financial results on a consolidated basis as of March 31, 2019 include the results of 16 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 2018 (for the fiscal year ended March 31, 2019).

• Balance of Assets and Liabilities

Consolidated Total Assets increased by ¥1,026.1 billion from the previous fiscal year-end to ¥105,953.9 billion, and consolidated Total Net Assets increased by ¥727.1 billion from the previous fiscal year-end to ¥7,473.2 billion.

On the assets side, Loans and Bills Discounted increased by ¥6,754.0 billion to ¥18,613.0 billion, and Securities increased by ¥3,336.8 billion to ¥55,658.7 billion from the previous fiscal year-end, respectively.

On the liabilities side, Deposits increased by ¥997.5 billion to ¥66,797.0 billion, and Debentures decreased by ¥512.2 billion to ¥1,254.2 billion from the previous fiscal year-end, respectively.

• Income

Consolidated Ordinary Profits* were ¥124.5 billion, down ¥46.4 billion from the previous fiscal year, and Profit Attributable to Owners of Parent was ¥103.5 billion, down ¥44.0 billion from the previous fiscal year.

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

• Capital Adequacy Ratio

The Bank's Consolidated Capital Adequacy Ratios (Basel III standard) were as follows: Consolidated Common Equity Tier 1 Capital Ratio 16.59%, Consolidated Tier 1 Capital Ratio 19.65%, and Consolidated Total Capital Ratio 19.65% as of March 31, 2019.

Key Management Indicators (Consolidated)

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

	2015/3	2016/3	2017/3	2018/3	2019/3	2019/3
Total Income	¥ 1,360.0	¥ 1,287.9	¥ 1,373.5	¥ 1,464.4	¥ 1,732.1	\$ 15,616
Total Expenses	847.0	964.4	1,152.5	1,280.5	1,607.8	14,495
Profit Attributable to Owners of Parent	411.3	271.2	206.1	147.6	103.5	933
Total Comprehensive Income	1,403.0	(98.1)	(109.2)	(192.9)	238.5	2,150
Total Net Assets	7,308.1	7,186.7	7,008.8	6,746.0	7,473.2	67,375
Total Assets	94,549.7	101,182.9	107,062.7	104,927.7	105,953.9	955,228
Capital Adequacy Ratio (BIS) (Note 2)						
Common Equity Tier 1 Capital Ratio (%)	17.17	18.94	19.31	19.02	16.59	16.59
Tier 1 Capital Ratio (%)	17.24	18.99	19.34	19.02	19.65	19.65
Total Capital Ratio (%)	24.19	25.07	24.39	23.50	19.65	19.65

Notes: 1. U.S. dollars have been converted at the rate of ¥110.92 to U.S. \$1, the effective rate of exchange at March 31, 2019.

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, 2019 (Non-consolidated)

• Balance of Assets and Liabilities

Total Assets of the Bank at the end of the fiscal year increased by ¥759.1 billion to ¥104,176.8 billion from the previous fiscal year-end. Total Net Assets at the end of the fiscal year increased by ¥727.7 billion to ¥7,381.8 billion from the previous fiscal year-end.

On the assets side, Loans and Bills Discounted was ¥18,438.0 billion, and Securities was ¥55,751.1 billion. On the liabilities side, Deposits amounted to ¥66,821.5 billion, and Debentures was ¥1,262.2 billion.

• Income

Interest income of the Bank for the fiscal year ended March 31, 2019 totaled to ¥109.2 billion, down ¥63.6 billion from the previous fiscal year.

The total credit costs were ¥1.9 billion in net losses mainly from the provision of the reserves due to the increase in loans.

As for securities investments, net gains/losses on sales were net gains of ¥66.3 billion, up ¥43.4 billion from the previous fiscal year, and the expenses of provisions and impairments for price-decline of securities and other reasons increased by ¥0.3 billion to ¥1.0 billion from the previous fiscal year.

As a result, with all of the factors mentioned above, the Bank recorded ¥117.4 billion in Ordinary Profits, down ¥41.4 billion and ¥100.6 billion in Net Income, down ¥29.3 billion from the previous fiscal year, respectively. The Bank's net operating losses stood at ¥36.8 billion.

• Capital Adequacy Ratio

The Bank's Non-consolidated Capital Adequacy Ratios (Basel III standard) were as follows: Common Equity Tier 1 Capital Ratio 16.73%, Tier 1 Capital Ratio 19.86%, and Total Capital Ratio 19.86% as of March 31, 2019.

Key Management Indicators (Non-consolidated)

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

	2015/3	2016/3	2017/3	2018/3	2019/3	2019/3
Total Income	¥ 1,340.4	¥ 1,274.7	¥ 1,360.3	¥ 1,425.7	¥ 1,709.1	\$ 15,408
Total Expenses	837.8	953.9	1,139.9	1,268.4	1,591.9	14,352
Net Income	404.5	271.5	203.4	129.9	100.6	907
Paid-in Capital	3,425.9	3,480.4	3,480.4	3,480.4	4,040.1	36,424
Total Net Assets	7,231.8	7,133.6	6,939.0	6,654.0	7,381.8	66,551
Total Assets	93,618.4	100,130.0	105,812.4	103,417.6	104,176.8	939,206
Deposits	53,486.1	58,838.5	61,904.2	65,823.8	66,821.5	602,430
Debentures	3,564.3	3,133.0	2,423.8	1,774.4	1,262.2	11,379
Loans and Bills Discounted	19,935.7	17,915.8	11,948.5	11,742.6	18,438.0	166,228
Securities	59,738.5	58,329.7	62,108.2	52,332.7	55,751.1	502,625
Capital Adequacy Ratio (BIS) (Note 2)						
Common Equity Tier 1 Capital Ratio (%)	17.18	19.02	19.42	19.20	16.73	16.73
Tier 1 Capital Ratio (%)	17.25	19.07	19.47	19.23	19.86	19.86
Total Capital Ratio (%)	24.36	25.29	24.60	23.78	19.86	19.86

Notes: 1. U.S. dollars have been converted at the rate of ¥110.92 to U.S. \$1, the effective rate of exchange at March 31, 2019.

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, 2019

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2019	2018	2019
Assets			
Cash and Due from Banks (Notes 29, 31 and 32)	¥ 18,941,664	¥ 28,756,371	\$170,768
Call Loans and Bills Bought (Note 31)	44,368	630,000	400
Receivables under Resale Agreements	10,096	—	91
Monetary Claims Bought (Notes 31 and 32)	326,079	354,872	2,939
Trading Assets (Notes 3, 31 and 32)	15,844	8,582	142
Money Held in Trust (Notes 9, 31 and 33)	8,667,392	7,439,710	78,140
Securities (Notes 4, 9, 20, 31 and 32)	55,658,707	52,321,859	501,791
Loans and Bills Discounted (Notes 5, 9, 19 and 31)	18,613,018	11,858,949	167,805
Foreign Exchange Assets (Note 6)	344,943	324,698	3,109
Other Assets (Notes 7, 9 and 31)	1,415,586	1,585,342	12,762
Tangible Fixed Assets (Note 8)	117,294	122,356	1,057
Intangible Fixed Assets (Note 8)	48,765	43,480	439
Net Defined Benefit Asset (Note 16)	57,715	52,510	520
Deferred Tax Assets (Note 17)	2,034	2,026	18
Customers' Liabilities for Acceptances and Guarantees (Note 18)	1,738,971	1,474,730	15,677
Reserve for Possible Loan Losses (Note 31)	(48,402)	(47,716)	(436)
Reserve for Possible Investment Losses	(154)	(4)	(1)
Total Assets	¥105,953,925	¥104,927,769	\$955,228
Liabilities and Net Assets			
Liabilities			
Deposits (Notes 10 and 31)	¥ 66,797,069	¥ 65,799,561	\$602,209
Negotiable Certificates of Deposit (Note 31)	790,599	2,920,656	7,127
Debentures (Notes 11 and 31)	1,254,239	1,766,498	11,307
Payables under Repurchase Agreements (Notes 9 and 31)	15,111,297	15,080,638	136,236
Trading Liabilities (Notes 12 and 31)	7,022	5,034	63
Borrowed Money (Notes 9, 13 and 31)	4,837,392	4,641,504	43,611
Foreign Exchange Liabilities (Note 14)	32	38	0
Short-term Entrusted Funds (Note 31)	1,048,091	1,405,187	9,449
Other Liabilities (Notes 15 and 31)	6,320,163	4,569,727	56,979
Reserve for Bonus Payments	7,557	7,591	68
Net Defined Benefit Liability (Note 16)	38,287	35,481	345
Reserve for Directors' Retirement Benefits	1,236	1,508	11
Deferred Tax Liabilities (Note 17)	520,070	464,915	4,688
Deferred Tax Liabilities for Land Revaluation	8,607	8,607	77
Acceptances and Guarantees (Note 18)	1,738,971	1,474,730	15,677
Total Liabilities	98,480,637	98,181,681	887,852
Net Assets			
Paid-in Capital (Note 21)	4,040,198	3,480,488	36,424
Capital Surplus	24,993	24,993	225
Retained Earnings	2,021,435	1,988,359	18,224
Total Owners' Equity	6,086,627	5,493,842	54,874
Net Unrealized Gains on Other Securities	1,501,790	1,152,861	13,539
Net Deferred Gains (Losses) on Hedging Instruments	(152,678)	59,823	(1,376)
Revaluation Reserve for Land	14,312	14,312	129
Foreign Currency Transaction Adjustments	(67)	(110)	(0)
Remeasurements of Defined Benefit Plans (Note 16)	12,959	15,876	116
Total Accumulated Other Comprehensive Income	1,376,316	1,242,763	12,408
Non-controlling Interests	10,343	9,482	93
Total Net Assets	7,473,287	6,746,088	67,375
Total Liabilities and Net Assets	¥105,953,925	¥104,927,769	\$955,228

