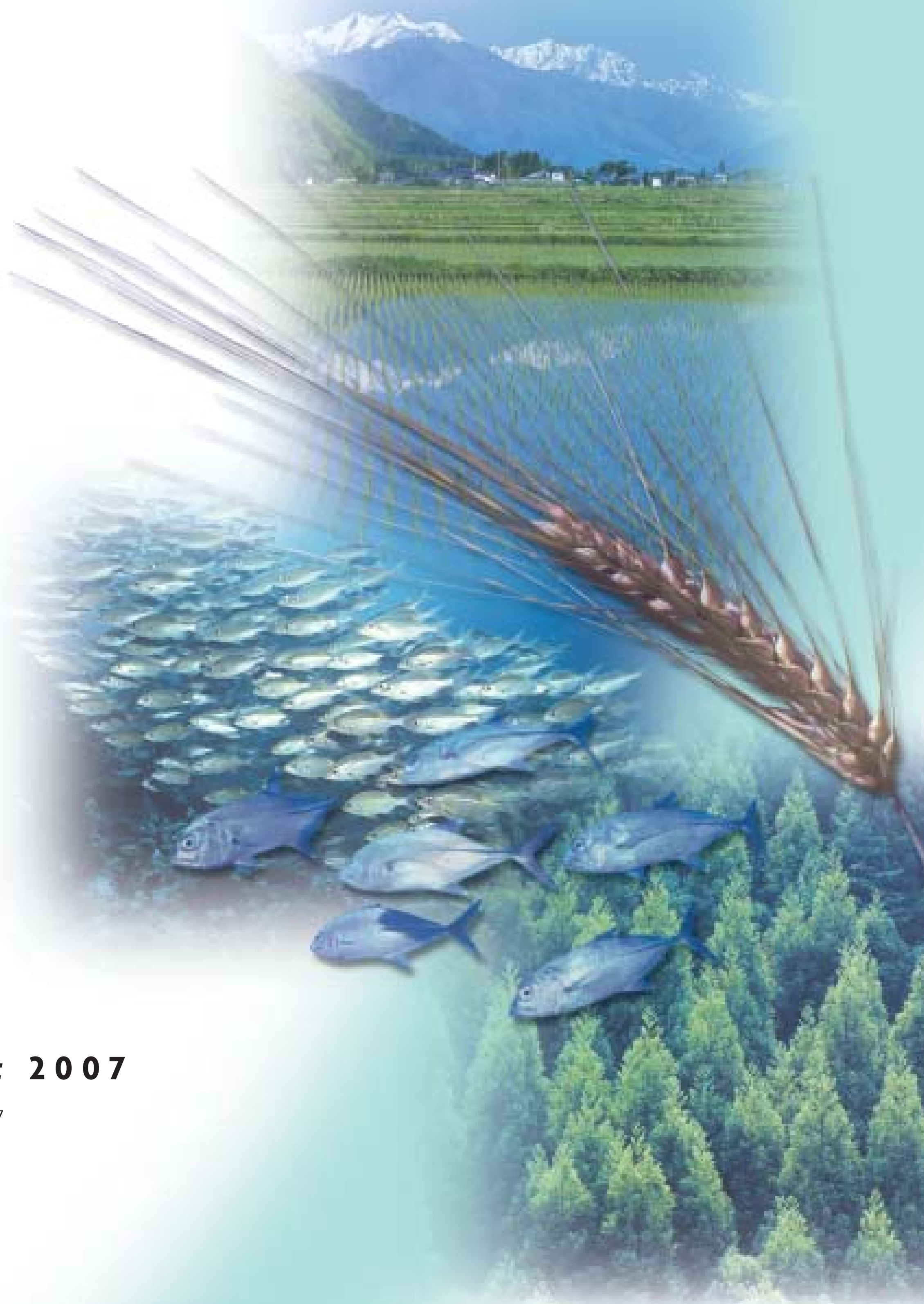

Annual Report 2007

For the Year Ended March 31, 2007

The Norinchukin Bank

Profile

The Norinchukin Bank (the "Bank") was established in 1923 as a quasi-governmental financial institution. Privatized in 1959, the Bank is one of Japan's largest and most distinguished financial institutions.

The Bank is the central bank for Japan's agricultural, forestry and fishery cooperative systems. Based on constant funds procurement from member cooperatives, the Bank carries out efficient and flexible asset management by investing in various financial products. This is carried out on a global scale. The profits from these activities are then continuously passed on to its members.

The Bank has branches in the world's major financial centers, including New York, London and Singapore. Coupled with its head office in Tokyo, this network enables 24-hour coverage of the global financial markets.

Corporate Outline (As of August 1, 2007)

Name: The Norinchukin Bank

Legal basis: The Norinchukin Bank Law (Law No. 93 of 2001)

Date of establishment: December 20, 1923

President and Chief Executive Officer: Hirofumi Ueno

Paid-in capital:
¥1,484 billion (US$12,576 million) (As of March 31, 2007)

**All capital is from private parties (members and investors in preferred securities). The Bank receives no public funding and has never accepted the injection of public funds.*

Total assets (On a consolidated basis):
¥68,242 billion (US$578 billion) (As of March 31, 2007)

Capital adequacy ratio (On a consolidated basis):
12.84% (As of March 31, 2007) (Basel II standard)

Members:
Japan agricultural cooperatives (JA), fishery cooperatives, forestry cooperatives, and related associations, as well as organizations that have invested in the Bank, including other agricultural, forestry and fishery cooperatives (Number of shareholders: 4,445 (As of March 31, 2007))

Number of employees: 2,744 (As of March 31, 2007)

Ratings: (As of June 30, 2007)

Ratings agency	Long-term debt	Short-term debt
Standard & Poor's	A+	A-1
Moody's Investors Service	Aa2	P-1

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Forward-Looking Statements

This material contains forward-looking statements pertaining to the businesses and prospects of the Bank. These statements are based on our current expectations and are subject to the risks and uncertainties that may affect our businesses, which could cause actual results to differ materially from those currently anticipated.

Hirofumi Ueno, President & CEO

A Message from the President

MANAGEMENT TASKS AND POLICY DIRECTIONS

The Fundamental Role of the Norinchukin Bank in the Agricultural, Forestry, and Fishery Cooperative System

The Norinchukin Bank ("the Bank") functions as a national level financial institution for agricultural, forestry, and fishery cooperatives in Japan, based on a steady supply of funds and capital from the Japan agricultural cooperatives (JA) and fishery cooperatives (JF). The Bank manages these financial resources stably and effectively by extending loans and investing in securities and other financial instruments. Operating profits generated from these business activities are recycled to agricultural, forestry, and fishery cooperatives that are the Bank's shareholders and clients. Along with these activities, the Bank supports JA and JF in their cooperative banking business by providing a range of services, including the operation of a unified nationwide computer system (JASTEM System) and the development of financial products. The Bank also responds to the funding needs of cooperative members. Moreover, the Bank supervises JA and JF on matters regarding their cooperative banking business activities, based on the context of relevant laws, and assists in strengthening and managing the JA Bank Safety Net and the JF Marine Bank Safety Net (Refer to the following page.). The Bank believes that it is our essential role to enhance the competitiveness and profitability of the cooperative banking business as well as to reinforce the reliability of the business.

Policy Directions of the Bank

Today, the Bank faces increasing competition in the retail financial market and changes in the composition of its clients and cooperative members. In the midst of such environmental changes, the Bank, as an integral institution of the JA Bank that comprises JA, the Prefectural Banking Federation of Agricultural Cooperatives (Shinnoren), and the Bank, contributes to achieving the objectives of the JA Bank as a whole by fulfilling its basic missions.

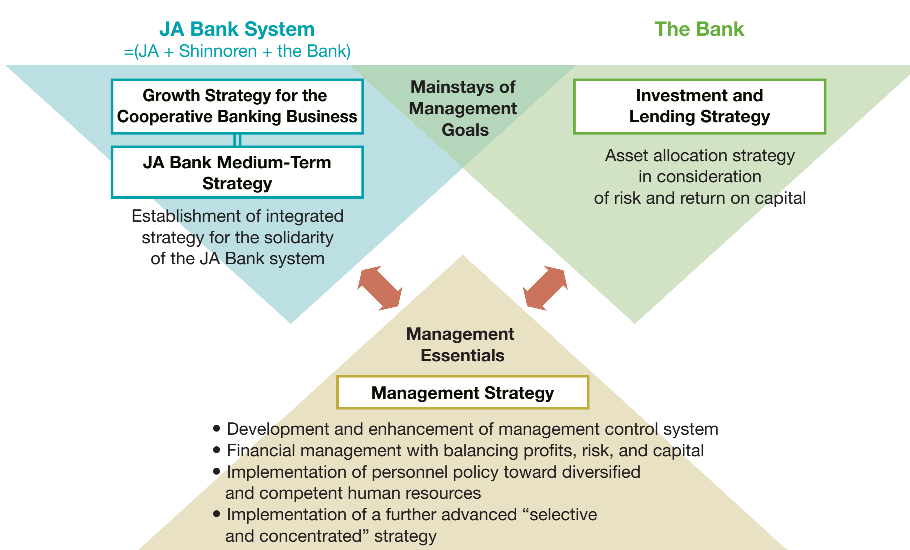
Above all, the Bank actively executes the growth strategy of the JA Bank together with JA and Shinnoren to ensure the trust of clients and cooperative members in the JA Bank and to secure its strong position in Japan's financial markets.

To accomplish this, the Bank takes initiatives not only in its business activities related to the agriculture, forestry, and fisheries industries and the cooperative banking business, but also in the wider areas of total industry-, society-, and environment-conscious activities. To carry out activities for this purpose, the Bank will take further steps to advance its business model, which has two mainstay management goals: namely, retail banking carried as the cooperative banking business as well as investment and lending activities.

In parallel with this, the Bank is endeavoring to nurture an organizational culture appropriate for a global financial institution that operates under the Financial Holding Company (FHC) status in the U.S. financial market (Refer to the following page.). As a prerequisite for the Bank's business model, the Bank rigorously adopts measures to upgrade its management and control systems, including strengthening its compliance system.

Initiatives in Fiscal 2006

As part of JA Bank business activities during fiscal 2006, which was the final year of the JA Bank Medium-Term Management Strategy (covering fiscal 2004 through fiscal 2006, the fiscal year ended March 31, 2007), the Bank promoted the expansion of JA Bank loans and spread its nationwide services infrastructure for loans. Other activities that aimed at strengthening JA Bank financial services included the introduction of IC cash cards and new JA cards, the introduction of biometric identification based on the scanning of human palm vein patterns, and the expansion of inheritance and will-related services to facilitate the transfer assets, such as agricultural land, to the next generation. They were launched under the Bank's strategic alliance in retail banking with Mitsubishi UFJ Financial Group, Inc. (MUFG).



In December 2006, the Bank prepared the next JA Bank business plan, namely the JA Bank Medium-Term Management Strategy (covering fiscal 2007 through fiscal 2009), which aims at taking the JA Bank up to the next level in each prefecture.

Other important initiatives and developments during the fiscal year are listed below.

- As part of efforts to streamline the organizational structure for cooperative banking business, the Bank successfully integrated the Akita Shinnoren into the Bank through the full transfer of all business operations in February 2007. This marked the fourth integration, following Miyagi Shinnoren, Okayama Shinnoren, and Nagasaki Shinnoren in fiscal 2005.
- In September 2006, the Bank issued the dated subordinated notes (Lower Tier II notes) through an overseas special-purpose company, thus having raised the total amount of ¥342.7 billion (at the time of the issue). This issue was launched on the basis of the Bank's judgment that additional capital was needed to further strengthen the asset management capabilities of the Bank and to establish a solid foundation for the risk-capital management system.
- In December 2006, the Bank obtained Financial Holding Company (FHC) status under the Bank Holding Company Act of 1956 from the U.S. Federal Reserve Board. The objective of obtaining the FHC status was to advance the Bank's global diversification strategy of its investment portfolio.
- The Bank reported another record level of ordinary profit of ¥373.2 billion for the fiscal year (an increase of 17.4% over the previous fiscal year). This performance was a result of initiatives to increase profits based on the strategy of globally diversified investment through increasing high-quality international assets, taking risks appropriate to the Bank's capital, and conducting proper risk management.

As of March 31, 2007, the Bank's capital adequacy ratio (by the new Basel standard) on a consolidated basis stood at 12.84%, which compared with 12.14% at the end of the previous fiscal year (by the former standard). On a non-consolidated basis, the Bank's capital adequacy ratio (by the new Basel standard) was 12.84%, which compared with 12.10% for the prior fiscal year (by the former standard).

Key Management Indicators (Consolidated)

	Billions of Yen					Millions of U.S. Dollars (Note)
	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005	**Fiscal 2006**	**Fiscal 2006**
Total Income	¥ 1,463	¥ 1,141	¥ 1,176	¥ 1,811	**¥ 2,639**	**$ 22,372**
Total Expenses	1,367	953	981	1,445	**2,250**	**19,075**
Net Income	65	144	139	269	**256**	**2,177**
Total Shareholders' Equity	1,767	2,523	2,901	—	—	—
Total Net Assets	—	—	—	3,927	**4,445**	**37,677**
Total Assets	61,265	61,833	61,978	70,721	**68,242**	**578,823**
Deposits	40,172	40,782	40,456	40,475	**41,243**	**349,521**
Debentures	5,790	5,213	4,704	4,787	**4,471**	**37,891**
Loans and Bills Discounted	19,179	17,789	15,692	11,963	**12,854**	**108,938**
Securities	28,623	33,509	37,425	45,586	**43,730**	**370,595**
Capital Adequacy Ratio (BIS)	9.87%	12.94%	11.73%	12.14%	**12.84%**	

Note: The calculation of the 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 Norinchukin Bank) issued in 2006 which came into effect from the fiscal year ended March 31, 2007. The former formula was applied in calculating the Capital Adequacy Ratio before the fiscal year ended March 31, 2007.

Medium-Term Management Plan

The Bank made a new Medium-Term Management Plan in February 2007 covering the three-year period from fiscal 2007 through fiscal 2009.

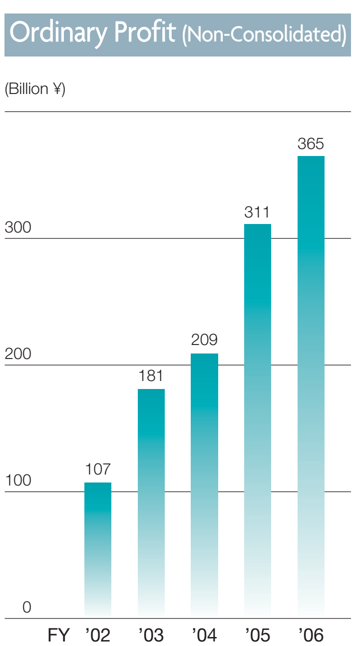
The new plan has been made on the recognition that the greater unity of the JA Bank is important in achieving sustainable growth of the JA Bank in the midst of the challenging business environment. The plan strongly takes into account the Bank's role of taking initiatives in the JA Bank Medium-Term Management Strategy and conducting its business as a financial institution active in global markets.

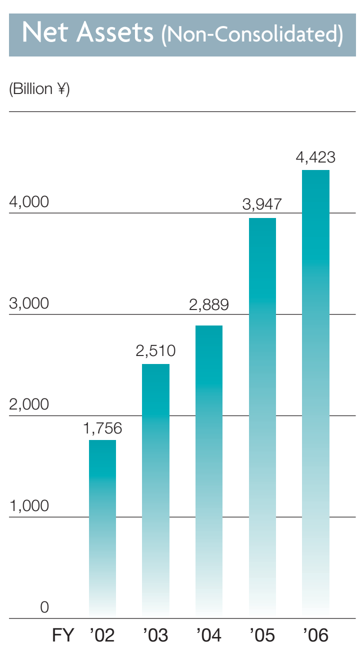
I. Growth Strategy of the Cooperative Banking Business

By establishing and implementing its growth strategy for the cooperative banking business as a whole, the Bank, together with JA and Shinnoren, will enhance the JA Bank's presence in Japan's financial markets.

More specifically, the Bank will aim to attain the numerical targets of the JA Bank Medium-Term Management Strategy while substantially strengthening its functions as the national headquarters of the JA Bank as well as the regional headquarters of the JA Bank in prefectures where the Bank and Shinnoren have merged. Along with these activities, the Bank will take measures to reform the business activities and organization of the Fishery Cooperative Banking Business.

- The Bank will support the JA and Shinnoren so that they will attain the necessary numerical targets established under the JA Bank Medium-Term Management Strategy (Refer to the following page.).
- The Bank will support the JA to create a system to strengthen financial services for core farmers and consultancy services for major clients, while taking the initiatives in developing and supplying financial products.





- With the aim of strengthening the retail banking activities of the JA Bank, the Bank will further utilize its retail infrastructure that has been upgraded through strategic alliances, etc. The Bank will also take on product development and establish a distribution channel strategy. Moreover, the Bank and Shinnoren will work to strengthen their planning ability.
- The Bank will rigorously strengthen the internal risk control systems of JA and Shinnoren in order for them to meet the Basel II regulations and improving their management system in the phase of rising interest rates in Japan. In addition, the Bank, together with the Central Union of Agricultural Cooperatives (Zenchu), will help JA and Shinnoren to design and strengthen their internal controls to prevent mismanagement of operations and to appropriately deal with customer complaints.
- To maintain and enhance the presence of the JA Bank in the retail financial market and to respond appropriately to the Basel II regulations, the JA Bank will make a new business model, in which the roles of JA, Shinnoren, and the Bank are more clearly defined.
- The Bank will start consultation at the prefectural level to develop optimum JA Bank business models tailored for each prefecture and to establish prefectural headquarter functions in Shinnoren (or the Bank's branches in prefectures in which the Bank merged with Shinnoren).
- To further increase the soundness of the JA Bank, the Bank will improve monitoring over JA and Shinnoren, and strengthen the JA Bank Safety Net.
- The Bank will not only improve and ensure the quality and the operational stability of the current JASTEM System ("JASTEM") but also develop the next-generation JASTEM, which is due to be released in 2010, and prepare a smooth transition through appropriate project and risk management.

  Along with these activities, the Bank will take steps to effectively improve the Agricultural Cooperative Banking Computer System as a whole by promoting initiatives to standardize JA Bank operation processes and product characteristics.
- The Bank will strengthen the JF Marine Bank Safety Net and tackle outstanding issues for the JF Marine Bank, including nonperforming loans, within a target period.

  The Bank will aim to establish a new Fishery Cooperative Banking Business model by reforming the JF Marine Bank's management system into a low-risk and low-cost model.

  Through these activities, the JF Marine Bank will work to reduce various risks and build a "Stable and Responsible Fishery Cooperative Banking Business System."

II. Investment Strategy

Based on the careful examination of returns on capital and risk as a source of profits, the Bank will secure stable earnings by taking appropriate risks on a global basis and in a diversified manner through managing overall asset allocation spanning from market investment to lending.

- While working to keep a balance among profits, risks, and return on capital, the Bank will secure profits that will make it possible to provide stable returns to its shareholders by managing optimal allocation among bonds, stocks, lending, and credit alternative assets, based on the strategy of globally diversified investment.
- As a financial institution for the agricultural, forestry, and fisheries industries, the Bank will provide financial services, including support for new business and revitalization business, to the agricultural, forestry, and fishery cooperatives, their members and companies deeply related to the agricultural, forestry, and fisheries industries, as well as financial services for core farmers.
- The Bank will put corporate lending and alternative investments together into the broadly defined category of “credit investment” and manage investment and lending of that category under a unified allocation strategy based on consideration of risk-return on capital.
- The Bank will maintain and strengthen the accuracy of operations, in view of the globalization and sophistication of investment and lending operations, and the realization of the advancement of internal control.

III. Management Strategy

In full recognition of the Bank’s basic mission and social responsibility as a major institutional investor, the Bank will reinforce its corporate governance as well as develop and enhance its management and control systems. Moreover, the Bank will not only conduct financial management by balancing profits, risks, and capital, but also implement a personnel policy fortified by diverse and competent human resources. Also, the Bank will strengthen its “selective and concentrated” strategy for the whole scope of its business.

- The Bank is intensifying its efforts to enhance the effectiveness of its compliance system and establish a corporate culture appropriate for a central banking cooperative for the agricultural, forestry, and fisheries industries as well as for a global financial institution.
- To ensure the appropriateness of operations and management in accordance with relevant accounting standards and regulatory authorities, the Bank is constantly reviewing and upgrading its internal control system.

  The Bank places especially strong emphasis on meeting the requirements of the so-called J-SOX Law (the equivalent in Japan for the Sarbanes-Oxley Act in the United States) and is decisively taking steps to ensure financial disclosure as well as upgrade Risk and Control Self-Assessment (RCSA) of the established practices throughout the entire institution.

  In addition, the Bank will strengthen its internal auditing functions throughout the Bank to ensure the proper operations of the Bank.
- To preserve trust from various stakeholders, the Bank is taking initiatives to fulfill its social responsibilities, such as (1) responsibilities under its basic mission (returning profits to shareholders), (2) responsibilities as a central banking cooperative for the agricultural, forestry, and fisheries industries (contributing to growth of the agricultural, forestry, and fisheries industries) and as a major institutional investor, and (3) responsibilities as a corporate citizen (contributing to the society).
- The Bank will actively disclose information not only to its members but also to its overseas and domestic investors, and thereby enhance the transparency of its management.

- The Bank will further strengthen its firm-wide risk management systems in order to make them fit the Bank's own business model and to meet the Basel II regulations. Efforts will be made both on the quantitative aspects of measuring risks and relating risks to the Bank's capital and on the qualitative aspects of capturing comprehensive information on risks and controlling the risks.

  Through these activities, the Bank will establish the process of evaluating the adequacy of its capital in relation to its risk profile.
- To ensure stable earnings and to maintain and upgrade the Bank's capital ratio, the Bank will implement an appropriate capital policy based on the evaluation of its capital adequacy.
- To secure diverse candidates who will become core employees in implementing the growth strategy of the cooperative banking business, the Bank's investment and lending strategy, and its management strategy, the Bank will diversify its recruiting channels, allocate its human resources flexibly and strategically, and upgrade employee training.

  Along with these activities, the Bank is working to create an attractive work environment in which each employee can feel confident that they are making a worthwhile contribution and have a sense of fulfillment.

IV. CSR Initiatives

The Bank believes that the aim of its CSR activities is to increase the satisfaction of its stakeholders—including shareholders, depositors, customers, employees, and the community—by integrating initiatives throughout society and natural-environment preservation policies into its management plan and implementing them in practice.

Especially in fiscal 2006, the Bank placed primary emphasis on CSR activities related to the agricultural, forestry, and fisheries industries, such as financial services for core farmers and the Forest Rejuvenation Fund.

In fiscal 2007, the Bank, as a member of the JA Bank, will start "JA Bank Agri-Support Business" for the purposes of (1) supporting core farmers, (2) offering assistance for activities that contribute to agricultural and regional communities, and (3) increasing the general public's understanding of and interest in agriculture.

In Closing

The Bank is committed to steadily addressing each of the management tasks presented in this message and working to make even greater contributions to the satisfaction of stakeholders. We look forward to your continuing support and encouragement.

August 2007

Hirofumi Ueno

Hirofumi Ueno
President and Chief Executive Officer

Topics

PREPARATION OF THE JA BANK MEDIUM-TERM MANAGEMENT STRATEGY (FISCAL 2007 THROUGH FISCAL 2009)

JA Bank "Step-Up" Plan

The Norinchukin Bank ("the Bank") made a three-year business strategy for the JA Bank as a whole entitled the "JA Bank Medium-Term Management Strategy (fiscal 2007 through fiscal 2009)," and implementation began with the commencement of the current fiscal year.

1. Objectives of the JA Bank Medium-Term Management Strategy

The current JA Bank Medium-Term Management Strategy has three key objectives: (1) To identify and prioritize the items for focus over the coming three years of the strategy, beginning with "enhancing financial services for core farmers," (2) To set numerical targets common to all JA and implement initiatives to attain them, and (3) To strengthen the cohesiveness among JA, Shinnoren, and the Bank so that these priority policy objectives and numerical targets are carried out.

Based on the concepts of this strategy, the JA Bank will prepare and implement "Each Strategy at Every Prefectural Level" and thus aim to raise the level of the JA Bank as a whole. To underscore this objective, the strategy has been subtitled "the JA Bank Step-Up Plan."

2. Specific Content of the JA Bank Medium-Term Management Strategy

The strategy has four specific policy objectives.

(1) Implementing Policies to Increase the Core Customers Base

1. Enhancing the Responsiveness of Financial Services for Core Farmers
2. Providing Consulting to Major Clients

To respond to the transformation of the needs of cooperative members and customers, the JA Bank is striving to increase the core customers base. Over the coming three years especially, responding to the needs of core farmers will be the most important task for the JA Group. Accordingly, the JA Bank will work actively to provide new financing to core farmers.

(2) Implementing Competitive Strategy for the Retail Financial Market

1. Expanding JA Bank loans
2. Implementing JA Bank card strategy
3. Promoting individual deposits and pensions
4. Expanding sales of Japanese government bonds and investment trusts
5. Creating a more efficient retail business system

To win in competition with competitors and strengthen its earning power, JA, Shinnoren, and the Bank will together implement a competitive strategy.

(3) Upgrading Management Control Systems as a Financial Institution

The JA Bank will adopt measures to enhance the sophistication of its management control systems, as a financial institution, to respond properly to new regulatory requirements, including the Basel II regulations, and conduct appropriate risk management activities.

(4) Establishing a New Business Model for the JA Bank as a Whole

The JA Bank will consider new business models as a whole that can bring together more effectively the drive within JA "to strengthen face-to-face consultation services for members and customers," and the movement within Shinnoren and the Bank "to realize economies of scale and enhance backup support functions."

3. Implementation of the JA Bank Medium-Term Management Strategy

To put the previously mentioned policies into action throughout the JA Bank, numerical targets will be set in all JA, and JA, Shinnoren, and the Bank will work together to attain them. The items for which numerical targets will be set are shown below.

In addition, the JA Bank as a whole is moving forward with initiatives to train and develop professionals who can respond accurately to the needs of customers, offer appropriate information to cooperative members and customers through active disclosure and PR activities, and operate systems efficiently.

Managerial Target: Set the National-Level Numerical Target on the Ground of Each JA's Buildup Approach

- Profits from the cooperative banking business
- Outstanding amounts of JA Bank loans, the number of subscribers of the JA Card, outstanding amounts of retail deposits, the numbers of newly obtained pension funds, sales amounts of JGBs and investment trusts to customers

INITIATIVES TO SUPPLY FINANCIAL SERVICES FOR CORE FARMERS

Significance and Background of These Activities

Fostering core farmers is becoming increasingly important for Japan's farming industry and agricultural administration.

The JA Bank also provides active financial services to promote and develop agriculture in each region as the main bank for core farmers.

■ Strengthening Implementation Systems with "JA Bank Finance Leaders for Core Farmers" as the Key People and Establishing New Funding Sources for Core Farmers

Following the introduction of the system for appointing practical financial leaders, "JA Bank Finance Leaders for Core Farmers," to coordinate the provision of funding and other services to meet the needs of core farmers, the number of these leaders had risen to 1,292 as of May 31, 2007. These leaders are positioned to respond effectively to the consultation on financing and other matters of core farmers. Moreover, to support the activities of these leaders, an information exchange tool was introduced in March 2007 that makes use of a social networking service (SNS) framework.

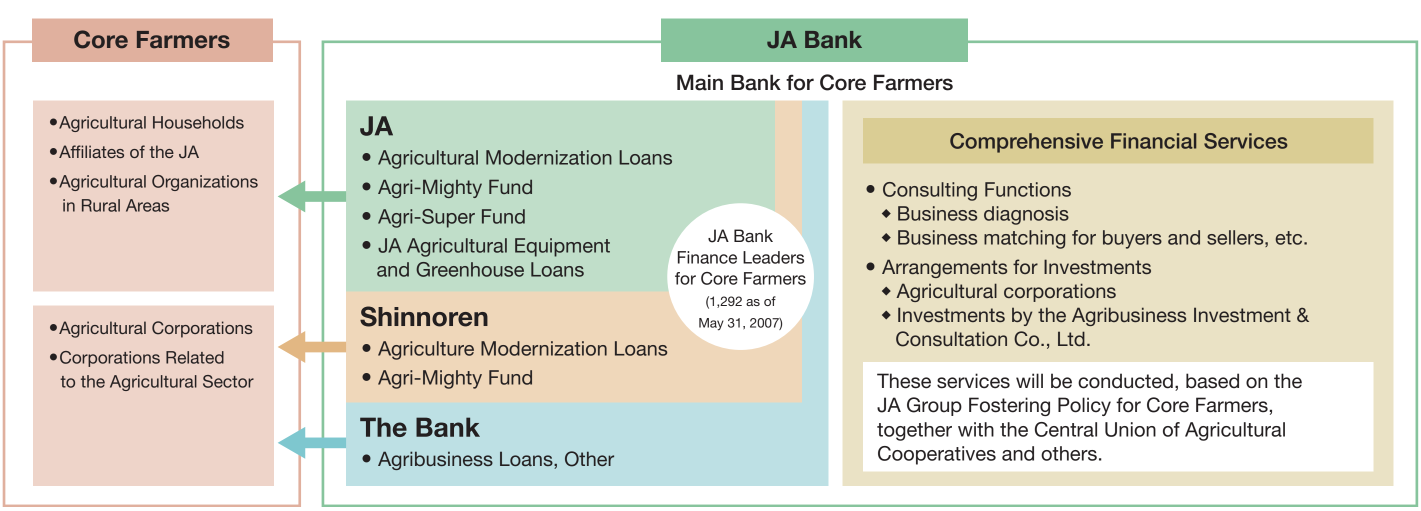
In January 2007, an Agri-Super Fund and a JA Agricultural Equipment and Greenhouse Loan were introduced. The Agri-Super Fund can be used for core farmers who are engaged in multi-products. The JA Agricultural Equipment and Greenhouse Loan, under a unified nationwide procedure, provides quick-response financing for agricultural equipment, greenhouses, and other funding requirements.

■ Making Use of Measures for Agribusiness Loans and Funds Secured by Using Livestock as Collateral

The Bank began to offer Agribusiness Loans in April 2005. These loans are made available to agricultural corporations engaging in various activities (including the production, processing, and sale of rice; the production and processing of vegetables); livestock farmers; garden product suppliers; and other types of agriculture-related companies. In addition, the Bank supports the financial stabilization of agricultural corporations through investments made by the Agribusiness Investment & Consultation Co., Ltd., an affiliate company of the Bank.

In November 2006, the National Federation of Agricultural Cooperative Associations, Kyoei Mutual Fire & Marine Insurance Co., and the Bank worked together to introduce a new system for effectively using livestock (cattle and pigs) as collateral for financing, making use of a trust scheme.

Initiatives to Strengthen JA Bank Financial Services for Core Farmers



POLICY FOR CSR INITIATIVES AND ESTABLISHMENT OF JA BANK AGRISUPPORT BUSINESS

■ The Bank's Policy for CSR Initiatives

Interest regarding corporate social responsibility (CSR) has risen in recent years. The Bank also included a section in its Medium-Term Management Strategy (fiscal 2007 through fiscal 2009) entitled "Fulfillment of Corporate Social Responsibility (CSR)." The following is a summary of the Bank's CSR policy.

■ Background for Establishment of JA Bank AgriSupport Business

JA, Shinnoren, and the Bank are implementing greater measures to Japan's agriculture and agricultural communities facing major transformations than ever before. The JA Bank AgriSupport Business was established based on the policy that the JA Bank should fulfill its mission to society.

■ Purposes for Establishment

As a result of developments in government agricultural administration, the operating environment for agriculture is undergoing drastic changes. This is drawing attention to many related issues, including policies aimed at creating larger and stabler agricultural management units; expansion of areas where the cultivation of agricultural produce has been abandoned; and the movement of population away from agricultural areas and the aging population of the agricultural settlements.

JA has focused on policies to foster and secure core farmers for its agricultural and regional communities, and made significant efforts to preserve the natural environment in response to the expectations from society, and also to provide support not only to core farmers but also to non-core farmers and members, and finally to make contributions to the local community.

Amid these conditions, the JA, Shinnoren, and the Bank believe that—by establishing these businesses that address the issues faced by cooperative member management, agriculture, and agricultural communities, and offer support for growth—they will fulfill their social responsibilities as cooperative financial institutions that have the mission of promoting the development of the agricultural, forestry, and fisheries industries.

Policy for CSR Initiatives

The Norinchukin Bank is a financial institution with its base in the agricultural, forestry, and fishery cooperative organization and an active participant making investments and providing loans in the global market. To contribute to the sustainable development of the Japanese economy and society based on the trust of its diverse range of stakeholders, the Bank has positioned "Systems for Strong Internal Management, Including Thoroughgoing Compliance with Laws and Regulations" and "Personnel Policies to Enable a Diversity of Human Resources to Play Active Roles," as the basis for all trust. Accordingly, in all aspects of its activities, the Bank works to

1. Contribute to its shareholders and members
2. Contribute to the promotion of the agricultural, forestry, and fisheries industries
3. Contribute to society

The Bank proactively conducts CSR activities to contribute in these three areas.

■ Outline of the AgriSupport Business

This business will give consideration to the establishment of funds that will actively offer risk capital for challenging initiatives related to agriculture, such as assistance to core farmers nationwide as they stand on the starting line for major changes in agricultural policy and administration. These may include activities for the revitalization of agriculture and regional communities, such as policies for land areas where agricultural production has been abandoned, projects for exporting agricultural products and measures to facilitate new entries into the agriculture business.

Name of organization: JA Bank AgriSupport Business

Activities: This business will focus on the following three areas and work to contribute to the promotion of agriculture.

1. Providing support for core farmers
2. Offering assistance for activities that contribute to agriculture and regional communities
3. Promoting activities to improve the understanding of and increase interest in agriculture

Specific projects may include the establishment of funds to promote exports of agricultural products as well as the entry into, development and expansion of new businesses, such as biomass usage and other projects. Other activities will likely include implementing policies to strengthen financial support for core farmers and support for initiatives that link the producing regions with the regions where the products are consumed.

Project costs: The Bank is planning on contributions of ¥10 billion to this business over a three-year period ending in fiscal 2009.

FOREST REJUVENATION INITIATIVES

Japan's Forests Threatened with Deterioration

■ Forests—National Assets

Forests are more than just producers of raw materials that enable the forestry industry to supply lumber. Forests also play major roles as a base for the agricultural, forestry, and fisheries industries by helping to create productive farmland for raising crops and by contributing to an abundant natural environment in the sea. Furthermore, forests offer a wide range of other benefits that extend beyond the agricultural, forestry, and fisheries industries, including contributing to the prevention of global warming by absorbing carbon dioxide, preventing environmental disasters by protecting soil and groundwater sources, and contributing to health and human culture by creating ecologically balanced settings. Accordingly, forests should be regarded as "national assets."

The Forest Rejuvenation Fund

■ Establishment of the Forest Rejuvenation Fund (Public Trust)

To provide support for activities directed at revitalizing private forestlands threatened with deterioration and to help forests fulfill their roles beneficial to the public interest, the Bank established its Norinchukin 80th Anniversary Forest Rejuvenation Fund (Public Trust) in March 2005.

The objective of this fund is to enable private and communal forests that are currently becoming unsustainable, to once again fulfill their roles in the public interest and to offer support for forestry rejuvenation projects and related activities that are recognized as highly effective. The initial amount placed in the fund was ¥1 billion, and ¥100 million is provided annually for such projects. Recipients of this support include various cooperative unions, including forestry cooperatives, NPOs, and other non-profit foundations. During the scheduled 10-year period of the trust, the Bank is selecting several projects each year for support and thereby supporting the rejuvenation of Japan's forests.

■ Follow-Up Activities of the Fund

The Bank's activities go beyond the establishment and administration of a public trust and the provision of project funding, and include activities to position the projects chosen for support as models for other areas nationwide. These activities have included sending specialists in the fields of forest ecology and forestry management to the project sites, and offering other support needed for the successful completion of these rejuvenation programs.

Corporate Governance

Norinchukin Management Systems

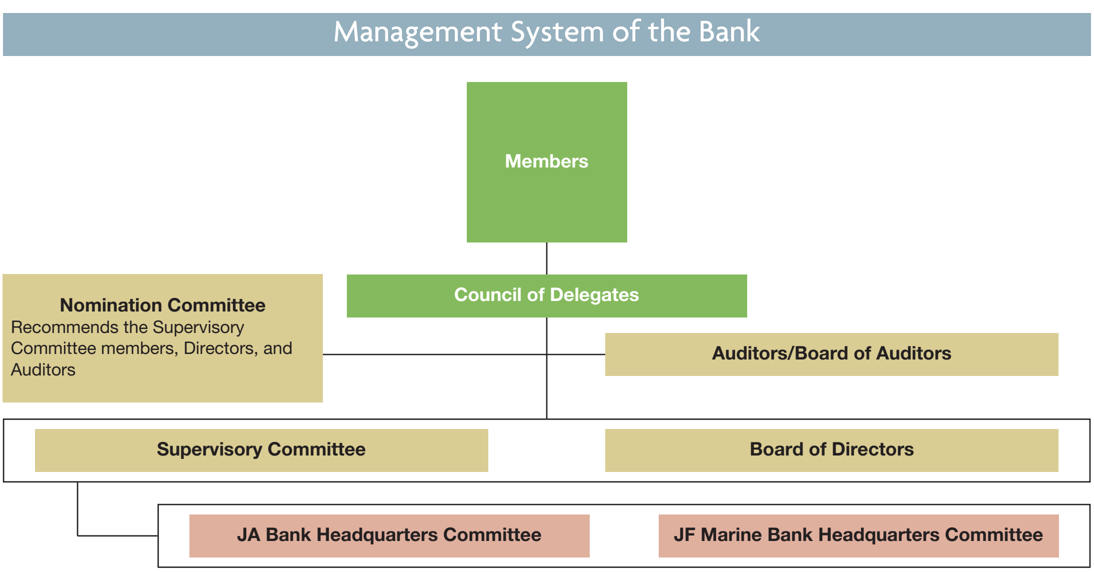
The Bank is both the central bank for Japan's agricultural, forestry, and fishery cooperatives as well as an institutional investor that plays a major role in the financial and capital markets through the investment of large amounts of funds in Japan and overseas. Naturally, the Bank adheres to decisions made at the Council of Delegates comprising of representative members for all shareholders. At the same time, the Supervisory Committee and the Board of Directors, as stipulated by the Norinchukin Bank Law, are organized to share the duties and the Bank's decision making while taking into consideration the internal and external situation of the organization.

Supervisory Committee

The Supervisory Committee is responsible for submitting agendas and reporting to the Council of Delegates as well as for making decisions on important issues related to the cooperative organization. The Supervisory Committee also has the authority to oversee the exercise of business policies by the directors. This includes (1) the authority to request the board members to attend meetings to explain their business activities and (2) the authority to request the Council of Delegates to seek the dismissal of board members.

At present, the Supervisory Committee has 14 members, selected from among the board members of cooperative organizations, persons engaged in the agricultural, forestry, and fisheries industries as well as individuals with an in-depth knowledge of finance. Supervisory Committee members are recommended by the Nomination Committee, which consists of representatives of cooperative members and others, and then appointed by the Council of Delegates.

Under the jurisdiction of the Supervisory Committee are the JA Bank Headquarters Committee and the JF Marine Bank Headquarters Committee, which are composed of representative committee members of cooperative organizations and the Bank's directors. These committees deliberate on the basic policies of the banking business conducted by the agricultural and fishery cooperatives as well as on operational guidance to be provided to cooperative members acting under the name of the headquarters.



Board of Directors

The Board of Directors makes decisions regarding the exercise of business activities, excluding those matters under the jurisdiction of the Supervisory Committee, and performs a mutual cross-checking function on the exercise of business affairs by the directors. The members on the Board of Directors are elected by the Supervisory Committee and assume their position upon approval by the Council of Delegates. There are currently 13 full-time board members, 2 of whom are selected as the representative directors, and, at the same time, as members of the Supervisory Committee. Therefore, decisions made by both the Supervisory Committee and the Board of Directors are coordinated closely.

