

Composition of Capital Disclosure (Consolidated)

The Norinchukin Bank

As of December 31, 2016

(millions of yen, %)

Basel III Template No.	Items	As of December 31, 2016	Amounts excluded under transitional arrangements	As of September 30, 2016	Amounts excluded under transitional arrangements
Common Equity Tier 1 Capital: instruments and reserves					
1a+2-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	5,348,393		5,302,830	
1a	of which: capital and capital surplus	3,455,509		3,455,509	
2	of which: retained earnings	1,892,884		1,847,320	
26	of which: cash dividends to be paid	-		-	
	of which: other than the above	-		-	
3	Accumulated other comprehensive income and other disclosed reserves	985,912	657,274	1,020,415	680,276
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-		-	
	Total of items included in Common Equity Tier 1 capital: instruments and reserves under phase-out arrangements	1,995		1,877	
	of which: non-controlling interests and other items corresponding to common share capital issued by consolidated subsidiaries (amount allowed to be included in group Common Equity Tier 1)	1,995		1,877	
6	Common Equity Tier 1 capital: instruments and reserves (A)	6,336,301		6,325,122	
Common Equity Tier 1 capital: regulatory adjustments					
8+9	Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	19,702	13,134	19,912	13,274
8	of which: goodwill (net of related tax liability, including those equivalent)	8,491	5,661	8,668	5,778
9	of which: other intangible assets other than goodwill and mortgage servicing rights (net of related tax liability)	11,210	7,473	11,243	7,495
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-	-
11	Deferred gains or losses on derivatives under hedge accounting	37,178	24,785	Δ 46,230	Δ 30,820
12	Shortfall of eligible provisions to expected losses	28,680	19,120	24,145	16,097
13	Securitisation gain on sale	-	-	-	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	-	-
15	Net defined-benefit asset	12,347	8,231	12,320	8,213
16	Investments in own shares (excluding those reported in the Net assets section)	-	-	-	-
17	Reciprocal cross-holdings in common equity	-	-	-	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share	-	-	-	-
19+20+21	Amount exceeding the 10% threshold on specified items	-	-	-	-
19	of which: significant investments in the common stock of financials	-	-	-	-
20	of which: mortgage servicing rights	-	-	-	-
21	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
22	Amount exceeding the 15% threshold on specified items	-	-	-	-
23	of which: significant investments in the common stock of financials	-	-	-	-
24	of which: mortgage servicing rights	-	-	-	-
25	of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		-	
28	Common Equity Tier 1 capital: regulatory adjustments (B)	97,908		10,147	
Common Equity Tier 1 capital (CET1)					
29	Common Equity Tier 1 capital (CET1) ((A)-(B)-(C))	6,238,392		6,314,975	
Additional Tier 1 capital: instruments					
31a	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and the breakdown	49,000		49,000	
31b	Subscription rights to Additional Tier 1 instruments	-		-	
32	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	-		-	
	Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	-		-	
34-35	Additional Tier 1 instruments issued by subsidiaries and held by third parties (amount allowed in group Additional Tier 1)	3,247		3,117	
33+35	Eligible Tier 1 capital instruments under phase-out arrangements included in Additional Tier 1 capital: instruments	509		509	
33	of which: instruments issued by banks and their special purpose vehicles	509		509	
35	of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	-		-	
	Total of items included in Additional Tier 1 capital: instruments under phase-out arrangements	Δ 4		Δ 64	
	of which: amounts of counted in to base instruments of Additional Tier 1 under phase-out arrangements that related other comprehensive income	Δ 4		Δ 64	
36	Additional Tier 1 capital: instruments (D)	52,752		52,562	
Additional Tier 1 capital: regulatory adjustments					
37	Investments in own Additional Tier 1 instruments	-	-	-	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-	-	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-	-	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	29,573	19,715	29,595	19,730
	Total of items included in Additional Tier 1 capital: regulatory adjustments under phase-out arrangements	9,560		8,048	
	of which: 50% of balance due to pay of eligible provisions	9,560		8,048	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		-	
43	Additional Tier 1 capital: regulatory adjustments (E)	39,134		37,644	
Additional Tier 1 capital (AT1)					
44	Additional Tier 1 capital (AT1) ((D)-(E)-(F))	13,618		14,918	
Tier 1 capital (T1=CET1+AT1)					
45	Tier 1 capital (T1=CET1+AT1) ((C)+(F)+(G))	6,252,011		6,329,894	