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, 2019

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2019	2018	2019
Profit	¥ 104,992	¥ 148,873	\$ 946
Other Comprehensive Income	133,546	(341,866)	1,203
Net Unrealized Gains (Losses) on Other Securities (Note 28)	349,444	(431,906)	3,150
Net Deferred Gains (Losses) on Hedging Instruments (Note 28)	(212,514)	86,208	(1,915)
Foreign Currency Transaction Adjustments (Note 28)	8	(10)	0
Remeasurements of Defined Benefit Plans (Note 28)	(2,945)	3,128	(26)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method (Note 28)	(446)	713	(4)
Total Comprehensive Income	¥ 238,538	¥(192,993)	\$ 2,150
Attributable to:			
Owners of Parent	237,128	(194,256)	2,137
Non-controlling Interests	1,410	1,262	12

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, 2019

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2019	2018	2019
Capital Surplus			
Balance at the Beginning of the Fiscal Year	¥ 24,993	¥ 24,993	\$ 225
Additions:	—	—	—
Deductions:	—	—	—
Balance at the End of the Fiscal Year	24,993	24,993	225
Retained Earnings			
Balance at the Beginning of the Fiscal Year	1,988,359	1,910,262	17,926
Additions:			
Profit Attributable to Owners of Parent	103,575	147,604	933
Deductions:			
Dividends	70,500	69,507	635
Balance at the End of the Fiscal Year	¥2,021,435	¥1,988,359	\$18,224

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, 2019

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2019	2018	2019
Cash Flows from Operating Activities:			
Income before Income Taxes	¥ 124,278	¥ 183,892	\$ 1,120
Depreciation	17,778	16,362	160
Equity in Losses (Earnings) of Affiliates	(3,669)	(7,205)	(33)
Net Increase (Decrease) in Reserve for Possible Loan Losses	687	(9,013)	6
Net Increase (Decrease) in Reserve for Possible Investment Losses	150	(6)	1
Net Increase (Decrease) in Reserve for Bonus Payments	(33)	(302)	(0)
Net Decrease (Increase) in Net Defined Benefit Asset	(5,205)	(6,914)	(46)
Net Increase (Decrease) in Net Defined Benefit Liability	2,805	(3,142)	25
Net Increase (Decrease) in Reserve for Directors' Retirement Benefits	(272)	221	(2)
Net Increase (Decrease) in Reserve for Agriculture, Fishery and Forestry Industry Subsidies	—	(523)	—
Interest Income	(1,311,278)	(1,146,827)	(11,821)
Interest Expenses	1,269,168	1,021,366	11,442
Losses (Gains) on Securities	(183,220)	(48,624)	(1,651)
Losses (Gains) on Money Held in Trust	(1,472)	(825)	(13)
Foreign Exchange Losses (Gains)	(642,970)	855,626	(5,796)
Losses (Gains) on Disposal of Fixed Assets	261	1,400	2
Net Decrease (Increase) in Trading Assets	(7,261)	2,132	(65)
Net Increase (Decrease) in Trading Liabilities	1,987	(1,115)	17
Net Decrease (Increase) in Loans and Bills Discounted	(6,755,155)	199,339	(60,901)
Net Increase (Decrease) in Deposits	997,508	3,913,375	8,993
Net Increase (Decrease) in Negotiable Certificates of Deposit	(2,130,057)	(768,613)	(19,203)
Net Increase (Decrease) in Debentures	(512,259)	(646,325)	(4,618)
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowed Money)	392,322	269,892	3,536
Net Decrease (Increase) in Interest-bearing Due from Banks	270,261	(172,171)	2,436
Net Decrease (Increase) in Call Loans and Bills Bought and Other	604,326	(580,777)	5,448
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	—	1,173	—
Net Increase (Decrease) in Call Money and Bills Sold and Other	30,659	(4,567,737)	276
Net Increase (Decrease) in Short-term Entrusted Funds	(357,095)	147,755	(3,219)
Net Increase (Decrease) in Payables under Securities Lending Transactions	—	(1,013)	—
Net Decrease (Increase) in Foreign Exchange Assets	(20,244)	(100,597)	(182)
Net Increase (Decrease) in Foreign Exchange Liabilities	(6)	36	(0)
Interest Received	1,289,872	1,184,377	11,628
Interest Paid	(1,257,830)	(1,017,707)	(11,339)
Other, Net	(130,559)	(497,652)	(1,177)
Subtotal	(8,316,524)	(1,780,143)	(74,977)
Income Taxes Paid	(12,004)	(45,357)	(108)
Net Cash Provided by (Used in) Operating Activities	(8,328,529)	(1,825,501)	(75,085)

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2019	2018	2019
Cash Flows from Investing Activities:			
Purchases of Securities	(13,100,524)	(14,994,997)	(118,107)
Proceeds from Sales of Securities	4,139,697	8,928,067	37,321
Proceeds from Redemption of Securities	6,933,138	14,695,131	62,505
Increase in Money Held in Trust	(293,098)	(2,085,643)	(2,642)
Decrease in Money Held in Trust	826,703	1,022,188	7,453
Purchases of Tangible Fixed Assets	(2,487)	(9,212)	(22)
Purchases of Intangible Fixed Assets	(12,302)	(16,094)	(110)
Proceeds from Sales of Tangible Fixed Assets	0	1,055	0
Purchase of Stocks of Subsidiaries (Affecting the Scope of Consolidation)	—	(2)	—
Net Cash Provided by (Used in) Investing Activities	(1,508,873)	7,540,491	(13,603)
Cash Flows from Financing Activities:			
Proceeds from Subordinated Borrowed Money	1,316,972	—	11,873
Repayments of Subordinated Borrowed Money	(1,512,373)	—	(13,634)
Proceeds from Issuance of Stock	559,710	—	5,046
Dividends Paid	(70,500)	(69,507)	(635)
Dividends Paid to Non-controlling Interests	(548)	(420)	(4)
Net Cash Provided by (Used in) Financing Activities	293,259	(69,927)	2,643
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(300)	—	(2)
Net Increase (Decrease) in Cash and Cash Equivalents	(9,544,443)	5,645,062	(86,047)
Cash and Cash Equivalents at the Beginning of the Fiscal Year	27,874,673	22,229,610	251,304
Cash and Cash Equivalents at the End of the Fiscal Year (Note 29)	¥ 18,330,229	¥ 27,874,673	\$ 165,256

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 ¥110.92=U.S.\$1, the approximate rate of exchange prevailing on March 31, 2019, 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, 2019 and 2018 were 16 and 13, 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 dates of the fiscal year-end of all consolidated subsidiaries are as follows:

Closing date: December 31, 2018 Number of subsidiaries: 3

Closing date: March 31, 2019 Number of subsidiaries: 13

The necessary adjustments have been made to the financial statements for any significant transactions that took place between their respective closing dates and the date of the consolidated financial statements.