Auditors/Board of Auditors

Auditors are elected directly by the Council of Delegates and are responsible for auditing decisions made by the Supervisory Committee and the Board of Directors as well as for general oversight of the board members' business activities. The Board of Auditors currently comprises 5 members (3 full-time auditors and 2 part-time auditors). Three auditors satisfy the conditions stated in Article 24-2 of the Norinchukin Bank Law* and are equivalent to external auditors in companies listing their shares.

** According to Article 24-2 of the Norinchukin Bank Law, at least one of the auditors must satisfy the following conditions: Must not be a director or employee of a corporation that is a member of the Norinchukin Bank and must not have held any of the following positions in the five years before being appointed auditor: (1) a director, a member of the Supervisory Committee, or an employee of the Norinchukin Bank or (2) a director, an accounting councilor (if the councilor is a corporation, then an employee who performs such duties), or an executive officer or employee of one of the Bank's subsidiaries.*

The number of directors and other members of management mentioned in this section is accurate as of July 1, 2007.

Initiatives for Strengthening Internal Control

Basic Approach

For the Bank to fulfill its fundamental mission as the central bank for Japan's agricultural, forestry, and fishery cooperatives and its social responsibilities, the Bank has positioned the structuring of management control systems as its first priority. It has established basic policies for internal control to secure compliance with corporate ethics and relevant laws and regulations, proper management of risk, as well as effective and efficient business activities in general.

Content of Basic Internal Control Policy

1. Systems for Ensuring the Duties Exercised by the Directors and Employees Are in Accordance with Relevant Laws and the Articles of Association

(i) To ensure the soundness of management, the Bank has established its *Corporate Ethics Charter, Compliance Manual,* etc. through compliance with laws and regulations. It has taken steps to make all management and staff fully aware of the importance of the strict observance of laws and regulations, and the performance of duties with integrity and fairness.

(ii) To ensure that the directors act in compliance with laws and regulations, their activities are examined and audited by other directors and auditors. In addition, the Compliance Division, supervising the Bank's overall compliance matters, checks important decision making in advance.

(iii) In terms of compliance matters, the Bank has set up a Compliance Hotline allowing employees to provide information to the Compliance Division or outside legal counsel.

(iv) The Bank prepares a "Compliance Program" on an annual basis and implements a program that would include such activities as compliance promotion and employee training.

(v) The Bank adopts a strong and resolute stance in regards to antisocial forces that pose a threat to social order and security, and maintains a policy to exclude such forces.

2. Systems for Retaining and Maintaining Information Related to the Exercise of Duties by the Directors

(i) The Bank maintains important documents related to carrying out its business, such as the minutes of the directors' meetings and requesting documents for decision making with a specified retention period and other administrative standards.

(ii) The Bank's business units are obliged, upon the directors' and auditors' request, to present information related to business activities for inspection.

3. Systems Related to the Policies & Procedures of the Risk Management

(i) The Bank views the proper implementation of risk management as a major business challenge to maintain a business that is safe and sound while simultaneously establishing a stable earnings base. Accordingly, the Bank has identified and defined the risks that the management must be aware of and has established basic policies for risk management that define risk management organizations and frameworks.

(ii) Risks to be managed are divided into two types. The first type consists of risks that the Bank takes on proactively and deliberately with the goal of earning income. These risks include credit risk, market risk, and liquidity risk. The second type of risk is operational risk. Based on the nature of these various kinds of risk, the Bank has established risk management policies and processes for managing these risks and undertakes to conduct risk management for the Bank and other Group companies from a comprehensive and unified perspective. To carry out such risk management activities properly, the Bank has established decision-making organizations and operating units to be in charge, has clearly defined each of their roles and responsibilities, and taken steps to implement an appropriate risk management system.

(iii) To ensure that the total volume of various kinds of risk is within the amount of the Bank's capital, the Bank measures risk volumes and allocates risk capital to individual organizational units in advance. These risk capital allocations are risk ceilings for the respective units, and individual units conduct economic capital management, keeping their risk volumes within the limit of the assigned allocation of risk capital. The Bank is engaged in initiatives to substantially increase the sophistication of this risk management system and aims to conduct comprehensive risk management from an overall perspective.

(iv) To comply with requirements for ensuring the soundness of operations set forth in the Norinchukin Bank Law, the Bank conducts regulatory capital management, based on the conditions stipulated in the legal provisions.

(v) In the case of major natural disasters, the Bank works to put into place the business continuity plan, which needs to be refined continuously.

4. Systems for Ensuring that the Directors Execute Their Duties Efficiently

(i) The Bank establishes its Medium-Term Management Plan, annual business plans, and other plans related to the conduct of operations and makes periodic assessments of the progress toward the goals of these plans.

(ii) In order to carry out the decisions made by the Board of Directors efficiently, the Bank has formed committees composed of directors, to which the board delegates specific matters and tasks for implementation. The Bank has also formed councils to confer regarding management issues on a regular or as-needed basis, and its duties include the discussion of proposals regarding matters to be decided by the Board of Directors.

(iii) With the objective of having the directors and employees perform their duties efficiently, the Bank works to make improvements in its organizational systems, including clarifying the organizational structure, authorities, and responsibilities.

5. Systems for Ensuring that Operations Are Conducted Properly at the Bank, Its Subsidiaries, and Other Group Companies

(i) To ensure the proper operation of the Norinchukin Bank Group, the Bank has established basic policies for the operation and management of Group companies.

(ii) The Bank and each of the other Group companies have agreed on various matters to be discussed and reported to ensure smooth operation within the Group. In addition, the Bank monitors the management, conduct of operations, and related issues in Group companies and gives appropriate guidance, advice, and supervision as needed.

6. Systems for Internal Auditing

(i) To contribute to the proper operations, the Bank has created the Internal Audit Division that is independent of the units conducting business operations. The Bank also maintains proper systems and frameworks where an internal audit is effectively carried out in the overall Bank operations.

(ii) The scope of internal audits includes all aspects of the Bank's operations and group companies, and the internal audits are implemented based on an auditing plan approved by the Board of Directors.

(iii) The Internal Audit Division makes periodic reports on the results of its auditing activities to be submitted to the Board of Directors and related internal divisions.

(iv) Members of the Internal Audit Division meet periodically and on an as-needed basis with the auditors and the external auditors to exchange opinions and information as well as to better coordinate their auditing activities.

7. Particulars Regarding the Personnel Who Support the Auditors and Their Independence from the Directors

(i) The Office of the Corporate Auditors, an independent unit, was formed by the Bank to assist the auditors in fulfilling their duties.

(ii) In principle, three or more full-time employees need to be assigned to the Office of the Corporate Auditors to conduct activities related to the operation of the Board of Auditors as well as other activities as directed by the auditors.

(iii) Employees assigned to the Office of the Corporate Auditors act in accordance with the auditor's instructions.

(iv) The full-time auditor's opinions regarding evaluations of the performance of employees assigned to the Office of the Corporate Auditors and transfers in their personnel status must be respected.

8. Systems for Directors and Employees to Report to the Auditors and Other Systems for Reporting to the Auditors

(i) When a director discovers something that may result in serious damage to the Bank, such information and circumstances must be reported immediately to the Board of Auditors.

(ii) When the Compliance Division obtains important information regarding the facts that are material from a compliance perspective or that may affect the compliance system as a whole, the division reports these matters to the Board of Auditors.

(iii) The Internal Audit Division reports its findings regarding internal audits of operations to the Board of Auditors, and the two conduct information exchanges on a periodic basis.

(iv) Documents related to major decisions and other important documents related to business operations are provided to the auditors for review.

9. Other Systems for Ensuring that the Auditing Activities of the Auditors Are Conducted Effectively

The following system has been created to ensure that the auditors and their auditing activities are conducted effectively, as the Bank is fully aware of their importance and value.

(i) The auditors are allowed to attend the Board of Directors meetings, the Supervisory Committee meetings, and other important meetings and are free to express their opinions.

(ii) The representative directors and the auditors have periodic meetings to exchange opinions.

(iii) The directors and employees are to cooperate with the auditors' investigations and interviews.

(iv) In general, the directors and employees are to comply with matters stipulated in the Rules of the Board of Auditors and Standards for Audits.

Internal Auditing System

Positioning of the Internal Auditing Function

The Bank has established an internal auditing function, the Internal Audit Division, which operates independently from other operations and business affairs of the Bank. The mission of this internal auditing function is to review and assess the appropriateness and effectiveness of internal controls from an objective and rational perspective, taking account of the special features of specific business processes and risk conditions.

The objective of this internal auditing function is to contribute to the proper conduct of operations by monitoring corrective action plans made by the audited division to resolve issues that have been identified as a result of its verification and assessment activities, and then to follow up to confirm that these corrective action plans have been effective.

The scope of activities of the Internal Audit Division includes all departments and branches of the Bank, its consolidated subsidiaries, and those operations that have been subcontracted to other companies to the extent that such auditing activities are not in violation of legal regulations.

Outline of the Internal Auditing System

The Bank's Board of Directors has prepared its "Internal Audit Policies," which sets out the basic elements of the internal auditing functions, including definitions, objectives, scope of auditing, and positioning within the organization.

Based on these policies, the Bank has established the Internal Audit Division as an internal auditing unit that is independent from other operations and business affairs of the Bank.

In addition, the Bank has formed the Internal Audit Committee, which includes the representative directors and senior managing directors to consider and discuss matters related to internal audits in general—including supervision of planning, implementation, and improvements—and to improve and facilitate reporting of internal audit matters to management.

Moreover, the Internal Audit Division, the auditors, and the external auditors meet to exchange opinions and information on a periodic as well as on an as-needed basis in order to strengthen their cooperative efforts.

Preparation of Internal Audit Plans

Internal audits are implemented based on annual internal audit schedules made based on a three-year, medium-term internal audit plan approved by the Board of Directors.

In preparing internal audit plans, and in order to conduct its auditing activities effectively and efficiently, the Internal Audit Division completes risk assessments of all operations and determines the significant issues to be audited and the frequency and the depth of audits based on the types and volumes of risks identified by the risk-based approach.

Implementation of Effective Audits

To ensure the effectiveness and ongoing improvement of internal audits, auditors with a high level of specialized knowledge and practical experience from the market, international, and systems divisions are assigned to the Internal Audit Division to be in charge of auditing activities. Following their assignment, they will continue to upgrade their knowledge and skills through training and other activities, and they are encouraged to attain qualifications from outside organizations.

In addition, the Internal Audit Division makes use of a diversity of auditing methods in order to conduct internal audits effectively and efficiently. These include conducting surprise audits, the implementation of off-site audits that do not require fieldwork, and off-site monitoring to gather audit-related and other information on a daily basis.

Reporting Method and Enhancing the Follow-Ups in the Audit Results

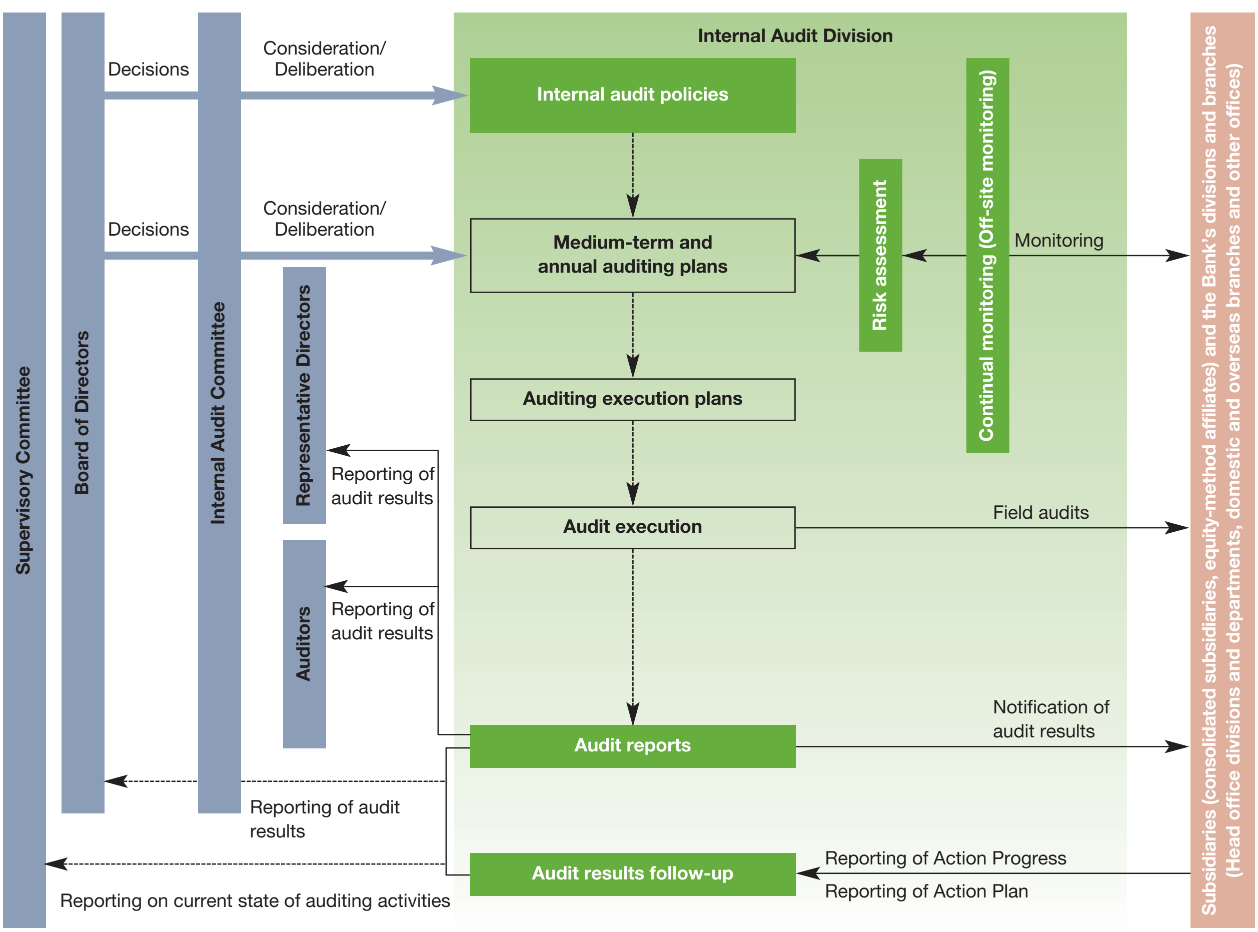
After audits are completed by the Internal Audit Division, the audited divisions or branches are then notified of the results by the Internal Audit Division. The audited division or branches are to resolve recommendations made by the Internal Audit Division. When necessary, they must prepare corrective action plans and report them to the Internal Audit Division.

The Internal Audit Division reports the results of its audits and the audited divisions' management responses to the representative directors and the auditors. In addition, a summary of the audit results is reported to the Board of Directors on a quarterly basis, and reports on the conduct of internal audits are presented to the Supervisory Committee periodically. For issues which are considered to be significantly important, the division is to immediately report them to the representative directors, auditors, and the Board of Directors, and, when deemed necessary, to the Supervisory Committee.

Auditing of Assets

The Internal Audit Division conducts audits of the Bank's assets and strives to ensure the soundness of the Bank's asset portfolio through the verification of the accuracy and appropriateness of its internal ratings, self-assessments, and loan write-offs, as well as additions to reserves.

Overview of Internal Audit System



Continuing to Be a Financial Institution Trusted by Society

COMPLIANCE FRAMEWORKS

Basic Compliance Policies

Along with the rise in public demands for the protection of customers, financial institutions have been obliged to place greater emphasis on accountability to stakeholders in the conduct of their activities and work toward substantially increasing the sophistication and effectiveness of their compliance frameworks. In addition, in view of the strong public criticism of corporate improprieties, the issue of creating a better and more effective compliance framework is becoming an increasingly important management issue. Especially for financial institutions, whose very existence rests on effective compliance to maintain the trust and confidence of the general public, and particularly their customers, there is no exaggeration in saying that accurate and appropriate compliance initiatives are necessary for survival.

Corporate Ethics

The Bank's Fundamental Mission and Social Responsibility

1. Always cognizant of the importance of its fundamental mission and social responsibilities as a financial institution, the Bank is committed to building even stronger bonds of trust with society by fulfilling its mission and responsibilities through sound management policies.

Provision of High-Quality Financial Services

2. By providing high-quality financial services that draw fully on the Bank's creativity and ingenuity, the Bank fulfills its role as a national level financial institution based on the cooperative banking business, and contributes to the development of Japan's economy and society as a member of the financial system.

Strict Compliance with Laws and Regulations

3. The Bank complies with all relevant laws and regulations, and conducts its operations in a fair and impartial manner in accord with social norms.

Prevention of Antisocial Behavior

4. The Bank is resolutely committed to preventing antisocial behavior that could harm society or hinder safety.

Creating an Organizational Culture Committed to Highly Transparent Disclosure

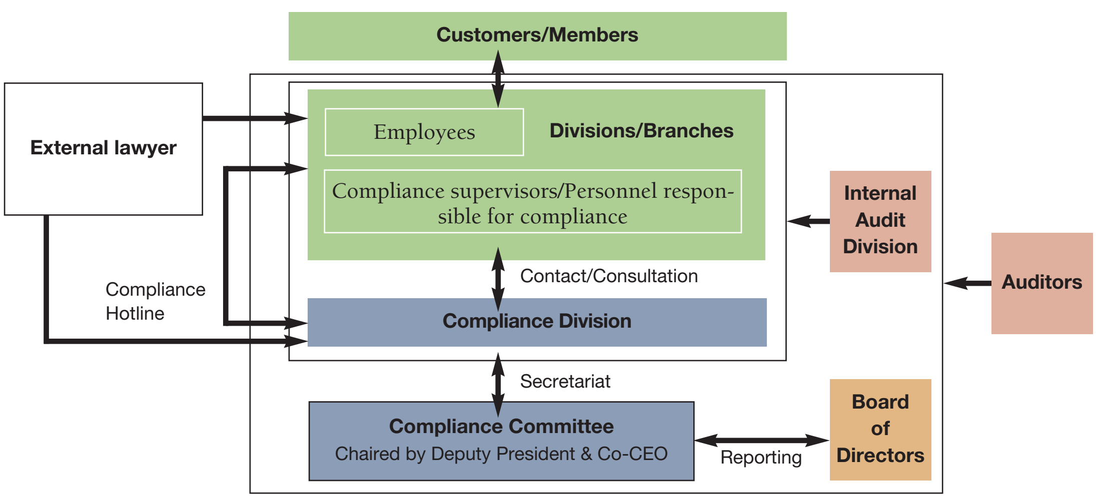
5. The Bank continually strives to improve communication with parties inside and outside the cooperative system, beginning with proactive and fair disclosure of business information. The Bank also works to maintain effective relationships with these parties while maintaining an organizational culture that is amenable to a high degree of transparency based on respect for human rights.

Cooperation with Subsidiaries and Affiliates

The Bank communicates its stance on compliance to subsidiaries and affiliates as a group by holding periodic meetings for the personnel in charge of compliance at these associated companies. These meetings cover the Bank's compliance program and current compliance-related issues.

As a core member of Japan's financial system, a global financial institution, and a nationwide financial institution of the cooperative banking business, the Bank is committed to fulfilling its fundamental mission and social responsibilities as well as to taking full account of changes in the social and management environments to respond to the trust of its customers and members. Accordingly, the Bank is continuing to make proactive initiatives in the compliance area, including complying fully with rules and regulations, based on the principle of self-responsibility, and is constantly striving to achieve a high degree of transparency in management by placing emphasis on proper disclosure and accountability.

Compliance Framework



Compliance Activities that Are Directly Linked to Management

The Bank's compliance framework is composed of the Compliance Committee (chaired by the Deputy President), the Compliance Division (which is in overall charge of compliance activities), as well as the compliance supervisors and other personnel responsible for compliance in its divisions and branches.

The Compliance Committee, which is responsible for considering basic issues and policies related to compliance, was established as a unit reporting directly to the Board of Directors. Topics of high-level importance discussed in the Compliance Committee are subsequently decided by or reported to the Board of Directors.

Disclosure Policy

The Bank, as the national level financial institution for Japan's agricultural, forestry, and fishery cooperative organization, positions the fulfillment of its fundamental mission and its social responsibilities as well as the management of its business activities according to high standards of transparency through emphasis on information disclosure and accountability as key management priorities. Accordingly, the Bank complies with disclosure requirements, striving to disclose information appropriately, under applicable laws and regulations, including securities and exchange laws, in Japan and overseas.

Disclosure and Handling of Material Information

1. The Bank positions the following information as material:

(i) Information that must be disclosed under applicable laws and regulations, including securities and exchange regulations, in Japan and overseas.

(ii) Information, other than mandatory disclosure in (i), that may have a great influence on the decision of investors

Methods of Disclosure

2. For information that must be disclosed under applicable laws and regulations, including securities and exchange regulations in Japan and overseas, the Bank transmits the information through the stock exchanges in Japan and overseas according to their disclosure procedures. In addition, the Bank is working to enhance disclosure through its Website.

Fairness of Disclosure

3. When the above information is disclosed, the Bank strives to observe the principles of fair disclosure so that this information would be available in a timely and appropriate manner.

Disclosure of Forward-Looking Information

4. The Bank discloses information containing forecasts of future developments in order to enable capital market participants to make accurate assessments regarding its current status, future outlook, capabilities for debt repayment, and other matters. This forward-looking information is based on judgments regarding information that was obtainable at the time the forecasts were prepared, and may contain elements of risk and uncertainty. For this reason, actual results may differ substantially from the forecast because of changes in economic conditions and the operating environment influencing the Bank's operations.

Enhancement of Internal Systems

5. To disclose information according to this Disclosure Policy, the Bank is working to improve and expand the necessary internal systems.

Policy Regarding Market Rumors

6. When it is clear that the source of the rumors is not from within the Bank, the Bank's basic policy is not to make comments on such rumors. However, when the Bank deems that the rumors will have or may have a major impact on capital markets, when there are requests from the stock exchanges and other parties for an explanation and when certain other circumstances are present, the Bank may comment on such rumors at its own discretion.

Compliance Arrangements within the Bank

The compliance framework in the Bank's offices and branches is operated mainly by the compliance supervisors. They are in charge of the overall compliance-related matters, and their duties include employing a checklist to conduct compliance inspections on a daily basis, responding to requests for advice and questions from employees related to compliance, conducting training and educational programs at the divisions and branches, and maintaining contact with, reporting to, and responding to requests from the Compliance Division.

The Compliance Division acts as the secretariat for the Compliance Committee. Its other activities for strengthening the Bank's compliance frameworks include conducting compliance reviews, responding to requests for advice from offices and branches, and monitoring compliance through visits to divisions and branches to give direct guidance.

The division has also established the Bank's Compliance Hotline, which enables employees to provide information regarding compliance issues to the Compliance Division and outside legal counsel by telephone or e-mail. This hotline has been put into place with the utmost assurance that the identity of the callers will remain anonymous and will be protected from any form of retribution when information regarding compliance matters is provided.

Compliance Program

Each fiscal year, the Bank formulates its Compliance Program, which contains an agenda of measures for the upgrading of the compliance framework and compliance promotion, as well as awareness and training activities. Through supervision of the progress under this program, the Bank aims to systematically and substantially heighten awareness of compliance.

Cooperation with Subsidiaries and Affiliates

The Bank holds periodic meetings for the personnel in charge of compliance at the group companies to promote a common awareness of compliance initiatives and is implementing initiatives to strengthen compliance systems throughout the Group.

Enhancing Disclosure

To improve and strengthen its disclosure initiatives, the Bank has formed the Information Disclosure Conference (chaired by the director in charge of the Corporate Planning Division) to review and discuss the appropriateness of the Bank's information disclosure.

NORINCHUKIN CUSTOMER SERVICE

Enhancing the Bank's Ability in Handling Customer Complaints

The Bank will strive to enhance its ability in handling customer complaints by viewing them seriously, responding to them quickly and systematically, and actively taking proper measures in its operations.

Information Security Initiatives

Importance of Information Security

Along with the growing diversity of the activities of financial institutions, deregulation, and the rapid development of information technology, the appropriate protection, management, and use of information assets (including both information and information systems) have become extremely important management issues.

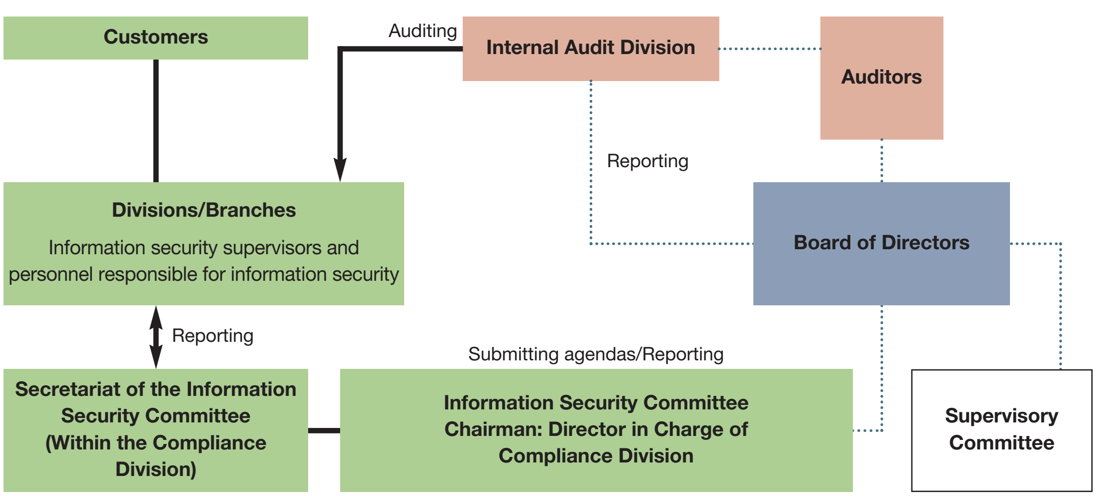
In processing transactions for its customers, the Bank is in the position of being the recipient of information. It also possesses many kinds of its own information, including confidential data that is strategic from a management perspective, and uses this data in conducting its operations. On the other hand, the trend toward standardization and common systems has proceeded, and exchanging data with individuals has become common. As a result of these and other developments, the environment for information handling and its objectives have become quite diverse. Accordingly, organized and systematic information security initiatives have become more important than in the past.

Control Structure

The Bank's Information Security Committee (chaired by the director in charge of the Compliance Division) was formed for the purpose of considering and deliberating matters related to the planning, implementation, and supervision of progress in the Bank's information security systems. This committee acts as the central organization for strengthening information security, and the committee appoints information security supervisors (division/branch managers serving concurrently as data managers), and staff in charge of information security in its divisions and branches.

The Information Security Committee deliberates policies aimed at maintaining and improving the Bank's information security control, with critical items decided by the Board of Directors.

Information Security Framework



Personal Information Protection

The Personal Information Protection Law came into full effect in April 2005 in Japan, and the Bank, as an institution responsible for processing personal information, created the required framework to facilitate the proper handling of personal information. As part of these activities, the Bank conducts educational and training programs for employees to ensure that such information is properly handled and managed in an efficient manner.

In addition, the Bank has enhanced its abilities in responding to complaints and inquiries related to the handling of personal information. It has conducted appropriate reviews and made improvements in its measures to ensure the proper handling and secure management of personal information.

Contributing to the Natural Environment and Communities

The Bank makes contributions through its various initiatives to create a better natural environment, more pleasant communities, and affluent societies.

Overseas Activities

■ Establishment of the Norinchukin Fund

The “Norinchukin Fund” was established by the Bank in 1994 to commemorate the 10th anniversary of the establishment of its New York Branch. Since then, the proceeds from the fund’s investments have been contributed to organizations that promote the preservation of the natural environment as well as educational and cultural programs. In fiscal 2006, the fund has made contributions to cultural facilities including the Metropolitan Museum, Carnegie Hall, Lincoln Center, and the Museum of Modern Art. Other contributions made by the fund include donations to a children’s program for the “Kiku Exhibition (The Art of the Japanese Chrysanthemum),” an event scheduled to be held at the New York Botanical Garden in fall 2007.

Kiku Exhibition
Photo by Raimund Koch. Courtesy of The New York Botanical Garden

The Cooperative System and the Cooperative Banking Business

The cooperative banking business, through its network covering all of Japan, contributes to the development of the agricultural, forestry, and fisheries industries in Japan, and provides financial support to the livelihood of the local citizens.

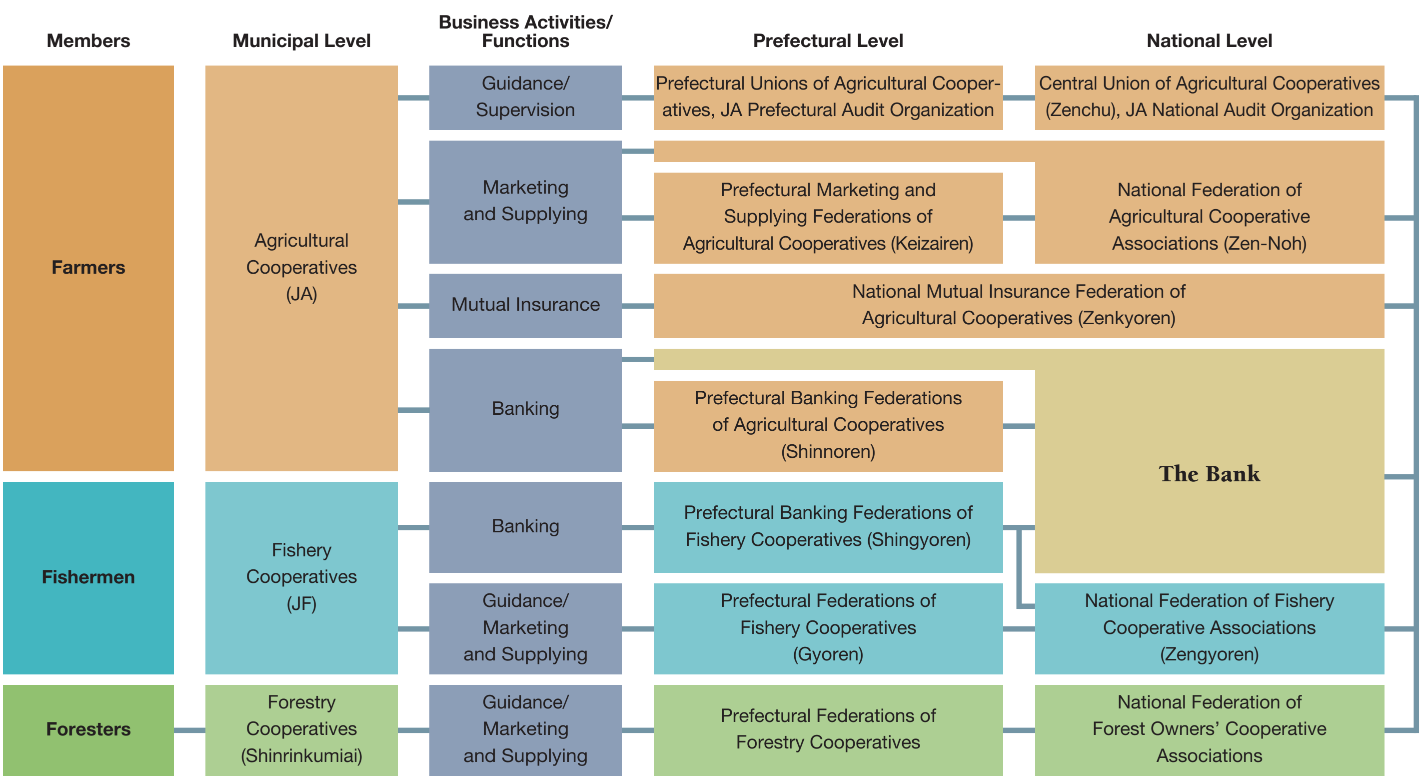
Cooperative System and the Cooperative Banking Business

In addition to the cooperative banking business, which includes taking deposits and making loans, our cooperative organizations engage in a number of other activities. These include providing "guidance" on business and daily matters to farmers, fishermen, and foresters; performing a "trading function" through the selling of agricultural, forestry, and fisheries products and the procuring of production materials; and engaging in "mutual insurance business" to provide insurance coverage for various unforeseen events.

The cooperative organization that performs this wide range of activities comprises the agricultural cooperatives (JA), fishery cooperatives (JF), and the forestry cooperatives (Shinrinkumiai) at the municipal level and the respective prefectural unions and federations as well as the national union and federations of the agricultural, forestry, and fishery cooperatives (as shown in the accompanying chart). As a whole, this nationwide structure from the municipal level to the national level is known as the "cooperative system."

The framework and functions of (1) the banking businesses of JA and JF at the municipal level, (2) the Prefectural Banking Federations of Agricultural Cooperatives (Shinnoren) and Prefectural Banking Federations of Fishery Cooperatives (Shingyoren) at the prefectural level, and (3) the Bank at the national level are referred to collectively as the "cooperative banking business."

Structure of the Agricultural, Forestry, and Fishery Cooperative System



Activities of the Cooperatives

• JA (Agricultural Cooperatives)

The Japan agricultural cooperatives (JA) are organizations, established under the Agricultural Cooperative Law, that conduct a comprehensive range of businesses and activities in the spirit of mutual assistance. The principal businesses of the JA include offering guidance for improving the farm management of cooperative members and their standards of living; trading activities related to farming, including the gathering and selling crops, and supplying materials needed for production and daily living; provision of insurance, such as life insurance, automobile insurance, and other kinds of insurance; and provision of banking-related business activities, such as accepting deposits, making loans, remitting funds, and offering other financial services.

As of April 1, 2007, the 813 JA throughout Japan have been making contributions to the agricultural industry and the development of local communities through their various business and other activities.

• JF (Fishery Cooperatives)

The fishery cooperatives are organizations, established under the Fishery Cooperative Law, that have the objectives of protecting the operations of fisheries and the livelihood of fishermen, and contributing to members and local communities. The principal businesses of the JF include offering guidance for the management of marine resources; improving the operational businesses of cooperative members and the standards of living of members; trading activities, such as the storage, processing, and sale of fish catches and other marine products of cooperative members, and supply of materials necessary for the business activities and daily lives of members; banking business services, such as acceptance of deposits and lending of necessary funds; and provision of life insurance and property insurance.

As of April 1, 2007, there were 1,192 JF throughout Japan that contribute to the fisheries industry and to the development of fisheries communities through a wide range of activities.

There are 178 JF nationwide in Japan that conduct banking business services on their own initiative. In addition to these JF, there are JF which act as agents of the Shingyoren providing banking business services for coastal communities throughout their respective prefectures.

• Shinrinkumiai (Forestry Cooperatives)

The forestry cooperatives are cooperative organizations for the owners of forestland, which was established under the Forestry Cooperative Law. A high percentage of forestland owners in Japan possess small land parcels, and forestry cooperatives play an important role in organizing and representing the interests of these small forestland owners.

The principal businesses of forestry cooperatives are carrying out operations including planting, removal of undergrowth, and thinning of forests owned by cooperative members as well as the sale of forest products, such as logs and timber, etc.

As of March 31, 2007, there were 763 forestry cooperatives nationwide in Japan. As core participants in cultivating and improving forestlands, the forestry cooperatives make a major contribution in enabling forests to perform their wide range of natural functions, including the preservation of national land, the formation of watersheds, the maintenance of the living environment, the provision of places for health and rest as well as the supply of timber, and other forest resources.

Positioning of the Norinchukin Bank within the Cooperative Banking Business

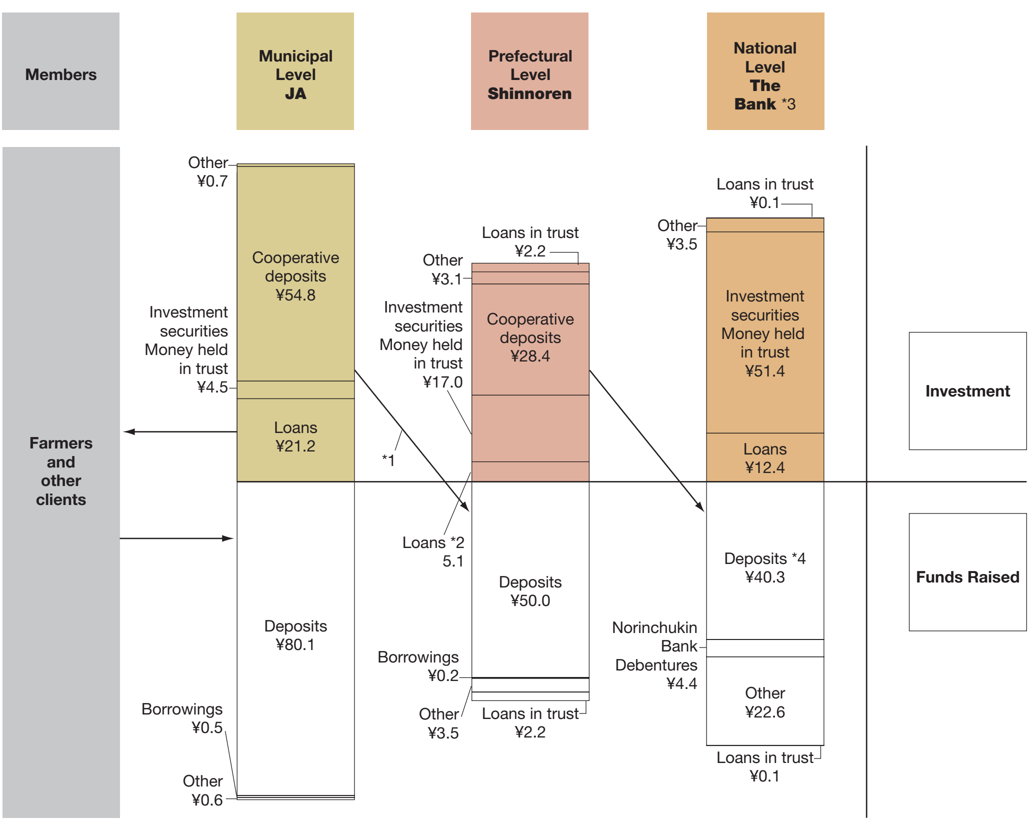
The Bank was established in 1923 as the central bank for Japan's industrial cooperatives. It was renamed the Norinchukin Bank in 1943 and is now a private financial institution based on the Norinchukin Bank Law.

JA, fishery cooperatives (JF) and forestry cooperatives (Shinrinkumiai) were created with the aim to improve the economic and social positions of the agricultural, forestry, and fisheries industries through the cooperative efforts of the respective members under the slogan "one for all and all for one."

The Bank is a national level cooperative financial institution whose membership (shareholders) are composed of the previously mentioned municipal cooperatives, prefectural and national federations, and other organizations. Moreover, the Bank is playing a major role in society to contribute to the development of the nation's economy and support in the advancement of the agricultural, forestry, and fisheries industries for its members in accordance to the provision of Article 1 of the Norinchukin Bank Law.

The Bank's funds come from deposits placed by members (the majority of the funds held at the Bank are deposits placed originally by members of JA and JF), and the issuance of Norinchukin Bank debentures. In addition, the Bank raises funds from financial markets. These financial resources are then lent to the agricultural, forestry, and fisheries industries; corporations connected to the agricultural, forestry, and fisheries industries; regional governments; and public entities. Other than the aforementioned activities, the Bank manages its funds efficiently through investments in securities and other financial instruments. The Bank then provides stable returns to members a part of earnings received from lending and investment activities, and other various financial services. Through these various services and activities, the Bank plays a major role as the national level financial institution for the cooperative organizations.

Flow of Funds within JA Cooperative Banking System (As of March 31, 2007) (Trillions of Yen)



The calculated total investment and funds raised may disagree due to rounding errors.

Notes: 1. In some prefectures, JA may make direct deposits to the Bank.
2. The loan balances of the JA and Shinnoren do not include lending to financial institutions.
3. Overseas accounts have been excluded from the Bank's balances.
4. The Bank's deposits include not only deposits from the JA Cooperative System but also those from the JF Cooperative System and Forestry Cooperative System as well as other sources.

Article 1 of the Norinchukin Bank Law

As a financial institution with its base in the agricultural, forestry, and fishery cooperatives as well as other members of the agriculture, forestry, and fishery cooperative system, the Bank strives to contribute to the development of the nation's economy by supporting the advancement of the agricultural, forestry, and fisheries industries through the provision of financial services for the member organizations of the cooperative system.

Safety Net for Cooperative Banking System

The JA Bank and the JF Marine Bank have created a safety net consisting of the Bankruptcy Prevention System and the Savings Insurance System to provide an increased sense of security for their cooperative members and customers.