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Tier 2 capital: instruments and provisions					
46	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards and its breakdown	-		-	
	Subscription rights to Tier 2 instruments	-		-	
	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	1,415,480		1,415,480	
	Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	-		-	
48-49	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	112		139	
47+49	Eligible Tier 2 capital instruments under phase-out arrangements included in Tier 2: instruments and provisions	97,816		97,816	
47	of which: instruments issued by banks and their special purpose vehicles	97,816		97,816	
49	of which: instruments issued by subsidiaries (excluding banks' special purpose vehicles)	-		-	
50	Total of general reserve for possible loan losses and eligible provisions included in Tier 2	6		5	
50a	of which: general allowance for possible loan losses	6		5	
50b	of which: eligible provisions	-		-	
	Total of items included in Tier 2 capital: instruments and provisions under phase-out arrangements	392,776		442,145	
	of which: amounts of counted in to base instruments of Additional Tier 1 under phase-out arrangements that related other comprehensive income	392,776		442,145	
51	Tier 2 capital: instruments and provisions (H)	1,906,191		1,955,585	
Tier 2 capital: regulatory adjustments					
52	Investments in own Tier 2 instruments	-		-	
53	Reciprocal cross-holdings in Tier 2 instruments	-		-	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-		-	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		-	
	Total of items included in Tier 2 capital: regulatory adjustments under phase-out arrangements	34,821		33,442	
	of which: intangibles assets other than mortgage servicing rights	5,661		5,778	
	of which: 50% of balance due to pay of eligible provisions	9,560		8,048	
	of which: significant investments in the additional Tier 1 capital of other financial institutions	19,600		19,614	
57	Tier 2 capital: regulatory adjustments (I)	34,821		33,442	
Tier 2 capital (T2)					
58	Tier 2 capital (T2) ((H)-(I)) (J)	1,871,369		1,922,143	
Total capital (TC=T1+T2)					
59	Total capital (TC=T1+T2) ((G) + (J)) (K)	8,123,381		8,252,037	
Risk weighted assets					
	Total of items included in risk weighted assets under phase-out arrangements	16,293		16,298	
	of which: intangibles assets other than mortgage servicing rights	7,473		7,495	
	of which: net defined-benefit asset	8,231		8,213	
	of which: Deferred tax assets that rely on future profitability excluding those arising from temporary differences	-		-	
	of which: Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-		-	
	of which: significant investments in the Additional Tier 1 capital of Other Financial Institutions (net of eligible short positions)	589		589	
60	Risk weighted assets (L)	34,335,474		31,275,045	
Capital Ratio (consolidated)					
61	Common Equity Tier 1 capital ratio (consolidated) ((C)/(L))	18.16%		20.19%	
62	Tier 1 capital ratio (consolidated)((G)/(L))	18.20%		20.23%	
63	Total capital ratio (consolidated)((K)/(L))	23.65%		26.38%	
Regulatory Adjustments					
72	Non-significant Investments in the capital of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	347,275		305,318	
73	Significant investments in the common stock of Other Financial Institutions that are below the thresholds for deduction (before risk weighting)	50,971		50,391	
74	Mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	-		-	
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	-		-	
Provisions included in Tier 2 capital: instruments and provisions					
76	Provisions (general reserve for possible loan losses)	6		5	
77	Cap on inclusion of provisions (general reserve for possible loan losses)	157		116	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) (if the amount is negative, report as "nil")	-		-	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	188,621		166,909	
Capital instruments subject to phase-out arrangements					
82	Current cap on Additional Tier 1 instruments under phase-out arrangements	509		509	
83	Amount excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")	339		339	
84	Current cap on Tier 2 instruments subject to phase-out arrangements	921,604		921,604	
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities) (if the amount is negative, report as "nil")	-		-	