Newly established “Norinchukin Europe N.V.” and other two companies were consolidated from the fiscal year ended March 31, 2019.

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, 2019 and 2018 were 7 and 7, 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.

(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 mon-

etary 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 ¥12,461 million (\$112 million) and ¥16,648 million for the fiscal years ended March 31, 2019 and 2018, 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.
	2019	2018	Dollars 2019
Trading Securities	¥ 8,560	¥3,064	\$ 77
Derivatives of Trading Securities	—	—	—
Derivatives of Securities Related to Trading Transactions	32	24	0
Trading-related Financial Derivatives	7,251	5,493	65
Total	¥15,844	¥8,582	\$142

4. Securities

As of March 31	Millions of Yen		Millions of U.S.
	2019	2018	Dollars 2019
Japanese Government Bonds	¥10,563,017	¥11,621,830	\$ 95,230
Municipal Government Bonds	13,262	8,779	119
Short-term Corporate Bonds	—	—	—
Corporate Bonds	1,215,377	679,893	10,957
Stocks	832,578	868,728	7,506
Other	43,034,472	39,142,627	387,977
Foreign Bonds	28,677,351	26,128,111	258,540
Foreign Stocks	32,575	38,563	293
Investment Trusts	13,437,295	12,129,913	121,144
Other	887,250	846,038	7,999
Total	¥55,658,707	¥52,321,859	\$501,791

The maturity profile of securities is as follows:

As of March 31, 2019	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	¥1,749,304	¥ 8,229,542	¥ 1,886	¥ 1,810,923	¥ —
Japanese Government Bonds	1,312,990	7,509,487	—	1,740,539	—
Municipal Government Bonds	4	13,232	23	1	—
Short-term Corporate Bonds	—	—	—	—	—
Corporate Bonds	436,309	706,821	1,862	70,383	—
Stocks	—	—	—	—	832,578
Other	3,811,238	4,657,551	12,900,806	9,627,508	12,037,367
Foreign Bonds	3,681,959	3,802,977	12,409,286	8,783,127	—
Foreign Stocks	—	—	—	—	32,575
Investment Trusts	115,376	712,669	82,825	782,235	11,744,188
Other	13,902	141,904	408,694	62,145	260,603
Total	¥5,560,543	¥12,887,094	¥12,902,692	¥11,438,431	¥12,869,945

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
Total	¥3,591,863	¥17,640,773	¥11,720,590	¥7,532,937	¥11,835,695

As of March 31, 2019	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	\$15,770	\$ 74,193	\$ 17	\$ 16,326	\$ —
Japanese Government Bonds	11,837	67,701	—	15,691	—
Municipal Government Bonds	0	119	0	0	—
Short-term Corporate Bonds	—	—	—	—	—
Corporate Bonds	3,933	6,372	16	634	—
Stocks	—	—	—	—	7,506
Other	34,360	41,990	116,307	86,796	108,522
Foreign Bonds	33,194	34,285	111,876	79,184	—
Foreign Stocks	—	—	—	—	293
Investment Trusts	1,040	6,425	746	7,052	105,879
Other	125	1,279	3,684	560	2,349
Total	\$50,131	\$116,183	\$116,324	\$103,123	\$116,029

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

5. Loans and Bills Discounted

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Loans on Deeds	¥17,106,235	¥10,347,290	\$154,221
Loans on Bills	367,218	401,018	3,310
Overdrafts	1,136,946	1,107,570	10,250
Bills Discounted	2,616	3,070	23
Total	¥18,613,018	¥11,858,949	\$167,805

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Loans to Borrowers under Bankruptcy Proceedings	¥ 534	¥ 286	\$ 4
Delinquent Loans	24,177	26,042	217
Loans Past Due for Three Months or More	888	198	8
Restructured Loans	18,040	15,945	162
Total	¥43,641	¥42,472	\$393

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

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Due from Foreign Banks	¥344,943	¥324,698	\$3,109
Total	¥344,943	¥324,698	\$3,109

7. Other Assets

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Prepaid Expenses	¥ 1,311	¥ 748	\$ 11
Accrued Income	186,905	175,992	1,685
Derivatives other than for Trading	171,796	597,343	1,548
Cash Collateral Paid for Financial Instruments	348,567	137,702	3,142
Other	707,006	673,555	6,374
Total	¥1,415,586	¥1,585,342	\$12,762

8. Tangible Fixed Assets and Intangible Fixed Assets

Tangible Fixed Assets

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Buildings	¥ 45,304	¥ 47,443	\$ 408
Land	47,150	47,545	425
Lease Assets	20,864	23,347	188
Construction in Progress	2	5	0
Other	3,971	4,014	35
Total Net Book Value	117,294	122,356	1,057
Accumulated Depreciation Deducted	¥106,285	¥ 99,687	\$ 958

Intangible Fixed Assets

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
As of March 31			
Software	¥24,272	¥24,550	\$218
Lease Assets	5,181	6,275	46
Other	19,311	12,654	174
Total	¥48,765	¥43,480	\$439

9. Assets Pledged

Assets pledged as collateral comprise the following:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
As of March 31			
Securities	¥18,229,425	¥19,560,428	\$164,347
Loans and Bills Discounted	1,388,120	1,928,190	12,514

Liabilities secured by the above assets are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
As of March 31			
Payables under Repurchase Agreements	¥15,111,297	¥15,080,638	\$136,236
Borrowed Money	3,079,812	3,011,560	27,766

In addition, as of March 31, 2019 and 2018, Securities (including transactions of Money Held in Trust) of ¥12,429,226 million (\$112,055 million) and ¥11,344,295 million, respectively, were pledged as collateral for settlement of exchange and derivative transactions or as margins of futures transactions.

As of March 31, 2019 and 2018, initial margins of futures markets of ¥32,203 million (\$290 million) and ¥4,063 million, respectively, cash collateral paid for financial instruments of ¥348,567 million (\$3,142 million) and ¥137,702 million, respectively, other cash collateral paid of ¥599,203 million (\$5,402 million) and ¥605,618 million, respectively, and guarantee deposits of ¥7,862 million (\$70 million) and ¥7,659 million, respectively, were included in Other Assets.

10. Deposits

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
As of March 31			
Time Deposits	¥58,135,842	¥56,835,908	\$524,124
Deposits at Notice	14,020	32,094	126
Ordinary Deposits	3,197,984	3,427,381	28,831
Current Deposits	82,320	93,018	742
Other Deposits	5,366,900	5,411,159	48,385
Total	¥66,797,069	¥65,799,561	\$602,209

11. Debentures

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
As of March 31			
Long-term Coupon Debentures	¥1,254,239	¥1,766,498	\$11,307
Total	¥1,254,239	¥1,766,498	\$11,307

12. Trading Liabilities

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Derivatives of Trading Securities	¥ 29	¥ —	\$ 0
Derivatives of Securities Related to Trading Transactions	36	18	0
Trading-related Financial Derivatives	6,955	5,015	62
Total	¥7,022	¥5,034	\$63

13. Borrowed Money

Borrowed Money includes subordinated borrowings of ¥1,317,895 million (\$11,881 million) and ¥1,513,296 million as of March 31, 2019 and 2018, respectively, which have a special agreement that requires the fulfillment of the payment obligations of such borrowing to be subordinated to other general liabilities.