Bankruptcy Prevention Systems

The JA Bank and JF Marine Bank have developed their own respective bankruptcy prevention systems.

Specific functions of these systems include (1) the monitoring of the management condition of individual JA and JF to identify any problems at an early stage, (2) implementing measures at the earliest possible time to prevent bankruptcy, and (3) infusing necessary funds drawn from the JA Bank Support Fund or the JF Marine Bank Support Fund* (which have been collected from all members of the JA Bank and the JF Marine Bank) to restore the management soundness of JA and JF.

** As of March 31, 2007, the balance of the JA Bank Support Fund was ¥143.4 billion and that of the JF Marine Bank Support Fund was ¥12.5 billion.*

The Savings Insurance System (Savings Insurance System for Agricultural and Fishery Cooperatives)

When a member organization of the cooperative banking system, such as a JA or JF, is unable to reimburse deposited funds to its members and other users, this system provides policy coverage for depositors and ensures the fulfillment of funds settlements, thereby contributing to the stability of the cooperative banking system.

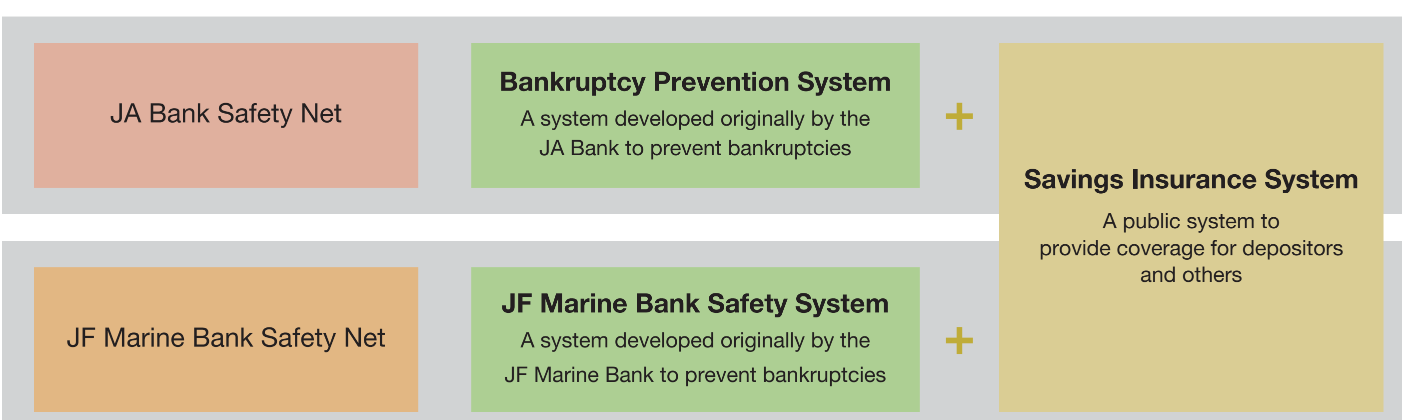
The Savings Insurance System is provided for under the Agricultural and Fishery Cooperative Savings Insurance Law. Its functions are carried out by the Agricultural and Fishery Cooperative Savings Insurance Corporation, which was established through joint investments by the Japanese government, the Bank of Japan, the Bank, Shinnoren, Shingyoren, and other entities.

When depositors place funds in agricultural or fishery cooperatives that are covered by the Savings Insurance System, their savings are automatically guaranteed by this insurance system.

Following the full removal of the blanket deposit insurance on April 1, 2005, checkable, payment, and settlement deposits are still fully protected by the system. However, all other types of deposits are only covered up to ¥10 million in principal (per depositor of each cooperative organization) plus interest accrued.

As of March 31, 2007, the balance of the reserve fund of the Savings Insurance System was ¥241.1 billion.

Safety Net for Cooperative Banking System



Operations of the JA Bank

The members of the JA Bank: namely, JA, Shinnoren, and the Bank are working under the framework for integrated and systematic cooperation in each business activity. We call this the "JA Bank System," and our aim is to be a financial institution that is trusted and chosen even more by its members and customers.

What is "JA Bank?"

■ "JA Bank" Comprises a Group of Financial Institutions

The JA Bank System consists of JA, Shinnoren, and the Bank, known as the "JA Bank members." It functions as one institution, having one of the largest networks of private financial groups in Japan.

As of July 1, 2007, the JA Bank System is comprised of 815 JA, 41 Shinnoren, and the Bank, for a total of 857 entities.

The JA Bank System

■ Framework for Integrated and Systematic Cooperation among JA Bank Members

To ensure that cooperative members and other customers place even stronger confidence in the cooperative banking system, and make increased use of its services, we have made our JA Bank Basic Policy. It is based on the Reorganization and Strengthening Law (the law related to the reorganization and strengthening of the cooperative banking business by the Bank and specified agricultural and fishery cooperative organizations) and in consent with JA Bank members. The framework for integrated and systematic cooperation among JA, Shinnoren, and the Bank is based on the JA Bank Basic Policy and is known as the JA Bank System.

The JA Bank System is founded on two basic pillars. The first is "the bankruptcy prevention system," which ensures the reliability of the JA Bank. The second is the "promotion of unified operations," which aims to improve and strengthen the financial services by taking advantage of economical scale and finely tuned interfaces with our customers.

■ Initiatives Aimed at Enhancing the Reliability of the JA Bank

Under the "bankruptcy prevention system," the JA Bank System Headquarters receives management-related information from all JA Bank members and reviews them to confirm that they meet certain standards. This system makes it possible to foresee potential issues well in advance and provide early guidance prior to the prompt corrective action by the government.

In addition, the JA Bank Support Association has established the JA Bank Support Fund with financial resources contributed by the JA Bank members. This fund can provide capital injections and other support to the JA Bank members in the case of necessity.

Through these initiatives, we are working to ensure that the JA Bank enjoys even greater credibility and confidence among cooperative members and other customers. Please also note that JA, Shinnoren, and the Bank participate in the Savings Insurance System, which is a public system mandated by law.

■ Activities for Enhancing and Strengthening Financial Services

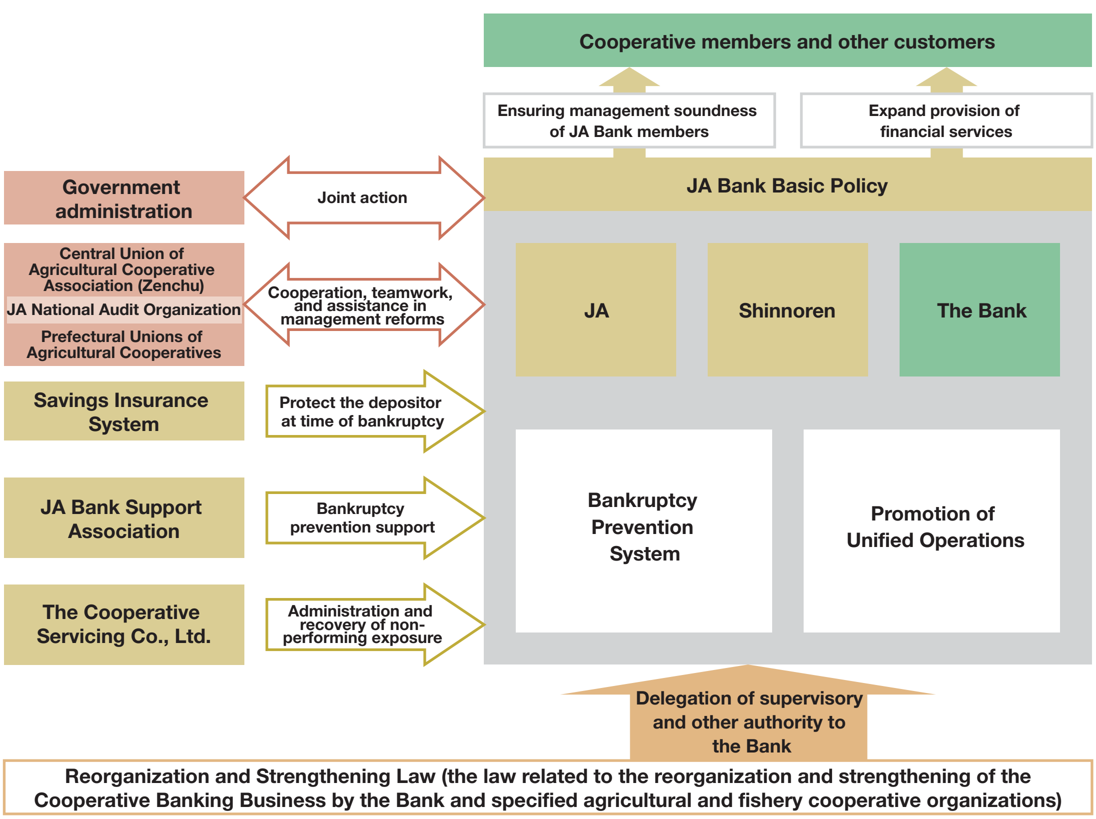
In accordance with the "JA Bank Medium-Term Management Strategy (fiscal 2007 through fiscal 2009)," the JA Bank is working to promote stronger unified operations among JA, Shinnoren, and the Bank, with the aims of further expanding the customer base, which is already one of the largest in Japan, and offering financial services that are carefully tailored to customer needs.

To respond appropriately to the needs of cooperative members and other customers, the JA Bank is emphasizing specific measures to provide support for core farmers, expand JA Bank loans, and widen the scope of services for senior citizens and pension recipients while promoting management and operational efficiency. Moreover, the JA Bank has concluded a strategic alliance with Mitsubishi UFJ Financial Group, Inc. in retail banking. Activities under this tie-up include new card-related business activities, such as the issuance of IC cash cards, new JA cards, and the commencement of biometric identification. Other new services contain the offering of inheritance-related services to provide for the succession of assets, including farmland, to the next generation.

In May 2006, the JASTEM System, which is the uniform IT infrastructure platform for the JA cooperative banking business, linked nationwide JA Bank offices, after linkages with the final 4 prefectures were completed, thus finishing a gradual switch over to this new system that began in October 1999. This system not only links nationwide JA Bank operations to one system but also provides an infrastructure for providing common service throughout Japan. The JASTEM System features a backup center to add support during times of disasters and various information security capabilities. Accordingly, the system enables the JA Bank to perform its functions as part of the social infrastructure while also making it possible to offer greater convenience to members and other customers than in the past.

In addition to these activities, the JA Bank is working diligently to prevent criminal activities, such as theft and forgery of cash cards, as well as expand its disclosure of information. Through these initiatives, the JA Bank will continue to strive to ensure that it is a financial institution offering more convenient and reliable products and services, and is chosen proactively by cooperative members and other customers.

Framework of the JA Bank System



Trends in the Agricultural Industry and Cooperative Finance

■ Agricultural Industry

The discussions held by the WTO, which are aimed at establishing new rules for trade liberalization in the fields of agriculture, non-agriculture, services, and other areas during 2007, are currently in progress, focusing on modality (i.e., criteria for reducing protective measures that will apply to all nations), including figures for tariff reductions. Also, to supplement the WTO negotiations, specific countries and regions are conducting Economic Partnership Agreement (EPA) and Free Trade Agreement (FTA) discussions on the elimination of tariffs and other measures under the basic policy of "creating an international economic environment that is more favorable to Japan through political and diplomatic strategy, including the creation of an economic community in Southeast Asia". Thus far, three countries have concluded such agreements, five countries have signed or reached general agreement, and seven countries and regions are at government-level discussions about such agreements.

The Japanese government enacted the "Basic Plan for Food, Agriculture, and Rural Areas" in March 2005 to move forward with structural reforms in agriculture. The objectives set under in this plan include to (a) attain greater concentration and focus on assistance to core farmers, (b) establish new targets for food self-sufficiency ratios, (c) secure the safety of food supplies and the confidence of consumers, and (d) maintain stable food supplies. To put this plan into action, the "New Law for Stabilizing Management of Core Farmers" was passed in June 2006, and in fiscal 2007, an income stabilization policy was introduced.

The JA Group, to fulfill the mandate from cooperative members, is working to respond to the rapid changes in the operating environment surrounding the agricultural industry, rural areas, and JA by devoting its fullest efforts to nurturing and supporting core farmers, based on the JA Group's "Basic Policies Regarding the Cooperative Organization, Business Activities, and Guidance for Management."

■ Flow of Funds in JA Cooperative Banking Business

In fiscal 2006, JA deposits rose 1.7% over the previous fiscal year-end, to ¥80,189 billion. This increase was achieved through a steady increase of principal deposits from individuals as a result of providing financial services that met customer needs.

Due to increased individual loans, especially housing loans, owing to effective events such as offering advice on housing loans, total JA loans rose by 2.3%, to ¥21,216.5 billion, on a fiscal year to fiscal year basis. Securities at the fiscal year-end held at the JA level posted a decline of 4.3% from the previous year-end, to ¥4,553.5 billion.

Deposits with Shinnoren rose along with steady trends in deposits at the JA level and showed an increase of 2.1% over the previous fiscal year-end, to ¥50,038.8 billion.

The balance of loans made by the Shinnoren increased 3.0% compared to the previous fiscal year-end, to ¥5,152.9 billion, as a result of increased lending to companies and local government entities. Securities (including money trusts) held at the Shinnoren level at fiscal year-end were down 1.6%, to ¥17,069.6 billion, mainly due in part to a decline in interest rates after the latter half of August 2006.

Reorganization of the JA Cooperative Banking Business

To deal effectively with change in the environments for the agricultural industry, cooperative members, and JA, the JA Group has made progress in streamlining management and improving efficiency.

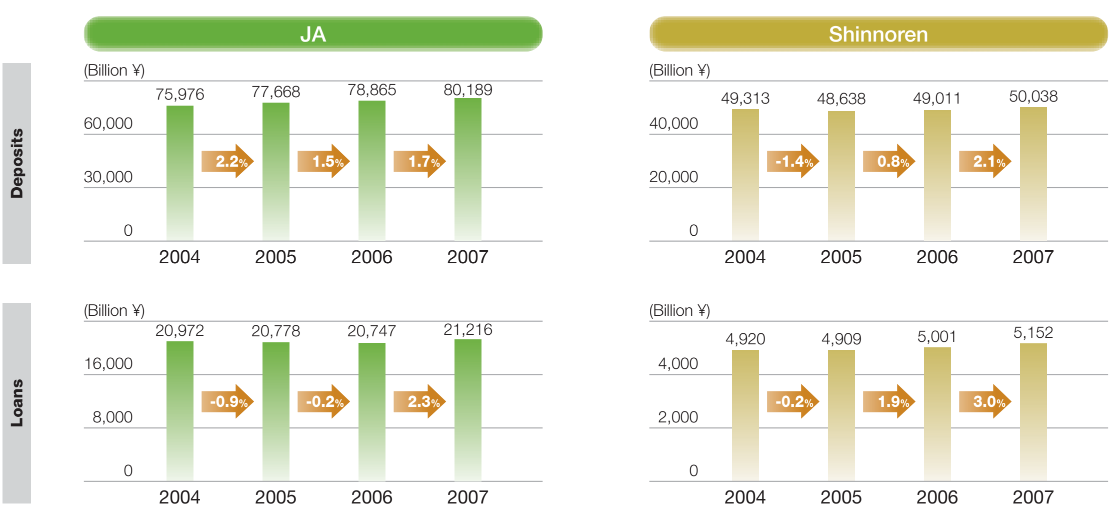
In fiscal 2005, three Shinnoren (in Miyagi, Okayama, and Nagasaki prefectures) and in fiscal 2006, Akita Shinnoren were fully integrated into the Bank. This resulted in a transition in four prefectures from the previous three-layered organization, comprising JA, Shinnoren, and the Bank, to a two-layered organization, comprising JA and the Bank.

Moreover, in fiscal 2005, all JA in Okinawa Prefecture were unified into one JA and it took over all rights and duties of Okinawa Shinnoren and Okinawa Keizairen, the second of its kind after Nara Prefecture, thus realizing the goal of "one JA in each prefecture".

In pursuing the reorganization of the JA Group, plans are carried out in accordance with the conditions in each prefecture, with the intent of working toward increasing efficiency in the cooperative banking business.

The Bank will implement initiatives to support the functions and systems of JA and to streamline and improve the efficiency of its internal management aiming at creating the cooperative banking business structure that meets the expectation and trust of the JA Bank members and customers.

Deposits and Loans (As of March 31)



Operations of the JF Marine Bank

Financial Support for Coastal Communities and Providing Financial Functions for Fisheries

What is the "JF Marine Bank"?

■ The JF Marine Bank Comprises a Group of Financial Institutions

The JF Marine Bank consists of the fishery cooperatives (JF, limited to those engaging in credit services), Shingyoren (Prefectural Banking Federations of Fishery Cooperatives), and the Bank as well as the computer system company operated by Zengyoren.

As of July 1, 2007, there were 178 JF offering financial services, 31 Shingyoren, for a total of 210 members, including the Bank.

Basic Policy Direction for the JF Marine Bank

■ JF Marine Bank Basic Policy

The JF Marine Bank formulated its Basic Policy in January 2003, based on the provisions of the Reorganization and Strengthening Law. The objectives of this basic policy are, first, to protect depositors by ensuring the soundness of the activities of the JF Marine Bank and conducting its business operations properly. The second objective is to appropriately respond to the financial needs of the cooperative members and other customers by reforming the business activities, organization, and management of the JF Marine Bank.

■ Framework for Preventing Bankruptcy

In consideration of various changes in the financial environment, such as the full removal of the blanket deposit insurance, from the view of ensuring proper and sound operations, all members of the JF Marine Bank are required to provide management information to the JF Marine Bank Headquarters. Based on their examination of this information, the Headquarters can prevent organizations, such as JF that has problems in its operations, from bankruptcy by quickly identifying them and taking anticipatory actions, thus creating a system that is reassuring to the customers. These activities are undertaken with the guidance of the Bank and Shingyoren.

■ Stable and Responsible Fishery Cooperative Banking Business System (JF Marine Bank Safety System)

The JF Marine Bank provides financial services for participants in the fisheries industry in their local communities and assumes an essential role in coastal communities. To make improvements that will ensure the JF Marine Bank has management systems appropriate for a member of Japan's financial system, measures have been implemented to establish a "one fishery cooperative banking business at each prefecture." As a result, this objective has been achieved in 34 of 37 prefectures.

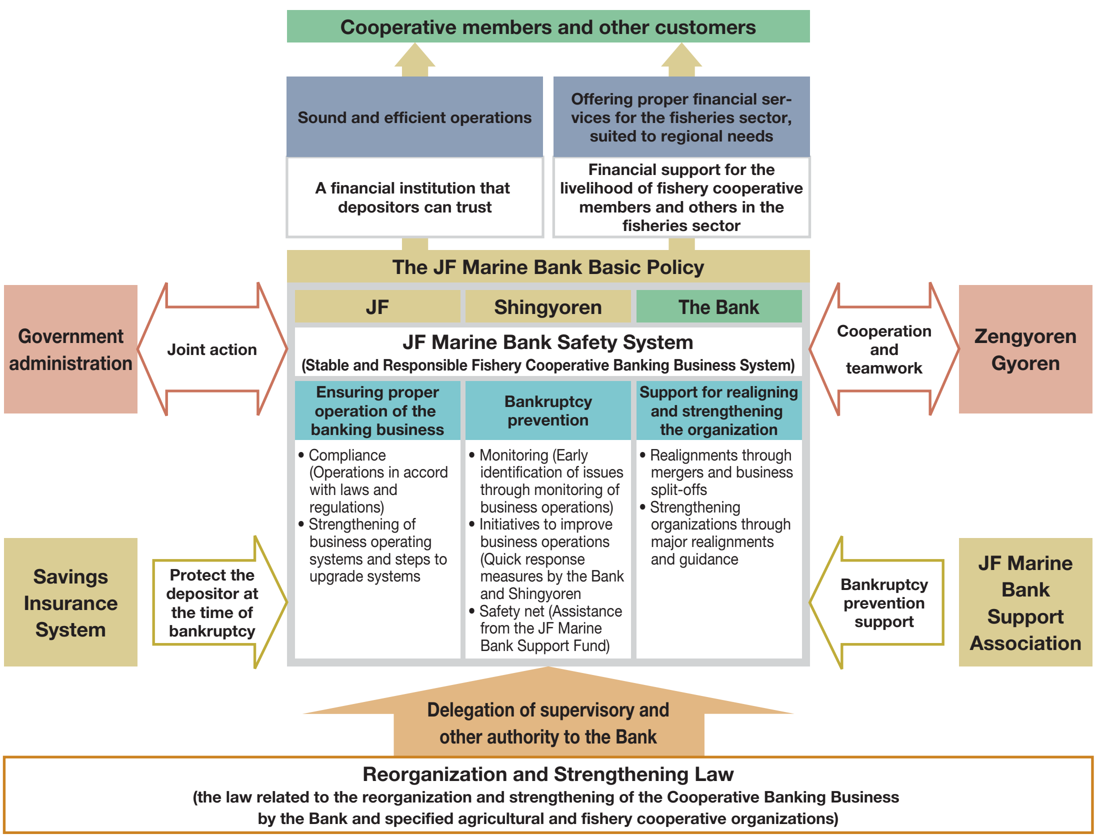
A new "JF Marine Bank Medium-Term Business Promotion Policy" covering a three-year period has also been prepared as part of initiatives related to banking business within the JF Marine Bank. Under this policy, the JF Marine Bank promotes stable operation of the banking business as the financial providers for coastal communities. Other activities include the strengthening of risk tolerance and review of cost structures based on the preparation of medium-term management and action plans.

These initiatives are expected to address issues arising from small-scale business in the fishery industry, and respond to their needs by offering financial services that take into consideration of the characteristics of each region.

In addition to the activities mentioned thus far, JF, Shingyoren, and the Bank have contributed jointly to create the "JF Marine Bank Support Fund," that also provides a framework to encourage autonomous activity by cooperative members aimed at organizational and business reforms.

Please also note that JF, Shingyoren, and the Bank participate in the Savings Insurance System, which is a public system mandated by law.

Framework of the JF Marine Bank



Trends in the Fisheries Industry and Cooperative Finance

Fisheries Industry

The management in the fisheries industry continues to be challenging, owing to falling catch volumes, declining prices of marine products, and diminishing workforce figures as well as rising fuel prices due to crude oil price surges. Other issues, including the burden created by capital investments in previous years, are making it difficult to reinvest in alternative fishing vessels.

In response, the Japanese government has provided subsidies of approximately ¥5 billion in its fiscal 2007 budget, under its Comprehensive Measures for Structural Reform of the Vessel Fishing Industry, to assist participants in the fisheries industry through the intensive implementation of structural reform measures.

The use of some of these funds in the downstream marine product sector is expected to contribute to the development of industry participants and to the stability of the marine product sector in the years ahead.

Flow of Funds in JF Cooperatives Banking Business

Deposits held with JF decreased 0.6% from the previous fiscal year-end, to ¥2,290.2 billion, at the end of fiscal 2006, reflecting a decline in catch volumes, weakness in prices of marine products, and other factors.

The balance of loans at JF fell 3.8% year on year, to ¥779.7 billion, due to such factors as the slackening of demand for new financing.

Reorganization of the JF Cooperative Banking Business

The JF cooperative banking business is being reorganized to create a more sound and efficient management system through two methods: one of these is through mergers among JF and the other is through the transfer of credit business from JF to Shingyoren. These efforts have reduced the number of JF engaged in the banking business from 875 as of March 31, 1999, to 178 as of April 1, 2007.

The total number of JF, including those that are not engaged in banking business, was reduced by 118 in fiscal 2006, and, as of April 1, 2007, the number stood at 1,192, reflecting the progress toward merger and consolidation.

In the future, greater focus will be placed on policies to strengthen and reorganize the fishery cooperative banking business under the JF Marine Bank Safety System.

The Bank supports these initiatives of the JF cooperative banking business.

Initiatives of the Forestry Cooperative

Current State of Forests in Japan and Cooperative Activities

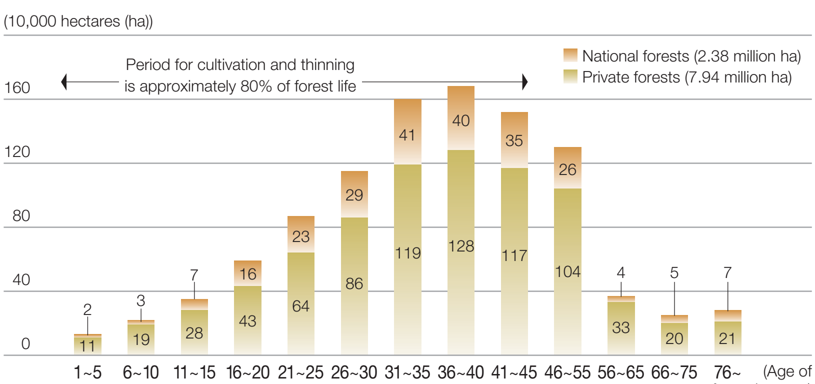
Forests cover about two-thirds of Japan's land mass, which cover 25 million hectares of the country. About 70% of forestland in Japan is owned by the private forest owners. Along with the aging of population and the depopulation in rural mountain villages, which have caused a decline in forestry development, Japanese forestland is not properly sustained and has become unproductive wilderness. This explains why, although the cedar and cypress trees that were planted after World War II are reaching maturity, they are unable to fully exercise their roles and tasks they should.

Operating conditions for participants in the Japanese forestry industry continue to be severe as a result of prolonged softness in prices of timber. However, a trend has emerged toward the return to the use of domestic timber accompanying the accumulation of forest resources in Japan and the growing shortage of supply in international markets. In addition, in the area of the government administration of forest resources, policies are being implemented not only with the aim of expanding the capabilities of forests to absorb carbon dioxide but also with the goal of developing the Japanese forestry industry through projects aimed at concentrating on forest management and establishing systems to provide a stable supply of domestic timber.

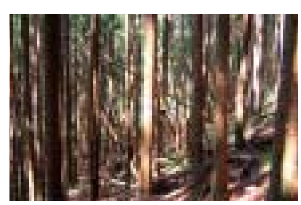
Under these circumstances, the forestry cooperatives have been promoting a cooperative campaign which constitutes three pillars of concepts based on a movement to revitalize forestlands, the forestry industry, and rural mountain villages in order to support the environment and our livelihood." The three parts of this approach are: (1) the "project for joint administration" of forestlands through the grouping of forest areas with the goal of lowering operating costs, (2) the "project for stable supply of domestic lumber," which aims to provide a stable supply of high-quality lumber, and (3) the "project for management reform," which has the objective of nurturing forestry cooperative organizations that can be relied on by its members and customers.

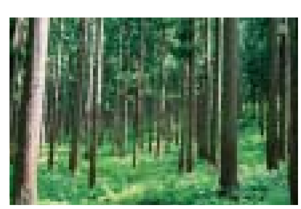
Also, since fiscal 2007, the Forestry Agency has adopted, along with the forestry cooperatives, to implement measures in promoting the stable supply of domestic lumber. The Bank's policies include helping to strengthen the autonomous management foundation of the forestry cooperatives and to substantially increase its support for their initiatives.

Age of Japan's Forestlands (Time since planting)



Source: The Forestry Agency
Notes: 1. As of March 31, 2002
2. National forests do not include government forestlands (30,000 hectares of planted forestland and 130,000 hectares of natural forestland) that are not under the administration of the Forestry Agency.


Untended forestland becomes backwoods


A forest that has been maintained by tree trimming

Securities Investment and Short-Term Money Market Transactions

STRATEGIC PORTFOLIO MANAGEMENT

Securities Investment

■ The Bank's Basic Asset Management Stance

The Bank is one of the largest financial institutions in Japan and, at the same time, is one of Japan's leading institutional investors. The Bank's total balance of securities and money held in trust is approximately ¥51 trillion and accounts for a major portion of the Bank's total assets under management.

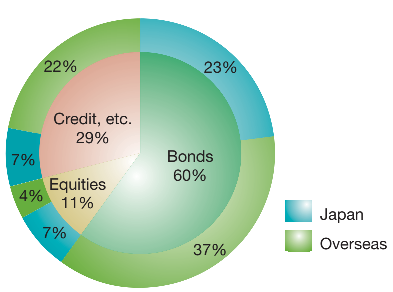
The most basic concept in the Bank's management of its securities is "globally diversified investment." The objective of this approach is to realize a high return in the medium-to-long term through investing in a diversified risk type asset while minimizing the risks in cases such as rising interest rates and declining stock prices. In terms of geographical area, the Bank invests in Japan, the United States, Europe, and other regions. The Bank classifies its assets into the categories of bonds, equities, credit assets, and alternative investments in accordance with the type of investment asset. The Bank conducts research related to these asset categories from a broad range of perspectives and adjusts its asset allocation flexibly in response to changes in market conditions.

In pursuing returns on investments, the Bank does not rely exclusively on its internal investment ability but rather takes advantage of external investment companies. The Bank then carefully reviews their investment processes, compliance systems, management philosophy and strategies, asset management record, and other matters. After selection, the Bank closely monitors their performance from quantitative and qualitative perspectives and systematically examines their performance on a continuing basis to make decisions on whether or not to renew their mandates.

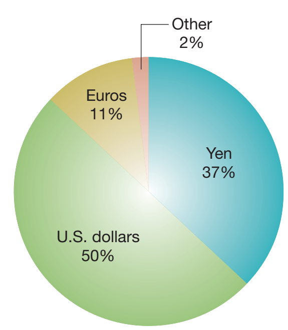
■ Investment Stance by Type of Asset

Investment in bonds, a core invested asset, accounts for a major portion of the Bank's assets due to their risk-return characteristics and other attributes. When making investment decisions, the Bank gives full attention not only to interest rate risk but also to credit and liquidity risks. The Bank has built up an efficient bond portfolio, through investments in a variety of types of bonds, including Japanese government bonds, bonds issued by other government agencies, mortgage-backed bonds, and foreign corporate bonds.

Breakdown of Market Assets by Risk



Breakdown of Market Assets by Currency



Note: All data are as of March 31, 2007, on a non-consolidated basis. The breakdown of bonds and credit assets by maturity is based on the date for interest rate renewal.

In selecting equity investments, the Bank considers risk-return characteristics as well as correlations with other asset classes and manages its portfolio with a long-term perspective. While the Bank's strategy for equity investments focuses on passive investing linked to various stock indices, the Bank complements this strategy with active investing aimed at generating returns above those obtained from the index-linked passive approach through diversified investment in domestic and foreign stocks.

The markets for credit and alternative investments have expanded globally, and new products are appearing one after another. The Bank adopts a proactive stance toward these investments and bases its investment decisions on the analysis of the global credit cycle, risk versus return in various investment asset classes, and the analysis of correlations with conventional assets (stocks and bonds).

Please note that in the management of foreign currency assets, the Bank takes measures to limit foreign exchange risk of most of these investments by raising funds in foreign currencies.

System for Market Asset Management

Major decisions relating to the Bank's portfolios of market investments are reached systematically by the Market Portfolio Management Committee and the Credit Portfolio Management Committee, which are composed of board members and the heads of related departments. Moreover, in the departments engaged in market transactions, the Bank has created a mutual checking system with separate front sections (responsible for the execution of transactions), middle sections (responsible for monitoring), and back sections (responsible for processing and settlements).

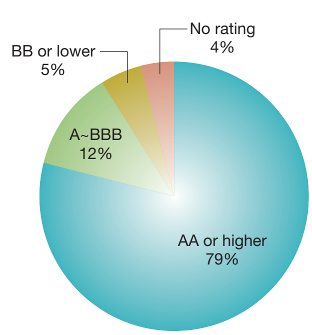
The front sections execute transactions based on the plans drawn up by each Portfolio Management Committee. Their functions also include focusing on optimizing the efficiency of transactions, close and constant monitoring of market trends, developing proposals for new transaction plans, and other activities. To put the Bank's concept of globally diversified investment into practice, the front sections work to create a more efficient and effective management system where domestic and international investments are integrated within the categories of bonds, equities, and other investment instruments.

The middle sections are responsible for checking the appropriateness of the activities of the front sections, as well as the measurement of risk volumes, such as stress testing.

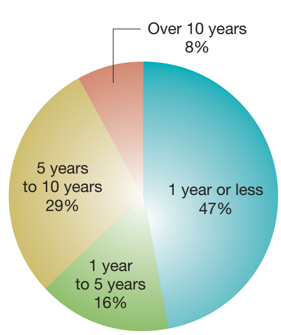
Short-Term Money Market Transactions

In its role as the national level financial institution for Japan's agricultural, forestry, and fishery cooperatives, the Bank exercises efficient control over available cash, principally idle funds

Breakdown of Bonds and Credit Assets by Rating



Breakdown of Bonds and Credit Assets by Maturity



Note: All data are as of March 31, 2007, on a non-consolidated basis. The breakdown of bonds and credit assets by maturity is based on the date for interest rate renewal.

of the cooperative system, and manages these funds in domestic money markets. The Bank is a leading and active participant in short-term money markets in Japan.

In addition, as a leading institutional investor, the Bank makes diversified investments in international capital markets and makes active use of foreign currency markets to fund these investments.

As the global economy has expanded, policy interest rates in Europe and the United States have been raised since the summer of 2004. In Japan, the policy of monetary easing was suspended in March 2006, and policy rates have been increased twice since then. Along with these developments, the Bank is giving due consideration to the risks of rising interest rates and liquidity risk in the management of its short-term funds.

The proper management of liquidity risk is a precondition for the continuity of the Bank's operations and for the stable management of its portfolio. Accordingly, the Bank pays close attention to the cash flow of the cooperative banking system as a whole and trends in domestic and international markets.

In Japan's domestic market, the Bank is an active participant not only in the interbank market but also in the repo and other money markets. The Bank also assumes a leadership position in these markets and plays a major role in working to expand market functions. Through its participation in the Research Committee for Revitalization of Short-Term Financial Markets and other organizations, the Bank also contributes to improvements in market practices.

In foreign currency markets, backed by its well-founded credit standing, the Bank conducts stable and efficient transactions, which are necessary for globally diversified investments. The management of foreign currency funds is conducted through teamwork among the Bank and its three overseas branches in New York, London, and Singapore, using various funding tools.

Additionally, the Bank accurately controls liquidity risk and settlement risk while simultaneously providing settlement functions at the Bank of Japan on behalf of cooperative organizations. The Bank also takes part in the Continuous-Linked Settlement (CLS) System, a new framework for foreign currency settlement, and thus participates in and contributes to the creation of a network needed for managing settlements in U.S. dollars, euros, and other major currencies.

■ Foreign Exchange Transactions

The Bank, as the market participant representing the cooperative banking system, has formed an efficient and highly skilled dealing team with the primary aim of responding to the needs of its customers, including cooperative organizations and companies related to the agricultural, forestry, and fisheries industries.

■ Trading Operations

The Bank trades in various financial products, including commercial paper (CP) and financial derivatives, to meet the needs of its customers, while at the same time working to increase its dealing profits in these trading operations through arbitrage transactions, options, and a range of other techniques.

Corporate Finance

OFFERING A BROAD SPECTRUM OF FINANCIAL SERVICES TO CORPORATE CUSTOMERS IN A RANGE OF INDUSTRIES

Loans for Companies with Links to the Agricultural, Forestry, and Fisheries Industries

As a financial institution based on the agricultural, forestry, and fisheries industries, the Bank provides a wide selection of financial services to private enterprises that are connected to these sectors and to public enterprises.

The Bank's customer base is highly diverse, encompassing companies in the food product and the pulp and paper industries that process agricultural, forestry, and fisheries products; the chemical and machinery industries that provide production goods for the agricultural, forestry, and fisheries industries; trading companies that offer distribution services; and the supermarket, restaurant, and other industries that supply these products to final consumers. In addition to companies in these industries that engage in businesses directly linked to the agriculture, forestry, and fisheries industries, the Bank's customer base also includes other industries, such as the leasing, credit, and IT/telecommunications sectors as well as wind power generation companies. The Bank's corporate finance departments offer a range of assistance to customers in these industries under its basic policy of contributing to the growth of Japan's agricultural, forestry, and fisheries industries as well as the economy as a whole by supporting the growth and development of customers in these industries.

■ Support for Fund-Raising

The Bank draws on its strong funding base, backed by the cooperative organization, and its expertise cultivated as one of Japan's leading institutional investors to provide stable sources of funds to meet the needs of its customers. In addition to providing general-purpose long- and short-term loans, the Bank offers a wide range of other financing services, including other types of loans that respond to changes in corporate finance—such as non-recourse loans, syndicated loans, and project finance—as well as commitment lines, securitization of accounts receivable, and real estate, and support in raising funds from capital markets through the issuance of corporate bonds and other financial instruments.

■ Customer Support through the Bank's Network

The Bank offers these financing services to its customers through its corporate business divisions located in its head office and branches. The head office offers corporate finance services through a special division that is organized by industry, and branches work with the head office and initiatives to arrange various services and techniques to address wide-ranging customer needs.

For customers that have overseas operations, the Bank is positioned to meet customers' needs for foreign currency finance, backed by its top-tier ratings among Japanese banking institutions, through its branches in New York, London, and Singapore.

■ Other Financial Services

The Bank provides many other financial services as well, including derivative-based interest rate risk hedging schemes; management consulting, advice on initial public offerings (IPOs); and other financial matters and electronic banking services that reduce labor input and increase the efficiency of cash management.

Finance for Cooperative Organizations

SUPPORT FOR THE DEVELOPMENT OF THE AGRICULTURAL, FORESTRY, AND FISHERIES SECTORS IN FINANCE

Core Lending Business of the Bank

As the main financial institution for the agricultural, forestry, and fisheries industries, the Bank has created a funding system unique to the cooperative framework, called Agricultural, Forestry, and Fishery Support Funding. This system aims to nurture core participants in the agricultural, forestry, and fisheries sector while encouraging environmentally friendly practices, with the goal of financially supporting the development of Japan's agricultural, forestry, and fisheries sectors and their cooperative organizations.

The loans, which are mainly made out to the JA, JF, forestry cooperatives, and enterprises participating in the agricultural, forestry, and fisheries industries, are directly linked to the development of the agricultural, forestry, and fisheries sectors and have been positioned as the core lending business of the Bank since its establishment.

Loans to the Agricultural Sector

Japan's agricultural sector confronts a challenging operating environment because of such trends as rising imports of agricultural products and weakness in prices for its crops. To deal with these developments, the Japanese government enacted the "Basic Plan for Food, Agriculture, and Rural Areas" in March 2005. This plan focuses especially on providing developmental support for core farmers and promoting structural reforms in agriculture. Financing to core farmers has become one important means to realize the above.

Outline of Types of Loans (As of March 31, 2007)

	General Loan Funding	Funding under Institutional Arrangements
Agriculture	New Agriculture Promotion Fund (Agri-Mighty Fund) Agribusiness Loans Livestock, Fruit, Gardening, and Related Agriculture Fund Agriculture and Livestock Processing Funds, Others	Agriculture Modernization Loans Agricultural Management Assistance Support Fund Agricultural Management Improvement Promotion Fund (Super-S Fund) Intermediate and Mountainous Region Revitalization Fund, Others
Fisheries	Fisheries Development Fund Fisheries Management Fund for Fishing Vessels, Nets, Tools, and Landing Facilities Fisheries Processing and Distribution Fund for Processing, Refrigeration and Cold Storage, Others	Fisheries Modernization Fund Fisheries Management Improvement Promotion Fund Intermediate and Mountainous Region Revitalization Fund, Others
Forestry	Forestry Development Fund Forestry Management Fund for Afforestation, Tree Cultivation, and Forest Product Cultivation Processing and Distribution Fund for Raw Materials, Lumber, Chips, and Other Forest Products Mountain Village Environment Improvement Fund, Forestry Industry Participants Fund, Others	Forestry Development Promotion Fund Intermediate and Mountainous Region Revitalization Fund, Others

From the JA Bank's perspective, it plans to move forward with its ongoing initiatives and work proactively to strengthen its efforts to meet the financial needs of the core farmers as a single unit.

The Bank has established the JA Bank Farm Leaders Finance Department to offer active support in developmental initiatives for core farmers. Also, by participating in the planning and promotion of the overall financing activities of the JA Bank, the Bank will help support the development of regional agriculture. In these activities, the Bank will make use of finance under institutional finance schemes, including the Agriculture Modernization Loans and the New Agriculture Promotion Fund (also known as the Agri-Mighty Fund).