14. Foreign Exchange Liabilities

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Foreign Bills Payable	¥32	¥38	\$0
Total	¥32	¥38	\$0

15. Other Liabilities

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Accrued Expenses	¥ 76,332	¥ 64,431	\$ 688
Income Taxes Payable	4,314	2,407	38
Unearned Income	590	1,110	5
Derivatives other than for Trading	485,291	214,744	4,375
Accounts Payable for Securities Purchased	5,537,846	3,773,492	49,926
Other	215,788	513,540	1,945
Total	¥6,320,163	¥4,569,727	\$56,979

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, 2019 and 2018, except for the plans accounted for by the simplified method, are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
As of March 31			
Balance at the Beginning of the Fiscal Year	¥139,531	¥138,996	\$1,257
Service Cost	4,053	4,025	36
Interest Cost	421	427	3
Actuarial Differences	1,586	918	14
Retirement Benefit Paid	(5,020)	(4,836)	(45)
Transfer due to change from the simplified method to the principal method	2,301	—	20
Balance at the End of the Fiscal Year	¥142,874	¥139,531	\$1,288

b. The changes in plan assets for the years ended March 31, 2019 and 2018, except for the plans accounted for by the simplified method, are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
As of March 31			
Balance at the Beginning of the Fiscal Year	¥158,299	¥147,829	\$1,427
Expected Return on Plan Assets	2,138	2,004	19
Actuarial Differences	2,170	8,881	19
Contributions by the Bank	1,765	1,699	15
Retirement Benefit Paid	(2,296)	(2,115)	(20)
Transfer due to change from the simplified method to the principal method	1,351	—	12
Balance at the End of the Fiscal Year	¥163,428	¥158,299	\$1,473

c. The changes in Net Defined Benefit Liability of the plans accounted for by the simplified method for the years ended March 31, 2019 and 2018 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
As of March 31			
Balance at the Beginning of the Fiscal Year	¥1,739	¥1,860	\$15
Retirement Benefit Expense	336	511	3
Retirement Benefit Paid	(207)	(478)	(1)
Contributions to the Plans	(34)	(154)	(0)
Transfer due to change from the simplified method to the principal method	(708)	—	(6)
Balance at the End of the Fiscal Year	¥1,125	¥1,739	\$10

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, 2019 and 2018 for the Bank's and the consolidated subsidiaries' defined benefit plans:

	Millions of Yen		Millions of U.S.
	2019	2018	Dollars 2019
As of March 31			
Funded Retirement Benefit Obligations	¥ 144,010	¥ 142,697	\$ 1,298
Plan Assets at Fair Value	(164,171)	(160,394)	(1,480)
	(20,161)	(17,696)	(181)
Unfunded Retirement Benefit Obligations	733	668	6
Net Amount of Liabilities and Assets Recorded in the Consolidated Balance Sheet	(19,427)	(17,028)	(175)
Net Defined Benefit Liability	38,287	35,481	345
Net Defined Benefit Asset	57,715	52,510	520
Net Amount of Liabilities and Assets Recorded in the Consolidated Balance Sheet	¥ (19,427)	¥ (17,028)	\$ (175)

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

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

	Millions of Yen		Millions of U.S.
	2019	2018	Dollars 2019
For the fiscal years ended March 31			
Service Cost	¥ 4,053	¥ 4,025	\$ 36
Interest Cost	421	427	3
Expected Return on Plan Assets	(2,138)	(2,004)	(19)
Amortization of Actuarial Differences	(4,820)	(3,792)	(43)
Amortization of Prior Service Cost	159	159	1
Retirement Benefit Expense by the Simplified Method	336	511	3
Other	1,431	1,051	12
Retirement Benefit Expense on Defined Benefit Plan	¥ (556)	¥ 377	\$ (5)

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

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

	Millions of Yen		Millions of U.S.
	2019	2018	Dollars 2019
For the fiscal years ended March 31			
Prior Service Cost	¥ 159	¥ 159	\$ 1
Actuarial Differences	(4,236)	4,170	(38)
Total	¥(4,076)	¥4,330	\$(36)

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:

	Millions of Yen		Millions of U.S.
	2019	2018	Dollars 2019
As of March 31			
Unrecognized Prior Service Cost	¥ (53)	¥ (212)	\$ (0)
Unrecognized Actuarial Differences	18,536	22,772	167
Total	¥18,483	¥22,560	\$166

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	2019	2018
Bonds	15%	15%
Stocks	75%	75%
Insurance Assets (General Account)	9%	9%
Other	1%	1%
Total	100%	100%

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

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

i. The assumptions used in accounting for the above plan

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

As of or for the fiscal years ended March 31	2019	2018
Discount Rate	0.3%	0.3%
Expected Rates of Increase in Salary	2.0–3.6%	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. Dollars
	2019	2018	2019
Deferred Tax Assets:			
Reserve for Possible Loan Losses	¥ 3,905	¥ 4,489	\$ 35
Write-off of Loans	1,851	2,347	16
Losses on Revaluation of Securities	13,972	15,503	125
Net Defined Benefit Liability	8,592	10,102	77
Depreciation Expense	459	416	4
Net Operating Losses Carried Forward	21	141	0
Unrealized Losses on Other Securities	—	6	—
Deferred Losses on Hedging Instruments	101,331	71,621	913
Unrealized Losses on Reclassification	3,710	4,428	33
Other	88,376	81,236	796
Subtotal	222,220	190,293	2,003
Valuation Allowance	(58,106)	(59,161)	(523)
Total Deferred Tax Assets	164,114	131,132	1,479
Deferred Tax Liabilities:			
Gains from Contribution of Securities to Employee			
Retirement Benefit Trust	(10,097)	(11,228)	(91)
Unrealized Gains on Other Securities	(564,620)	(424,879)	(5,090)
Deferred Gains on Hedging Instruments	(42,566)	(94,480)	(383)
Unrealized Gains on Reclassification	(8,014)	(12,669)	(72)
Other	(56,851)	(50,763)	(512)
Total Deferred Tax Liabilities	(682,150)	(594,021)	(6,149)
Net Deferred Tax Liabilities	¥(518,035)	¥(462,888)	\$(4,670)

18. Acceptances and Guarantees

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Guarantees	¥1,738,971	¥1,474,730	\$15,677
Total	¥1,738,971	¥1,474,730	\$15,677

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 ¥3,906,443 million (\$35,218 million) and ¥3,318,911 million as of March 31, 2019 and 2018, respectively. The amounts of the undrawn commitments, which the Bank and its consolidated subsidiaries could cancel at any time without cause, were ¥2,796,710 million (\$25,213 million) and ¥2,272,177 million as of March 31, 2019 and 2018 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 ¥952,649 million (\$8,588 million) and ¥1,142,492 million as of March 31, 2019 and 2018, respectively.

Securities borrowed under unsecured borrowing agreements (Saiken Taishaku Torihiki) and securities purchased under resale agreements and cash-collateralized borrowing agreements and others, which can be sold or re-pledged by the Bank, include securities re-pledge of ¥393,990 million (\$3,552 million) and ¥— million as of March 31, 2019 and 2018, respectively, and include securities held without re-pledge of ¥477,318 million (\$4,303 million) and ¥581,414 million as of March 31, 2019 and 2018, respectively. No such securities are re-loaned to the third parties.

21. Paid-in Capital

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Common Stock	¥4,015,198	¥3,455,488	\$36,199
Preferred Stock	24,999	24,999	225
Total	¥4,040,198	¥3,480,488	\$36,424

The Common Stock account includes lower dividend rate stock with a total par value of ¥3,589,481 million (\$32,360 million) and ¥3,029,771 million as of March 31, 2019 and 2018, 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

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Fiscal years ended March 31			
Income from Trading Securities and Derivatives	¥ —	¥ 39	\$—
Income from Trading-related Financial Derivatives	124	124	1
Total	¥124	¥163	\$ 1

23. Other Operating Income

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Fiscal years ended March 31			
Gains on Sales of Bonds	¥ 97,794	¥40,153	\$ 881
Gains on Redemption of Bonds	0	3,462	0
Gains on Derivatives other than for Trading or Hedging	3,783	469	34
Other	50,009	48,789	450
Total	¥151,587	¥92,874	\$1,366

24. Other Income

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Fiscal years ended March 31			
Gains on Sales of Stocks and Other Securities	¥ 68,414	¥ 8,289	\$ 616
Gains on Money Held in Trust	163,873	153,500	1,477
Equity in Earnings of Affiliates	3,669	7,205	33
Gains on Disposal of Fixed Assets	0	206	0
Recoveries of Written-off Claims	559	164	5
Reversal of Reserve for Possible Loan Losses	—	5,335	—
Gains on Exchange of Shares of Affiliates	—	14,272	—
Other	1,562	6,521	14
Total	¥238,078	¥195,496	\$2,146

25. Trading Expenses

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Fiscal years ended March 31			
Expenses on Trading Securities and Derivatives	¥ 30	¥ —	\$0
Expenses on Securities and Derivatives Related to Trading Transactions	299	246	2
Total	¥330	¥246	\$2

26. Other Operating Expenses

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Fiscal years ended March 31			
Amortization of Debenture Issuance Costs	¥ 98	¥ 105	\$ 0
Losses on Foreign Exchange Transactions	1,145	1,808	10
Losses on Sales of Bonds	99,649	25,586	898
Losses on Redemption of Bonds	0	0	0
Other	41,530	40,790	374
Total	¥142,424	¥68,292	\$1,284

27. Other Expenses

Fiscal years ended March 31	Millions of Yen		Millions of U.S.
	2019	2018	Dollars 2019
Write-off of Loans	¥ 213	¥ 25	\$ 1
Provision of Reserve for Possible Loan Losses	2,437	—	21
Losses on Sales of Stocks and Other Securities	0	7	0
Losses on Revaluation of Stocks and Other Securities	450	1,106	4
Losses on Money Held in Trust	297	207	2
Losses on Disposal of Fixed Assets	262	1,606	2
Provision of Reserve for Possible Investment Losses	150	—	1
Other	11,979	7,445	108
Total	¥15,791	¥10,402	\$142

28. Other Comprehensive Income

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

Fiscal years ended March 31	Millions of Yen		Millions of U.S.
	2019	2018	Dollars 2019
Net Unrealized Gains (Losses) on Other Securities:			
Gains (Losses) arising during the fiscal year	¥ 451,087	¥(567,800)	\$4,066
Reclassification adjustments to profit or loss	34,166	(29,631)	308
Amounts before tax effects	485,254	(597,431)	4,374
Tax effects	(135,810)	165,524	(1,224)
Total	349,444	(431,906)	3,150
Net Deferred Gains (Losses) on Hedging Instruments:			
Gains (Losses) arising during the fiscal year	(661,166)	(228,616)	(5,960)
Reclassification adjustments to profit or loss	367,409	348,013	3,312
Amounts before tax effects	(293,756)	119,396	(2,648)
Tax effects	81,242	(33,188)	732
Total	(212,514)	86,208	(1,915)
Foreign Currency Transaction Adjustments:			
Gains (Losses) arising during the fiscal year	8	(10)	0
Reclassification adjustments to profit or loss	—	—	—
Amounts before tax effects	8	(10)	0
Tax effects	—	—	—
Total	8	(10)	0
Remeasurements of Defined Benefit Plans:			
Gains (Losses) arising during the fiscal year	583	7,963	5
Reclassification adjustments to profit or loss	(4,660)	(3,633)	(42)
Amounts before tax effects	(4,076)	4,330	(36)
Tax effects	1,131	(1,201)	10
Total	(2,945)	3,128	(26)
Share of Other Comprehensive Income of Affiliates accounted for by the equity method:			
Gains (Losses) during the fiscal year	(493)	362	(4)
Reclassification adjustments to profit or loss	46	350	0
Total	(446)	713	(4)
Total Other Comprehensive Income	¥ 133,546	¥(341,866)	\$1,203

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:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
As of March 31			
Cash and Due from Banks	¥18,941,664	¥28,756,371	\$170,768
Less: Interest-bearing Due from Banks	(611,434)	(881,697)	(5,512)
Cash and Cash Equivalents at the End of the Fiscal Year	¥18,330,229	¥27,874,673	\$165,256

30. Segment Information

Fiscal year ended March 31, 2019

(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, 2019	Millions of Yen			
	Loan Business	Securities Investment Business	Others	Total
Ordinary Income from External Customers	¥110,654	¥1,514,602	¥106,889	¥1,732,146

Fiscal year ended March 31, 2019	Millions of U.S. Dollars			
	Loan Business	Securities Investment Business	Others	Total
Ordinary Income from External Customers	\$997	\$13,654	\$963	\$15,616

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, 2019	Millions of Yen				
	Japan	Americas	Europe	Others	Total
	¥1,674,786	¥33,708	¥5,080	¥18,571	¥1,732,146

Fiscal year ended March 31, 2019	Millions of U.S. Dollars				
	Japan	Americas	Europe	Others	Total
	\$15,099	\$303	\$45	\$167	\$15,616

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, 2019	Millions of Yen				
	Japan	Americas	Europe	Others	Total
	¥115,886	¥248	¥844	¥315	¥117,294

As of March 31, 2019	Millions of U.S. Dollars				
	Japan	Americas	Europe	Others	Total
	\$1,044	\$2	\$7	\$2	\$1,057

c. Information about Major Customers

Fiscal year ended March 31, 2019	Name of Customer	Millions of Yen	
		Ordinary Income	Name of Related Segments
	U.S. Department of the Treasury	¥202,819	—

Fiscal year ended March 31, 2019	Name of Customer	Millions of U.S. Dollars	
		Ordinary Income	Name of Related Segments
	U.S. Department of the Treasury	\$1,828	—

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, 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

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

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

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

c. Information about Major Customers

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

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

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 businesses.

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 difficulties of securing necessary funds in certain cases such as market crashes.

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, 2019 and 2018 summed up to ¥16 million (\$0 million) and ¥19 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 ¥2,170,676 million (\$19,569 million) and ¥2,202,220 million as of March 31, 2019 and 2018, 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, 2019 and 2018 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, 2019 and 2018 are as follows:

Unlisted stocks and other financial instruments whose fair value 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
As of March 31, 2019						
(1) Cash and Due from Banks	¥ 18,941,664	¥ 18,941,664	¥ —	\$170,768	\$170,768	\$ —
(2) Call Loans and Bills Bought	44,368	44,368	—	400	400	—
(3) Monetary Claims Bought	326,079	326,413	333	2,939	2,942	3
(4) Trading Assets (*2)						
Trading Securities	8,560	8,560	—	77	77	—
(5) Money Held in Trust (*1)						
Other Money Held in Trust	8,667,172	8,672,304	5,131	78,138	78,185	46
(6) Securities						
Held-to-Maturity Debt Securities	18,443,863	18,429,773	(14,089)	166,280	166,153	(127)
Other Securities	36,472,828	36,472,828	—	328,821	328,821	—
(7) Loans and Bills Discounted	18,613,018			167,805		
Reserve for Possible Loan Losses (*1)	(46,072)			(415)		
	18,566,945	18,591,749	24,803	167,390	167,614	223
Total Assets	¥101,471,483	¥101,487,662	¥ 16,179	\$914,816	\$914,962	\$ 145
(1) Deposits	¥ 66,797,069	¥ 66,797,077	¥ 8	\$602,209	\$602,209	\$ 0
(2) Negotiable Certificates of Deposit	790,599	790,599	—	7,127	7,127	—
(3) Debentures	1,254,239	1,256,761	2,522	11,307	11,330	22
(4) Payables under Repurchase Agreements	15,111,297	15,111,297	—	136,236	136,236	—
(5) Borrowed Money	4,837,392	4,837,392	—	43,611	43,611	—
(6) Short-term Entrusted Funds	1,048,091	1,048,091	—	9,449	9,449	—
Total Liabilities	¥ 89,838,688	¥ 89,841,219	¥ 2,530	\$809,941	\$809,964	\$ 22
Derivative Instruments (*3)						
Transactions not Accounted for as Hedge						
Transactions	¥ (572)	¥ (572)	¥ —	\$ (5)	\$ (5)	\$ —
Transactions Accounted for as Hedge						
Transactions	(312,649)	(312,649)	—	(2,818)	(2,818)	—
Total Derivative Instruments	¥ (313,221)	¥ (313,221)	¥ —	\$ (2,823)	\$ (2,823)	\$ —