Loans to the Fisheries Sector

The fisheries industry is faced with a challenging operating environment, owing to a range of issues, including the tightening of international standards aimed at preserving natural resources and the environment, a decline in fisheries resources in the territorial waters surrounding Japan, weakness in prices of marine products, and rising fuel costs. To respond to these circumstances, the fishery cooperative organizations are expected, under Japan's Basic Fisheries Law, to implement initiatives for conducting proper resource management in fisheries operations and work toward the revitalization of fisheries operations.

The Bank offers financial support for the development of the fisheries industry. This includes providing financing for the production of marine products, including catching, aquatic farming, and other activities for the processing and distribution of these products, as well as providing access to financing schemes, such as those for the modernization of the fisheries industry.

Loans to the Forestry Sector

Issues confronting the forestry sector include the rising percentage of aging, planted forestlands and the increasing need for thinning and other operations to take proper care of forested areas. In particular, interest among Japanese citizens in preserving the nation's forests is increasing because of the many roles forests play in providing sources of water and preserving the natural environment. Moreover, forests are expected to play an environmentally significant role in absorbing greenhouse gases and thus forestalling global warming. For these reasons, proper management of forestlands has become an important issue. A further consideration is the growing international demand for forest resources compared to the supply of these resources; this is drawing increasing attention from domestic sources.

The Bank provides support for the development of Japan's forestry and lumber industries. This includes supplying funds to the forestry cooperative organization and forest owners, who are the key agents in improving the condition of forests in Japan, to finance the cultivation of forestland and offering financing for the producers, processors, and distributors of lumber.

Norinchukin Bank Debentures

The Bank's Distinctive Funding Source

■ Features of the Bank's Debentures

Under the Norinchukin Bank Law, the Bank is authorized to issue Norinchukin Bank Debentures as a source of funding. The Bank issues two types of debentures; one is the Ritsuki Norinsai, which is primarily issued to institutional investors as an investment product, and the other one is the Zaikeisai, which is issued as a savings product.

■ Balance of Debentures Issued: Approximately ¥4.5 Trillion

The total balance of the Bank's debentures issued and outstanding, as of March 31, 2007, was ¥4,471.3 billion. Of this amount, the Ritsuki Norinsai, which are primarily issued to institutional investors, account for about 90% of the total. Funds raised through the issuance of debentures are used for lending and providing other finance to the agricultural, forestry, and fisheries industries and companies related to those industries.

Settlements

■ Approximately 10,000 Offices Nationwide of JA, JF, and Other Cooperative Organizations—One of the Largest Networks among Private Financial Institutions

The Cooperative Financial Institutions, comprising JA, Shinnoren, JF, the Prefectural Banking Federations of Fishery Cooperatives (Shingyoren), and the Bank, have one of the largest networks among all the private financial institutions in Japan, with approximately 10,000 of their branches (as of March 31, 2007). At the core of this network is the Cooperative Settlement Data Transmission System, which is operated by the Bank, Shinnoren, and Shingyoren.

Head Office and Branch Operations (Domestic and Overseas)

■ The Bank's Domestic Offices

The domestic offices of the Bank comprise the head office, the Otemachi Office, 27 branch offices located throughout Japan, and five other offices (as of July 17, 2007).

■ Roles of Domestic Branches

The principal business of the domestic branches and offices is to act as fund-receiving centers for deposits made by the members; to make loans to agricultural, forestry, and fisheries industry participants, corporations with relationships to the agricultural, forestry, and fisheries industries as well as local governments and their entities; and to conduct business related to the JA Bank System and the JF Marine Bank System.

■ The Bank's Overseas Branches and Representative Offices

To respond accurately to the globalization of domestic and overseas financial and capital markets, the Bank maintains branches in the world's key international financial centers and works to expand and enhance its international finance business.

In addition to branches in New York, London, and Singapore, the Bank has representative offices in Beijing and Hong Kong.

■ Roles of Overseas Branches

The Bank, through the joint activities of the head office and its overseas offices, makes efficient investments of abundant resources of the cooperative funds in international financial and capital markets.

The Bank's balance of investments in foreign securities was approximately ¥28 trillion as of March 31, 2007. Foreign currency funds for these investments are raised on a stable basis, partly through the Bank's overseas branches.

In lending operations also, the Bank draws on the capabilities of overseas branches and the head office to meet the funding needs of cooperative organizations, companies with relationships to the agricultural, forestry, and fisheries industries as well as other customers. In addition, the Bank's overseas branches and offices play a diversity of roles in providing support for customers entering overseas markets and supplying information on local conditions.

Companies of the Norinchukin Group

The Bank, in line with the overall strategy for the cooperative banking business, forms strategic operating and capital alliances with companies in other industries and works together with the companies of the Norinchukin Group that are engaged in a wide range of business activities.

Trust and Banking Company

The Norinchukin Trust & Banking Co., Ltd., provides trust products and services for cooperative organizations, corporations, and other customers. Assets under management and administration by this company exceed ¥13 trillion. Norinchukin Trust & Banking also focuses on asset management for JA cooperative members, including inheritance trust services.

Companies that Support the Organizational Base of the Cooperative Banking Business

- Norinchukin Research Institute Co., Ltd., is the think tank of the agricultural and fishery cooperative financial institutions and supports the cooperative banking business through its survey and research activities.
- Kyodo Seminar Co., Ltd., is responsible for training the employees of the agricultural and fishery cooperative financial institutions and conducts training courses and correspondence courses and publishes training materials for the management and staff of the cooperative financial institutions.

Companies that Complement the Business Base of the Cooperative Banking Business

- Kyodo Housing Loan Co., Ltd., is a mortgage loan company that has established alliances with more than 200 companies in the fields of housing and real estate sales, housing manufacturers, and other related areas.
- Kyodo Leasing Co., Ltd., is a full-service leasing company offering a wide range of services, including leasing and rental arrangements and agreed on May 2007 with Mitsui Leasing & Development, Ltd., to establish a joint holding company. Please note that automobile leasing and lease-back services are offered by Kyodo Auto Leasing Co., Ltd., a company that specializes in these areas.
- The Cooperative Servicing Co., Ltd., is responsible for the management and recovery of nonperforming loans and is part of the cooperative safety net.
- Norinchukin-Zenkyoren Asset Management Co., Ltd., responds to the asset management needs of a range of financial institutions and institutional investors, including the agricultural cooperative organizations, through the development and offering of investment funds. This company is also responsible for offering the principal investment trust products sold in the branches and offices of the agricultural cooperative financial institutions.
- The Agribusiness Investment & Consultation Co., Ltd., makes investments and provides other financial support for agricultural corporations, with the objective of helping them to secure financial stability and support their development.

Companies that Work to Modernize and Improve the Efficiency of the Cooperative Banking Business Operations

- Norinchukin Information System Co., Ltd., is trusted with the tasks of developing and operating the Bank's various computer systems, including the backbone bank operating system. This company also plays a major role in the Bank's systems strategy.
- The JA Bank Computer System Co., Ltd., is responsible for all aspects of the development and operation of the nationwide JA computer system (JASTEM System). The agricultural cooperatives using this system have deposits of about ¥80 trillion, and the system covers about 11,000 branches and offices.
- Nochu Business Support Co., Ltd., provides outsourcing services on an as-needed basis to the Bank and other Norinchukin Group companies for various operations, including the dispatch of necessary personnel.

Other

Norinchukin Finance (Cayman) Limited is a special-purpose company located overseas, established with the objective of raising capital for the Bank.

Status of Capital and Shareholders

Members and Share Ownership (As of March 31, 2007)

(1) Common Stocks (Excluding lower dividend rate stocks)

The face value of one common stock is ¥100.

Type of Organization	Number of Members	Stocks Owned
Agricultural Cooperatives	1,040	764,384,190
Federations of Agricultural Cooperatives	125	3,033,164,820
Forestry Cooperatives	750	19,599,930
Forestry Production Cooperatives	11	14,650
Federations of Forestry Cooperatives	47	22,926,890
Fishery Cooperatives	1,276	54,814,771
Fishery Production Cooperatives	33	242,840
Federations of Fishery Cooperatives	93	330,535,219
Marine Products Processing Cooperatives	47	682,400
Federations of Marine Products Processing Cooperatives	6	672,650
Mutual Insurance Federation of Fishery Cooperative Associations	1	7,064,800
Agricultural Mutual Relief Insurance Associations	34	375,700
Federations of Agricultural Mutual Relief Insurance Associations	42	983,100
Fishing Boat Insurance Associations	20	2,454,350
Agricultural Credit Guarantee Fund Associations	10	139,650
Fishery Credit Guarantee Fund Associations	35	15,664,350
Fishery Mutual Relief Insurance Associations	22	132,000
Federation of Fishery Mutual Relief Insurance Associations	1	292,800
Land Improvement Districts	829	2,885,440
Federations of Land Improvement Districts	4	2,850
Medium and Small-Sized Enterprise Cooperative Associations Related to Sericulture, Forestry or Salt Production	19	144,900
Total	4,445	4,257,178,300

(2) Lower Dividend Rate Stocks

The face value of one stock is ¥100.

Type of Organization	Number of Members	Stocks Owned
Agricultural Cooperatives	127	1,780,960,000
Federations of Agricultural Cooperatives	36	8,204,590,000
Fishery Cooperatives	3	22,650,000
Federations of Fishery Cooperatives	31	324,800,000
Total	197	10,333,000,000

(3) Preferred Stocks

The face value of one stock is ¥100.

Type of Organization	Number of Members	Stocks Owned
Financial Institutions	9	26,787,410
Securities Companies	3	4,462,160
Other Corporations	20	24,541,880
Total	32	55,791,450

Voting Rights of Members

The Norinchukin Bank is the central financial institution for Japan's agricultural, forestry and fishery cooperative system. The supreme management decision-making organization for the Bank is the Council of Delegates, which consists of representative members and substitutes for the general meetings of all shareholders. Unlike stock companies, where one share represents one vote, the voting rights of the members of the Council of Delegates are equal regardless of the number of investment units they own. For this reason, a list of major shareholders has not been included in this report.

Trends in the Bank's Capital

Millions of yen

Date	Increase in Capital	Capital after Increase	Method of Increase
November 30, 1983	15,000	45,000	Allotment
November 30, 1990	30,000	75,000	Allotment
November 30, 1992	25,000	100,000	Allotment
February 16, 1995	24,999	124,999	Private placement
September 25, 1997	150,000	274,999	Allotment
March 25, 1998	850,000	1,124,999	Allotment
November 29, 2002	100,000	1,224,999	Allotment
December 1, 2005	225,717	1,450,717	Allotment
March 30, 2006	14,300	1,465,017	Allotment
September 29, 2006	19,000	1,484,017	Allotment

Organizational Diagram (As of July 17, 2007)

- Council of Delegates
  - Supervisory Committee
    - JA Bank Headquarters
    - JF Marine Bank Headquarters
  - Board of Directors
    - President & CEO
    - Deputy President & Co-CEO
    - Senior Managing Directors
    - Managing Directors
  - Auditors
  - Board of Auditors

- Secretariat
- Office of the Corporate Auditors
- Coordination Div.
- Public Relations Div.
- Compliance Div.
- Legal Div.
- Internal Audit Div.
- Personnel Div.
  - Career Development Dept.
- Corporate Planning Div.
- Financial Planning & Control Div.
  - Business Development Dept.
  - IR Dept.
  - Branch Strategy & Management Dept.
  - Subsidiaries & Affiliates Management Dept.
  - Controller's Dept.
- Risk Management Div.
- Systems Planning Div.
- Procedures & Operations Planning Div.
  - Procedures & Operations Risk Management Dept.
- Credit Risk Management Div.
- Business Revitalization Div.
- Premises Div.
- JA Bank System Management Div.
- JA Bank System Reorganization Div.
- JA Bank System Monitoring & Advisory Div.
- JA Bank System Business & Financial Instruments Div.
- JA Bank System Infrastructure Development Div.
- Cooperative Finance Systems Development & Administration Div.
- Personal Asset Management Div.
- Agriculture & Forestry Div.
  - JA Bank Farm Leaders Finance Dept.
- Fisheries Div.
  - JF Marine Bank Monitoring & Advisory Dept.
- Fixed Income Investment Div.
- Equity Investment Div.
- Credit & Alternative Investment Div.
- Treasury & Forex Div.
- Investment Documentation Div.
- Risk Monitoring Div.
- Operations Planning & Solutions Div.
- Treasury & Securities Operations Div.
- Credit & Alternative Portfolio Planning Div.
- Corporate Business Div. I
- Corporate Business Div. II
- Corporate Business Div. III
- Corporate Business Div. IV
- Corporate Business Div. V
- Corporate Business Div. VIII
- Cooperative Finance & Administration (Kanto Area) Div.
  - Nagano Office
- Head Office Business Service Div.
- Otemachi Business Service Div.
- Foreign Business Div.

[Branches]

- Sapporo Branch
- Aomori Branch
- Morioka Branch
- Sendai Branch
- Akita Branch
- Yamagata Branch
- Fukushima Branch
- Mito Branch
- Utsunomiya Branch
- Maebashi Office
- Kofu Office
- Niigata Branch
- Toyama Branch
  - Kanazawa Office
- Nagoya Branch
  - Shizuoka Office
- Osaka Branch
- Wakayama Office
- Matsue Branch
- Tottori Office
- Okayama Branch
- Hiroshima Branch
- Yamaguchi Branch
- Takamatsu Branch
- Tokushima Office
- Matsuyama Branch
- Kochi Branch
- Fukuoka Branch
- Nagasaki Branch
- Kumamoto Branch
- Oita Branch
- Miyazaki Branch
- Kagoshima Branch
- Naha Branch
- New York Branch
- London Branch
- Singapore Branch
- Hong Kong Representative Office
- Beijing Representative Office

Directors and Auditors (As of July 1, 2007)

Members of Board of Directors (International & Market-Related Business)


Hirofumi Ueno
President & Chief Executive Officer


Yoshio Kono
Deputy President & Co-Chief Executive Officer


Masanobu Takatani
Senior Managing Director


Masataka Miyazono
Senior Managing Director


Hiroshi Matsumoto
Senior Managing Director


Toshihiko Tajima
Managing Director


Norihiro Takahashi
Managing Director

BOARD OF DIRECTORS

President & Chief Executive Officer
Hirofumi Ueno

Deputy President
& Co-Chief Executive Officer
Yoshio Kono

Senior Managing Directors
Masanobu Takatani
Masataka Miyazono
Hiroshi Matsumoto

Managing Directors
Wataru Nemoto
Akira Ozaki
Shuzo Furuya
Toshihiko Tajima
Atsushi Takaoka
Kazumi Torii
Etsuo Uchiyama
Norihiro Takahashi

SUPERVISORY COMMITTEE

Isami Miyata
Kazu Kaida
Toshikazu Okawa
Tsuneo Kunii
Katsuei Konno
Shinichi Kumazawa
Kazunori Ishihara
Toshirou Tsushio
Hisami Sunada
Motonori Baba
Iehiro Honma
Mikio Wakatsuki
Hirofumi Ueno
Yoshio Kono

BOARD OF AUDITORS

Toshiyuki Nagai
Takashi Kato
Masaaki Tanaka
Yasuhiko Kishi
Nobuo Ohashi

History

Milestones in the Bank's 84-Year History

1923 • The Bank established with government funds under special legislation as the central bank for industrial cooperatives

1938 • Gyokyo joins the Bank

1943 • Forestry cooperatives (Shinrinkumiai) join the Bank
• The Bank's name officially changed to the Norinchukin Bank

1950 • The first Norinchukin Bank debentures issued

1959 • Redemption of the government's equity stake completed, thereby becoming a private bank

1974 • Foreign exchange operations begin

1977 • Investment and trading in foreign currency denominated bonds begin

1982 • A representative office opens in New York (the Bank's first overseas foothold)

1984 • The New York Representative Office upgraded to branch status

1985 • A representative office opens in London

1986 • Fiduciary services for corporate bonds begin
• Norinchukin International plc opens in London

1989 • The Bank's U.S. dollar denominated notes issued in the Euromarket

1990 • A representative office opens in Singapore

1991 • The London Representative Office upgraded to branch status

1993 • The Singapore Representative Office upgraded to branch status
• Norinchukin Securities Co., Ltd., established
• Norinchukin Investment Trust Management Co., Ltd., established

1995 • Preferred stocks issued, opening the way for capital increases through the participation of ordinary investors
• The Norinchukin Trust & Banking Co., Ltd., established

1996 • Laws concerning the integration of the Bank and Shinnoren enacted

1998 • Issuance of ¥1 trillion in lower dividend rate stock to Shinnoren and Shingyoren and ¥0.5 trillion in subordinated loan transaction completed

1998 • Substantial reorganization of the market risk investment sections, updating these to match global asset management styles
• Representative offices open in Hong Kong and Beijing

2000 • Norinchukin-Zenkyoren Asset Management Co., Ltd., established

2001 • The Norinchukin Bank Law is revised
• The law concerning the reorganization and strengthening of credit business by the Bank and specified cooperatives is revised

2002 • The JA Banking System begins
• A capital increase of ¥100 billion in common stock is conducted, and ¥183 billion in funds is procured through the issuance of perpetual subordinated loans
• The consolidation of Shinnoren with the Bank begins

2003 • JF Marine Bank implements fundamental policies (January)
• Another ¥183 billion is procured through the issuance of perpetual subordinated loans

2004 • Norinchukin Securities Co., Ltd., liquidated

2005 • Increase in capital of ¥225 billion in common stock and perpetual subordinated loans of ¥212 billion
• Final integration of Miyagi Shinnoren (October)

2006 • Final integration of Okayama Shinnoren and Nagasaki Shinnoren (January)
• JASTEM made available in all prefectures (May)
• Capital increase through issue of subordinated bonds with maturity dates (September)
• Capital increase through issue of common stock (¥19.0 billion) (September)
• Merger of Kyodo Credit Service Co., Ltd., with UFJ Nicos Co., Ltd. (October)
• Acquisition of Financial Holding Company (FHC) status in the United States (December)
• JA savings deposits top ¥80 trillion (December)

2007 • Final integration of Akita Shinnoren (February)

List of Group Companies

As of March 31, 2007

Company Name	Address	Nature of Business	Date of Establishment	Capital (Millions of yen) Bank Ownership/ Group Ownership (%)
The Norinchukin Trust & Banking Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Trust & Banking	August 17, 1995	20,000 100.0/0.0
Kyodo Seminar Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Training	May 25, 1981	20 100.0/0.0
Nochu Information System Co., Ltd.	5-3, Musashino 3-chome, Akishima-City, Tokyo 196-0021, Japan	System Development & Maintenance	May 29, 1981	50 100.0/0.0
Norinchukin Research Institute Co., Ltd.	8-3, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan	Research	March 25, 1986	300 100.0/0.0
Nochu Business Support Co., Ltd.	8-3, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan	Operations for Property Accumulation Savings, Various Operations, Talent Provider on behalf of The Norinchukin Bank	August 18, 1998	100 100.0/0.0
Kyodo Housing Loan Co., Ltd.	15-3, Chuocho 1-chome, Meguro-ku, Tokyo 152-0001, Japan	Mortgage Loans	August 10, 1979	10,500 90.60/0.0
The JA Bank Computer System Co., Ltd.	East Net Building, 1-1, Toyo 7-chome, Kohto-ku, Tokyo 135-0016, Japan	System Development & Maintenance for JA Bank Group	March 25, 2002	100 60.0/0.0
Norinchukin-Zenkyoren Asset Management Co., Ltd.	7-12, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan	Asset Management & Investment Advice	September 28, 1993	1,920 50.91/0.0
Kyodo Leasing Co., Ltd.	9-17, Kanda Surugadai 2-chome, Chiyoda-ku, Tokyo 101-0062, Japan	Leasing	March 24, 1972	6,500 39.0/0.0
Kyodo Auto Leasing Co., Ltd.	9-17, Kanda Surugadai 2-chome, Chiyoda-ku, Tokyo 101-0062, Japan	Auto Leasing	September 13, 2005	300 0.0/100.0
The Cooperative Servicing Co., Ltd.	8-3, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan	Management of Non-Performing Loans	April 11, 2001	500 37.96/0.0
The Agribusiness Investment & Consultation Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Investment Consultation to the Agricultural Companies	October 24, 2002	4,070 19.97/0.0
Daiichi Life Norinchukin Building Management Co., Ltd.	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-8420, Japan	Building Maintenance	April 1, 1993	10 27.0/0.0
Norinchukin Finance (Cayman) Limited	M&C Corporate Services Limited P.O. Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands	Issue of Subordinated Bonds, Borrowing of Subordinated Loans, etc.	August 30, 2006	$50,000 100.0/0.0

Notes: 1. The Group share ownership percentage is the percentage of shares owned by members of the Norinchukin Bank Group, excluding ownership by the concerned company itself.
2. The principal places of business as well as addresses are as of May 1, 2007

Global Network (As of August 1, 2007)

Overseas Branches

New York Branch
Noritsugu Sato, *General Manager*

29th Floor, 245 Park Avenue,
New York, NY 10167-0104, U.S.A.
Telephone: 1-212-697-1717
Fax: 1-212-697-5754
SWIFT: NOCUUS 33

London Branch
Masataka Nakayama, *General Manager*

4th Floor, 155 Bishopsgate,
London EC2M 3YX, U.K.
Telephone: 44-20-7588-6589
Fax: 44-20-7588-6585
SWIFT: NOCUGB2L
Company number: BR001902

Singapore Branch
Akira Kurihara, *General Manager*

80 Raffles Place, #53-01,
UOB Plaza 1, Singapore 048624
Telephone: 65-6535-1011
Fax: 65-6535-2883
SWIFT: NOCUSGSG
Telex: RS21461

Overseas Representative Offices

Hong Kong Representative Office
Akira Matsuo, *Chief Representative*

34th Floor, Edinburgh Tower,
The Landmark, 15 Queen's Road,
Central, Hong Kong
Telephone: 852-2868-2839
Fax: 852-2918-4430

Beijing Representative Office
Masato Inagaki, *Chief Representative*

Room 601, Chang Fu Gong Building,
Jia-26, Jianguo Men Wai St.,
Beijing, China 100022
Telephone: 86-10-6513-0858
Fax: 86-10-6513-0859

Major Subsidiaries and Affiliates

The Norinchukin Trust & Banking Co., Ltd.
Yoshinori Yasuda, *President*

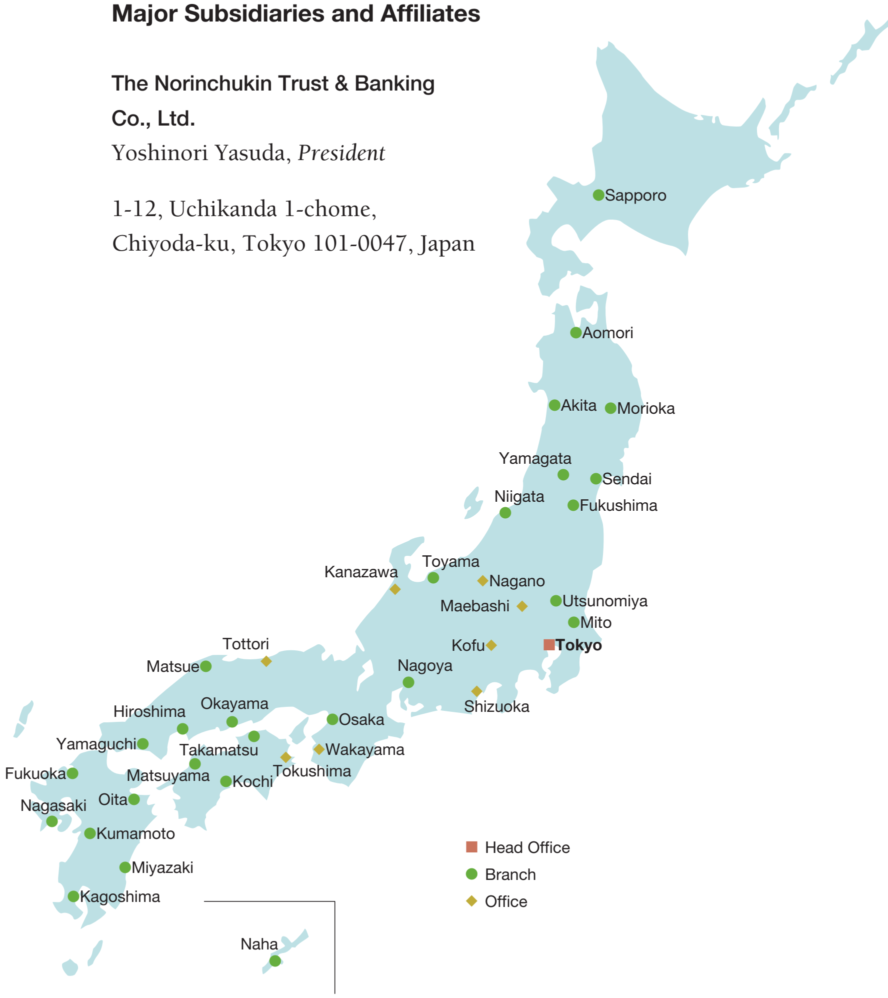
1-12, Uchikanda 1-chome,
Chiyoda-ku, Tokyo 101-0047, Japan

Norinchukin-Zenkyoren Asset Management Co., Ltd.
Yoshiyuki Hata, *President*

7-12, Marunouchi 1-chome,
Chiyoda-ku, Tokyo 100-0005,
Japan

Norinchukin Research Institute
Iwao Ohtawa, *President*

8-3, Otemachi 1-chome,
Chiyoda-ku,
Tokyo 100-0004,
Japan



Capital Position [Disclosure under Basel II Pillar III]

A STRONG CAPITAL BASE FOUNDED ON THE STRENGTH OF THE COOPERATIVE MEMBERSHIP

Capital Adequacy Ratio

As the Bank diversifies its asset management activities in global markets, the Bank has positioned the strengthening of its capital as a top management priority to meet the diverse needs of cooperative organizations and other customers as well as to expand the scope and enhance the stability of earnings-generation operations. As of March 31, 2007, the Bank's capital adequacy ratio for both consolidated (based on the 13 consolidated entities) and non-consolidated basis was 12.84%.

Expanding the Bank's Capital and Base of Operations

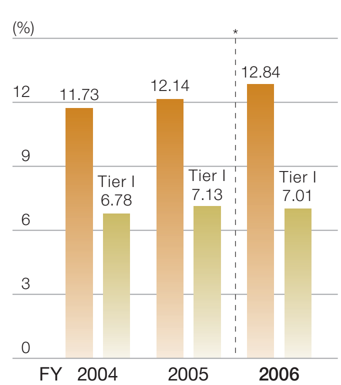
On September 28, 2006, the Bank raised approximately ¥342.7 billion (as of the date of the issue) from the issuance of dated subordinated bonds in the Euromarket through an overseas special-purpose company. The Bank undertook this issue based on its decision that an increase in capital would be necessary to respond effectively to the increasingly competitive environment in the financial services industry and to strengthen substantially its asset management capabilities as well as to create more sustainable operating systems.

To raise capital, dated subordinated bonds in three currencies (euros, U.K. pounds and yen) were issued through the Bank's wholly-owned overseas special purpose company. When calculating the Bank's capital adequacy ratio these subordinated bonds can be included in capital as Tier II capital and in effect, it strengthens the Bank's capital base.

In addition, in fiscal 2007 the Bank is moving forward with preparations to raise approximately ¥500 billion through the issue of lower dividend rate stock and an approximate additional ¥400 billion in perpetual subordinated loans with the cooperation of cooperative members to meet the requirements for the expansion of capital needed to participate in international financial markets and to strengthen further the Bank's financial position. Along with these fund-raising activities, the Bank is also making preparations during fiscal 2007 to repay ahead of schedule the ¥521.6 billion in outstanding dated subordinated loans.

The Bank regards further improvement in the quality and volume of its capital as a task of high priority required to secure management soundness going forward, and to respond to the needs and trust of the cooperative organizations, other customers as well as Japanese and overseas markets. Accordingly, the Bank will make every effort to increase its retained earnings and implement measures to expand its capital, while securing the understanding and cooperation of members of the cooperative organizations, as opportunities present themselves.

Capital Adequacy Ratio (Consolidated)



* Change in method of calculating the capital adequacy ratio following the implementation of new BIS standards

Strong Capital Base

The Bank is rated highly by the two largest rating agencies in the United States—Standard & Poor's and Moody's Investors Service—and has received top-tier ratings among Japanese financial institutions. One of the main factors behind these high ratings is the strong capital base afforded by the membership of the cooperative system. As further evidence of the Bank's solid capital base, financial and other strengths, while major commercial banks in Japan have accepted injections of public funds to rejuvenate their financial capabilities and to ensure the smooth provision of credit, the Bank has yet to apply for one.

Outline of Methods for Raising Capital

The Bank's paid-in capital is derived from the following sources.

	Common Stocks		Preferred Stocks
Investors	Members, as specified in the Norinchukin Bank Law		No restrictions
Voting rights	Yes		No
Par value/Issue price	¥100/Issued at par value		¥100/Issued at market value
Dividends		For lower dividend rate stocks:	
	Dividend rates are decided at the Council of Delegates. Dividends are paid after the payment of dividends on preferred stocks. When dividends are paid on common stocks, participatory dividends are paid to holders of preferred stocks.	Dividend rates are decided at the Council of Delegates. The seniority hierarchy for dividends is the same as for common stocks. Under the Bank's Articles of Association, dividends on lower dividend rate stocks have a lower order of priority than common stocks.	Dividend rates are decided at the Council of Delegetes. Dividends on preferred stocks are composed of preferred dividends and participatory dividends. The seniority hierarchy for participatory dividends is the same as for common stocks.
	For years ending March 31, FY2005: 4% FY2006: 4%	For years ending March 31, FY2005: 1% FY2006: 2%	For years ending March 31, FY2005: 11% FY2006: 11%

Risk Management

Approach to Risk Management

Essential tasks in the management of financial institutions are to generate stable profits as well as construct an optimal portfolio, while confronting various types of risk arising from fluctuations in economic conditions and financial markets. In addition, financial institutions must maintain a high level of confidence from the public by providing reliable services and by maintaining financial soundness.

The Bank, as the central cooperative bank of Japan for agriculture, forestry, and fishery, has the mission of providing profits and offering services for the member cooperatives while maintaining a sound financial base. To fulfill its mission, the Bank engages in a diverse range of investment activities based on the concept of globally diversified investment. Accordingly, the enhancement of its risk management framework is an extremely important issue.

Specific initiatives by the Bank have included the establishment of its Risk Management Policy, which specifies the types of risks to be managed and a basic framework for risk management, including organizational structure and management methodology. Based on this policy, the Bank divides risk that must be managed into two broad categories: "risks that are taken actively to generate profits" (i.e., credit risk, market risk and liquidity risk) and "operational risks," which arise in the course of the conduct of operations. The Bank conducts risk management activities taking account of the special characteristics of each type of risk and measures the overall magnitude of these risks, making use of quantitative methods, and conducts integrated risk management by comparing the amount of risk with the Bank's management strengths and financial resources.

To implement integrated risk management, the Bank has created a number of organizational units to manage individual types of risk with the clear definition of the roles and responsibilities of these units, as well as a unit to manage the risks from an enterprise-level, integrated perspective. In addition, several committees composed of board members have been formed to discuss and make decisions regarding risk-related issues, including conducting checks whether the overall risk amount is within the limits of management resources (within the Risk-Bearing Capacity, including equity capital). Together with the flexible portfolio management reacting to the change in the financial markets and economic conditions, such organizational structure, as explained above, works toward achieving an optimal balance among risk, earnings, and capital, and thereby enhancing the soundness and profitability of the Bank's activities.

Complying with Basel II

Basel II (the new capital adequacy regulations), which went into effect in Japan in fiscal 2006, requests to comply with three pillars. Pillar I is the introduction of a risk sensitive computational formula for capital adequacy. Pillar II is financial institution's internal capital adequacy assessment process, according to its risk profile, followed by supervisory review and an evaluation process. Pillar III is proactive disclosure to secure the proper evaluation of the effectiveness of Pillar I and Pillar II by the market. The Bank has taken initiatives in the past several years to address issues relating to these three pillars.

Especially as regards to credit risk management, the Bank has worked to enhance and make full use of its existing internal credit rating system (which rates borrowers and other obligors both on the basis of a quantitative assessment of financial and other data making use of a statistical model, and on the basis of qualitative analysis). Other related initiatives aimed at enhancing credit risk management have included the introduction of a method for computing risk based on estimates of the probability of defaults for obligors in various credit quality categories, based on past records of actual defaults. For operational risk (including risks of clerical errors, system defects as well as legal action and other risks arising passively from operating activities), the Bank has strengthened its comprehensive management systems through the conduct of Risk and Control Self-Assessment (RCSA), which involve identifying risk inherent in various business processes and the assessment of the effectiveness of internal controls. In the computation of the capital adequacy ratio at the end of fiscal 2006, the Bank adopted "Foundation Internal Ratings-Based Approach (F-IRB)" for credit risk and "The Standardized Approach (TSA)" for operational risk, based on the Norinchukin Bank Law Notification regarding Basel II.

Internal Capital Adequacy Assessment Process

The Bank implements the Internal Capital Adequacy Assessment Process (ICAAP), an assessment process based on "International Convergence of Capital Measurement and Capital Standards: a Revised Framework" of the Basel Committee, to manage return along with risk and capital, in a consistent and efficient manner.

The ICAAP is the process to prove the Bank's capital adequacy by demonstrating the appropriateness of its risk management practices, which are employed to manage all the risks belonging to the business objectives to achieve. The purpose of ICAAP is to provide strong confidence about the Bank's sound business management with its various stakeholders.

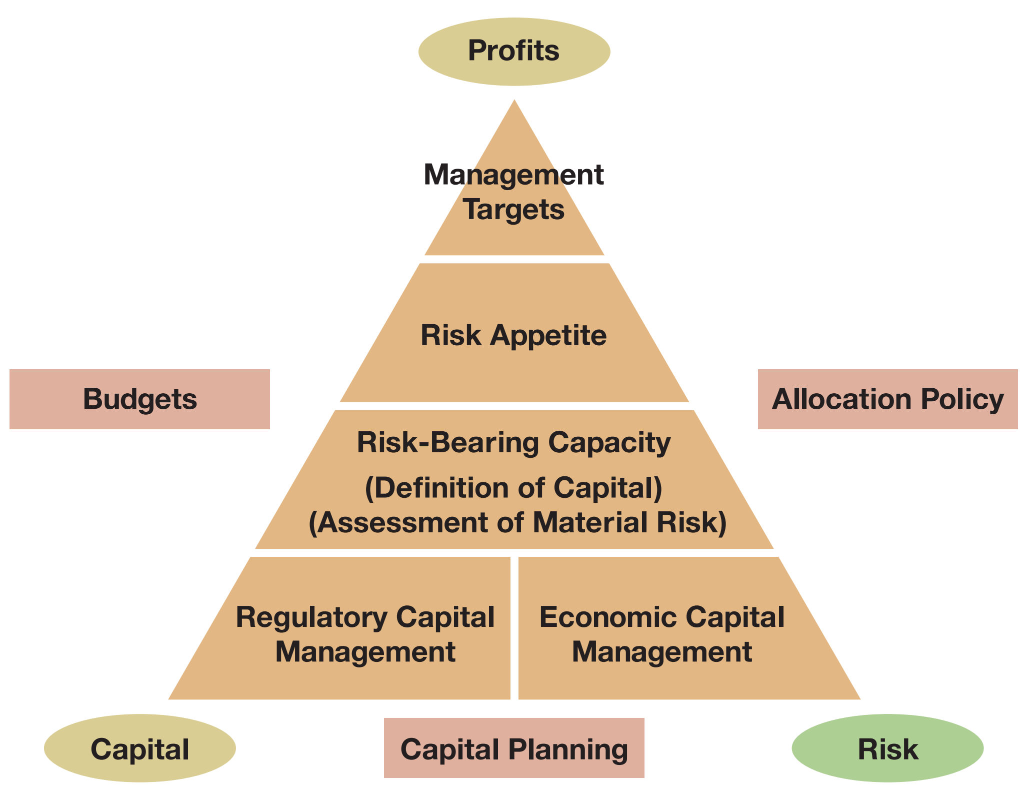
The Bank's ICAAP is beyond the framework of controlling just capital and risk. It intends to meet simultaneously two distinct management goals: capital adequacy and profitability. Consequently, Norinchukin's ICAAP recognizes its capital adequacy as the "triangular" relationship among profit, capital and risk with consistency. The Bank places this framework as the core concept of the ICAAP.

Specifically, the ICAAP demonstrates the consistency between "Risk Appetite," which is presented quantitatively as the amount of risk, and "Risk-Bearing Capacity," which is presented quantitatively as the amount of capital, through two different types of framework to maintain capital adequacy: regulatory capital management and economic capital management (to be discussed later) .

■ Risk Appetite

In implementing the Bank's strategies for attaining its management goals, Risk Appetite reflects its specific views regarding risk-taking, and defines what types of risk and how much of such risk the Bank is willing to take. The level at which risk will be controlled is determined by various related indicators, both qualitative and quantitative. In other words, setting Risk Appetite requires being aware of and making linkages among management objectives (management strategy), risk, and capital within a single framework.

ICAAP in Outline



■ Setting Risk-Bearing Capacity

The Bank sets the scope of the material risks it comprehensively manages, such as market risk, credit risk, and operational risk. For such risks, the Bank defines the methods for quantitative measurement. The Bank then defines Risk-Bearing Capacity as "maximum tolerable risk", and the Bank manages the level of risk within Risk-Bearing Capacity. When setting Risk-Bearing Capacity, the Bank clarifies the relationship between the types of internal capital, and types of risk that such capital should cover.

■ Confirmation of Consistency between Risk Amount and Risk-Bearing Capacity

This confirmation involves verifying that the amount of risk, recognized based on Risk Appetite, does not exceed "Risk-Bearing Capacity" and that there is no concern that risk may exceed Risk-Bearing Capacity. To maintain the above condition through day-to-day operations, the Bank has set the checkpoint within the framework of the regulatory capital management (capital adequacy ratio). In addition, by conducting a set of stress testing and preparing capital planning, the Bank aims to secure the soundness of operations.

The checkpoint provides a framework for ensuring that the capital adequacy ratio, which is constantly fluctuating due to various factors, is maintained above a predetermined level, mainly through monitoring of factors causing fluctuations and providing for necessary countermeasures at an early stage. A specific checkpoint is decided based on the Bank's risk profiles, which include the characteristic nature of volatilities of unrealized gains and losses on securities. The checkpoint is an integral part of maintaining the Bank's capital adequacy ratio above the specific standard, through the daily monitoring of the level of unrealized gains and losses.

Integrated Risk Management

The Bank has enacted the Risk Management Policy and established the core risk management framework that quantifies and manages risk comprehensively in comparison with capital, which represents the Bank's management strength. The Bank has developed further this framework in the context of capital adequacy into the ICAAP (Internal Capital Adequacy Assessment Process) described previously. The Bank conducts the integrated risk management, which covers risks beyond Pillar I.

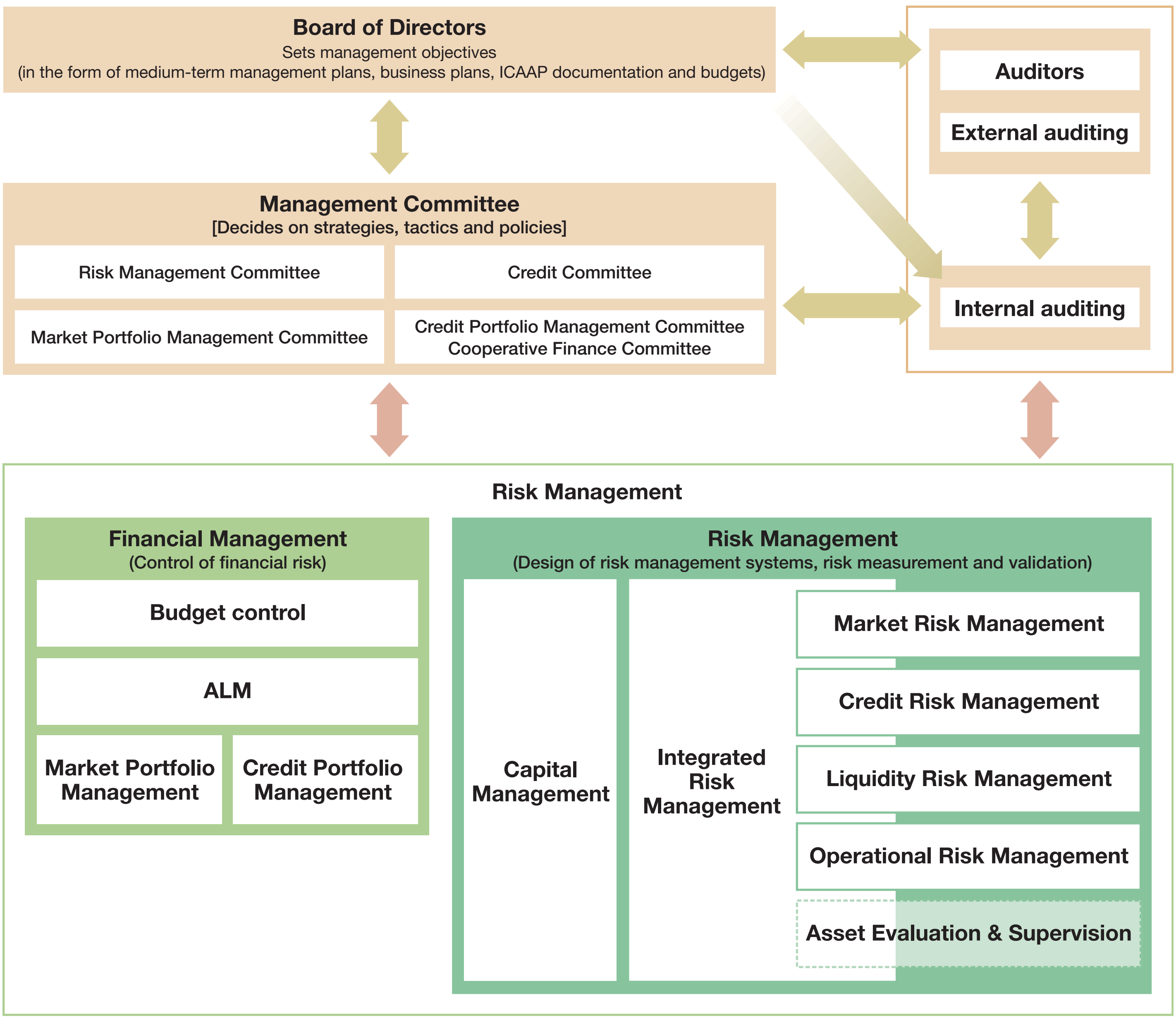
The central function within the management process is "Economic Capital Management." Under Economic Capital Management, all the risks to be covered by capital are quantified, and the total of these risks is managed by allocating economic capital to each category of risk as the upper limit that the Bank will allow. The Bank has begun to apply this method to monitor risk on a consolidated basis.

Concerning the organizational structure that governs the risk management framework, beginning in fiscal 2007, the Risk Management Committee (chaired by the director in charge of the Risk Management Division) has been established to make decisions regarding important matters relating to integrated risk management, including economic capital management, and other material issues relating to the management of capital including major policies for capital adequacy. The Market Risk Management Committee and the Credit Risk Management Committee, which treated risk-related matters previously, were reformed into the Market Portfolio Management Committee and the Credit Portfolio Management Committee. These committees currently focus on portfolio management issues, thereby mutual checking functions between these committees and the Risk Management Committee have been reinforced.

Under economic capital management, fluctuations in the risk amount (risk capital) that take place along with market fluctuations and additional risk positioning are controlled within the economic capital allocation limits. The resource of economic capital is Tier I capital, as used in the computation of the capital adequacy ratio for regulatory purposes. The Bank defines the material risk types managed by economic capital management as market risk, credit risk and operational risk. The Bank adopts the economic capital management methodology suitable for the Bank's business model, that is characterized as its globally diversified investment strategy. Actually, the Bank allocates and manages the risk capital regardless of asset categories or divisions based on the globally diversified investment concept. Allocation of economic capital to each risk category is determined by the Board of Directors semiannually, taking into account the allocation policy of the market risk portfolio and other investment projects. The middle section is responsible for measuring trends in the risk amount, and they make periodic reports to management. Note that the risk amount of market assets are measured, monitored and managed on a daily basis.

The Board of Directors is responsible for making decisions regarding economic capital allocation, but related matters are discussed in advance among experts in the Risk Management Committee from an enterprise level risk management perspective.

Risk Management System



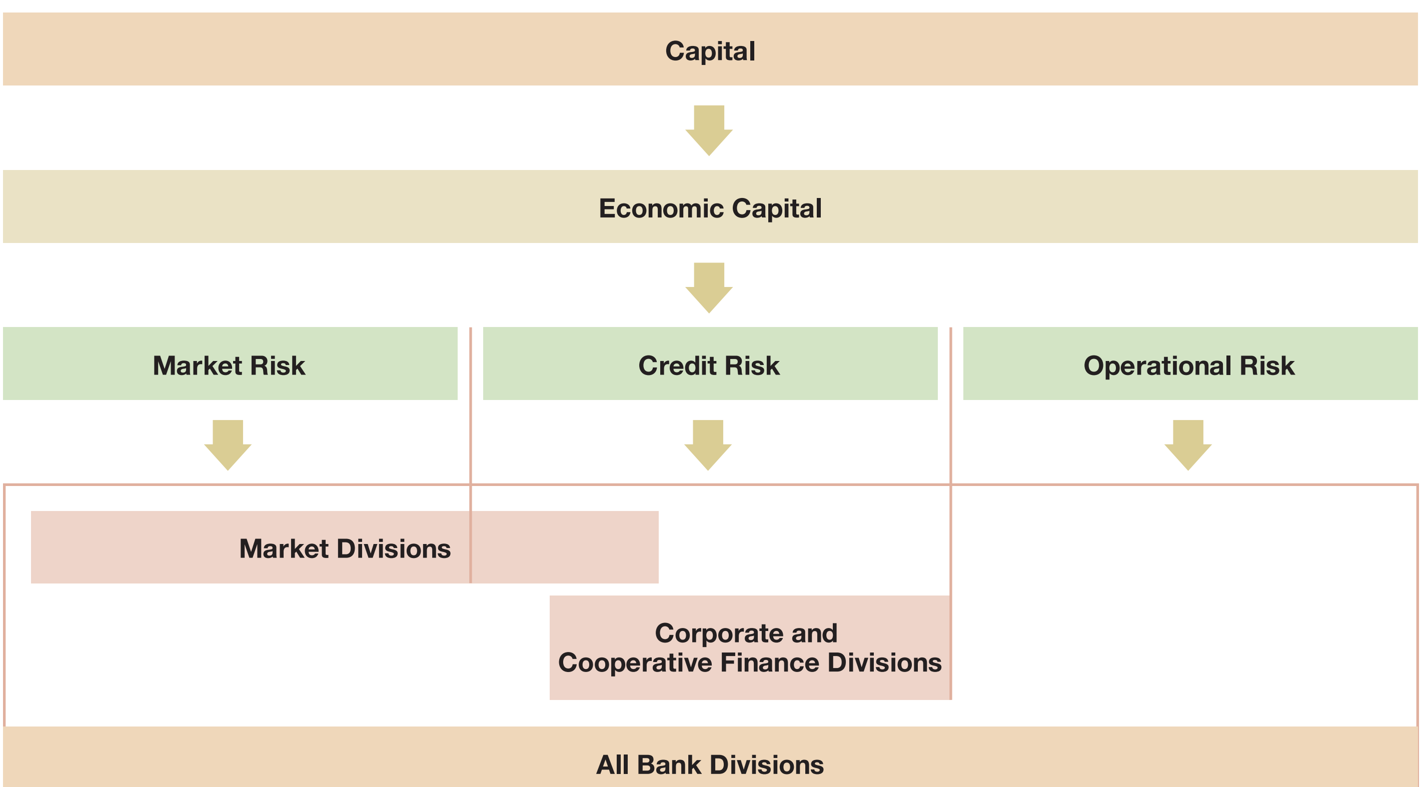
Market risk is measured through the value-at-risk (VaR) method, using a historical simulation model, with a 99.50% confidence interval and one-year holding period. Credit risk is measured through the value-at-risk (VaR) method, using a Monte Carlo simulation model (mark-to-market method), with a 99.50% confidence interval and one-year holding period. Credit risk capital is defined as the credit risk amount measured by the above method minus the expected loss. Operational risk is measured through the Standardized Approach, from a regulatory perspective, and equaled to risk capital. The Bank has enforced operational risk management collecting historical loss data to sophisticate the way of quantification of the operational risk.

Through these various initiatives, the Bank is working to manage risk in an integrated way and will continue to substantially increase the sophistication of these activities.

Integrated Risk Management along with Financial Management

The Bank's integrated risk management framework is conducted along with its financial management framework to optimize and enhance simultaneously its soundness and profitability. As one core component of the integrated risk management framework, the Bank has established the market risk management system, which can correspond to the conditions of financial markets swiftly. To ensure the system, the Bank conducts a wide range of analysis, including static and dynamic interest rate sensitivity analyses toward the profit/loss impact and the assets valuation impact. In addition, as a part of asset and liability management, the Bank measures the risk amount, taking account of fluctuations in prices of bonds and stocks and in foreign currency exchange rates, and conducts scenario simulations under various stress conditions. Through these activities, which are aimed at measuring the impact of changes in market conditions on its assets, the Bank is endeavoring to structure a flexible financial position.

The Image of Economic Capital Allocation



Credit Risk Management

For the Bank, transactions involving credit risk are one of the most strategically important sources of earnings. In addition to making assessments of the risks inherent in individual loans and other assets, the Bank conducts comprehensive risk management from the perspective of its overall credit risk portfolio. In this way, the Bank works to generate earnings commensurate with the level of credit risk it takes.

■ Credit Risk Management System

The Bank's credit risk management system comprises four committees that are managed by the top related directors and general managers. These committees decide the risk management framework as well as lending and investment policy. Front-office divisions offer loans and make investments based on the policy within the limits set by the committees. Middle-office divisions, which are independent from the front-office divisions, monitor changes in the credit risk portfolio and report them to the committees. Results of these activities then become useful for establishing future plans and policies regarding credit risk management.

Among the four committees, the Risk Management Committee is responsible for the deliberation of the basic framework for overall risk management, including the Bank's internal credit rating system, the self-assessment system, and the economic capital management system. The Credit Portfolio Management Committee and the Cooperative Finance Committee (chaired by the director in charge of the Financial Planning & Control Div.) discuss basic policies and strategies for each risk transaction and make a decision for the exercise of each proposed major and/or large-scale transaction. In addition, the Credit Committee (chaired by the director in charge of the Financial Planning & Control Div.) is primarily responsible for deliberating on a design of the system for various ceilings, and the Cooperative Finance Committee and the Credit Portfolio Management Committee discuss specific policies based on this system.

The Risk Monitoring Division, which is categorized as a middle-office division that is independent of front-office divisions, monitors the condition of the credit risk portfolio.

■ Credit Analysis System

As a result of the Bank's continuing efforts to further improve its credit analysis capabilities, the Bank performs highly expert examinations for each standing loan by taking a borrower's characteristics—such as a cooperative, a private corporation, a public entity, or a non-resident corporation—into account. Credit analyses on private corporations and public corporations are performed in a section separate from business management and strategy sections. The Credit Risk Assessment Division prepares credit analyses by industry type through fully drawing on its financing know-how, which the Bank has accumulated over the years. To perform accurate analyses, a senior credit administrator in charge of a certain industry type reviews each debtor or each business condition in the industry. Moreover, the Bank implements a scheme that enables it to determine the most appropriate assessment possible for the debtor or the business condition through comparisons with other companies in the same industry utilizing its superior research. In analyses of loans to non-resident corporations, the country ceiling system is effectively applied to incorporate risks, which are not found in assessment of loans to resident corporations. The Bank also considers country risks and appoints several senior credit administrators specializing in various locations to evaluate loan applications to carry out appropriate credit risk management.

For the recent rapid increase in securitization/liquidation products which are backed by assets such as account receivables and real estate, a senior credit administrator specialized in assessing structured investment products takes a role to grasp understanding of risks and to perform regular monitoring and reviewing of such investment products.

Under this credit analysis system, the Bank conducts high-level credit risk management based on strict assessment standards, the Bank's unique analyses on financial positions and cash flows of debtors, as well as follow-up monitoring.

In addition to making constant efforts in further strengthening the analysis system, the Bank sets credit limits and interest rates in accordance with debtors' internal ratings and controls certain risks through corporate ceiling management to earn an appropriate profit.

The Bank's Internal Credit Rating System

Outline of the Internal Credit Rating System and Special Features

In addition to the Bank's traditional lending activities as a financial institution specialized in the agricultural, forestry, and fisheries industries, the Bank adopts a management strategy of structuring a portfolio, combining a diversity of assets by region and industry through the global diversification of its investments. Accordingly, the Bank manages the credit risk of its exposure from an integrated perspective, and the basic issues are to strengthen its profitability and to ensure management soundness through the implementation of risk taking and appropriate capital management.

The Bank's internal rating system is designed to assess and measure the Bank's credit risk portfolio in a unified manner, and, as a core tool for the integrated management of credit risk, it has an important role in daily credit risk management and portfolio management.

Structure of the Internal Rating System

The Bank has 15 borrower grades: 10 borrower grades for non-defaulted borrowers and 5 for those that have defaulted.

For certain assets in risk-weighted asset calculation for the investment fund, the Bank assigns its internal ratings by using external ratings as the primary factor, those of Standard & Poor's (S&P) and Moody's Investors Service (Moody's). When the Bank maps clearly its internal grades to the scale used by external credit assessment institutions (for example, internal grade "1-1" is associated to the external grade "AAA" and "Aaa"), this mapping is based on comparisons of internal rating criteria to the criteria used by the external institution, on a comparison of the internal and external ratings of any common borrowers, and on a comparison of the internal default rate and the external one.

In the measurement of credit risk of economic capital management, the Bank uses the same probability of default that is used in the regulatory capital adequacy ratio, and the internal management is consistent with the IRB Approach.

Management of the Internal Rating System and Validation Procedures

Management of the internal rating system is based on the Rules of the Internal Rating, which has been approved by the Board of Directors, and these principles state the objectives of the internal rating, definitions of grades, allocations of assessment methods, limits of authority, review, and validation.

Detailed directions for the implementation of the Rules of the Internal Rating are established in each area, such as rating system design, operation, estimation of parameters, and validation.

Moreover, the Risk Management Division is an independent credit risk control unit that is responsible for management of the internal rating system, testing and monitoring internal grades.

In addition, the Internal Audit Division reviews periodically the management of the rating system including appropriate estimation of parameters such as probability of default, compliance with the minimum requirements for the IRB Approach and other matters, also making reports to the Board of Directors.

Self-Assessments

The Bank conducts a self-assessment four times each year: in March, June, September, and December.

The self-assessment process first involves categorizing debtors according to the Bank's internal ratings. There are five such categories: standard debtors, substandard debtors, doubtful debtors, debtors in default, and debtors in bankruptcy. Next, within each of these categories, individual credit customer obligations are ranked according to the risk of impairment in one of four asset categories: I, II, III, and IV.

Matters Related to Internal Ratings, Self-Assessments, and Claims Disclosed under the Financial Revitalization Law

Internal Ratings	Self-Assessments: Debtor classification	Self-Assessments: Asset category	Self-Assessments: Asset classification	Claims disclosed under the Financial Revitalization Law
1-1, 1-2, 2, 3, 4, 5, 6, 7	Standard debtors	Category I	Debtors who are experiencing favorable operating conditions and attested to have no particular financial difficulties. Internal ratings 1-1 to 4 correspond to investment grade ratings of external rating agencies.	Normal claims
8-1, 8-2, 8-3	Substandard debtors: Other substandard debtors	II	Debtors requiring close monitoring going forward	Normal claims
8-4	Substandard debtors: Debtors under requirement of control	II	Debtors requiring close monitoring going forward	Special attention claims
9	Doubtful debtors	III	Debtors who are highly likely to fall into bankruptcy	Doubtful claims
10-1	Debtors in default	IV	Debtor who have effectively fallen into bankruptcy, although no facts have emerged to indicate legal or formal bankruptcy	Bankrupt or de facto bankrupt
10-2	Debtors in bankruptcy	IV	Debtors who are legally and formally bankrupt	Bankrupt or de facto bankrupt

The Norinchukin Bank's Debtor Classification and Reserves for Possible Loan Losses (As of March 31, 2007)

(On a Non-Consolidated Basis)

(Billions of Yen)

Self-Assessments: Debtor classification	Category I	Category II	Category III	Category IV	Reserves for possible loan losses	Claims disclosed under the Financial Revitalization Law	Risk-managed loans (Note 2)
Debtors in bankruptcy Debtors in default	Portion deemed to be recoverable through collateral or guarantees		Provisions are made to cover the entire amount.	Full amount written off or provisions made	Specific reserve for possible loan losses 105	Bankrupt or De facto bankrupt 8	Loans to borrowers under bankruptcy proceedings 7 Delinquent loans 161
Doubtful debtors	Portion deemed to be recoverable through collateral or guarantees		Provision ratio: 93.0%			Doubtful 161	
Substandard debtors: Special attention	Provision ratio of the uncovered portion: 43.3%				General reserve for possible loan losses 96 (Note 1)	Special attention 110	Loans with principal or interest payments three months or more in arrears — Restructured loans 109
Substandard debtors: (Claims on debtors under requirement of control) Other substandard debtors	Claims on substandard debtors other than "Special Attention"					Standard loans 13,089	
Standard debtors							

Notes: 1. The expected default ratios for computing the provisions to the general reserve for possible loan losses are 0.26% for standard debtors, 4.08% for substandard debtors (excluding claims under requirement of control), and 12.41% for claims under requirement of control.
2. The difference between the total of claims disclosed under the Financial Revitalization Law and the total of risk-managed loans is the inclusion of claims other than loans.

Criteria for Write-Offs and Additions to Reserves

Write-offs and reserve provisions are made in accordance with the standards set by the Bank for each category of obligors as determined by self-assessments. For claims on standard debtors and substandard debtors, the Bank makes provisions to the general reserve for possible loan losses based on the projected loss rate, which is calculated from historical data on losses, including defaults, for each group. In addition, for those debtors within the substandard category to which the Bank has substantial credit exposure and are classified as being in need of control, reserves are provisioned on an individual basis using the discounted cash flow (DCF) method. Moreover, for claims on doubtful debtors and below, reserves are provisioned for individual loans based on the calculation of the amount deemed necessary for exposure in Category III and Category IV that are not covered by guarantees or collateral, or the amounts are written off directly.

Criteria for Write-Offs and Reserves

Debtor classification	Criteria for write-offs and reserves	Ratio of reserves as of March 31, 2007
Standard debtors	Provisions the estimated loss amount, which is derived from multiplying the total credit by the estimated loss ratio that is based on the past default ratio to the general reserve for possible loan losses	0.26%
Substandard debtors	First categorize debtors into two groups: "Debtors under requirement of control" or "Other substandard debtors," in accordance with credibility of debtors. Debtors in the latter group are further segmented.	
Other substandard debtors	Applies DCF method for a big debtor classified under "Debtors under requirement of control"	4.08%
Debtors under requirement of control	Provisions the estimated loss amount, which is derived from multiplying the total credit by the estimated loss ratio that is based on the default ratio for a group in which the debtors are categorized	12.41% (Excluding loans where the DCF method is applied)
Doubtful debtors	Provisions the necessary amount estimated from the amount in Category III, which is determined for each debtor (a part which is unexpected to be recovered from collateral or guarantees) to the specific reserve for possible loan losses	93.00% of the unrecoverable portion
Debtors in default Debtors in bankruptcy	Provisions the entire amount of Category III to the specific reserve for possible loan losses, and directly depreciates, principally under financial accounting, the amount in Category IV, which is determined for each debtor (a part which is determined to be uncollectible or valueless), regardless of it being a target for a tax-deductible write-off in tax law	The full amount of the unrecoverable portion is written off or provisioned.

Credit Costs in Fiscal 2006 (On a Non-Consolidated Basis)

	Billions of Yen
Loan write-offs	¥ 2
Provisions to specific reserve for possible loan losses	12
Provisions to general reserve for possible loan losses	(25)
Provisions to reserve for specified overseas debts	(0)
Other	0
Total credit costs	¥(10)

Quantifying Credit Risk

Through the application of various ceiling systems and credit analysis for each transaction, credit risk is managed to prevent concentration in a specific industry, company, or product to enable balanced portfolio management. At the same time, the Bank measures risk volumes using statistical methods as described in the following section.

Methods for Estimating Credit Risk

Credit risk encompasses the various economic losses that may be incurred due to the decline of market prices for corporate bonds and losses in connection with the inability of borrowers to meet their interest and loan repayments as scheduled owing to deterioration of their corporate condition or other circumstances. The Bank works to measure the volumes of such credit risks.

Credit risk is measured for loans, guarantees, foreign exchange, and securities, such as corporate bonds, as well as for swaps and other off-balance-sheet transactions.

Based on estimates of the total credit extended, the Bank uses information related to credit risk—such as rating migration ratios that measure the probability of rating changes and are computed based on background history and future business prospects, probability of default ratios by rating, recovery ratios in the event of default and correlations among the creditworthiness of corporations and other entities to conduct tens of thousands of simulated scenarios, under various assumptions regarding defaults and rating changes for its customers and their products—to determine the distribution of potential losses.

For the estimated potential losses, the Bank calculates two risk volumes: the "expected loss" that corresponds to the loss that can be expected on average over the next year and the "probable maximum loss," defined as a loss that can be expected under the worst-case scenario. This enables the Bank to monitor the condition of usage of allocated risk capital and check on the profitability against risk.

Image of the Computation of Credit Risk

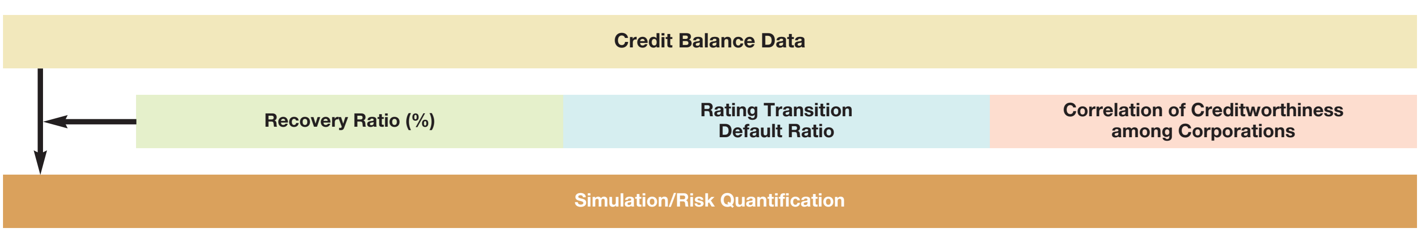
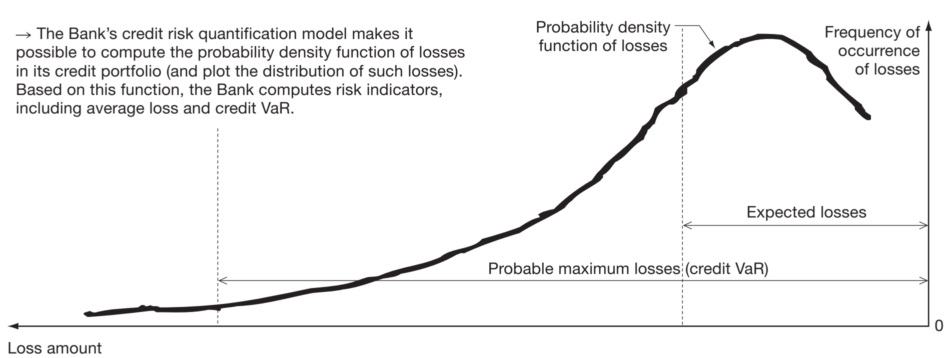


Image of the Credit Risk Quantification Model



Market Risk Management

The Bank recognizes its investments in assets that contain market risk, such as bonds and equities, as one of the major sources of profit. By proactively taking risks in these investments, the Bank seeks to construct an efficient portfolio and intends to secure a stable realization of profit from its investment portfolio. When taking risks, the Bank positions the construction of the globally diversified investment as its fundamental objective and takes into consideration the risk amount of the overall portfolio, the risk and return characteristics of various asset classes, and correlations among asset classes to attain a balance of risk in its overall portfolio. Asset allocation is made after considering the Bank's financial position, the market environment, and other factors.

To ensure the effectiveness of risk management, when conducting its investment activities, the Bank maintains a distinct organizational separation between decisions (planning) on allocation policy, execution of individual transactions, and risk monitoring. Specifically, the Risk Management Committee is responsible for overall risk management, the Market Portfolio Management Committee (chaired by the director in charge of the Financial Planning & Control Division) sets allocation policy, the front sections carry out the execution of individual transactions, and the middle section conducts monitoring. Matters relating to the market risk portfolio management activity (such as market conditions, major investment decisions made by the Market Portfolio Management Committee, condition of the market risk portfolio, and views of how the market risk portfolio will be managed) are reported to the Board of Directors on a monthly basis.

Going forward, the Bank will be working substantially to enhance its market risk management infrastructure, including the expansion of the number of personnel, the upgrade of its systems, and the improvement of the technical capabilities concerning the analysis of the Bank's market risk profile.

■ Market Portfolio Management

The Bank places special emphasis on analyzing and managing its market risk portfolio.

The basis for the Bank's market risk management is the risk control within its economic capital management framework. Risk management related to the market portfolio aims for attaining efficient portfolio management within the limits of the economic capital allocated to market risk. The objective of the market risk management is the control of the overall risk balance of the portfolio and the level of profits and losses appropriate to the Bank's financial position, by adjusting the risk balance among asset classes, depending on the economic and financial environment. In specific terms, this involves checking the condition of the market risk portfolio by following the amount of positions in each asset class, monitoring VaR, basis point value (BPV) and other risk indicators, and correlations among asset classes. It also involves making simulations of the level of the Bank's profits and losses, unrealized gains and losses, and the capital adequacy ratio, reflecting the outlook for economic and financial conditions based on analyses of the macro-economy and financial markets.

The principal elements of the framework for market portfolio management are described in the following section.

Decision Making

Important decisions on market risk investments are made at the Board level. The Market Portfolio Management Committee—which is composed of board members as well as the general managers of related divisions—examines, discusses, and makes decisions concerning specific policies related to market risk investments.

When decisions are made, in addition to examining the investment environment, such as financial markets and the economic outlook, this Committee makes appropriate judgments, giving due consideration to the current condition of the Bank's ALM and securities portfolio. The Market Portfolio Management Committee holds meetings almost every week and on an ad-hoc basis when necessary, to enable flexible responses to market change. Moreover, to facilitate the close exchange of day-to-day information related to the market environment, board members and the general managers of related divisions hold weekly meetings to share information, stay informed and are ready to make swift and appropriate decisions.

Execution

Based on the investment decisions made by the Market Portfolio Management Committee, orders for buying and selling securities as well as hedging risks are executed by the front sections. Front sections also closely watch markets and offer proposals for new investment strategies as well as other suggestions to the Market Portfolio Management Committee.

Monitoring

The monitoring functions include checking on whether the front sections are appropriately executing transactions based on the investment decisions made by the Market Portfolio Management Committee, and measuring the amount of risk in the Bank's investment portfolio. The results of the monitoring are reported on a daily basis to the board level. The risk monitoring reports are used by the Market Portfolio Management Committee as the basis for checking the risk condition of the Bank's market risk portfolio and for exploring upcoming investment strategies.

Alarm System

For its market risk portfolio management, the Bank has adopted two alarm systems based on the fluctuation of unrealized profits of investment securities. The first is called the "Regulatory Capital Checkpoint System," and its function is to maintain the Bank's capital adequacy ratio above a specified level. Further details on this system may be found in the Internal Capital Adequacy Assessment Process section on pages 54 and 55.

The second alarm system gives a warning when a sudden increase in market volatility exceeds a certain level. When this system provides a warning, the Market Portfolio Management Committee reviews the current allocation policy and other related matters, including the condition of the regulatory capital and the economic capital, and discusses appropriate action.

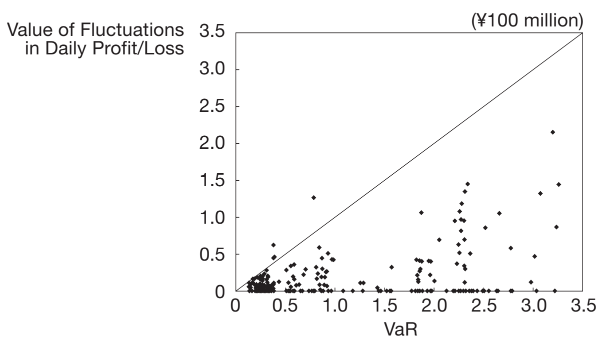
The Bank strives for prompt and appropriate risk management activities through theses alarm systems, and the Bank is committed to establishing an even more efficient risk management framework.

Trading Operations

The Bank's trading operations are conducted with the aim of generating profits from short-term market fluctuations. The Bank maintains a distinct organizational separation between those front sections engaged in trading and other units undertaking other kinds of transactions. The front sections conduct their operations within a trading framework, which includes predetermined position limits and loss limits, and aim to attain profit targets.

The Bank manages the risk of trading operations within the market risk management framework, centered on economic capital management with its integrated risk management framework. From a procedural perspective, the front sections

Results of Back Testing (Trading Divisions, Interest Rate VaR (1 day))



During the most recent 250 business days, including March 30, 2007, the negative value of fluctuations in daily profit and loss exceeded VaR (for a one-day holding period) four times. Of this total, it was determined that special market conditions accounted for this result on three occasions and were not due to excesses resulting from the performance of the model. The model is, therefore, deemed to have been proven valid within the specified probability range (one-tailed confidence interval of 99%).

Trends in Interest Rate Risk (for a one-day holding period) in the Trading Divisions

	VaR (¥100 million)
June 30, 2006	*0.3*
September 29, 2006	*2.6*
December 29, 2006	*2.2*
March 30, 2007	*0.3*

exercising trades for the Trading accounts are clearly separated from the front sections exercising trades for the Banking accounts. Goals for profits, position limits, and loss limits are reset every six months. Monitoring regarding whether the front sections are working properly to attain their profit targets within the specified limits is conducted on a daily basis.

When positions or losses exceed the specified limits, the middle sections notify and alert the front sections, and front sections are then obligated to take corrective action, reduce trading volume, suspend trading, or take other remedial action.

Risk Measurement Methods

The Bank measures the risk in its trading operations by adopting such methods as basis point value (BPV), slope point value (SPV), optional risk parameters, and value at risk (VaR) to monitor compliance with risk limits.

The Bank uses an internally developed VaR model for measuring risk on a daily basis. The model is a variance-covariance type and is operated with a one-tailed confidence interval of 99% and the assumption of a 10 business day holding period. Since the Bank's model was developed internally, the middle section self-assesses the model. In addition, the Bank's internal audit sections validate the model, and it is periodically verified quantitatively and qualitatively for its appropriateness by an External Auditor. The Bank is continuing to make use of the latest financial and information technology to increase the sophistication of its risk measurement methods.

Moreover, to test the appropriateness of the Bank's internal model, the estimates of risk volume computed by the model are compared with actual profit and loss on a daily basis (known as back testing). When divergences between the model's estimates and actual results rise above the set level, analyses of the causes of this divergence are conducted, and, depending on the results of the analyses, the model is reviewed and revised as necessary. In addition, the Bank conducts stress tests on a monthly basis, which involves simulating the results under the assumption of extreme conditions, such as when interest rates fluctuate by the largest margin that has been observed over the past five years. Whether the results of stress tests fall within the maximum loss tolerance (that is, within the portion of the Bank's capital allocated to the trading activities) is also monitored on a monthly basis.

Glossary of Terms

• BPV (basis point value)

BPV indicates the change in the value of a current position given a 0.01% change in interest rates. The Bank uses total delta as the indicator of the impact assuming a parallel shift in the yield curve.

• SPV (slope point value)

SPV is an indicator of the impact assuming a non-parallel shift in the yield curve. Because each yield curve grid is a compilation of absolute value for BPV, SPV indicates the changes in value of the Bank's positions when the interest rate moves against the Bank's positions by 0.01% in each grid.

• Optional Risk Parameters

Optional risks occur, for example, when the volume and value of bond and other options or financial instruments change because of fluctuations in base interest rates or other indicators and owing to market volatility. The Bank uses delta (the ratio of changes in the level of indicators versus changes in the prices of such options), gamma (the ratio of changes in the level of indicators versus changes in the volume of option positions) and vega (changes in the volatility versus changes in option prices) to evaluate the degree of correlation and sensitivity between the value of options and market indicators.

•VaR (value at risk)

VaR is the maximum possible loss over a specified holding period and for a specified confidence interval. The Bank calculates VaR using a variance-covariance matrix with two distinct holding periods (one day and 10 business days) and a 99% one-tailed confidence interval (standard deviation of 2.33).

Liquidity Risk Management

The Bank manages liquidity risk as stipulated in its Policy and Procedures for Liquidity Risk Management using the following definitions: (1) Market Liquidity Risk—the risk which cannot take or liquidate positions quickly and at appropriate prices due to the rapid changes in the market environment—and (2) Cash Flow Risk—the risk of disrupting the settlement of transactions due to a reduced volume of liquidity or incurring losses as a result of having no alternative but to procure funds at interest rates much higher than normal.

The Bank regards market liquidity risk as a major factor in making its investment decisions and, after investigating the liquidity (marketability) of each investment product, takes market liquidity risk fully into account when formulating specific investment strategies.

Since proper cash flow management is essential for ongoing operations and stable portfolio management, the Bank manages cash flow risk on a daily basis for each currency, product, and office from the perspectives of both funds management and procurement. Based on daily and monthly cash flow planning, the Bank works to maintain a stable level of liquidity while taking into account market movements.

Operational Risk Management

The Bank defines operational risk as including all types of risk that arise in the course of business activities, after the exclusion of market risk, credit risk, and liquidity risk, which are incurred when proactively seeking to generate profits. The Bank manages operational risk according to its Operational Risk Management Policy.

In managing operational risk, the Bank prioritizes processing risk, systems risk, legal risk, and other forms of operational risk that occur passively in the course of conducting business to make it possible to allocate limited management resources rationally. The basic objective of operational risk management is to minimize the possibilities of risks that are not incurred to make a profit and the estimated losses from such risks.

Operational risk management is divided into two areas: (1) management of risks where the occurrence of the risk itself can be controlled and (2) management of risks that must be controlled and contained once it occurs. Each of these types of risk is managed separately, depending on their special characteristics and the effectiveness of control measures by each risk's policy and procedure.

Moreover, taking account of the definition of operational risk in Basel II, for five types of operational risk (namely, processing risk, legal risk, systems risk, personnel risk, and physical assets risk), the Bank not only manages these forms of risk individually but also applies common risk management methods, as noted below, including the gathering and analyzing of information on losses arising from these risks and the application of the Risk & Control Self-Assessment (RCSA) process to manage these risks comprehensively.

(1) Gathering and analyzing information on losses to identify operational risks and develop countermeasures

The Bank gathers and analyzes information on losses arising from various loss events such as accidents, mistakes, and system failures that are considered a manifestation of operational risks to identify operational risks that are inherent in each business process and develop countermeasures.

(2) Implementation of RCSA for inherent risks, control measures, and residual risks

RCSA is a series of procedures conducted by each business unit itself to identify operational risks inherent in their business processes, identify control measures for the risks, evaluate effectiveness of the control measures and residual risks, and clarify problems to be improved.

Loss information, residual risks, and problems to be improved that are identified and analyzed by the above two methods are compiled in reports and presented to board members. These reports are then reflected in the preparation of the Operational Risk Management Plan, the Systems Risk Management Plan and the Processing Risk Management Plan, and thereby are used in the management and mitigation of risk.

The resulting Operational Risk Management Plan and other matters related to operational risk management are discussed by the Operational Risk Management Committee, which is composed of the related directors and general managers, and final decisions are made by the Board of Directors.

There are some initiatives aimed at improving the effectiveness of operational risk management. To provide for the assessment of whether these plans and other initiatives are being implemented properly, the Risk Management Division monitors these activities as the organizational unit having overall responsibility for operational risk management. In addition, the Internal Audit Division, as the unit responsible for internal auditing, audits the activities involved in the operational risk management process and implements initiatives aimed at improving the effectiveness of operational risk management.

Please note that the method used by the Bank for calculating operational risk capital charges, as required in Basel II, is the Standardized Approach (TSA).

■ Processing Risk Management

The Bank defines processing risk as the risk of losses arising when the activities of management and staff in the course of conducting operations are inappropriate. Specifically, processing risk may occur when there is a failure to process matters according to established procedures, when losses are incurred because of accidents or unethical behavior, and when proper processing of operational matters cannot be carried out because procedural regulations are insufficient or there are faults in the prescribed operating processes themselves. The Bank manages processing risk according to its Policy for Processing Operations Risk Management.

Specifically, results of processing risk RCSA and information on losses resulting from accidents, mistakes, and other circumstances are collected and analyzed. Based on this analysis, the Bank prepares a Processing Risk Management Plan containing risk mitigation measures and measures for increasing the sophistication of processing risk management.

Reports are provided to board members on progress toward implementation of this Plan periodically. Along with this, continuing initiatives include taking measures to prevent recurrence of individual accidents and mistakes, making improvement in procedures, conducting autonomous inspections and implementing training programs, all with the objective of preventing recurrence of processing risk. Through these activities as well as appropriate responses when there are changes in the operating environment that have an impact on processing operations, such as implementation of final integration with Shinnoren, the Bank aims at perfection of processing risk management.

■ Legal Risk Management

The Bank defines legal risk as risks brought about by legal violations or inappropriate agreements concerning business judgments or individual operations that cause damage or transaction troubles for the Bank. The Bank manages legal risk as prescribed in its Policy for Legal Risk Management.

As the Bank, in addition to providing conventional financial services, strives toward the realignment of the cooperative credit system, offers new financial services and engages actively in investment activities, legal risk management has been positioned as a key management issue in all of its offices and sustained efforts are made to upgrade legal risk management procedures.

Specifically, the Bank has developed the database that enables the Bank's staff to search laws and regulations governing the Bank's business activities from division/department name or type of business. By using the database, the Bank's staff can recognize enactment, revision and repeal of relevant laws and regulations promptly and reflect the changes in their business operations accurately. Moreover, to minimize legal risk, the Bank's legal divisions offer their full support to departments and offices of the Bank in conducting legal checks of individual transactions as well as in preparing and reviewing contractual documents, while endeavoring to develop closer ties with units in charge of compliance.

Systems Risk Management

There are growing requirements for more sophisticated systems risk management. In addition to the traditional mission of assuring the stable provision of financial services as an integral part of the social infrastructure, the Bank is now expected to ensure information security including personal information protection and countermeasures for fake or stolen cash cards. On the other hand, to meet operational risk management requirements under Basel II, as well as the requirements of Japan's version of the Sarbanes-Oxley corporate reform law, improvements in internal control systems related to information systems have become necessary.

The Bank conducts comprehensive assessments of all its main IT systems based on the safety criteria established by the Center for Financial Industry Information Systems (FISC) periodically, and develops the Systems Risk Management Plan, which aims at the enhancement of its IT systems, based on the results of the assessments.

In view of the changing requirements of society, the Bank is continuing to review its risk management systems and practices and upgrade its various other internal policies and procedures, such as the Policy for Systems Risk Management, with the aim of substantially strengthening its internal control systems.

Risk Management in the Bank's Consolidated Subsidiaries

The Bank's consolidated subsidiaries are managed in accordance with the Bank's Group Company Operating and Administrative Regulations. Each of these subsidiaries prepares a workable and effective basic risk management policy and framework, taking account of the Bank's Basic Risk Management Policy as well as the nature of its own business activities and the characteristics of the risks it must manage. The Bank and each of its consolidated subsidiaries then confer and determine a basic policy for risk management for each subsidiary, taking into consideration the nature of the risks the subsidiary must manage. This basic policy identifies the risks to be managed and establishes a risk management framework and system.