(*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, 2018	Millions of Yen		
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and Due from Banks	¥ 28,756,371	¥ 28,756,371	¥ —
(2) Call Loans and Bills Bought	630,000	630,000	—
(3) Monetary Claims Bought	354,872	355,047	175
(4) Trading Assets (*2)			
Trading Securities	3,064	3,064	—
(5) Money Held in Trust (*1)			
Other Money Held in Trust	7,439,433	7,446,785	7,351
(6) Securities			
Held-to-Maturity Debt Securities	16,184,983	16,253,721	68,737
Other Securities	35,389,227	35,389,227	—
(7) Loans and Bills Discounted	11,858,949		
Reserve for Possible Loan Losses (*1)	(45,441)		
	11,813,507	11,797,889	(15,618)
Total Assets	¥100,571,460	¥100,632,107	¥60,646
(1) Deposits	¥ 65,799,561	¥ 65,799,582	¥ 21
(2) Negotiable Certificates of Deposit	2,920,656	2,920,656	—
(3) Debentures	1,766,498	1,770,670	4,172
(4) Payables under Repurchase Agreements	15,080,638	15,080,638	—
(5) Borrowed Money	4,641,504	4,641,504	—
(6) Short-term Entrusted Funds	1,405,187	1,405,187	—
Total Liabilities	¥ 91,614,045	¥ 91,618,238	¥ 4,193
Derivative Instruments (*3)			
Transactions not Accounted for as Hedge			
Transactions	¥ 1,495	¥ 1,495	¥ —
Transactions Accounted for as Hedge			
Transactions	381,594	381,594	—
Total Derivative Instruments	¥ 383,090	¥ 383,090	¥ —

(*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.

As of March 31, 2019	Millions of Yen	Millions of U.S. Dollars
Unlisted Stocks (*1) (*2)	¥125,178	\$1,128
Investment Trusts (*3)	228,770	2,062
Investments in Partnership and Others (*4)	388,065	3,498
Total	¥742,015	\$6,689

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

2. The amount of revaluation losses for the fiscal year ended March 31, 2019 was ¥325 million (\$2 million) on Unlisted Stocks.

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, 2018	Millions of Yen
Unlisted Stocks (*1) (*2)	¥128,707
Investment Trusts (*3)	274,236
Investments in Partnership and Others (*4)	344,703
Total	¥747,648

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

2. The amount of revaluation losses for the fiscal year ended March 31, 2018 was ¥988 million on Unlisted Stocks.

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, 2019	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)	¥18,849,584	¥ —	¥ —	¥ —	¥ —	¥ —
Call Loans and Bills Bought	44,368	—	—	—	—	—
Monetary Claims Bought	133,600	—	5,095	16,887	98,916	71,591
Securities						
Held-to-Maturity Debt Securities	2,226,832	5,288,827	730,267	943,333	1,529,827	7,720,488
Other Securities held that have Maturity	3,258,359	4,994,815	1,622,325	1,404,751	8,674,137	3,276,124
Loans and Bills Discounted (*2)	10,032,105	3,411,850	2,760,686	1,158,986	725,865	488,707
Total	¥34,544,850	¥13,695,493	¥5,118,374	¥3,523,958	¥11,028,747	¥11,556,912

As of March 31, 2019	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)	\$169,938	\$ —	\$ —	\$ —	\$ —	\$ —
Call Loans and Bills Bought	400	—	—	—	—	—
Monetary Claims Bought	1,204	—	45	152	891	645
Securities						
Held-to-Maturity Debt Securities	20,076	47,681	6,583	8,504	13,792	69,604
Other Securities held that have Maturity	29,375	45,030	14,626	12,664	78,201	29,535
Loans and Bills Discounted (*2)	90,444	30,759	24,888	10,448	6,544	4,405
Total	\$311,439	\$123,471	\$46,144	\$31,770	\$99,429	\$104,191

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

2. Loans to debtors in bankruptcy, debtors in default, doubtful debtors and others of ¥24,816 million (\$223 million) for which the redemption amount cannot be estimated, and loans with no maturity of ¥10,000 million (\$90 million) within Loans and Bills Discounted, are excluded from the table above.

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
Total	¥38,015,725	¥14,483,105	¥7,797,938	¥3,815,890	¥9,667,079	¥7,559,553

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

2. Loans to debtors in bankruptcy, debtors in default, doubtful debtors and others of ¥25,938 million for which the redemption amount 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:

As of March 31, 2019	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
Deposits (*1)	¥66,614,733	¥ 150,408	¥ 31,927	¥ —	¥ —	¥ —
Negotiable Certificates of Deposit	790,599	—	—	—	—	—
Debentures	474,791	526,026	253,420	—	—	—
Payables under Repurchase Agreements	15,111,297	—	—	—	—	—
Borrowed Money (*2)	1,049,163	1,791,517	673,648	3,825	1,342	1,317,895
Short-term Entrusted Funds	1,048,091	—	—	—	—	—
Total	¥85,088,676	¥2,467,953	¥958,996	¥3,825	¥1,342	¥1,317,895

As of March 31, 2019	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
Deposits (*1)	\$600,565	\$ 1,356	\$ 287	\$—	\$—	\$ —
Negotiable Certificates of Deposit	7,127	—	—	—	—	—
Debentures	4,280	4,742	2,284	—	—	—
Payables under Repurchase Agreements	136,236	—	—	—	—	—
Borrowed Money (*2)	9,458	16,151	6,073	34	12	11,881
Short-term Entrusted Funds	9,449	—	—	—	—	—
Total	\$767,117	\$22,249	\$8,645	\$ 34	\$12	\$11,881

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

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

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
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	—	—	—	—	—
Total	¥86,329,881	¥2,759,177	¥1,004,209	¥1,392,318	¥30,642	¥97,816

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

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

32. Fair Value of Securities

Trading Securities

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Trading Securities	Unrealized Gain Recognized as Income ¥181	Unrealized Gain Recognized as Income ¥30	Unrealized Gain Recognized as Income \$1

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, 2019	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	¥ 2,229,371	¥ 2,235,070	¥ 5,699	\$ 20,098	\$ 20,150	\$ 51
	Municipal Government Bonds	—	—	—	—	—	—
	Short-term Corporate Bonds	—	—	—	—	—	—
	Corporate Bonds	2,514	2,536	22	22	22	0
	Other	4,736,764	4,776,432	39,667	42,704	43,061	357
	Foreign Bonds	4,574,275	4,613,586	39,311	41,239	41,593	354
	Other	162,489	162,845	356	1,464	1,468	3
	Subtotal	6,968,650	7,014,040	45,389	62,825	63,235	409
Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	3,299,450	3,294,251	(5,199)	29,746	29,699	(46)
	Municipal Government Bonds	—	—	—	—	—	—
	Short-term Corporate Bonds	—	—	—	—	—	—
	Corporate Bonds	—	—	—	—	—	—
	Other	8,501,842	8,447,895	(53,946)	76,648	76,162	(486)
	Foreign Bonds	8,338,251	8,284,327	(53,923)	75,173	74,687	(486)
	Other	163,590	163,567	(22)	1,474	1,474	(0)
	Subtotal	11,801,293	11,742,147	(59,145)	106,394	105,861	(533)
	Total	¥18,769,943	¥18,756,187	¥(13,756)	\$169,220	\$169,096	\$(124)

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, 2018	Type	Millions of Yen		
		Consolidated	Fair Value	Difference
		Balance Sheet Amount		
Transactions for Fair Value exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	¥ 2,483,403	¥ 2,492,183	¥ 8,780
	Municipal Government Bonds	—	—	—
	Short-term Corporate Bonds	—	—	—
	Corporate Bonds	3,325	3,353	27
	Other	8,536,234	8,612,380	76,146
	Foreign Bonds	8,460,921	8,536,819	75,897
	Other	75,312	75,560	248
	Subtotal	11,022,963	11,107,917	84,954
Transactions for Fair Value not exceeding Consolidated Balance Sheet Amount	Japanese Government Bonds	4,326,845	4,313,750	(13,094)
	Municipal Government Bonds	—	—	—
	Short-term Corporate Bonds	—	—	—
	Corporate Bonds	—	—	—
	Other	1,165,007	1,162,060	(2,946)
	Foreign Bonds	910,487	907,613	(2,874)
	Other	254,519	254,446	(72)
	Subtotal	5,491,852	5,475,810	(16,041)
	Total	¥16,514,815	¥16,583,728	¥ 68,912