More specifically, Norinchukin Trust & Banking Co., Ltd., Kyodo Housing Loan Co., Ltd., and certain other consolidated subsidiaries manage market risk, credit risk, liquidity risk, and operational risk. The remaining consolidated subsidiaries manage various forms of operational risk. In addition, to comprehensively assess and measure the risks that consolidated subsidiaries must manage, at present, the Group is working toward the introduction of the economic capital allocation approach that has been adopted by the Bank on a non-consolidated basis. In addition, the monitoring to confirm that risk volumes on a consolidated basis are within the limits of Tier I capital was introduced in the latter half of fiscal 2006. Furthermore, the Group Strategy Office of the Corporate Planning Division, which is responsible for managing the Bank's subsidiaries, is cooperating with the Risk Management Division and other related units to work toward uniform risk management and compliance throughout the Group and is implementing day-to-day management. When necessary, meetings are held with the top management of Group companies and with working-level personnel. Moreover, the Internal Audit Division of the Bank conducts audits of the risk management systems and business operations of consolidated subsidiaries, based on the Group's operating and audit regulations for subsidiaries. In addition, audits are periodically conducted by external auditors.

Through the various activities described above, the Bank is striving to enhance the sophistication of the risk management activities of the Group as a whole.

Capital Adequacy (Consolidated) [Disclosure under Basel II Pillar III]

Disclosure Regarding Capital Adequacy (Basel II Pillar III)

Basel II, applied from fiscal 2007, comprises three pillars. Pillar I is a new method for computing bank capital adequacy ratios. Pillar II is composed of an internal capital adequacy assessment process by industry and a supervisory review and evaluation process. Pillar III is appropriate disclosure regarding capital adequacy to be evaluated fairly by the market. The requirements for the Bank relating to disclosure are contained in Article 112 of the Implementation Ordinances of the Norinchukin Bank Law (Specific Content to Be Covered in the Bank's Disclosure Document) and in Item 5-2 of that Article, "Items to Be Specified Separately by the Minister of Agriculture, Forestry and Fisheries and the head of Japan's Financial Services Agency: Disclosure Regarding Capital Adequacy," which is specified in a separate notification related to Basel II. The Bank makes qualitative disclosures (this document) once a year (for the fiscal year ended March 31, which is released by July 31) and quantitative disclosure twice a year, once for the interim period ended September 30 (released by the end of January of the immediate following year) and once for the end of the fiscal year on March 31, which is released by July 31 (this document). In addition, the Bank issues quantitative disclosure on a quarterly basis (which includes information on the capital adequacy ratio and other principal indicators), once for the quarterly period ending June 30, which is released by October 31, and once for the quarterly period ending December 31, which is released by April 30.

Under Basel II Pillar III, the principal content disclosed is as follows: (1) information related to Pillar I (namely, the balances of the asset item used as the basis for computation of the capital adequacy ratio) and (2) information related to Pillar II (namely, information on interest rate risk and an explanation of risk management policy). The information related to assets to be released in compliance with Basel II Pillar III includes credit risk exposure, including assets that are subject to Internal Ratings-Based Approach (IRB), securitization exposures, exposure in the form of assets considered to be properly included in the capital adequacy calculation (money in trust other than money trusts under the reporting bank's management, investments in funds and other assets held in some form, but not directly) and assets subject to market risk, operational risk or some other risk. The Bank discloses exposure, exposure at default (EAD) and the definition of regulatory required capital. (For details, please refer to the Glossary of Terms below and on the following page.) Please note that for disclosures under Basel II Pillar III, both consolidated and non-consolidated items have been specified for disclosure in the qualitative explanation of the risk management policy, etc., but since the Bank conducts its principal businesses on a non-consolidated basis, the Bank has disclosed related information by focusing explanations primarily on non-consolidated information. (For consolidated subsidiaries, information is given in the section "Risk Management of Consolidated Subsidiaries.") In addition, for the convenience of readers of this document, we have included the relevant information in the sections Capital Position and Risk Management as well as Capital Adequacy (Consolidated).

The objective of this detailed disclosure under Basel II Pillar III is to inform readers how the principal asset items, the main part of the denominator of capital adequacy ratio, are managed and calculated to provide them with a better understanding of the Bank's risk management activities. Going forward, in addition to the information disclosure provided thus far, which centered on accounting information, the Bank has expanded its disclosure under Basel II Pillar III of risk-related information and, throughout the Disclosure Document, has taken initiatives to enhance convenience for readers of this document.

■ Glossary of Terms

Exposure

Exposure is defined as those amounts (before credit risk mitigation) shown as the assets on-balance sheet, subject to the credit risk, plus amounts (before credit risk mitigation) subject to the credit risk off-balance sheet.

Risk-Weighted Assets for Credit Risk (RA)

RA is the amount of credit risk computed from exposure, in accordance with the credit risk volume and used in the computation of the capital adequacy ratio. Since the Bank adopts the Foundation Internal Ratings-Based Approach (F-IRB), certain parameters—namely, probability of default (PD), loss-given default (LGD) and exposure at default (EAD)—are used in calculating the amount of risk-weighted assets for credit risk.

Probability of Default (PD)

The probability of default is the possibility that the obligor will be in default in a one-year period.

Loss-Given Default (LGD)

Loss-given default is the percentage of losses that will arise from the exposure in default. The loss referred here is the economic loss, and the cost of recovering the exposure should be included. In addition, the discount effect over the period required for recovery is also taken into account.

Exposure at Default (EAD)

EAD is the amount of the exposure at the time of default. It is necessary for banks that adopted the Advanced Internal Ratings-Based Approach (A-IRB) to estimate EAD by considering the possibility that the obligor may draw down facilities into consideration. However, since the Bank adopts the Foundation Internal Ratings-Based Approach (F-IRB), the Bank does not estimate EAD for corporate, sovereign, and bank exposure, but uses the computational method shown in the notification to compute EAD. For retail exposure, the Bank uses the estimated EAD, the same as estimated PD, in its computations of capital adequacy. In computing EAD, the Bank takes the asset amounts shown on its balance sheet as a basis, but to cover credit risk volumes comprehensively, the Bank makes certain adjustments, including the addition of the credit risk amounts corresponding to commitment lines, as described in the footnotes of the financial statements.

Risk Weights (RW)

RW indicates the ratio of the credit risk-weighted asset within EAD. The following formula works:

EAD x RW (%) = Sum of risk-weighted assets

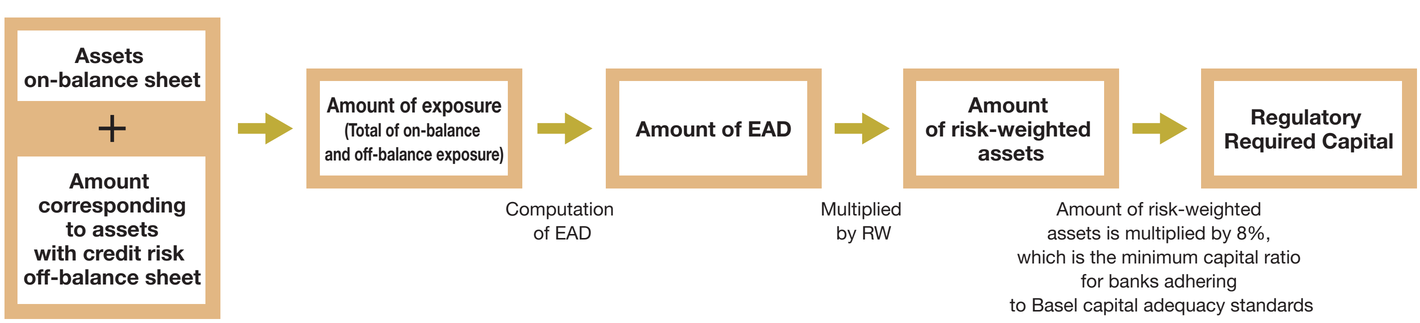
The Bank adopts the Foundation Internal Ratings-Based Approach (F-IRB), so RW may change as the PD varies with the level of the internal credit rating.

Regulatory Required Capital

Regulatory required capital is the amount at risk, calculated by the denominator of the capital adequacy ratio, times 8%. The 8% figure is the minimum capital adequacy ratio that banks adhering to Basel capital adequacy standards must maintain. Required regulatory capital is computed according to the following formula with the amounts of risk-weighted assets:

Amount of risk-weighted assets x 8% = Regulatory required capital

Outline of the Computation Process



Exposure Classification under Basel II

The Bank's asset classification used under Basel II is as follows:

<table>
<tr><td rowspan="12">Assets subject to computation as risk-weighted assets for credit risk</td><td rowspan="12">Assets for which Internal Ratings-Based Approach (IRB) can be applied</td><td rowspan="10">Assets to which Internal Ratings-Based Approach (IRB) are applied</td><td rowspan="5">Applied to corporate, sovereign and bank exposure</td><td rowspan="2"></td><td colspan="2">Applied to sovereign exposure</td></tr>
<tr><td colspan="2">Applied to bank exposure</td></tr>
<tr><td rowspan="3">Applied to corporate exposure</td><td rowspan="2">Applied to corporate exposure</td><td>Resident corporate</td></tr>
<tr><td>Non-resident corporate</td></tr>
<tr><td colspan="2">Specialized Lending (SL)</td></tr>
<tr><td colspan="4">Retail exposure</td></tr>
<tr><td colspan="4">Equity exposure</td></tr>
<tr><td colspan="4">Securitization exposure</td></tr>
<tr><td colspan="4">Risk-weighted assets for investment funds (look-through approach, etc.)</td></tr>
<tr><td colspan="4">Other assets (cash, fixed assets, etc.)</td></tr>
<tr><td colspan="5">Roll-out assets from Standardized Approach to F-IRB Approach</td></tr>
<tr><td colspan="5">Non-IRB applicable assets (assets for Standardized Approach)</td></tr>
<tr><td colspan="7">Assets subject to evaluation at market risk (Trading account)</td></tr>
<tr><td colspan="7">Amounts deducted from capital (operating rights, etc.)</td></tr>
<tr><td colspan="7">Assets not subject to risk computations</td></tr>
</table>

Items for Quantitative Disclosure Related to Capital Adequacy Condition (Basel II Pillar III)

Capital adequacy conditions of the Bank in line with Basel II are described on the following pages.

Capital

Contents of principal capital items are described as follows.

Items		Content of principal quantitative disclosure	Consolidated disclosure (Page)	Non-consolidated disclosure (Page)
Items related to composition of capital	Capital adequacy ratio	Detailed components of Tier I capital and Tier II capital	073	102
	Explanation of computation of capital adequacy ratio	Scope of consolidation.	076	—
Items relating to capital adequacy		For the purpose of capital adequacy assessment, the contents of the capital adequacy ratio (being above the regulatory minimum of 8%), total amounts of regulatory required capital and details of principal exposure (credit risk exposure, market risk, operational risk, etc.) are disclosed by item.	077	105

Risk Exposures

This section describes detailed amounts of the Bank's various risks and exposures (including credit risk exposure, securitization exposure, market risk, equity exposure, funds and interest rate risk), which form the basis for the computation of the capital adequacy ratio. This section also describes credit risk mitigation and others that affect the risk profiles.

Items			Content of principal quantitative disclosure	Consolidated disclosure (Page)	Non-consolidated disclosure (Page)
Items related to credit risk	Credit risk exposure		Credit risk exposure (excluding securitization exposure and funds), details on the reserve for possible loan losses by region and industry	079	107
	Exposure subject to Internal Ratings-Based Approach (IRB)	Corporate, sovereign, and bank exposure	Details on PD, LGD, RW and EAD for corporate, sovereign, bank, and equity subject to the PD/LGD approach	082	109
		Retail exposure	Details on PD, LGD, RW and EAD	084	111
		Actual losses, etc., on exposure to corporate, sovereign, bank and retail	Actual losses, estimated losses depend on historical long-term results, comparison with actual losses	087	113
		Exposure to Specialized Lending subject to supervisory slotting criteria	Amount of exposure by RW	088	114
		Equity exposure subject to the simple risk-weighted method	Amount of exposure by RW	088	115
	Exposure subject to Standardized Approach		Amount of exposure by RW	089	115
Items with respect to credit risk mitigation			Coverage/application of collateral, guarantees, etc.	091	116
Items related to counterparty risk in derivative transactions			Derivative transaction activity	094	117
Items related to securitization exposure			Details on securitization exposure	096	118
Items related to market risk			VaR and amount of market risk in trading account	097	119
Items related to equity exposure			Details of equity exposure those directly held	098	120
Items related to exposure subject to risk-weighted asset calculation for investment fund			Risk-weighted assets for investment funds	100	121
Items related to interest rate risk			Interest rate risk for internal management purposes	101	122

1. Capital Structure (Consolidated)

(1) CAPITAL ADEQUACY RATIO (CONSOLIDATED)

Consolidated Capital Adequacy Ratio (Basel capital adequacy standards) (Basel II)

Note: The Bank's capital adequacy ratio for the fiscal year ended March 31, 2007, was computed according to Basel II.

Fiscal Year 2006

Items			Millions of yen	Millions of U.S. dollars
Tier I capital	Capital stock	(1)	1,484,017	12,576
	Included as non-cumulative, perpetual preferred stock		24,999	211
	Deposit for subscription to preferred stock	(2)	—	—
	Capital surplus	(3)	25,020	212
	Earned surplus	(4)	1,167,265	9,892
	Minority interest of consolidated subsidiaries	(5)	5,692	48
	Including preferred securities issued by overseas special-purpose corporations		—	—
	Tier I capital not corresponding to the preceding items (1) to (5)		0	0
	Unrealized loss on other securities	(6)	—	—
	Items excluded from Tier I capital under Article 5-1-1 through Article 5-1-5 of the Notification Regarding Capital Adequacy	(7)	124	1
	Items excluded from Tier I capital under Article 5-1-6 of the Notification Regarding Capital Adequacy	(8)	63,428	537
	Subtotal	(A)	2,618,442	22,190
	Including preferred securities with interest rate step-up clause		—	—
	(Ratio of the value of such preferred securities to Tier I capital)		—	—
Tier II capital	45% of unrealized gains on other securities*1		1,094,711	9,277
	45% of unrealized gains on land*2		32,788	277
	General reserve for possible loan losses		1,974	16
	Qualifying subordinated debt		1,458,629	12,361
	Included as perpetual subordinated bonds and loans		579,900	4,914
	Included as dated subordinated bonds, loans, and preferred stock		878,729	7,446
	Subtotal		2,588,103	21,933
	Tier II capital included as qualifying capital	(B)	2,588,103	21,933
Tier III capital	Short-term subordinated debt		—	—
	Including amount added to capital	(C)	—	—
Deductions	Deductions	(D)	412,290	3,493
Total Capital	(A)+(B)+(C)-(D)	(E)	4,794,256	40,629
Risk-weighted assets	Risk-weighted assets for credit risk	(F)	33,170,062	281,102
	Including on-balance sheet		31,008,984	262,788
	Including off-balance sheet		2,161,078	18,314
	Assets equivalent to market risk	(G)	3,195,818	27,083
	(For reference: actual market risk volume)	(H)	255,665	2,166
	Amount corresponding to operational risk (J)/8%	(I)	954,137	8,085
	(For reference: amount corresponding to operational risk)	(J)	76,330	646
	Total risk-weighted assets (F)+(G)+(I)	(K)	37,320,017	316,271
Basel II Capital Adequacy Ratio (Basel capital adequacy standards) = (E)/(K) x 100%			12.84%	12.84%

Notes: 1. The Bank's capital adequacy ratio was computed according to the stipulations outlined in Notification No. 4 of the 2006 Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries of Japan (Standard for Judging the Management Soundness of the Norinchukin Bank) (hereinafter, Notification Regarding Capital Adequacy). Note that the Bank adopts Foundation Internal Ratings-Based Approach (F-IRB) in computing risk-weighted assets for credit risk and the Standardized Approach (TSA) in computing the amount corresponding to operational risk.

2. According to the provisions of the Notification Regarding Capital Adequacy, Article 5-1-1 through Article 5-1-5, the items deduced from Tier I capital were as follows: The amount corresponding to operating rights (Notification Regarding Capital Adequacy, Article 5-1-1), the amount corresponding to the consolidated adjustment account (Notification Regarding Capital Adequacy, Article 5-1-2), intangible assets recorded as a result of business combinations or additional purchases of the stock of subsidiaries (Notification Regarding Capital Adequacy, Article 5-1-6), the amount corresponding to goodwill (Notification Regarding Capital Adequacy, Article 5-1-4), and the amount corresponding to the increase in capital due to securitization transactions (Notification Regarding Capital Adequacy, Article 5-1-5).

3. Amounts deducted from Tier I capital under the provisions of the Notification Regarding Capital Adequacy, Article 5-1-6, were as follows: 50% of the excess of the value corresponding to expected losses on exposure to corporate, sovereign and bank, and expected losses on retail exposure over the value of qualified reserves.

4. The Tier II capital item "general reserve for possible loan losses" is limited to the amount corresponding to assets which is calculated according to a Standardized Approach in terms of risk-weighted assets for credit risk.

5. Deductions are the total of the following: (1) the total amount of the value corresponding to deliberate holdings of instruments for raising capital issued by other financial institutions, (2) holdings of instruments issued for raising capital, issued by affiliated corporations conducting financial service businesses, (3) 50% of the expected value of losses on exposure to corporate, sovereign and bank, and expected losses on retail exposure over the value of qualified reserves, (4) expected losses on equity exposure, and (5) securitization exposure subject to deduction from capital. (Notification Regarding Capital Adequacy, Article 8)

6. In computing risk-weighted assets for credit risk, the Bank has applied a scaling factor of 1.06 to the value of risk-weighted assets for credit risk computed based on its Foundation Internal Ratings-Based Approach (F-IRB), as provided for in the Notification Regarding Capital Adequacy, Article 129.

Consolidated Capital Adequacy Ratio (Basel capital adequacy standards) (Basel I)

Fiscal Year 2005

Items			Millions of yen	Millions of U.S. dollars
Tier I capital	Capital stock		1,465,017	12,479
	Included as non-cumulative, perpetual preferred stock		24,999	213
	Deposit for subscription to preferred stock		—	—
	Capital surplus		25,020	213
	Earned surplus		992,096	8,451
	Minority interest of consolidated subsidiaries		5,999	51
	Including preferred securities issued by overseas special-purpose corporations		—	—
	Unrealized loss on other securities		—	—
	Foreign currency translation adjustments		—	—
	Goodwill and others		—	—
	Amount corresponding to consolidated adjustments		—	—
	Subtotal	(A)	2,488,134	21,194
	Including preferred securities with interest rate step-up clause		—	—
Tier II capital	45% of unrealized gains on other securities		892,968	7,606
	45% of unrealized gains on land		33,129	282
	General reserve for possible loan losses		122,759	1,046
	Qualifying subordinated debt		1,101,532	9,383
	Included as perpetual subordinated loans		579,900	4,940
	Included as dated subordinated loans and preferred stock		521,632	4,443
	Subtotal		2,150,389	18,317
	Tier II capital included as qualifying capital	(B)	2,150,389	18,317
Tier III capital	Short-term subordinated debt		—	—
	Including amount added to capital	(C)	—	—
Deductions	Deductions	(D)	402,649	3,430
Total Capital	(A)+(B)+(C)-(D)	(E)	4,235,873	36,081
Risk-weighted assets	On-balance sheet		30,989,677	263,966
	Off-balance sheet		1,007,175	8,579
	Risk-weighted assets for credit risk	(F)	31,996,853	272,546
	Assets equivalent to market risk ((E)/8%)	(G)	2,883,662	24,563
	(For reference: actual market risk volume)	(H)	230,693	1,965
	Total risk-weighted assets (F)+(G)	(I)	34,880,515	297,108
Basel I Capital Adequacy Ratio (Basel capital adequacy standards) = (E)/(I) x 100%			12.14%	12.14%

Note: The Bank's capital adequacy ratio was computed according to the stipulations outlined in Notification No. 7 of the 2003 Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries Japan (Criteria for Judging the Management Soundness of the Norinchukin Bank). The Basel capital adequacy standards apply to the Norinchukin Bank, and it has introduced market risk restrictions.

(2) EXPLANATION OF COMPUTATION OF THE CONSOLIDATED CAPITAL ADEQUACY RATIO

Names of Companies with Less than the Regulatory Required Capital and the Amounts

Among those companies that are subject to capital deduction as provided for in the Notification Regarding Capital Adequacy, Article 8-1-2 a and b, the name of those companies whose capital is below the regulatory required capital and the overall shortfall in capital.

None of the Bank's Group companies fall under this category.

Scope of Consolidation

There are no discrepancies between the companies belonging to the Bank's Group that are required to compute a consolidated capital adequacy ratio, as specified in the Notification Regarding Capital Adequacy, Article 3, (hereinafter, the Consolidated Group) and the companies to be included in the scope of consolidation, based on regulations relating to terminology, format, methods of preparation of the consolidated financial statements (under Ministerial Ordinance No. 28, issued by the Ministry of Finance in 1976).

As of March 31, 2007, the Bank had nine consolidated subsidiaries. The names and principal lines of business of these subsidiaries are as follows:

1. Norinchukin Trust & Banking Co., Ltd.: Trust and banking business
2. Kyodo Housing Loan Co., Ltd.: Loans for housing and related purposes

The Bank has no companies that are subject to capital deduction under the Notification Regarding Capital Adequacy, Article 8-1-2 a and b.

There were no associated companies that conducted financial service business that were subject to the provisions of the Notification Regarding Capital Adequacy, Article 9.

As of March 31, 2007, there was one company that conducted closely related business activities, as specified in Article 72-1-8 and 9 of the Norinchukin Bank Law (Law No. 93, 2001), but was not included in the scope of consolidation.

The company was Daiichi Life Norinchukin Building Management Co., Ltd. There are no restrictions on the movement of funds and capital among the members of the Consolidated Group.

2. Items for Capital Adequacy (Consolidated)

(Minimum amount of regulatory required capital and breakdown for each risk category as required under Basel II)

Consolidated Capital Adequacy Ratio and Ratio of Tier I Capital (Consolidated)

● Explanation

As of March 31, 2007, the Bank's consolidated capital adequacy ratio was 12.84%, above the minimum capital adequacy ratio of 8% required under Basel capital adequacy standards.

Items	As of March 31, 2007
Consolidated capital adequacy ratio	12.84%
Consolidated capital adequacy ratio of Tier I capital	7.01%

Note: The "Consolidated capital adequacy ratio of Tier I capital" is the ratio of Tier I capital to the denominator of the consolidated capital adequacy ratio computed as specified in the Notification Regarding Capital Adequacy, Article 2.

Total Consolidated Regulatory Required Capital

(Billions of yen)

Item	As of March 31, 2007
Total consolidated regulatory required capital	2,985

Note: "Total consolidated regulatory required capital" is 8% of the denominator of the consolidated capital adequacy ratio computed as specified in the Notification Regarding Capital Adequacy, Article 2.

Regulatory Required Capital for Credit Risk

(Excludes equity exposures to which the Bank applies Internal Ratings-Based Approach and funds).

(Billions of yen)

Items	As of March 31, 2007
Amount of regulatory required capital for credit risk	719
Including exposure subject to Internal Ratings-Based Approach	705
Corporate exposure	487
Sovereign exposure	0
Bank exposure	101
Retail exposure secured by residential properties	—
Qualifying revolving retail exposure	—
Other retail exposure	0
Securitization exposure	115
Exposure subject to Standardized Approach	14
Assets subject to Standardized Approach on a non-consolidated basis	0
Assets subject to Standardized Approach in consolidated companies	13

Notes: 1. Regulatory required capital for credit risk = 8% of risk-weighted assets for credit risk + Expected losses + Deductions from capital
2. "funds" are risk-weighted assets as calculated according to the method specified in Notification Regarding Capital Adequacy, Article 144.

Regulatory Required Capital for Credit Risk of Equity Exposure Subject to the Internal Ratings-Based Approach

(Billions of yen)

Items	As of March 31, 2007
Equity portfolios subject to the market-based approach	103
Equity portfolios subject to simple risk-weighted method	26
Equities under the internal models approach	76
Equity portfolios subject to PD/LGD approaches	24
Equity portfolios subject to the provisions of Notification Regarding Capital Adequacy, Article 13	58
Total	186

Notes: 1. Regulatory required capital for credit risk = 8% of risk-weighted assets + Expected losses + Deductions from capital
2. Article 13 of the Notification Regarding Capital Adequacy contains a transitional method for computing the amount of risk assets related to equity exposures that meet specified criteria.

Regulatory Required Capital for Credit Risk of Exposure Subject to Risk-Weighted Asset Calculation for Investment Fund

(Billions of yen)

Item	As of March 31, 2007
Exposure subject to risk-weighted asset calculation for investment fund	2,172

Notes: 1. Regulatory required capital for credit risk = 8% of risk-weighted assets for credit risk + Expected losses + Deductions from capital
2. "Computations treating exposure as credit risk assets" are calculations of the credit risk-weighted asset amounts as specified in the Notification Regarding Capital Adequacy, Article 144.

Regulatory Required Capital for Market Risk

(Billions of yen)

Items	As of March 31, 2007
Standardized Approach: Interest rate risk category	0
Standardized Approach: Equity risk category	—
Standardized Approach: Foreign exchange risk category	254
Standardized Approach: Commodity risk category	—
Standardized Approach: Option transactions	—
Standardized Approach total	254
Internal models Approach	0
Regulatory required capital for market risk	255

Regulatory Required Capital for Operational Risk

(Billions of yen)

Item	As of March 31, 2007
The Standardized Approach (TSA)	76

Note: Under "The Standardized Approach (TSA)," which is a method for computing the amount corresponding to operational risk, the gross profit for one year is allocated among the business activities as specified in Appendix Table 1 of the Notification Regarding Capital Adequacy. The multiplier specified for each business activity classification is multiplied by the gross profit, and the average of the annual totals for the past three years is taken to be the amount corresponding to operational risk. (Notification Regarding Capital Adequacy, Article 282)

3. Items for Credit Risk (Consolidated)

(Funds and securitization exposures are excluded.)

(1) CREDIT RISK EXPOSURE

For Fiscal 2006, ended March 31, 2007

Geographic Distribution of Exposure, Details in Significant Areas by Major Types of Credit Exposure

(Billions of yen)

Region	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure
Japan	15,704	12,816	27	5,144	33,692	306
Asia except Japan	72	23	11	912	1,020	—
Europe	604	3,379	117	2,627	6,728	—
The Americas	531	8,017	34	2,095	10,678	8
Other areas	43	13	0	0	57	—
Amounts held by consolidated subsidiaries	274	20	0	41	336	12
Total	17,231	24,271	190	10,821	52,514	326

Industry Distribution of Exposure, Details by Major Types of Credit Exposure

(Billions of yen)

Industry	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure	Write-off of loans (amounts of partial direct write-off)
Food products	709	161	0	0	871	49	0
Pulp and paper	190	49	0	0	239	1	—
Chemicals	547	170	0	0	718	12	—
Other manufacturing	1,056	187	1	0	1,245	24	0
Total for manufacturing	2,503	568	1	0	3,074	88	0
Agriculture, forestry and fishing	126	0	—	0	126	36	3
Construction	170	16	0	0	187	1	—
Utility	170	67	0	0	238	—	—
Information/telecommunications, transportation	838	157	1	0	998	13	—
Wholesaling, retailing	1,848	122	0	0	1,971	69	2
Services	1,428	119	0	0	1,549	60	2
Finance and insurance	2,494	5,569	186	10,038	18,288	43	—
Other non-manufacturing	7,377	17,628	0	739	25,745	0	—
Total for non-manufacturing	14,453	23,682	188	10,779	49,103	226	7
Amounts held by consolidated subsidiaries	274	20	0	41	336	12	3
Total	17,231	24,271	190	10,821	52,514	326	11

Notes: 1. “Other non-manufacturing” includes the central government, local governments and related entities
2. “Others” within “Finance and insurance” includes repo-type transactions, call loans, and certain other items

Residual Contractual Maturity Breakdown of Credit Risk Exposure

(Billions of yen)

Term to maturity	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure
In 1 year	12,186	439	80	9,244	21,951
Over 1 year to 3 years	2,304	2,246	104	—	4,655
Over 3 years to 5 years	1,555	2,722	1	80	4,360
Over 5 years to 7 years	460	3,222	0	6	3,690
Over 7 years	436	14,447	3	743	15,630
No term to maturity	13	1,171	—	704	1,889
Amounts held by consolidated subsidiaries	274	20	0	41	336
Total	17,231	24,271	190	10,821	52,514

Notes: 1. In consideration of accuracy of disclosure, the Bank will begin to disclose the average-risk position for the period when it differs substantially from the amount at the end of the period, beginning for the interim period ending September 30, 2007.
2. The amounts of credit-risk exposure held by consolidated subsidiaries are less than 1% of consolidated risk exposure, so only the total amounts held by these subsidiaries are shown.
3. Within credit risk exposure, credit risk exposure subject to the Standardized Approach was ¥325.4 billion.
4. Default exposure is classified in the Bank's self-assessment as being under "Debtor Under Requirement of Control."

(2) RESERVES FOR POSSIBLE LOAN LOSSES

Increase/Decrease in General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and the Specific Reserve for Loans to Countries with Financial Problems by Region

(Billions of yen)

Region	As of March 31, 2007
Japan	101
Asia except Japan	0
Europe	—
The Americas	4
Other areas	65
Amounts held by consolidated subsidiaries	6
Offsets on consolidation	(4)
Total	173

Note: Giving due consideration to the accuracy of information disclosure, the Bank will include year-to-year comparison data for increases and decreases beginning for the years following the year ended March 31, 2007, the date when the Basel II standards went into effect. Therefore, comparison data are scheduled to be disclosed starting with the year ending March 31, 2008.

Increase/Decrease in General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and the Specified Reserve for Loans to Countries with Financial Problems by Industry

(Billions of yen)

Industry	As of March 31, 2007
Food products	6
Pulp and paper	1
Chemicals	—
Other manufacturing	2
Total for manufacturing	11
Agriculture, forestry and fishing	14
Construction	0
Utility	—
Information/telecommunications, transportation	10
Wholesaling, retailing	27
Services	21
Finance and insurance	20
Other non-manufacturing	0
Total for non-manufacturing	94
Others	65
Amount held by consolidated subsidiaries	6
Offsets on consolidation	(4)
Total	173

Note: Giving due consideration to the accuracy of information disclosure, the Bank will include year-to-year comparison data for increases and decreases beginning for the years following the year ended March 31, 2007, the date when the Basel II standards went into effect. Therefore, comparison data are scheduled to be disclosed starting with the year ending March 31, 2008.

(3) EXPOSURE SUBJECT TO THE INTERNAL RATINGS-BASED APPROACH

Types of Exposure by Portfolio and Outline of the Internal Rating Procedure

■ Corporate, Sovereign and Bank Exposure

Types of Exposure

Corporate, sovereign and bank exposure include exposure to corporate, sovereign, bank and Specialized Lending.

Within these categories, corporate is subdivided into resident and non-resident corporate. In addition, Specialized Lending is subdivided into Income-Producing Real Estate (IPRE), High-volatility Commercial Real Estate (HVCRE), Object Finance (OF) and Project Finance (PF).

Outline of Internal Credit Rating Procedure

Assigning internal credit ratings to the obligor of corporate exposure involves having the front sections prepare a draft proposal for the internal ratings, which is then reviewed and decided by a credit risk management division. Specifically, this process is based on manuals prepared for various types of exposure by corporate, sovereign, bank and Specialized Lending.

Work Flow for Assigning Credit Ratings

All the latest, relevant and important information that can be collected is taken into consideration when credit ratings are assigned. In addition, credit ratings are subject to more than annual "regular reviews", when the latest financial results of the borrower are reflected in the revised ratings. When there are events that may change credit ratings, the Bank conducts an "ad-hoc review."

	Items for Review	Content of Review
1	Financial rating	The Bank employs a model to prepare a risk profile based on the quantitative information in the borrower's financial statement to assign a rating.
2	Adjustments in financial rating	To evaluate the actual state of the financial rating of the borrower more effectively, supplementary assessments are made.
3	Qualitative assessments	When there are important matters related to the assessment of creditworthiness that cannot necessarily be assessed to a sufficient degree quantitatively, qualitative evaluations are conducted.
4	Country adjustments	Adjustments are conducted to make the credit rating of the country where the borrower's initial risks are located as the upper limit on the rating the Bank will assign.
5	Taking account of external information	Adjustments are conducted in ratings to take account of circumstances, which may be evident from the external credit assessment and trends in stock prices and other indicators that have not been considered in quantitative and qualitative assessments.
6	Judgments regarding the debtor classification	When self-assessments are conducted according to procedures, judgments are conducted regarding the debtor classification.
7	Overall judgments on ratings	In addition to the assessment processes mentioned previously, when there are matters that have an effect on ratings, such matters are included in this item, and then a final decision is made on the credit rating.

Note that the internal auditing units of the Bank, which are independent of the front sections and the credit risk management sections, also audit the ratings to ensure the appropriateness of the internal ratings and the accuracy of internal rating results.

■ Equity Exposure

Credit ratings are assigned to equity exposure, according to the same process as in assigning ratings to business corporations.

■ Retail Exposure

For retail exposure, the procedures for assigning retail internal ratings involve setting criteria for exposure eligible for management in retail pools that have similar risk characteristics, such as retail exposure secured by residential properties, qualifying revolving retail exposure and other retail exposure, and ratings are assigned to these pools (corresponding to the rating of exposure to corporate, sovereign and bank). Ratings for individual retail exposure are assigned, according to the pool rating based on the manual for internal credit ratings of retail exposure.

a. Corporate, Sovereign and Bank Exposure

Internal Ratings and Estimation of Parameters

The table of probability of default for various credit ratings is divided into four classifications: resident corporate, non-resident corporate, sovereign and bank. The methods for estimating these probabilities of default are (a) internal default experience: the Bank estimates probability of default based on the long-term averaged default rate for each rating grade and (b) mapping: the Bank maps internal grades to the scale used by an external credit assessment institution and then attributes the default rate of that institution to the Bank's grades.

Note that the Bank's definition of default used in estimating the probability of default and in validation meets the conditions of minimum requirements for the IRB approach.

Note that for Specialized Lending, the Bank uses slotting criteria to compute risk-weighted assets.

Fiscal 2006 (Ended March 31, 2007)

Corporate Exposure

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD (on-balance sheet)	EAD (off-balance sheet)
1-1 to 4	0.14%	38.85%	28%	4,302	1,697
5 to 7	1.80%	44.64%	115%	1,032	136
8-1 to 8-2	16.88%	43.96%	329%	202	13
Subtotal	0.89%	39.92%	51%	5,537	1,847
8-3 to 10-2	100.00%	44.39%	558%	243	9
Total	4.17%	40.07%	67%	5,780	1,856

Sovereign Exposure

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD (on-balance sheet)	EAD (off-balance sheet)
1-1 to 4	0.00%	45.82%	0%	26,229	742
5 to 7	7.78%	45.00%	226%	0	—
8-1 to 8-2	—	—	—	—	—
Subtotal	0.00%	45.82%	0%	26,229	742
8-3 to 10-2	100.00%	45.00%	562%	0	—
Total	0.00%	45.82%	0%	26,229	742

Bank Exposure

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD (on-balance sheet)	EAD (off-balance sheet)
1-1 to 4	0.04%	20.11%	9%	5,342	7,638
5 to 7	2.07%	45.00%	138%	21	5
8-1 to 8-2	7.07%	16.61%	87%	8	0
Subtotal	0.05%	20.16%	10%	5,372	7,644
8-3 to 10-2	100.00%	45.00%	563%	0	0
Total	0.05%	20.16%	10%	5,372	7,644

Equity Exposure for Credit Risk Using Internal Ratings; PD/LGD Approach

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD (on-balance sheet)	EAD (off-balance sheet)
1-1 to 4	0.08%	90.00%	205%	63	—
5 to 7	0.84%	90.00%	255%	0	—
8-1 to 8-2	17.24%	90.00%	738%	7	—
Subtotal	1.87%	90.00%	261%	71	—
8-3 to 10-2	100.00%	90.00%	1,125%	10	—
Total	13.97%	90.00%	368%	82	—

Notes: 1. Weighted averages of PD, LGD and risk weights are computed based on EAD (including on-balance and off-balance items).
2. Risk weights are equivalent to 8% of the total of the amount of risk-weighted assets and expected loss, divided by EAD.
3. These figures do not include funds exposure.
4. "Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach" does not take account of Rider No. 13 to the Notification Regarding Capital Adequacy (regarding provisional measures for equity exposure).

b. Retail Exposure

Retail Pools and Risk Components

On retail exposure, the Bank estimates PD, LGD, and EAD for each pool. PD is estimated by reviewing our internal historical default record. LGD is also estimated by reviewing our internal actual loss and recovery data. EAD is supposed to be the current balance, since the Bank has no exposure for revolving products.

On-balance sheet retail exposure consists of exposure to residential real estate and other retail exposure, and the average risk weight is 60%. Off-balance sheet retail exposure consists only of other retail exposure, and the average risk weight is 125%. Note that exposure for which the PD is 10% to 100% is managed separately from exposure to standard debtors as past due exposure.

Note that the Bank's definition of default used in estimating the probability of default and in validation meets the conditions of the minimum requirements for the IRB Approach.

Fiscal 2006 (Ended March 31, 2007)

Details on PD, LGD, RW and EAD On-Balance Sheet Assets

(Billions of yen)

Type of exposure	PD less than 10%			
	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	0.37%	40.87%	28%	396
Qualifying revolving retail exposure	—	—	—	—
Other retail exposure	1.05%	40.43%	45%	104

(Billions of yen)

Type of exposure	PD less than 100% but equal to or greater than 10%			
	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	20.31%	39.84%	323%	17
Qualifying revolving retail exposure	—	—	—	—
Other retail exposure	17.13%	40.11%	169%	6

(Billions of yen)

Type of exposure	PD less than 100%			
	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	1.21%	40.82%	40%	413
Qualifying revolving retail exposure	—	—	—	—
Other retail exposure	1.94%	40.41%	52%	110
Subtotal	1.36%	40.74%	43%	524

(Billions of yen)

Type of exposure	PD = 100%				
	Weighted-average PD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	100.00%	78.17%	72.38%	977%	8
Qualifying revolving retail exposure	—	—	—	—	—
Other retail exposure	100.00%	46.30%	43.62%	579%	2

(Billions of yen)

Type of exposure	Total					
	Weighted-average PD	Weighted-average LGD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	3.22%	40.82%	78.17%	72.38%	59%	422
Qualifying revolving retail exposure	—	—	—	—	—	—
Other retail exposure	4.30%	40.41%	46.30%	43.62%	64%	113
Subtotal	3.45%	40.74%	70.50%	65.46%	60%	535

Details on PD, LGD, RW and EAD Off-Balance Sheet Assets

(Billions of yen)

Type of exposure	PD less than 10%			
	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	—	—	—	—
Qualifying revolving retail exposure	—	—	—	—
Other retail exposure	1.76%	53.53%	78%	4

(Billions of yen)

Type of exposure	PD less than 100% but equal to or greater than 10%			
	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	—	—	—	—
Qualifying revolving retail exposure	—	—	—	—
Other retail exposure	48.60%	48.68%	393%	0

(Billions of yen)

Type of exposure	PD less than 100%			
	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	—	—	—	—
Qualifying revolving retail exposure	—	—	—	—
Other retail exposure	2.21%	53.48%	81%	4
Subtotal	2.21%	53.48%	81%	4

(Billions of yen)

Type of exposure	PD = 100%				
	Weighted-average PD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	—	—	—	—	—
Qualifying revolving retail exposure	—	—	—	—	—
Other retail exposure	100.00%	93.65%	81.99%	1,171%	0

(Billions of yen)

Type of exposure	Total					
	Weighted-average PD	Weighted-average LGD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	—	—	—	—	—	—
Qualifying revolving retail exposure	—	—	—	—	—	—
Other retail exposure	6.17%	53.48%	93.65%	81.99%	125%	5
Total	6.17%	53.48%	93.65%	81.99%	125%	5

Notes: 1. Most of the retail exposure held by the Bank as of March 31, 2007, was related to purchased retail receivables. These assets are subject to investment funds, so in view of the need to disclose appropriately the results of the estimate of parameters related to retail exposure, investment funds have been included in the quantitative disclosure of these items.

2. Risk weights are equivalent to the total of the risk-weighted assets and the amount of dividing the expected loss by 8%, then dividing the result by exposure at default (EAD).

3. For assets for which the PD is 100%, the risk weights have been computed taking account of the unexpected losses on default (LGD default) and the expected losses on default (EL default).

4. As of March 31, 2007, the Bank held no Qualifying revolving retail exposure for which net withdrawals of commitments had occurred.

c. Actual Losses to Corporate, Sovereign, Bank, and Retail Exposure

Actual Losses for the Previous Period, Comparison with the Year before Last Results and Analysis of Causes

(Billions of yen)

Type of exposure	As of March 31, 2007
Corporate exposure	20
Sovereign exposure	—
Bank exposure	—
Equity exposure subject to PD/LGD approach	0
Retail exposure secured by residential properties	—
Qualifying revolving retail exposure	—
Other retail exposure	0

Notes: 1. Giving due consideration to the accuracy of information disclosure, the Bank will include year-to-year comparison data for actual losses, past results and analysis of causes beginning the year following the year ended March 31, 2007, when Basel II went into effect. Comparison data are, therefore, scheduled to be disclosed starting with the year ending March 31, 2008.

2. Actual losses are defined as losses due to direct write-offs, partial direct write-offs, general reserves for possible loan losses and loan sales of exposure that defaulted up to the end of the previous period.

Estimated Losses Depend on Historical Long-Term Results, Comparison with Actual Losses

(Billions of yen)

Type of exposure	As of March 31, 2007	
	Estimated losses	Actual losses
Corporate exposure	27	20
Sovereign exposure	1	—
Bank exposure	0	—
Equity exposure subject to PD/LGD approach	0	0
Retail exposure secured by residential properties	1	—
Qualifying revolving retail exposure	—	—
Other retail exposure	0	0

Notes: 1. In consideration of the accuracy of information disclosure, comparisons of estimated and actual long-term losses for 10 years accumulatively are scheduled to be disclosed from the year following the application of Basel II (the year ending March 31, 2007).

2. The scope of actual and estimated losses includes the following accounts on balance sheet: loans, foreign exchange, accrued interests in other assets, suspense payable and customers' liabilities for acceptances and guarantees, as well as securities without quoted market values, money trusts without quoted market values, and monetary claims purchased.

3. Most of the retail exposure held by the Bank as of March 31, 2007, was related to purchased retail receivables. These assets are subject to risk-weighted assets for investment funds, so in view of the need to disclose appropriately the results of the estimate of parameters related to retail exposure, in the quantitative disclosure of these items, such assets have been included as funds.

d. Exposure to Specialized Lending Products Subject to Supervisory Slotting Criteria by RW

Amount of Specialized Lending Exposure Subject to Supervisory Slotting Criteria by RW

(Billions of yen)

Classification	As of March 31, 2007
Specialized Lending exposure subject to supervisory slotting criteria	956
Specialized Lending, excluding High-Volatility Commercial Real Estate (HVCRE)	855
Risk weight of 50%	49
Risk weight of 70%	539
Risk weight of 90%	187
Risk weight of 115%	18
Risk weight of 250%	15
Risk weight of 0% (default)	45
High-Volatility Commercial Real Estate (HVCRE)	100
Risk weight of 70%	0
Risk weight of 95%	19
Risk weight of 120%	60
Risk weight of 140%	—
Risk weight of 250%	20
Risk weight of 0% (default)	—

Notes: 1. "Specialized Lending" refers to loans for Project Finance (PF), Object Finance (OF), Commodity Finance (CF) and Income-Producing Real Estate (IPRE) (as defined in the Notification Regarding Capital Adequacy, Article 1-1-41).

2. "High-Volatility Commercial Real Estate (HVCRE)" refers to loans that are the financing of commercial real estate that exhibits a higher rate of loss volatility compared to other types of Specialized Lending, as specified in the Notification Regarding Capital Adequacy, Article 1-1-43.

3. "Specialized Lending exposure subject to supervisory slotting criteria" refers to the amounts of Specialized Lending, subject to the Bank's internal rating system, and have been allotted to the risk asset classifications given in the Notification Regarding Capital Adequacy, Article 130-3 and Article 130-5, after taking account of risk weights.

4. For risk weights, the Bank has applied the stipulations contained in the Notification Regarding Capital Adequacy, Article 130-3 and Article 130-5.

e. Equity Exposure Subject to the Simple Risk-Weighted Method of the Market-Based Approach by RW

Amount of Equity Exposure Subject to the Simple Risk-Weighted Method of the Market-Based Approach

(Billions of yen)

Classification	As of March 31, 2007
Equity exposure subject to the simple risk-weighted method of the market-based approach by RW	79
Risk weight of 300%	—
Risk weight of 400%	79

Note: The "simple risk-weighted method of the market-based approach by RW" is a method for computing the amount of risk-weighted assets of equity and other investments. Under this method, the market value of listed stocks is multiplied by a risk weight of 300%, and the estimated value of unlisted stocks is multiplied by a risk weight of 400% (Notification Regarding Capital Adequacy, Article 143-4).

(4) EXPOSURE SUBJECT TO STANDARDIZED APPROACH BY RW

Outline

The Bank adopts its internal rating system in computing risk assets; however, for the assets listed below, the percentage of such assets in credit risk assets is extremely small, and they are not regarded as material from a perspective of credit risk management. Accordingly, for a portion of these assets, the Bank employs the Standardized Approach and is not scheduled to adopt the IRB Approach for it.

- The on-balance sheet and off-balance sheet assets of its consolidated subsidiaries, with the exception of Kyodo Housing Loan Co., Ltd.
- The following assets are held by the Bank and Kyodo Housing Loan: Suspense payable (with the exception of payable account for securities), prepayment costs, among foreign currency forward contracts those for foreign currency deposits of cooperative organizations and current account overdrafts (to holders of the Bank's debentures).

Please note that Kyodo Housing Loan is planning to step up implementation for the Foundation Internal Ratings-Based Approach (F-IRB) and is scheduled to be in effect as of March 31, 2008.

The Bank uses the ratings of five qualified rating agencies (External Credit Assessment Institution (ECAI)) in computing its risk assets: Standard & Poor's, Moody's Investors Service, Fitch Ratings, Ltd., Rating & Investment Information, Inc. and Japan Credit Rating Agency, Ltd. The Bank, based on the Notification Regarding Capital Adequacy, Article 44, applies a risk weight of 100% to its exposure to corporate and others (excluding exposure three months or more past due), regardless of the ratings assigned by these qualified rating agencies.

Amount of Exposure Subject to Standardized Approach

(Billions of yen)

Classification	As of March 31, 2007
Exposure subject to Standardized Approach	325
Risk weight of 0%	19
Risk weight of 10%	5
Risk weight of 20%	13
Risk weight of 35%	143
Risk weight of 50%	0
Risk weight of 75%	66
Risk weight of 100%	74
Risk weight of 150%	0
Risk weight of more than 150%	0
Amount deducted from capital	0

Note: For exposure computed by the Standardized Approach, the Bank does not refer to external ratings in applying risk weight in any case.

4. Items for Methods of Credit Risk Mitigation Techniques (Consolidated)

Outline of Risk Management Policy and Procedures Related to Credit Risk Mitigation Techniques

■ Outline of Evaluation, Administrative Policy and Procedures for Collateral

The Bank regards future cash flows from the businesses it lends to as the basic source of funds for recovery of its claims on those businesses. Collateral is viewed only as a supplement to cash flow. The recovery of claims through the seizure of collateral occurs when the debtor experiences difficulty in meeting its obligations, thus the Bank employs methods of evaluating collateral to avoid the actual recoveries from collateral being less than the valuation of the collateral.

The Bank evaluates collateral based on such objective measurements as reports of appraisers, official land valuations for inheritance tax purposes, and market value. The Bank has established internal procedures for such evaluations to avoid wide variations in assessments. In addition, procedures have been established for the frequency of reviews of evaluations that depend on the type of collateral and the credit condition of the borrower, and evaluations are adjusted to reflect fluctuations in prices. To ensure such reviews are conducted appropriately, confirmations are conducted when policies for specific borrowers are prepared and at the time of self-assessments. Depending on the type of asset, the Bank reflects the objectively determined value of collateral in specific coefficients multiplied by the value of assets to estimate the disposal value of collateral. The expected recovery value of the collateral is regarded as security for the Bank's claims and is taken into consideration in making credit decisions and provisions to reserves. Even in the case of evaluations of real estate, which may vary depending on the accuracy of the methods employed, adjustments are made in coefficients.

In addition, when evaluating the credit standing of guarantors, in principle, the Bank employs its internal credit rating system, and, after assessing the guarantor's creditworthiness, determines the value the Bank assigns to the guarantee as security for its claims.

In administering collateral, procedures have been established to maintain legal efficacy and to take the necessary measures to exercise rights to collateral. The related documentation is reviewed not only at the time the collateral is pledged but also periodically thereafter.

■ Principal Types of Collateral

The principal types of collateral are securities, commercial notes and real estate.

■ Types of Guarantors and Principal Counterparties in Credit Derivatives and Explanation of Their Credit Standing

The principal types of guarantors in such transactions are mainly sovereigns, including central governments and local governments corporations with high credit ratings. Note that no transactions have been employed to mitigate the credit risk of credit derivatives.

■ Credit Risk Mitigation Techniques

The principal methods adopted by the Bank to mitigate credit risk are as follows.

Eligible Financial Collateral

Taking account of the conditions stated in the Notification Regarding Capital Adequacy (the Notification) and the Bank's operating practices, the Bank adopts the following methods for accepting monetary assets as collateral to mitigate credit risk: (1) Taking repo-type transactions as collateral, following the stipulations of the Notification and (2) aside from repo-type transactions, taking deposits with the Bank (including Norinchukin Bank Debentures) and stocks as collateral. No other monetary assets are accepted as collateral to mitigate credit risk.

Other Eligible IRB Collateral

Taking account of the conditions stated in the Notification Regarding Capital Adequacy (the Notification) and the Bank's operating practices, the Bank does not accept real estate, commercial notes, and certain other assets as collateral to mitigate credit risk.

On-Balance Sheet Netting for Loans and Deposits

Taking account of the provisions of the Notification and the Bank's operating practices, the Bank does not take deposits held with the Bank without legal contracts as collateral as a means to mitigate credit risk.

Legally Binding Netting Contracts for Derivatives and Repo-Style Transactions

The Bank considers legally binding netting contracts for derivatives as a means of mitigating credit risk. However, taking account of the provisions of the Notification and the Bank's operating practices, the Bank does not consider repo-style transactions as a means of mitigating credit risk.

In principle, the Bank's policy is to adopt legally binding netting contracts and derivative transactions as a means of mitigating credit risk. In its administration of legally binding netting contracts, the Bank confirms the scope of transactions on an ad-hoc basis, when necessary.

Also, the Bank computes the value corresponding to the credit risk amount as a transaction under legally binding netting agreements only for transactions conducted under the International Swap and Derivatives Association (ISDA) Master Agreement.

On the other hand, for repo-style transactions, although the Bank has concluded legally binding netting agreements with its principal customers, taking account of the stipulations of the Notification and the Bank's operating practices, the Bank does not employ these agreements as a means of mitigating credit risk.

■ Information about (Market or Credit) Risk Concentrations within the Risk Mitigations

For exposure where the credit risk of the exposure guaranteed has been shifted from the party being guaranteed to the party making the guarantee, as a result of credit risk mitigation techniques, the Bank confirms whether there are concentrations of credit risk, and manages this exposure. Regarding market risk, there are no credit derivatives included in the Bank's trading accounts.

Amount of Exposure Subject to Credit Risk Mitigation Techniques (Eligible Financial Collateral, Other Eligible IRB Collateral)

(Billions of yen)

Classification	As of March 31, 2007
Foundation Internal Ratings-Based Approach	7,368
Eligible financial collateral	7,368
Corporate exposure	825
Sovereign exposure	—
Bank exposure	6,543
Other eligible IRB collateral	—
Corporate exposure	—
Sovereign exposure	—
Bank exposure	—
Standardized Approach	—
Eligible financial collateral	—

Notes: 1. The amount of exposure for which credit risk mitigation techniques have been used is limited to the portion for which such effects have been taken into account.
2. Exposure subject to treatment as credit risk exposure is not included.

Amount of Exposure Subject to Credit Risk Mitigation Techniques (Guarantees, Credit Derivatives)

(Billions of yen)

Classification	As of March 31, 2007
Foundation Internal Ratings-Based Approach	418
Corporate exposure	371
Sovereign exposure	47
Bank exposure	—
Retail exposure secured by residential properties	—
Qualifying revolving retail exposure	—
Other retail exposure	—
Standardized Approach	—

Notes: 1. The amount of exposure for which credit risk mitigation techniques have been used is limited to the portion for which such methods have been taken into account.
2. Exposure subject to risk-weighted asset calculation for investment funds is not included.

5. Items for Counterparty Credit Risk in Derivative Transactions (Consolidated)

Outline of Risk Management Policy and Procedures for Counterparty Credit Risk in Derivatives and Transactions

■ Policy for Allocation of Risk Capital and Credit Lines

To manage the credit risk involved in derivative transactions where the counterparty is a financial institution, the Bank places a ceiling on risk appropriate to the internal credit rating of the financial institution counterparty. The Bank sets an upper limit on uncollateralized exposure to financial institution groups based on the Bank's internal credit ratings and business activities of those groups. The Bank then manages its total uncollateralized exposure to such groups, including the credit risk amount in derivative transactions, within the upper limit. This upper limit is known as the "bank ceiling system." Within the limits of this ceiling, each of the front sections is allocated a position limit by the company within the group and by type of transaction (including derivatives, loans, money market transactions and other transactions). Activities are managed so as not to exceed risk limits, including derivative transactions. Note that under the bank ceiling system, the amounts related to derivatives subject to management are included in "replacement costs," one component of current exposure in the BIS framework. The upper limit on uncollateralized credit, by internal credit rating grade and industry, is decided by the Bank's Credit Committee, chaired by the member of the board in charge of risk management. In addition, when the internal credit rating of the financial institution counterparty is downgraded because of a decline in creditworthiness, the ceiling may be automatically lowered. Compliance with the upper limit is monitored on a daily basis by the Risk Monitoring Division, and, when the total exposure is over a certain percentage of the limit, the Risk Monitoring Division sends a notice to the front section in charge and the Credit Risk Management Division. After receiving this notice, the Credit Risk Management Division and the related department consider and implement countermeasures. However, when immediate action is required, discussion with the related department is omitted, and the Credit Risk Management Division exercises its authority to take measures directly, such as ordering the front section to stop new transactions.

■ Policy for Calculating the Value of Collateral as Security for Claims and Reserve Provisions

For derivative transactions, the Bank has concluded a Credit Support Annex (CSA) with its major clients among financial institutions, and, in some cases, the Bank receives collateral from these financial institution counterparties. The collateral to be used differs according to the content of the CSA, but it includes mainly Japanese government bonds (JGBs), yen cash, U.S. Treasury bonds, and U.S. dollar cash. Regarding replacement costs, the Bank may conduct a self-assessment, depending on the internal credit rating of the financial institution counterparty. Depending on the debtor category the financial institution is assigned to, the Bank may set aside a reserve for possible replacement costs.

■ Explanation of Impact If Necessary to Provide Additional Collateral when the Bank's Credit Standing Deteriorates

In general terms, if the Bank's credit rating declines and its creditworthiness deteriorates, financial institutions dealing with the Bank will reduce their credit risk limits and may request collateral from the Bank. Especially under many CSA agreements, when the external credit rating of a bank declines, the credit risk limits applicable to that bank are reduced. Therefore, if the Bank's credit rating declines, it will be required to provide collateral based on its agreements. However, if the Bank has large holdings of liquid financial instruments, such as government bonds, it will have a sufficient level of assets to offer as collateral, and the Bank's Market Portfolio Management Committee will confirm the level of these assets, whenever necessary. For this reason, even if the Bank is required to provide additional collateral, the impact on the Bank's activities will be minimal.

■ Methods Used for Calculating Amount of Credit Exposure

The current exposure method is adopted.

Breakdown of the Amount of Credit Exposure

(Billions of yen)

Classification		As of March 31, 2007
Total gross replacement costs (limited to items with a value of greater than zero)	(A)	124
Total gross add-ons	(B)	310
Gross credit exposure	(C) = (A)+(B)	434
Including, foreign exchange related		374
Including, interest rate related		57
Including, equity related		3
Amount of credit exposure before taking into account credit risk mitigation techniques due to collateral	(D)	191
Reduction in credit exposure due to netting contracts	(C)–(D)	243

Amounts of Collateral by Type

In computing the capital adequacy ratio, the effect of credit risk mitigation techniques due to collateral has not been taken into account.

Credit Exposure after Taking Account of the Effect of the Credit Risk Mitigation Techniques due to Acceptance of Collateral

In computing the capital adequacy ratio, the effect of the credit risk mitigation techniques due to collateral has not been taken into account.

Notional Principal Amount of Credit Derivatives Included in Computation of Credit Exposure

(Billions of yen)

Classification	As of March 31, 2007
To buy protection	—
To sell protection	—

Note: Credit derivatives included in risk-weighted assets for investment funds have not been taken into consideration.

Notional Principal Amount of Credit Derivatives Taking into Consideration the Effect of Credit Risk Mitigation Techniques

(Billions of yen)

Classification	As of March 31, 2007
Notional principal amount	—

Note: Under the stipulations of the Notification Regarding Capital Adequacy, Article 10-2 and Article 10-3, the amount of credit risk assets not computed has not been included.

6. Items for Securitization Exposure

Outline of Risk Management Policy and Procedures for Securitization Exposure

As part of its credit risk transactions, the Bank conducts transactions in securitized (structured finance) instruments. Securitized transactions are based on specified underlying assets and make it possible to effectively and efficiently mitigate and acquire credit risk and other forms of risk. As a result, transactions in the market for securitized instruments have expanded rapidly in recent years. While conducting appropriate risk management, the Bank also has a policy of actively investing in these instruments. Note that the Bank's subsidiaries basically do not engage in transactions in securitized instruments.

The Bank invests in securitization exposure as part of its policy of generating earnings from the effective, global acquisition and management of risks, ranging from granting credit to individuals to corporations. In making investments in these instruments, the Bank takes account of its market risk asset position as well as its loans and other credit risk asset portfolio and, based on its overall asset allocation policy, engages flexibly in transactions in these instruments while constantly taking account of the market environment. To manage the risk of these investments, the Bank adheres to the credit risk and market risk management frameworks it has established. Specifically, the Bank sets investment ceilings, prepares internal credit ratings, conducts self-assessments and manages these investments within limits set by the economic capital allocation system. The cycle of investments in securitized instruments focuses decisions on transactions policy, execution and monitoring.

In view of the risk characteristics of securitization exposure, the Bank sets limits on investment by credit rating, and, where the securitized investment instruments are based on underlying assets other than loans, the Bank conducts a risk evaluation process to make correct judgments regarding risk and return on these investments.

Moreover, the Bank implements monitoring and reviews on a continuing basis of the credit condition of these investment products. Going beyond analysis of the securitized instruments themselves, the Bank also analyzes trends and other issues related to the investment assets underlying these instruments, including analysis and assessment of market trends. Also, regarding its securitization exposure, the Bank conducts appropriate credit risk assessments based on the Notifications of the financial authorities, while, as part of its integrated risk management, it examines migrations in credit ratings. In addition, based on the risk properties of the securitization exposure, the Bank computes risk volumes and engages in other initiatives to enhance the accuracy and sophistication of its risk management.

Please note that, as of March 31, 2007, the Bank has not been an originator of securitized transactions, having effects of credit risk mitigation from a regulatory perspective.

Computation of Risk-Weighted Assets for Credit Risk in Securitization Exposure

The Bank computes the amount of risk-weighted assets for securitization exposure by employing the "Ratings-Based Approach (RBA)," "Supervisory Formula (SF)" and "deduction from capital."

The Bank accounts for its transactions in securitized instruments based on the "Accounting Standards for Financial Products" and "Practical Guidelines for Accounting for Financial Products."

In making judgments regarding risk weights to assign to its securitization exposure, the Bank uses five qualified rating agencies (External Credit Assessment Institution (ECAI)): Standard & Poor's, Moody's Investors Service, Fitch Ratings, Ltd., Rating & Investment Information, Inc., and Japan Credit Rating Agency, Ltd.

The Amount of Underlying Assets Securitized by the Bank by Asset Type

As of March 31, 2007, the Bank has not been an originator for securitization exposure, having effects of credit risk mitigation.

Details of Securitization Exposure Held as Investor by Exposure Type

(Billions of yen)

Classification	As of March 31, 2007
Amount of securitization exposure	4,331
Business corporations	1,555
Individuals	1,708
Real estate	889
Other	177

Amount of Securitization Exposure Held as Investor and Regulatory Required Capital by Risk-Weighted Category

(Billions of yen)

Classification	As of March 31, 2007	
	Amount of exposure	Regulatory Required Capital
Amount of securitization exposure	4,331	115
Risk weight: 25% or less	3,746	39
Risk weight: 25.01% to 100.00%	529	27
Risk weight: 100.01% to 425%	8	1
Risk weight: 425.01% to 1,250%	3	2
Deductions from capital	44	44

Amount of Securitization Exposure Deducted from Capital and Details by Exposure Type (Under the stipulations of the Notification Regarding Capital Adequacy, Article 224)

(Billions of yen)

Classification	As of March 31, 2007
Amount of securitized exposure deducted from capital	44
Business corporations	15
Individuals	—
Real estate	2
Other	26

Risk-Weighted Assets Computed through Application of Appendix Article 15 of the Notification Regarding Capital Adequacy

Not applicable

7. Items for Market Risk (Consolidated)

Methods for Computation of Market Risk Amount and Appropriate Assessment

The Bank uses an internal models approach to measure "general market risk in a trading account." The Bank employs the standardized method for measuring "individual risks in a trading account," "foreign currency exchange risk," "commodity risk," "assets and liabilities related to a trading account in consolidated subsidiaries" and "foreign currency exchange risk and commodity risk in consolidated subsidiaries."

The financial products handled in a trading account, where the internal models approach is employed to measure general market risk, are limited to products and transactions that have a high degree of liquidity. These include government bonds, interest rate futures, bond futures, interest rate swaps and other items. In computing the amount of market risk within "general market risk in a trading account," the Bank takes account of the special characteristics of the products handled and assumes a holding period of 10 business days.

Computation of the Market Risk Amount Using the Internal Models Approach

■ Scope of Market Risk Amounts Computed by the Internal Models Approach

The model deals with general market risk within a trading account, and the scope is the same on a consolidated and non-consolidated basis. In addition, the following risks are computed according to the standardized method: individual risks in a trading account, foreign currency exchange risk, commodity risk and all the market risks with consolidated subsidiaries.

■ Specifications of the Internal Models Approach

(1) Form: Variance, co-variance matrix

(2) Holding period: 10 business days

(3) Confidence interval: Computations assume a standard normal distribution, a one-tailed confidence interval of 99%. (Computed for a holding period of one business day by multiplying by the square root of 10)

■ VaR

(Millions of yen)

	Fiscal 2006			
	Base date of computation	For the most recent 60 business days		
		Maximum	Minimum	Average
VaR	March 30, 2007	730	103	270

■ Amounts of Market Risk

(Millions of yen)

		Fiscal 2006
For the portion computed with the internal models approach (B)+(E)	(A)	810
Value at Risk (MAX (C, D))	(B)	810
Amount on base date of computation	(C)	105
Amount determined by multiplying (F) by the average for the most recent 60 business days	(D)	810
Additional amount at the time of measuring individual risk	(E)	0
(Multiplier)	(F)	3.00
(Times exceeding VaR in back testing)	(G)	4

8. Items for Equity Exposure (Consolidated)

(Includes items such as shares, excludes items in a trading account)

Outline of Risk Management Policy and Procedures Related to Equity Exposure

The Bank's exposure to equity comprises stocks classified as securities available for sale and stocks of subsidiaries and other associated companies. The amounts of risk-weighted assets for credit risk are computed by the methods specified by the Notifications of the financial authorities, but for internal management purposes, the Bank conducts integrated risk management within its economic capital management framework, as prescribed in "Norinchukin Risk Management."

■ Equities Classified as Other Securities

Risk management of equities classified among securities available for sale is conducted properly, principally as part of overall market risk (including interest rate risk and foreign currency exchange risk) that focuses on management within limits set in the economic capital management framework. Further details may be found in "Norinchukin Risk Management."

■ Stocks of Subsidiaries and Other Associated Companies

The stocks of subsidiaries and other associated companies are recognized as credit risk assets and managed within the economic capital management framework.

■ Principal Accounting Policies

For accounting purposes, among exposure to equity and other investments, stocks of subsidiaries and other associated companies are accounted for under the original cost, moving-average method. Exposure to equity and other investments classified in other securities is accounted for by the market value method on the date of the closing of accounts, in the case of equities with quoted market values (with book values computed according to the moving-average method). Equities without market values are accounted for by the original cost, moving-average method. In addition, the valuation difference on other securities is entered directly in the net assets account.

■ Computation of Risk-Weighted Assets Using the Internal Models Method

The Bank computes the value of risk-weighted assets in its equity exposure using the PD/LGD approach, under the market-based approach, using the simple risk-weight method, and the internal models method.

Amounts on the Balance Sheet and Market Value

(Billions of yen)

Classification	As of March 31, 2007	
	Amounts on the balance sheet	Market value
Equity exposure	1,204	1,204
Exposure to publicly traded equity	1,051	1,051
Exposure to privately held equity	152	152

Notes: 1. No stocks included in this table are fund-raising instruments of other financial institutions that the Bank holds deliberately as specified in the Notification Regarding Capital Adequacy, Article 8-1-1.

2. Regarding "market value," equities with quoted market values are evaluated at market, and those without market values are valued using the total amounts entered in the balance sheet.

Amount of Gain (Loss) due to Sale or Write-Off

(Billions of yen)

Item	Fiscal 2006		
	Gains from sale of equities, etc.	Losses from sales of equities, etc.	Write-offs of equities, etc.
Equity exposure	32	8	0

Amount of Valuation Gains (Losses)

(Billions of yen)

Item	As of March 31, 2007	
	Amount of valuation gain (loss) recognized on the balance sheet and not recognized in the statements of operations	Amount of valuation gain (loss) not recognized on the balance sheet nor the statements of operations
Equity exposure	330	—

Note: No stocks included in this table are fund-raising instruments of other financial institutions that the Bank holds deliberately, as specified in the Notification Regarding Capital Adequacy, Article 8-1-1.

Amount Included in Supplementary Capital (Tier II) Under Stipulations of the Notification Regarding Capital Adequacy, Article 6-1-1

(Billions of yen)

Item	As of March 31, 2007
Amount included in supplementary capital under the stipulations of the Notification Regarding Capital Adequacy, Article 6-1-1	148

Note: "Amount included in supplementary capital under the stipulations of the Notification Regarding Capital Adequacy, Article 6-1-1" is 45% of the total value of exposure to equity and other investments (excluding equities, etc., that are fund-raising instruments of other financial institutions that the Bank holds deliberately, as specified in the Notification Regarding Capital Adequacy, Article 8-1-1) classified under other securities at market value, minus the total book value of these securities.

Equity Exposure Subject to Treatment Under the Notification Regarding Capital Adequacy, Appendix Article 13

(Billions of yen)

Classification	As of March 31, 2007
	Amounts on the balance sheets
Equity exposure subject to treatment under the Notification Regarding Capital Adequacy, Appendix Article 13	687
Corporate	664
Bank	17
Sovereign	4

Note: Appendix Article 13 of the Notification Regarding Capital Adequacy specifies provisional methods for calculating the value of credit risk assets in exposure to equity and other investments that meets certain specified standards.

9. Items for Exposure Subject to Risk-Weighted Asset Calculation for Investment Fund (Consolidated)

Overview of Risk Management and Procedures Related to Exposure Subject to Risk-Weighted Asset Calculation for Investment Fund

Exposure subject to risk-weighted asset calculation for the investment fund consists mainly of assets managed in investment trusts and money trusts. These assets include equities, bonds and credit assets, which are the Bank's principal investment assets. Risk management policies are determined according the categories of the underlying assets, and an outline is provided in the section Norinchukin Risk Management. In addition to internal management, these assets are managed as funds. Relevant procedures are described in "Policies and Procedures for Management of Fund Investments," and risk is managed by applying methods appropriate for various asset categories. When these assets are entrusted with managers, the Bank examines in detail the operating systems, risk management systems, compliance systems, management philosophy and strategies as well as past performance of the managers to be chosen before making decisions regarding their selection. In addition, after entrusting these assets to managers, the Bank monitors their performance from quantitative and qualitative perspectives and conducts reviews of performance on a continuing basis to decide whether to continue or terminate individual managers.

Amount of Exposure Subject to Risk-Weighted Asset Calculation for Investment Fund

(Billions of yen)

Classification	As of March 31, 2007	
	Exposure	(For reference) Weighted-average risk weight
Look-through approach	18,781	60%
Majority approach	1,032	350%
Mandate approach	—	—
Market-based approach	4,045	187%
Others (simple approach)	550	505%
Total	24,410	97%

Notes: 1. The "Look-through approach" is a method for computing the risk-weighted assets in fund by totaling the amount of risk-weighted assets for credit risk in individual asset categories. (Please refer to Notification Regarding Capital Adequacy, Article 144-1.)

2. The "Majority approach" is a method for computing the risk-weighted assets in fund by applying risk weight to the fund as well as equity exposure when the exposure of equity, in terms of value, is major in a fund. (Please refer to the Notification Regarding Capital Adequacy, Article 144-2.)

3. The "Mandate approach" is a method for computing the risk-weighted assets in fund where only the investment mandate of the fund is known. The risk-weighted assets are computed as follows; It is assumed that the fund first invests, to the maximum extent allowed under its mandate, in the asset classes attracting the highest capital requirement, and then continues making investments in descending order until the maximum total investment level is reached. (Please refer to the Notification Regarding Capital Adequacy, Article 144-3.)

4. The "Market-based approach" is a method for computing the credit risk of exposure regarded as credit risk assets using the Bank's internal model (which is a value-at-risk (VaR) model based on the historical simulation method). (Please refer to the Notification Regarding Capital Adequacy, Article 144-4.)

5. The "Others (simple approach)" is a method for computing the risk-weighted assets in fund by applying risk weight of 400%, when it is judged the probability that the weighted-average risk weight will be less than 400%. In all other cases, risk weight of 1,250% is applied to funds. (Please refer to the Notification Regarding Capital Adequacy, Article 144-5.)

6. The items "(For reference) Weighted-average risk weight" is computed as follows: calculating the total risk-weighted assets and the amount of dividing the expected loss by 8%, then dividing the result by exposure at default (EAD).

10. Items for Interest-Rate Risk (Consolidated)

(Interest-rate risk (excluding trading account) is the gain or loss from interest-rate shocks or the increase or decrease in economic value used for internal management purposes.)

Outline of Risk Management and Procedures for Interest-Rate Risk

As stated in the section entitled Norinchukin Risk Management, in its economic capital management, which is the core of the Bank's risk management activities, the principal business model is the global diversification of investments. Accordingly, the Bank manages risk by taking into account various asset classes, principally bonds, equities, credit assets, and correlations in each asset class and diversification effects among asset classes.

In managing "interest-rate risk," the Bank analyzes interest-rate risk by running profit-and-loss impact simulations based on many types of scenarios and carries out various types of interest-rate sensitivity analysis, including BPV and yield-curve risk. In addition, the Bank conducts static and dynamic profit-and-loss impact analyses in major currencies. In addition, the Bank manages interest-rate risk in the banking book through a framework to properly grasp the multifaceted impact of interest-rate risk.

Combining this type of interest-rate risk management with the management of other major risks, the Bank has established checkpoints for application within the framework of its Internal Capital Adequacy Assessment Process (ICAAP), and, by conducting sets of stress testing and implementing other measures, it is in a position to confirm the proper operation of risk management activities at all times, from the point of view of the assessment of capital adequacy as well.

Principal Assumptions for Interest-Rate Risk Management, Frequency of Risk Measurement

As mentioned previously, the core of the Bank's risk management activities is economic capital management, and the Bank measures the risk of its securities portfolio on a daily basis. In the banking book, the Bank's internal management activities, which make use of interest-rate risk criteria, involve the monthly management of declines in economic value calculated with the assumption of a holding period of one year and employ interest-rate fluctuations, over at least five years, that lie in the first percentile and 99th percentile. Note that in principle, these activities cover all financial assets and liabilities, while the measurement process does not take account of inter-grid factors and correlations with other assets at all.

Interest-Rate Risk Volume Computed with the Internal Model in Core Business Accounts (The Banking Accounts)

(Billions of yen)

Classification	As of March 31, 2007
Interest-rate risk[1]	1,994
Yen interest-rate risk	131
U.S. dollar interest-rate risk	1,633
Euro interest-rate risk	203
Interest-rate risk in other currencies	26

Notes: 1. Interest-rate risk in consolidated subsidiaries is limited in view of the size of their assets, so the interest-rate risk volume for the Bank on a non-consolidated basis is shown here.

2. Regarding core deposits, since the balances of deposits, etc., without maturity dates are limited, the Bank does not currently measure their risk volume. In addition, regarding repayments of mortgage-backed securities and callable securities before maturity, risk volume is measured after taking account of negative convexity and option vega due to call conditions and other factors.

Capital Adequacy (Non-Consolidated) [Disclosure under Basel II Pillar III]

1. Capital Structure (Non-Consolidated)

CAPITAL ADEQUACY RATIO (NON-CONSOLIDATED)

Non-Consolidated Capital Adequacy Ratio (Basel capital adequacy standards) (Basel II)

Note: The Bank's capital adequacy ratio for the fiscal year ended March 31, 2007, was computed according to Basel II.

Fiscal Year 2006

	Items		Millions of yen	Millions of U.S. dollars
Tier I capital	Capital stock	(1)	1,484,017	12,576
	Included as non-cumulative, perpetual preferred stock		24,999	211
	Deposit for subscription to preferred stock	(2)	—	—
	Capital reserves	(3)	24,999	211
	Other capital surplus	(4)	20	0
	Earned surplus reserve	(5)	374,966	3,177
	Other reserves	(6)	707,233	5,993
	Tier I capital not corresponding to the preceding items (1) to (6)	(7)	68,852	583
	Earned surplus brought forward		68,852	583
	Unrealized loss on other securities		—	—
	Items excluded from Tier I capital under Article 17-1-1 through Article 17-1-3 of the Notification Regarding Capital Adequacy	(8)	—	—
	Items excluded from Tier I capital under Article 17-1-4 of the Notification Regarding Capital Adequacy	(9)	63,238	535
	Subtotal	(A)	2,596,852	22,007
	Including preferred securities with interest rate step-up clause		—	—
	(Ratio of the value of such preferred securities to Tier I capital)		—	—
Tier II capital	45% of unrealized gains on other securities*1		1,094,704	9,277
	45% of unrealized gains on land*2		32,788	277
	General reserve for possible loan losses		17	0
	Qualifying subordinated debt		1,458,629	12,361
	Included as perpetual subordinated bonds and loans		579,900	4,914
	Included as dated subordinated bonds, loans, and preferred stock		878,729	7,446
	Subtotal		2,586,139	21,916
	Tier II capital included as qualifying capital	(B)	2,586,139	21,916
Tier III capital	Short-term subordinated debt		—	—
	Including amount added to capital	(C)	—	—
Deductions	Deductions	(D)	397,749	3,370
Total Capital	(A)+(B)+(C)-(D)	(E)	4,785,242	40,552
Risk-weighted assets	Risk-weighted assets for credit risk	(F)	33,121,173	280,687
	Including on-balance sheet		30,990,439	262,630
	Including off-balance sheet		2,130,734	18,057
	Assets equivalent to market risk	(G)	3,195,818	27,083
	(For reference: actual market risk volume)	(H)	255,665	2,166
	Amount corresponding to operational risk (J)/8%	(I)	932,154	7,899
	(For reference: amount corresponding to operational risk)	(J)	74,572	631
	Total risk-weighted assets (F)+(G)+(I)	(K)	37,249,145	315,670
Basel II Capital Adequacy Ratio (Basel capital adequacy standards) = (E)/(K) x 100%			12.84%	12.84%

Notes: 1. The Bank's capital adequacy ratio was computed according to the stipulations outlined in Notification No. 4 of the 2006 Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries of Japan (Standard for Judging the Management Soundness of the Norinchukin Bank) (hereinafter, Notification Regarding Capital Adequacy). Note that the Bank adopts the Foundation Internal Ratings-Based Approach (F-IRB) in computing risk-weighted assets for credit risk and the Standardized Approach (TSA) in computing the amount corresponding to operational risk.

2. The Bank's non-consolidated capital adequacy ratio was computed based on the financial statements, which consolidated the overseas special-purpose corporation established for capital funding purposes. (Notification Regarding Capital Adequacy, Article 15).

3. According to the provisions of the Notification Regarding Capital Adequacy, Article 17-1-1 through Article 17-1-3, the items deduced from Tier I capital were as follows: The amount corresponding to operating rights (Notification Regarding Capital Adequacy, Article 17-1-1), intangible assets recorded as a result of business combinations or additional purchases of the stock of subsidiaries (Notification Regarding Capital Adequacy, Article 17-1-2), and the amount corresponding to the increase in capital due to securitization transactions (Notification Regarding Capital Adequacy, Article 17-1-3)

4. Amounts deducted from Tier I capital under the provisions of the Notification Regarding Capital Adequacy, Article 17-1-4, were as follows: 50% of the excess of the value corresponding to expected losses on exposure to corporate, sovereign and bank, and expected losses on retail exposure over the value of qualified reserves.

5. The Tier II capital item "general reserve for possible loan losses" is limited to the amount corresponding to assets which is calculated according to the Standardized Approach in terms of risk-weighted assets for credit risk.

6. Deductions are the total of the following: (1) the total amount of the value corresponding to deliberate holdings of instruments for raising capital issued by other financial institutions, (2) holdings of instruments issued for raising capital, issued by affiliated corporations conducting financial service businesses, (3) 50% of the expected value of losses on exposure to corporate, sovereign and bank, and expected losses on retail exposure over the value of qualified reserves, (4) expected losses on equity exposure, and (5) securitization exposure subject to deduction from capital. (Notification Regarding Capital Adequacy, Article 20)

7. In computing risk-weighted assets for credit risk, the Bank has applied a scaling factor of 1.06 to the value of risk-weighted assets for credit risk computed based on its Foundation Internal Ratings-Based Approach (F-IRB), as provided for in the Notification Regarding Capital Adequacy, Article 129.

Non-Consolidated Capital Adequacy Ratio (Basel capital adequacy standards) (Basel I)

Fiscal Year 2005

Items			Millions of yen	Millions of U.S. dollars
Tier I capital	Capital stock		1,465,017	12,479
	Included as non-cumulative, perpetual preferred stock		24,999	213
	Deposit for subscription to preferred stock		—	—
	Capital reserve		24,999	213
	Other capital surplus		20	0
	Earned surplus reserve		324,066	2,760
	Voluntary reserves		597,950	5,093
	Earned surplus brought forward		56,052	478
	Unrealized loss on other securities		—	—
	Goodwill and others		—	—
	Subtotal	(A)	2,468,107	21,023
	Including preferred securities with interest rate step-up clause		—	—
Tier II capital	45% of unrealized gains on other securities		892,957	7,606
	45% of unrealized gains on land		33,129	282
	General reserve for possible loan losses		121,239	1,033
	Qualifying subordinated debt		1,101,532	9,383
	Included as perpetual subordinated loans		579,900	4,940
	Included as dated subordinated loans and preferred stock		521,632	4,443
	Subtotal		2,148,858	18,304
	Tier II capital included as qualifying capital	(B)	2,148,858	18,304
Tier III capital	Short-term subordinated debt		—	—
	Including amount added to capital	(C)	—	—
Deductions	Deductions	(D)	388,351	3,308
Total Capital	(A)+(B)+(C)-(D)	(E)	4,228,615	36,019
Risk-weighted assets	On-balance sheet		31,050,342	264,483
	Off-balance sheet		1,006,978	8,577
	Risk-weighted assets for credit risk	(F)	32,057,321	273,061
	Assets equivalent to market risk ((E)/8%)	(G)	2,883,642	24,563
	(For reference: actual market risk volume)	(H)	230,691	1,965
	Total risk-weighted assets (F)+(G)	(I)	34,940,964	297,623
Basel I Capital Adequacy Ratio (Basel capital adequacy standards) = (E)/(I) x 100%			12.10%	12.10%

Note: The Bank's capital adequacy ratio was computed according to the stipulations outlined in Notification No. 7 of the 2003 Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries Japan (Criteria for Judging the Management Soundness of the Norinchukin Bank). The Basel capital adequacy standards apply to the Norinchukin Bank, and it has introduced market risk restrictions.