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, 2019	Type	Millions of Yen			Millions of U.S. Dollars		
		Consolidated Balance Sheet Amount	Acquisition Cost	Difference	Consolidated Balance Sheet Amount	Acquisition Cost	Difference
	Stocks	¥ 711,487	¥ 255,286	¥ 456,200	\$ 6,414	\$ 2,301	\$ 4,112
	Bonds	5,407,989	5,117,650	290,339	48,755	46,138	2,617
	Japanese Government Bonds	5,034,195	4,744,412	289,782	45,385	42,773	2,612
	Municipal Government Bonds	13,262	13,245	16	119	119	0
Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Short-term Corporate Bonds	—	—	—	—	—	—
	Corporate Bonds	360,532	359,991	540	3,250	3,245	4
	Other	19,000,213	17,574,944	1,425,268	171,296	158,447	12,849
	Foreign Bonds	11,001,728	10,484,956	516,772	99,186	94,527	4,658
	Foreign Stocks	17,038	7,372	9,666	153	66	87
	Investment Trusts	7,581,398	6,790,874	790,523	68,350	61,223	7,126
	Other	400,047	291,740	108,306	3,606	2,630	976
	Subtotal	25,119,689	22,947,881	2,171,808	226,466	206,886	19,579
	Stocks	11,448	14,122	(2,674)	103	127	(24)
	Bonds	852,331	852,599	(267)	7,684	7,686	(2)
	Japanese Government Bonds	—	—	—	—	—	—
	Municipal Government Bonds	—	—	—	—	—	—
Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost	Short-term Corporate Bonds	—	—	—	—	—	—
	Corporate Bonds	852,331	852,599	(267)	7,684	7,686	(2)
	Other	10,497,677	10,660,770	(163,093)	94,641	96,112	(1,470)
	Foreign Bonds	4,763,095	4,776,839	(13,744)	42,941	43,065	(123)
	Foreign Stocks	—	—	—	—	—	—
	Investment Trusts	5,627,126	5,770,844	(143,717)	50,731	52,027	(1,295)
	Other	107,454	113,086	(5,631)	968	1,019	(50)
	Subtotal	11,361,456	11,527,492	(166,035)	102,429	103,926	(1,496)
	Total	¥36,481,146	¥34,475,373	¥2,005,772	\$328,896	\$310,812	\$18,083

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, 2018	Type	Millions of Yen		
		Consolidated Balance Sheet Amount	Acquisition Cost	Difference
Transactions for Consolidated Balance Sheet Amount exceeding Acquisition Cost	Stocks	¥ 749,167	¥ 261,147	¥ 488,020
	Bonds	4,930,821	4,665,916	264,905
	Japanese Government Bonds	4,811,581	4,547,363	264,217
	Municipal Government Bonds	83	78	5
	Short-term Corporate Bonds	—	—	—
	Corporate Bonds	119,156	118,474	682
	Other	15,637,228	14,374,162	1,263,066
	Foreign Bonds	8,795,279	8,504,075	291,203
	Foreign Stocks	21,923	7,736	14,187
	Investment Trusts	6,395,997	5,556,975	839,022
	Other	424,027	305,374	118,653
	Subtotal	21,317,217	19,301,226	2,015,991
	Transactions for Consolidated Balance Sheet Amount not exceeding Acquisition Cost	Stocks	7,492	8,908
Bonds		566,107	566,636	(529)
Japanese Government Bonds		—	—	—
Municipal Government Bonds		8,695	8,700	(4)
Short-term Corporate Bonds		—	—	—
Corporate Bonds		557,411	557,936	(524)
Other		13,547,356	13,978,852	(431,495)
Foreign Bonds		7,961,423	8,180,330	(218,906)
Foreign Stocks		—	—	—
Investment Trusts		5,459,679	5,670,260	(210,581)
Other	126,253	128,260	(2,007)	
Subtotal	14,120,956	14,554,397	(433,440)	
Total	¥35,438,174	¥33,855,623	¥1,582,551	

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, 2019 and 2018.

Other Securities Sold during the Fiscal Year

Fiscal year ended March 31, 2019	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	¥ 26,811	¥ 17,638	¥ —	\$ 241	\$ 159	\$ —
Bonds	139,828	1,184	1	1,260	10	0
Japanese Government Bonds	139,481	1,184	—	1,257	10	—
Municipal Government Bonds	—	—	—	—	—	—
Short-term Corporate Bonds	—	—	—	—	—	—
Corporate Bonds	346	—	1	3	—	0
Other	3,879,368	147,120	99,659	34,974	1,326	898
Foreign Bonds	3,590,954	72,084	72,230	32,374	649	651
Foreign Stocks	1,908	492	0	17	4	0
Investment Trusts	118,455	50,967	28	1,067	459	0
Other	168,048	23,574	27,400	1,515	212	247
Total	¥4,046,008	¥165,943	¥99,661	\$36,476	\$1,496	\$898

Note: Investment Trusts include Japanese trusts and foreign trusts.

Fiscal year ended March 31, 2018	Millions of Yen		
	Sales Proceeds	Gains on Sales	Losses on Sales
Stocks	¥ 8,644	¥ 4,706	¥ 6
Bonds	—	—	—
Japanese Government Bonds	—	—	—
Municipal Government Bonds	—	—	—
Short-term Corporate Bonds	—	—	—
Corporate Bonds	—	—	—
Other	8,854,330	43,736	25,586
Foreign Bonds	8,838,475	38,265	23,701
Foreign Stocks	11	—	0
Investment Trusts	7,860	3,591	0
Other	7,983	1,879	1,884
Total	¥8,862,974	¥48,443	¥25,593

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 book value and the fair value is treated as a realized loss for the fiscal years ended March 31, 2019 and 2018 (“revaluation loss”), if the fair value has significantly deteriorated from the book value unless a recovery in the fair value is deemed probable.

The amount of revaluation loss for the fiscal year ended March 31, 2019 was ¥124 million (\$1 million) including ¥124 million (\$1 million) on Stocks.

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

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

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

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

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
As of March 31, 2019					
Other Money Held in Trust	¥8,667,392	¥8,618,740	¥48,651	¥140,343	¥91,691

	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
As of March 31, 2019					
Other Money Held in Trust	\$78,140	\$77,702	\$438	\$1,265	\$826

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

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, 2019	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	¥ 5,380	¥ 5,380	¥ (37)	¥ (37)	\$ 48	\$ 48	\$ (0)	\$ (0)
Purchased	5,398	—	6	6	48	—	0	0
Interest Rate Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Forward Rate Agreements:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Interest Rate Swaps:								
Rec.: Fix.-Pay.: Flt.	206,659	196,864	7,229	7,229	1,863	1,774	65	65
Rec.: Flt.-Pay.: Fix.	200,576	190,864	(6,891)	(6,891)	1,808	1,720	(62)	(62)
Rec.: Flt.-Pay.: Flt.	—	—	—	—	—	—	—	—
Interest Rate Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total	¥ /	¥ /	¥ 307	¥ 307	\$ /	\$ /	\$ 2	\$ 2

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, 2018	Millions of Yen			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year		
Exchange-traded Transactions				
Interest Rate Futures:				
Sold	¥ 47,735	¥ 47,735	¥ 140	¥ 140
Purchased	126,752	19,606	(81)	(81)
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
Rec.: Flt.-Pay.: Fix.	232,794	153,257	(4,597)	(4,597)
Rec.: Flt.-Pay.: Flt.	—	—	—	—
Interest Rate Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	—	—	—	—
Total	¥ /	¥ /	¥ 485	¥ 485

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, 2019	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year			Total	Over 1 Year		
Exchange-traded Transactions								
Currency Futures:								
Sold	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	\$ —
Purchased	—	—	—	—	—	—	—	—
Currency Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Currency Swaps								
Sold	—	—	—	—	—	—	—	—
Forwards:								
Sold	368,399	14,489	(3,225)	(3,225)	3,321	130	(29)	(29)
Purchased	556,750	14,533	2,380	2,380	5,019	131	21	21
Currency Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total	¥ /	¥ /	¥ (845)	¥ (845)	\$ /	\$ /	\$ (7)	\$ (7)

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, 2018	Millions of Yen			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year		
Exchange-traded Transactions				
Currency Futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Purchased	—	—	—	—
Currency Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Over-the-counter Transactions				
Currency Swaps				
Forwards:				
Sold	128,818	9,640	1,599	1,599
Purchased	143,097	9,644	(595)	(595)
Currency Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	—	—	—	—
Total	¥ /	¥ /	¥1,004	¥1,004

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, 2019 and 2018.

Bond-Related Derivative Instruments

As of March 31, 2019	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	¥13,471	¥—	¥(65)	¥(65)	\$121	\$—	\$ (0)	\$ (0)
Purchased	10,309	—	31	31	92	—	0	0
Bond Futures Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Bond Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total	¥ /	¥ /	¥(34)	¥(34)	\$ /	\$ /	\$ (0)	\$ (0)

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

2. Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at 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, 2018	Millions of Yen			
	Contract Amount or Notional Amount		Fair Value	Unrealized Gain/Loss
	Total	Over 1 Year		
Exchange-traded Transactions				
Bond Futures:				
Sold	¥ 1,024	¥—	¥(17)	¥(17)
Purchased	10,027	—	23	23
Bond Futures Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Over-the-counter Transactions				
Bond Options:				
Sold	—	—	—	—
Purchased	—	—	—	—
Other:				
Sold	—	—	—	—
Purchased	—	—	—	—
Total	¥ /	¥ /	¥ 5	¥ 5

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, 2019 and 2018.

Credit Derivative Instruments

The Bank and its consolidated subsidiaries held no Credit Derivative Instruments as of March 31, 2019 and 2018.

(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, 2019		Millions of Yen			Millions of U.S. Dollars			
Method of Hedges	Type of Derivative Instruments	Hedged Items	Contract Amount or Notional Amount		Fair Value	Contract Amount or Notional Amount		Fair Value
			Total	Over 1 Year		Total	Over 1 Year	
The Deferral Method	Interest Rate Swaps (Rec.: Fix.-Pay.: Flt.)	Debentures	¥ 905,000	¥ 465,000	¥ 3,273	\$ 8,159	\$ 4,192	\$ 29
	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Yen-denominated Securities, Deposits and Others	7,537,453	7,022,892	(193,036)	67,953	63,314	(1,740)
The Accrual Method	Interest Rate Swaps (Rec.: Flt.-Pay.: Fix.)	Loans and Bills Discounted, Yen-denominated Securities and Others	305,967	253,749	Note 3	2,758	2,287	Note 3
Total			¥ /	¥ /	¥(189,763)	\$ /	\$ /	\$(1,710)

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 fair value of certain interest rate swaps which the accrual method of hedge accounting is applied, as specifically permitted for certain interest rate swaps, is not included in the table above as the hedging instruments are accounted for together with 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, 2018

Millions of Yen

Method of Hedges	Type of Derivative Instruments	Hedged Items	Contract Amount or Notional Amount		Fair Value
			Total	Over 1 Year	
The Deferral Method	Interest Rate Swaps (Rec.: Fix.-Pay.: Flt.)	Debentures	¥1,425,000	¥ 825,000	¥ 4,366
	Interest Rate Swaps (Rec.:Flt.-Pay.: Fix.)	Yen-denominated Securities, Deposits and Others	7,308,939	7,019,564	104,040
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
Total			¥ /	¥ /	¥108,407

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 fair value of certain interest rate swaps which the accrual method of hedge accounting is applied, as specifically permitted for certain interest rate swaps, is not included in the table above as the hedging instruments are accounted for together with 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, 2019

Millions of Yen

Millions of U.S. Dollars

Method of Hedges	Type of Derivative Instruments	Hedged Items	Contract Amount or Notional Amount		Fair Value	Contract Amount or Notional Amount		Fair Value
			Total	Over 1 Year		Total	Over 1 Year	
The Deferral Method	Currency Swaps	Foreign Currency Denominated Securities and Others	¥17,402,560	¥10,065,496	¥(107,732)	\$156,892	\$90,745	\$ (971)
	Forex Forward		5,131,927	—	(15,154)	46,266	—	(136)
Total			¥ /	¥ /	¥(122,886)	\$ /	\$ /	\$(1,107)

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, 2018

Millions of Yen

Method of Hedges	Type of Derivative Instruments	Hedged Items	Contract Amount or Notional Amount		Fair Value
			Total	Over 1 Year	
The Deferral Method	Currency Swaps	Foreign Currency Denominated Securities and Others	¥13,386,163	¥7,160,947	¥222,272
	Forex Forward		4,882,459	—	50,915
Total			¥ /	¥ /	¥273,187

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, 2019 and 2018.

Bond-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no Bond-Related Derivative Instruments as of March 31, 2019 and 2018.

35. The Norinchukin Bank (Parent Company)

(1) Non-consolidated Balance Sheet

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Assets			
Cash and Due from Banks	¥ 18,906,686	¥ 28,729,996	\$170,453
Call Loans	44,368	630,000	400
Receivables under Resale Agreements	10,096	—	91
Monetary Claims Bought	326,079	354,872	2,939
Trading Assets	15,844	8,582	142
Money Held in Trust	8,666,524	7,438,320	78,133
Securities	55,751,186	52,332,765	502,625
Loans and Bills Discounted	18,438,032	11,742,630	166,228
Foreign Exchange Assets	327,003	324,698	2,948
Other Assets	1,409,538	1,580,600	12,707
Tangible Fixed Assets	115,914	120,920	1,045
Intangible Fixed Assets	45,435	40,043	409
Prepaid Pension Cost	28,574	20,821	257
Customers' Liabilities for Acceptances and Guarantees	140,063	141,073	1,262
Reserve for Possible Loan Losses	(46,861)	(46,681)	(422)
Reserve for Possible Investment Losses	(1,680)	(1,032)	(15)
Total Assets	¥104,176,806	¥103,417,613	\$939,206
Liabilities and Net Assets			
Liabilities			
Deposits	¥ 66,821,541	¥ 65,823,858	\$602,430
Negotiable Certificates of Deposit	790,599	2,920,656	7,127
Debentures	1,262,239	1,774,498	11,379
Payables under Repurchase Agreements	15,111,297	15,080,638	136,236
Trading Liabilities	7,022	5,034	63
Borrowed Money	4,780,892	4,585,004	43,102
Foreign Exchange Liabilities	32	38	0
Short-term Entrusted Funds	1,048,091	1,405,187	9,449
Other Liabilities	6,276,796	4,528,441	56,588
Reserve for Bonus Payments	5,947	6,022	53
Reserve for Retirement Benefits	25,617	24,614	230
Reserve for Directors' Retirement Benefits	782	1,121	7
Deferred Tax Liabilities	515,400	458,731	4,646
Deferred Tax Liabilities for Land Revaluation	8,607	8,607	77
Acceptances and Guarantees	140,063	141,073	1,262
Total Liabilities	96,794,930	96,763,528	872,655
Net Assets			
Paid-in Capital	4,040,198	3,480,488	36,424
Capital Surplus	25,020	25,020	225
Retained Earnings	1,953,053	1,922,906	17,607
Total Owners' Equity	6,018,273	5,428,416	54,257
Net Unrealized Gains on Other Securities, net of taxes	1,501,099	1,151,642	13,533
Net Deferred Gains (Losses) on Hedging Instruments, net of taxes	(151,808)	59,713	(1,368)
Revaluation Reserve for Land, net of taxes	14,312	14,312	129
Total Valuation and Translation Adjustments	1,363,602	1,225,668	12,293
Total Net Assets	7,381,875	6,654,084	66,551
Total Liabilities and Net Assets	¥104,176,806	¥103,417,613	\$939,206



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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, 2019, 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, 2019, 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 21, 2019