2. Items for Capital Adequacy (Non-Consolidated)

(Minimum amount of regulatory required capital and breakdown for each risk category as required under Basel II)

Non-Consolidated Capital Adequacy Ratio and Ratio of Tier I Capital (Non-Consolidated)

● Explanation

As of March 31, 2007, the Bank's non-consolidated capital adequacy ratio was 12.84%, above the minimum capital adequacy ratio of 8% required under Basel capital adequacy standards.

Items	As of March 31, 2007
Non-consolidated capital adequacy ratio	12.84%
Non-consolidated capital adequacy ratio of Tier I capital	6.97%

Note: The "Non-consolidated capital adequacy ratio of Tier I capital" is the ratio of Tier I capital to the denominator of the non-consolidated capital adequacy ratio computed as specified in the Notification Regarding Capital Adequacy, Article 14.

Total Non-Consolidated Regulatory Required Capital

(Billions of yen)

Item	As of March 31, 2007
Total non-consolidated regulatory required capital	2,979

Note: "Total non-consolidated regulatory required capital" is 8% of the denominator of the non-consolidated capital adequacy ratio computed as specified in the Notification Regarding Capital Adequacy, Article 14.

Regulatory Required Capital for Credit Risk

(Excludes equity exposure to which the Bank applies the Internal Ratings-Based Approach and funds)

(Billions of yen)

Items	As of March 31, 2007
Amount of regulatory required capital for credit risk	707
Including exposure subject to Internal Ratings-Based Approach	707
Corporate exposure	489
Sovereign exposure	0
Bank exposure	101
Retail exposure secured by residential properties	—
Qualifying revolving retail exposure	—
Other retail exposure	0
Securitization exposure	115
Exposure subject to Standardized Approach	0
Overdrafts (toward Norinchukin debenture holders)	0
Prepaid expenses	0
Suspense payable	0
Others	0

Notes: 1. Regulatory required capital for credit risk = 8% of risk-weighted assets for credit risk + Expected losses + Deductions from capital
2. "funds" are risk-weighted assets, as calculated according to the method specified in Notification Regarding Capital Adequacy, Article 144.

Regulatory Required Capital for Credit Risk of Equity Exposure Subject to the Internal Ratings-Based Approach

(Billions of yen)

Items	As of March 31, 2007
Equity portfolios subject to the market-based approach	103
Equity portfolios subject to simple risk-weighted method	26
Equities under the internal models approach	76
Equity portfolios subject to PD/LGD approaches	28
Equity portfolios subject to the provisions of Notification Regarding Capital Adequacy, Article 13	61
Total	193

Notes: 1. Regulatory required capital for credit risk = 8% of risk-weighted assets + Expected losses + Deductions from capital
2. Article 13 of the Notification Regarding Capital Adequacy contains a transitional method for computing the amount of risk assets related to equity exposure that meet specified criteria.

Regulatory Required Capital for Credit Risk of Exposure Subject to Risk-Weighted Asset Calculation for Investment Fund

(Billions of yen)

Item	As of March 31, 2007
Exposure subject to risk-weighted asset calculation for investment fund	2,172

Notes: 1. Regulatory required capital for credit risk = 8% of risk-weighted assets for credit risk + Expected losses + Deductions from capital
2. "Computations treating exposure as credit risk assets" are calculations of the credit risk-weighted asset amounts, as specified in the Notification Regarding Capital Adequacy, Article 144.

Regulatory Required Capital for Market Risk

(Billions of yen)

Items	As of March 31, 2007
Standardized Approach: Interest rate risk category	0
Standardized Approach: Equity risk category	—
Standardized Approach: Foreign exchange risk category	254
Standardized Approach: Commodity risk category	—
Standardized Approach: Option transactions	—
Standardized Approach total	254
Internal models Approach	0
Regulatory required capital for market risk	255

Regulatory Required Capital for Operational Risk

(Billions of yen)

Item	As of March 31, 2007
The Standardized Approach (TSA)	74

Note: Under "The Standardized Approach (TSA)," which is a method for computing the amount corresponding to operational risk, the gross profit for one year is allocated among the business activities as specified in Appendix Table 1 of the Notification Regarding Capital Adequacy. The multiplier specified for each business activity classification is multiplied by the gross profit, and the average of the annual totals for the past three years is taken to be the amount corresponding to operational risk. (Notification Regarding Capital Adequacy, Article 282)

3. Items for Credit Risk (Non-Consolidated)

(Funds and securitization exposures are excluded.)

(1) CREDIT RISK EXPOSURE

For Fiscal 2006, ended March 31, 2007

Geographic Distribution of Exposure, Details in Significant Areas by Major Types of Credit Exposure

(Billions of yen)

Region	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure
Japan	15,704	12,816	27	5,144	33,692	306
Asia except Japan	72	23	11	912	1,020	—
Europe	604	3,379	117	2,627	6,728	—
The Americas	531	8,017	34	2,095	10,678	8
Other areas	43	13	0	0	57	—
Total	16,957	24,250	190	10,779	52,177	314

Industry Distribution of Exposure, Details by Major Types of Credit Exposure

(Billions of yen)

Industry	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure	Write-off of loans (amounts of partial direct write-off)
Food products	709	161	0	0	871	49	0
Pulp and paper	190	49	0	0	239	1	—
Chemicals	547	170	0	0	718	12	—
Other manufacturing	1,056	187	1	0	1,245	24	0
Total for manufacturing	2,503	568	1	0	3,074	88	0
Agriculture, forestry and fishing	126	0	—	0	126	36	3
Construction	170	16	0	0	187	1	—
Utility	170	67	0	0	238	—	—
Information/telecommunications, transportation	838	157	1	0	998	13	—
Wholesaling, retailing	1,848	122	0	0	1,971	69	2
Services	1,428	119	0	0	1,549	60	2
Finance and insurance	2,494	5,569	186	10,038	18,288	43	—
Other non-manufacturing	7,377	17,628	0	739	25,745	0	—
Total for non-manufacturing	14,453	23,682	188	10,779	49,103	226	7
Total	16,957	24,250	190	10,779	52,177	314	8

Notes: 1. "Other non-manufacturing" includes the central government, local governments and related entities.
2. "Others" within "Finance and insurance" includes repo-type transactions, call loans, and certain other items.

Residual Contractual Maturity Breakdown of Credit Risk Exposure

(Billions of yen)

Term to maturity	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure
In 1 year	12,186	439	80	9,244	21,951
Over 1 year to 3 years	2,304	2,246	104	—	4,655
Over 3 years to 5 years	1,555	2,722	1	80	4,360
Over 5 years to 7 years	460	3,222	0	6	3,690
Over 7 years	436	14,447	3	743	15,630
No term to maturity	13	1,171	—	704	1,889
Total	16,957	24,250	190	10,779	52,177

Notes: 1. In consideration of accuracy of disclosure, the Bank will begin to disclose the average-risk position for the period when it differs substantially from the amount at the end of the period, beginning for the interim period ending September 30, 2007.
2. Within credit risk exposure, credit risk exposure subject to the Standardized Approach was ¥6 billion.
3. Default exposure is classified in the Bank's self-assessment as being under "Debtor Under Requirement of Control."

(2) RESERVES FOR POSSIBLE LOAN LOSSES

Increase/Decrease in General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and the Specific Reserve for Loans to Countries with Financial Problems by Region

(Billions of yen)

Region	As of March 31, 2006
Japan	101
Asia except Japan	0
Europe	—
The Americas	4
Other areas	65
Total	171

Note: Giving due consideration to the accuracy of information disclosure, the Bank will include year-to-year comparison data for increases and decreases beginning for the years following the year ended March 31, 2007, the date when the Basel II standards went into effect. Therefore, comparison data is scheduled to be disclosed starting with the year ending March 31, 2008.

Increase/Decrease in General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and the Specific Reserve for Loans to Countries with Financial Problems by Industry

(Billions of yen)

Industry	As of March 31, 2007
Food products	6
Pulp and paper	1
Chemicals	—
Other manufacturing	2
Total for manufacturing	11
Agriculture, forestry and fishing	14
Construction	0
Utility	—
Information/telecommunications, transportation	10
Wholesaling, retailing	27
Services	21
Finance and insurance	20
Other non-manufacturing	0
Total for non-manufacturing	94
Others	65
Total	171

Note: Giving due consideration to the accuracy of information disclosure, the Bank will include year-to-year comparison data for increases and decreases beginning for the years following the year ended March 31, 2007, the date when the Basel II standards went into effect. Therefore, comparison data is scheduled to be disclosed starting with the year ending March 31, 2008.

(3) EXPOSURE SUBJECT TO THE INTERNAL RATINGS-BASED APPROACH

a. Corporate, Sovereign and Bank Exposure

Fiscal 2006 (Ended March 31, 2007)

Corporate Exposure

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD (on-balance sheet)	EAD (off-balance sheet)
1-1 to 4	0.14%	39.02%	28%	4,465	1,697
5 to 7	1.80%	44.64%	115%	1,032	136
8-1 to 8-2	16.88%	43.96%	329%	202	13
Subtotal	0.87%	40.03%	50%	5,700	1,847
8-3 to 10-2	100.00%	44.39%	558%	243	9
Total	4.09%	40.17%	66%	5,944	1,856

Sovereign Exposure

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD (on-balance sheet)	EAD (off-balance sheet)
1-1 to 4	0.00%	45.82%	0%	26,229	742
5 to 7	7.78%	45.00%	226%	0	—
8-1 to 8-2	—	—	—	—	—
Subtotal	0.00%	45.82%	0%	26,229	742
8-3 to 10-2	100.00%	45.00%	562%	0	—
Total	0.00%	45.82%	0%	26,229	742

Bank Exposure

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD (on-balance sheet)	EAD (off-balance sheet)
1-1 to 4	0.04%	20.11%	9%	5,342	7,638
5 to 7	2.07%	45.00%	138%	21	5
8-1 to 8-2	7.07%	16.61%	87%	8	0
Subtotal	0.05%	20.16%	10%	5,372	7,644
8-3 to 10-2	100.00%	45.00%	563%	0	0
Total	0.05%	20.16%	10%	5,372	7,644

Equity Exposure for Credit Risk Using Internal Ratings; PD/LGD Approach

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD (on-balance sheet)	EAD (off-balance sheet)
1-1 to 4	0.08%	90.00%	230%	82	—
5 to 7	0.84%	90.00%	255%	0	—
8-1 to 8-2	17.24%	90.00%	738%	7	—
Subtotal	1.51%	90.00%	272%	90	—
8-3 to 10-2	100.00%	90.00%	1,125%	10	—
Total	11.45%	90.00%	359%	100	—

Notes: 1. Weighted averages of PD, LGD and risk weights are computed based on EAD (including on-balance and off-balance items).
2. Risk weights are equivalent to 8% of the total of the amount of risk-weighted assets and expected loss, divided by EAD.
3. These figures do not include funds exposure.
4. "Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach" does not take account of Rider No. 13 to the Notification Regarding Capital Adequacy (regarding provisional measures for equity exposure).

b. Retail Exposure

Fiscal 2006 (Ended March 31, 2007)

Details on PD, LGD, RW and EAD On-Balance Sheet Assets

(Billions of yen)

Type of exposure	PD less than 10%			
	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	0.37%	40.87%	28%	396
Qualifying revolving retail exposure	—	—	—	—
Other retail exposure	1.05%	40.43%	45%	104

(Billions of yen)

Type of exposure	PD less than 100% but equal to or greater than 10%			
	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	20.31%	39.84%	323%	17
Qualifying revolving retail exposure	—	—	—	—
Other retail exposure	17.13%	40.11%	169%	6

(Billions of yen)

Type of exposure	PD less than 100%			
	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	1.21%	40.82%	40%	413
Qualifying revolving retail exposure	—	—	—	—
Other retail exposure	1.94%	40.41%	52%	110
Subtotal	1.36%	40.74%	43%	524

(Billions of yen)

Type of exposure	PD = 100%				
	Weighted-average PD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	100.00%	78.17%	72.38%	977%	8
Qualifying revolving retail exposure	—	—	—	—	—
Other retail exposure	100.00%	46.30%	43.62%	579%	2

(Billions of yen)

Type of exposure	Total					
	Weighted-average PD	Weighted-average LGD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	3.22%	40.82%	78.17%	72.38%	59%	422
Qualifying revolving retail exposure	—	—	—	—	—	—
Other retail exposure	4.30%	40.41%	46.30%	43.62%	64%	113
Subtotal	3.45%	40.74%	70.50%	65.46%	60%	535

Details on PD, LGD, RW and EAD Off-Balance Sheet Assets

(Billions of yen)

Type of exposure	PD less than 10%			
	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	—	—	—	—
Qualifying revolving retail exposure	—	—	—	—
Other retail exposure	1.76%	53.53%	78%	4

(Billions of yen)

Type of exposure	PD less than 100% but equal to or greater than 10%			
	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	—	—	—	—
Qualifying revolving retail exposure	—	—	—	—
Other retail exposure	48.60%	48.68%	393%	0

(Billions of yen)

Type of exposure	PD less than 100%			
	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	—	—	—	—
Qualifying revolving retail exposure	—	—	—	—
Other retail exposure	2.21%	53.48%	81%	4
Subtotal	2.21%	53.48%	81%	4

(Billions of yen)

Type of exposure	PD = 100%				
	Weighted-average PD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	—	—	—	—	—
Qualifying revolving retail exposure	—	—	—	—	—
Other retail exposure	100.00%	93.65%	81.99%	1,171%	0

(Billions of yen)

Type of exposure	Total					
	Weighted-average PD	Weighted-average LGD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD
Retail exposure secured by residential properties	—	—	—	—	—	—
Qualifying revolving retail exposure	—	—	—	—	—	—
Other retail exposure	6.17%	53.48%	93.65%	81.99%	125%	5
Total	6.17%	53.48%	93.65%	81.99%	125%	5

Notes: 1. Most of the retail exposure held by the Bank as of March 31, 2007, was related to purchased retail receivables. Since these assets are subject to investment funds, in view of the need to appropriately disclose the content of results of the estimate of parameters related to retail exposure, investment funds have been included in the quantitative disclosure of these items.

2. Risk weights are equivalent to the total of the risk-weighted assets and the amount of dividing the expected loss by 8%, then dividing the result by exposure at default (EAD).

3. For assets for which the PD is 100%, the risk weights have been computed taking account of the unexpected losses on default (LGD default) and the expected losses on default (EL default).

4. As of March 31, 2007, the Bank held no Qualifying revolving retail exposure for which net withdrawals of commitments had occurred.

c. Actual Losses on Exposure to Corporate, Sovereign, Bank and Retail

Actual Losses for the Previous Period, Comparison with the Year before Last Results and Analysis of Causes

(Billions of yen)

Type of exposure	As of March 31, 2007
Corporate exposure	20
Sovereign exposure	—
Bank exposure	—
Equity exposure subject to PD/LGD approach	0
Retail exposure secured by residential properties	—
Qualifying revolving retail exposure	—
Other retail exposure	0

Notes: 1. Giving due consideration to the accuracy of information disclosure, the Bank will include year-to-year comparison data for actual losses, past results and analysis of causes beginning for the year following the year ended March 31, 2007, when the Basel II went into effect. Comparison data are, therefore, scheduled to be disclosed starting with the year ending March 31, 2008.

2. Actual losses are defined as losses due to direct write-offs, partial direct write-offs, general reserves for possible loan losses and loan sales of exposure that defaulted up to the end of the previous period.

Estimated Losses Depend on Historical Long-Term Results, Comparison with Actual Losses

(Billions of yen)

Type of exposure	As of March 31, 2007	
	Estimated losses	Actual losses
Corporate exposure	27	20
Sovereign exposure	1	—
Bank exposure	0	—
Equity exposure subject to PD/LGD approach	0	0
Retail exposure secured by residential properties	1	—
Qualifying revolving retail exposure	—	—
Other retail exposure	0	0

Notes: 1. In consideration of the accuracy of information disclosure, comparisons of estimated and actual long-term losses for 10 years accumulatively are scheduled to be disclosed from the year following the application of the Basel II (the year ending March 31, 2007).

2. The scope of actual and estimated losses includes the following accounts on balance sheet: loans, foreign exchange, accrued interests in other assets, suspense payable and customers' liabilities for acceptances and guarantees as well as securities without quoted market values, money trusts without quoted market values, and monetary claims purchased.

3. Most of the retail exposure held by the Bank as of March 31, 2007, was related to purchased retail receivables. Since these assets are subject to risk-weighted assets for investment funds, in view of the need to appropriately disclose the content of results of the estimate of parameters related to retail exposure, in the quantitative disclosure of these items, such assets have been included as funds.

d. Exposure to Specialized Lending Products Subject to Supervisory Slotting Criteria by RW

Amount of Specialized Lending Exposure Subject to Supervisory Slotting Criteria by RW

(Billions of yen)

Classification	As of March 31, 2007
Specialized Lending exposure subject to supervisory slotting criteria	956
Specialized Lending, excluding High-Volatility Commercial Real Estate (HVCRE)	855
Risk weight of 50%	49
Risk weight of 70%	539
Risk weight of 90%	187
Risk weight of 115%	18
Risk weight of 250%	15
Risk weight of 0% (default)	45
High-Volatility Commercial Real Estate (HVCRE)	100
Risk weight of 70%	0
Risk weight of 95%	19
Risk weight of 120%	60
Risk weight of 140%	—
Risk weight of 250%	20
Risk weight of 0% (default)	—

Notes: 1. "Specialized Lending" refers to loans for Project Finance (PF), Object Finance (OF), Commodity Finance (CF) and Income-Producing Real Estate (IPRE) (as defined in the Notification Regarding Capital Adequacy, Article 1-1-41).

2. "High-Volatility Commercial Real Estate (HVCRE)" refers to loans that are the financing of commercial real estate that exhibits higher rate of loss volatility compared to other types of Specialized Lending, as specified in the Notification Regarding Capital Adequacy, Article 1-1-43.

3. "Specialized Lending exposure subject to supervisory slotting criteria" refers to the amounts of Specialized Lending, which are subject to the Bank's internal rating system and have been allotted to the risk asset classifications given in the Notification Regarding Capital Adequacy, Article 130-3 and Article 130-5, after taking account of risk weights.

4. For risk weights, the Bank has applied the stipulations contained in the Notification Regarding Capital Adequacy, Article 130-3 and Article 130-5.

e. Equity Exposure Subject to the Simple Risk-Weighted Method of the Market-Based Approach by RW

Amount of Equity Exposure Subject to the Simple Risk-Weighted Method of the Market-Based Approach

(Billions of yen)

Classification	As of March 31, 2007
Equity exposure subject to the simple risk-weighted method of the market-based approach by RW	79
Risk weight of 300%	—
Risk weight of 400%	79

Note: The "simple risk-weighted method of the market-based approach by RW" is a method for computing the amount of risk-weighted assets of equity and other investments. Under this method, the market value of listed stocks is multiplied by a risk weight of 300%, and the estimated value of unlisted stocks is multiplied by a risk weight of 400% (Notification Regarding Capital Adequacy, Article 143-4).

(4) EXPOSURE SUBJECT TO STANDARDIZED APPROACH BY RW

Amount of Exposure Subject to Standardized Approach

(Billions of yen)

Classification	As of March 31, 2007
Exposure subject to Standardized Approach	6
Risk weight of 0%	—
Risk weight of 10%	—
Risk weight of 20%	—
Risk weight of 35%	—
Risk weight of 50%	—
Risk weight of 75%	—
Risk weight of 100%	6
Risk weight of 150%	—
Risk weight of more than 150%	—
Amount deducted from capital	—

Note: For exposure computed by the Standardized Approach, the Bank does not refer to external ratings in applying risk weights in any case.

4. Items for the Methods of Credit Risk Mitigation Techniques (Non-Consolidated)

Amount of Exposure Subject to Credit Risk Mitigation Techniques (Eligible Financial Collateral, Other Eligible IRB Collateral)

(Billions of yen)

Classification	As of March 31, 2007
Foundation Internal Ratings-Based Approach	7,368
Eligible financial collateral	7,368
Corporate exposure	825
Sovereign exposure	—
Bank exposure	6,543
Other eligible IRB collateral	—
Corporate exposure	—
Sovereign exposure	—
Bank exposure	—
Standardized Approach	—
Eligible financial collateral	—

Notes: 1. The amount of exposure for which credit risk mitigation techniques have been used is limited to the portion for which such effects have been taken into account.
2. Exposure that is subject to treatment as credit risk exposure is not included.

Amount of Exposure Subject to Credit Risk Mitigation Techniques (Guarantees, Credit Derivatives)

(Billions of yen)

Classification	As of March 31, 2007
Foundation Internal Ratings-Based Approach	418
Corporate exposure	371
Sovereign exposure	47
Bank exposure	—
Retail exposure secured by residential properties	—
Qualifying revolving retail exposure	—
Other retail exposure	—
Standardized Approach	—

Notes: 1. The amount of exposure for which credit risk mitigation techniques have been used is limited to the portion for which such methods have been taken into account.
2. Exposure that is subject to treatment as credit risk exposure is not included.

5. Items for Counterparty Credit Risk in Derivative Transactions (Non-Consolidated)

■ Methods Used for Calculating Amount of Credit Exposure

The current exposure method is adopted.

Breakdown of the Amount of Credit Exposure

(Billions of yen)

Classification		As of March 31, 2007
Total gross replacement costs	(A)	124
Total gross add-ons	(B)	310
Gross credit exposure	(C) = (A)+(B)	434
Including, foreign exchange related		374
Including, interest rate related		57
Including, equity related		3
Amount of credit exposure before taking into account of credit risk mitigation techniques due to collateral	(D)	191
Reduction in credit exposure due to netting contracts	(C)–(D)	243

Amounts of Collateral by Type

In computing the capital adequacy ratio, the effect of the credit risk mitigation techniques due to collateral has not been taken into account.

Credit Exposure after Taking Account of the Effect of the Credit Risk Mitigation Techniques due to Acceptance of Collateral

In computing the capital adequacy ratio, the effect of the credit risk mitigation techniques due to collateral has not been taken into account.

Notional Principal Amount of Credit Derivatives Included in Computation of Credit Exposure

(Billions of yen)

Classification	As of March 31, 2007
To buy protection	—
To sell protection	—

Note: Credit derivatives included in risk-weighted assets for investment funds have not been taken into consideration.

Notional Principal Amount of Credit Derivatives Taking into Consideration the Effect of Credit Risk Mitigation Techniques

(Billions of yen)

Classification	As of March 31, 2007
Notional principal amount	—

Note: Under the stipulations of the Notification Regarding Capital Adequacy, Article 21-2 and Article 21-3, the amount of credit risk assets not computed has not been included.

6. Items for Securitization Exposure

The Amount of Underlying Assets Securitized by the Bank by Asset Type

As of March 31, 2007, the Bank has not been an originator for securitization exposure, having effects of credit risk mitigation.

Details of Securitization Exposure Held as Investor by Exposure Type

(Billions of yen)

Classification	As of March 31, 2007
Amount of securitization exposure	4,331
Business corporations	1,555
Individuals	1,708
Real estate	889
Other	177

Amount of Securitization Exposure Held as Investor and Regulatory Required Capital by Risk-Weighted Category

(Billions of yen)

Classification	As of March 31, 2007	
	Amount of exposure	Regulatory Required Capital
Amount of securitization exposure	4,331	115
Risk weight: 25% or less	3,746	39
Risk weight: 25.01% to 100.00%	529	27
Risk weight: 100.01% to 425%	8	1
Risk weight: 425.01% to 1,250%	3	2
Deductions from capital	44	44

Amount of Securitization Exposure that Was Deducted from Capital and Details by Exposure Type (Under the stipulations of the Notification Regarding Capital Adequacy, Article 224)

(Billions of yen)

Classification	As of March 31, 2007
Amount of securitized exposure deducted from capital	44
Business corporations	15
Individuals	—
Real estate	2
Other	26

Risk-Weighted Assets Computed through the Application of Appendix Article 15 of the Notification Regarding Capital Adequacy

Not applicable

7. Items for Market Risk (Non-Consolidated)

Computation of the Amount of Market Risk Using the Internal Models Approach

■ VaR

(Millions of yen)

	Fiscal 2006			
	Base date of computation	For the most recent 60 business days		
		Maximum	Minimum	Average
VaR	March 30, 2007	730	103	270

■ Amounts of Market Risk

(Millions of yen)

		Fiscal 2006
For the portion computed with the internal models approach (B)+(E)	(A)	810
Value at Risk (MAX (C, D))	(B)	810
Amount on base date of computation	(C)	105
Amount determined by multiplying (F) by the average for the most recent 60 business days	(D)	810
Additional amount at the time of measuring individual risk	(E)	0
(Multiplier)	(F)	3.00
(Times exceeding VaR in back testing)	(G)	4

8. Items for Equity Exposure (Non-Consolidated)

(Includes items such as shares, excludes items in trading account)

Amounts on the Balance Sheet and Market Value

(Billions of yen)

Classification	As of March 31, 2007	
	Amounts on the balance sheet	Market value
Equity exposure	1,260	1,260
Exposure to publicly traded equity	1,051	1,051
Exposure to privately held equity	208	208

Notes: 1. No stocks included in this table are fund-raising instruments of other financial institutions that the Bank holds deliberately as specified in the Notification Regarding Capital Adequacy, Article 20-1-1.
2. Regarding "market value," equities with quoted market values are evaluated at market, and those without market values are valued using the total amounts entered in the balance sheet.

Amount of Gain (Loss) due to Sale or Write-Off

(Billions of yen)

Item	Fiscal 2006		
	Gains from sale of equities, etc.	Losses from sales of equities, etc.	Write-offs of equities, etc.
Equity exposure	32	8	0

Amount of Valuation Gains (Losses)

(Billions of yen)

Item	As of March 31, 2007	
	Amount of valuation gain (loss) recognized on the balance sheet and not recognized in the statements of operations	Amount of valuation gain (loss) not recognized on the balance sheet nor the statements of operations
Equity exposure	330	—

Note: No stocks included in this table are fund-raising instruments of other financial institutions that the Bank holds deliberately as specified in the Notification Regarding Capital Adequacy, Article 20-1-1.

Amount Included in Supplementary Capital (Tier II) Under the Stipulations of the Notification Regarding Capital Adequacy, Article 18-1-1

(Billions of yen)

Item	As of March 31, 2007
Amount included in supplementary capital under the stipulations of the Notification Regarding Capital Adequacy, Article 18-1-1	148

Note: "Amount included in supplementary capital under the stipulations of the Notification Regarding Capital Adequacy, Article 18-1-1" is 45% of the total value of exposure to equity and other investments (excluding equities, etc., that are fund-raising instruments of other financial institutions that the Bank holds deliberately as specified in the Notification Regarding Capital Adequacy, Article 20-1-1) classified under other securities at market value minus the total book value of these securities.

Equity Exposure Subject to Treatment Under the Notification Regarding Capital Adequacy, Appendix Article 13

(Billions of yen)

Classification	As of March 31, 2007
	Amounts on the balance sheets
Equity exposure subject to treatment under the Notification Regarding Capital Adequacy, Appendix Article 13	724
Corporate	682
Bank	37
Sovereign	4

Note: Appendix Article 13 of the Notification Regarding Capital Adequacy specifies provisional methods for calculating the value of credit risk assets in exposure to equity and other investments that meets certain specified standards.

9. Items for Exposure Subject to Risk-Weighted Asset Calculation for Investment Fund (Non-Consolidated)

Amount of Exposure Subject to Risk-Weighted Asset Calculation for Investment Fund

(Billions of yen)

Classification	As of March 31, 2007	
	Exposure	(For reference) Weighted-average risk weight
Look-through approach	18,781	60%
Majority approach	1,032	350%
Mandate approach	—	—
Market-based approach	4,045	187%
Others (simple approach)	550	505%
Total	24,410	97%

Notes: 1. The "Look-through approach" is a method for computing the risk-weighted assets in funds by totaling the amount of risk-weighted assets for credit risk in individual asset categories. (Please refer to Notification Regarding Capital Adequacy, Article 144-1.)

2. The "Majority approach" is a method for computing the risk-weighted assets in funds by applying risk weight to the funds as well as equity exposure when the exposure of equity, in terms of value, is major in the funds. (Please refer to the Notification Regarding Capital Adequacy, Article 144-2.)

3. The "Mandate approach" is a method for computing the risk-weighted assets in funds where only the investment mandate of the fund is known. The risk-weighted assets are computed as follows: It is assumed that the fund first invests, to the maximum extent allowed under its mandate, in the asset classes attracting the highest capital requirement, and then continues making investments in descending order until the maximum total investment level is reached. (Please refer to the Notification Regarding Capital Adequacy, Article 144-3.)

4. The "Market-based approach" is a method for computing the credit risk of exposure regarded as credit risk assets using the Bank's internal model (which is a value-at-risk (VaR) model based on the historical simulation method). (Please refer to the Notification Regarding Capital Adequacy, Article 144-4.)

5. "Others (simple approach)" is a method for computing the risk-weighted assets in funds by applying a risk weight of 400%, when it is judged that the probability that the weighted-average risk weight will be less than 400%. In all other cases, a risk weight of 1,250% is applied to funds. (Please refer to the Notification Regarding Capital Adequacy, Article 144-5.)

6. The items "(For reference) Weighted-average risk weight" is computed as follows: calculating the total of the risk-weighted assets and the amount of dividing the expected loss by 8%, then dividing the result by exposure at default (EAD).

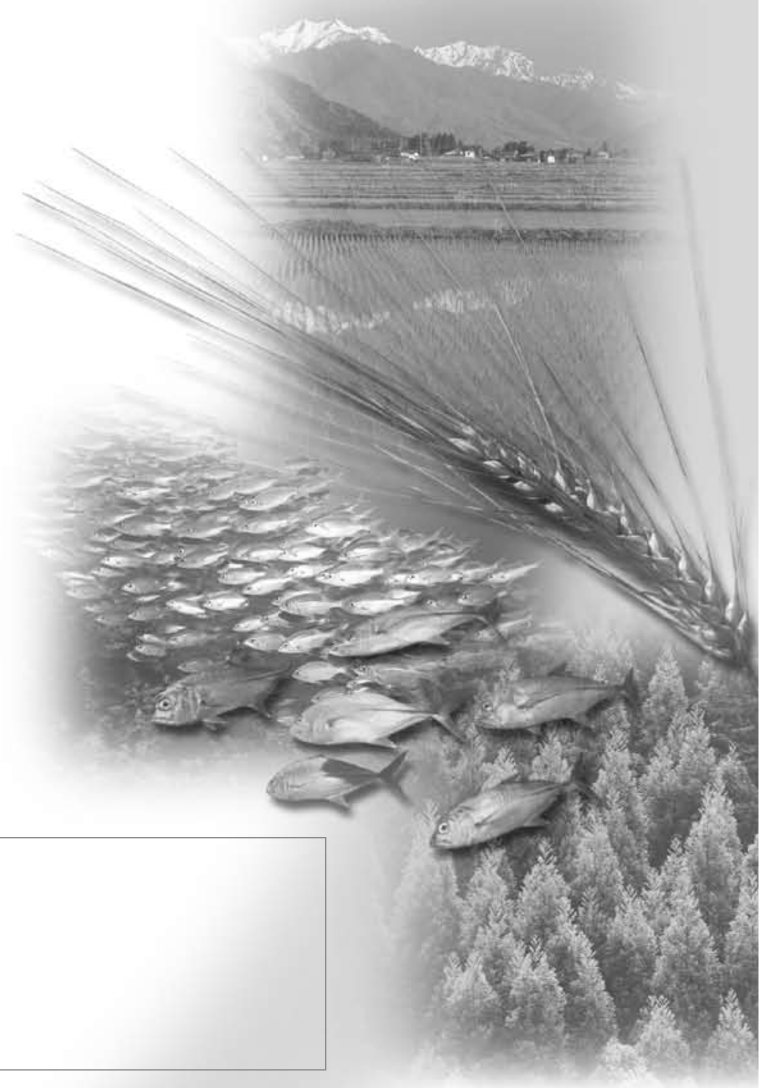
10. Items for Interest-Rate Risk (Non-Consolidated)

(Interest-rate risk (excluding trading account) is the gain or loss from interest-rate shocks or the increase or decrease in economic value used for internal management purposes.)

Interest-Rate Risk Volume Computed with the Internal Model in Its Core Business Accounts (The Banking Accounts)

(Billions of yen)

Classification	As of March 31, 2007
Interest-rate risk	1,994
Yen interest-rate risk	131
U.S. dollar interest-rate risk	1,633
Euro interest-rate risk	203
Interest-rate risk in other currencies	26



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The Norinchukin Bank and Subsidiaries

Consolidated Balance Sheets
As of March 31, 2007 and 2006

As of March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars (Note 1) 2007
Assets			
Cash and Due from Banks (Notes 29 and 31)	¥ 866,303	¥ 1,328,936	$ 7,341
Call Loans and Bills Bought	835,715	1,051,567	7,082
Receivables under Resale Agreements	-	601,187	-
Receivables under Securities Borrowing Transactions	563,282	875,332	4,774
Monetary Claims Bought (Note 31)	828,790	755,291	7,024
Trading Assets (Notes 3,9 and 31)	52,550	69,309	445
Money Held in Trust (Note 32)	7,797,745	7,551,691	66,083
Securities (Notes 4,9,21 and 31)	43,730,249	45,586,152	370,595
Loans and Bills Discounted (Notes 5,9 and 20)	12,854,680	11,963,996	108,938
Foreign Exchange Assets (Note 6)	3,176	20,129	27
Other Assets (Notes 7 and 9)	543,988	739,471	4,610
Tangible Fixed Assets (Note 8)	155,601	159,755	1,319
Intangible Fixed Assets	7,953	15,570	67
Deferred Debenture Discounts	-	132	-
Deferred Tax Assets (Note 18)	2,626	2,780	22
Customers' Liabilities for Acceptances and Guarantees (Note 19)	242,446	229,484	2,055
Reserve for Possible Loan Losses	(204,380)	(229,748)	(1,732)
Reserve for Possible Investment Losses	(38,628)	-	(327)
Total Assets	¥ 68,242,099	¥ 70,721,040	$ 578,323
Liabilities and Net Assets			
Liabilities			
Deposits (Note 10)	¥ 41,243,492	¥ 40,475,329	$ 349,521
Negotiable Certificates of Deposit	2,375,026	1,012,220	20,127
Debentures (Note 11)	4,471,156	4,787,514	37,891
Bonds (Note 12)	357,097	-	3,026
Call Money and Bills Sold (Note 9)	1,068,632	5,043,340	9,056
Payables under Repurchase Agreements (Note 9)	7,438,847	7,599,379	63,041
Payables under Securities Lending Transactions (Note 9)	1,345,025	3,559,998	11,399
Trading Liabilities (Note 13)	19,662	32,888	167
Borrowed Money (Note 14)	1,131,532	1,101,537	9,589
Foreign Exchange Liabilities (Note 15)	0	0	0
Short-term Entrusted Funds	2,868,967	1,582,927	24,313
Other Liabilities (Note 16)	489,920	813,505	4,152
Reserve for Bonus Payments	5,031	5,052	43
Reserve for Employees' Retirement Benefits (Note 17)	1,849	7,983	16
Deferred Tax Liabilities (Note 18)	712,110	517,027	6,035
Deferred Tax Liabilities for Land Revaluation	25,411	25,647	215
Acceptances and Guarantees (Note 19)	242,446	229,484	2,055
Total Liabilities	63,796,211	66,793,836	540,646
Net Assets			
Paid-in Capital (Note 22)	1,484,017	1,465,017	12,576
Capital Surplus	25,020	25,020	212
Retained Earnings	1,249,484	1,057,616	10,589
Total Owner's Equity	2,758,523	2,547,655	23,377
Net Unrealized Gains on Other Securities, net of taxes	1,658,980	1,366,583	14,059
Net Deferred Losses on Hedging Instruments, net of taxes	(24,762)	(41,024)	(210)
Revaluation Reserve for Land , net of taxes	47,451	47,974	402
Foreign Currency Transaction Adjustments	0	-	0
Total Valuation and Translation Adjustments	1,681,669	1,373,533	14,251
Minority Interests	5,696	6,015	49
Total Net Assets	4,445,888	3,927,203	37,677
Total Liabilities and Net Assets	¥ 68,242,099	¥ 70,721,040	$ 578,323

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

The Norinchukin Bank and Subsidiaries

Consolidated Statements of Operations
For the fiscal years ended March 31, 2007 and 2006

	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars (Note 1) 2007
Income			
Interest Income:	¥ 2,053,869	¥ 1,406,295	$ 17,406
Interest on Loans and Bills Discounted	128,914	109,422	1,093
Interest and Dividends on Securities	1,863,028	1,240,014	15,788
Interest on Call Loans and Bills Bought	5,300	1,403	45
Interest on Receivables under Resale Agreements	3,993	72	34
Interest on Receivables under Securities Borrowing Transactions	755	19	6
Interest on Due from Banks	34,034	41,539	289
Other Interest Income	17,841	13,822	151
Fees and Commissions	24,928	24,551	211
Trading Income (Note 23)	223	427	2
Other Operating Income (Note 24)	95,098	116,538	806
Other Income (Note 25)	465,843	263,392	3,948
Total Income	¥ 2,639,963	¥ 1,811,205	$ 22,373
Expenses			
Interest Expenses:	1,791,742	1,200,977	15,184
Interest on Deposits	326,342	176,563	2,765
Interest on Negotiable Certificates of Deposit	95,262	15,172	807
Interest on Debentures	32,108	25,884	272
Interest on Borrowings	14,362	7,876	122
Interest on Call Money and Bills Sold	3,293	1,505	28
Interest on Payables under Repurchase Agreements	401,178	194,025	3,400
Interest on Payables under Securities Lending Transactions	4,209	244	36
Interest on Bonds	8,293	-	70
Other Interest Expenses	906,691	779,703	7,684
Fees and Commissions	12,083	10,082	102
Trading Expenses (Note 26)	313	280	3
Other Operating Expenses (Note 27)	273,630	100,791	2,319
General and Administrative Expenses	111,015	116,367	941
Other Expenses (Note 28)	62,038	16,519	526
Total Expenses	2,250,823	1,445,018	19,075
Income before Income Taxes and Minority Interests	389,140	366,187	3,298
Income Taxes			
Current	75,361	63,636	639
Deferred	56,349	32,653	477
Minority Interests in Net Income	591	520	5
Net Income	¥ 256,837	¥ 269,376	$ 2,177

	Yen 2007	Yen 2006	U.S. Dollars (Note 1) 2007
Net Income per Share	¥ 55.37	¥ 94.21	$ 0.47

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

The Norinchukin Bank and Subsidiaries

Consolidated Statements of Capital Surplus and Retained Earnings
For the fiscal years ended March 31, 2007 and 2006

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2007	2006	2007
Capital Surplus			
Balance at the Beginning of the Fiscal Year	¥ 25,020	¥ 25,020	$ 212
Balance at the end of the Fiscal Year	¥ 25,020	¥ 25,020	$ 212
Retained Earnings			
Balance at the Beginning of the Fiscal Year	1,057,616	833,818	8,963
Additions:			
Net Income for the Fiscal Year	256,837	269,376	2,177
Transfer from Revaluation Reserve for Land, net of taxes	522	4,362	4
Deductions:			
Dividends	65,492	49,940	555
Balance at the end of the Fiscal Year	¥ 1,249,484	¥ 1,057,616	$ 10,589

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

The Norinchukin Bank and Subsidiaries

Consolidated Statements of Cash Flows
For the fiscal years ended March 31, 2007 and 2006

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2007	2006	2007
Cash Flows from Operating Activities:			
Income before Income Taxes and Minority Interests	¥ 389,140	¥ 366,187	$ 3,298
Depreciation	18,961	19,574	161
Losses on Impairment of Fixed Assets	172	1,596	1
Amortization of Goodwill	(14)	385	(0)
Equity in Earnings of Affiliates	(819)	(198)	(7)
Net Decrease in Reserve for Possible Loan Losses	(24,925)	(89,060)	(211)
Net Increase in Reserve for Possible Investment Losses	38,628	-	327
Net Increase in Reserve for Bonus Payments	68	282	1
Net Decrease in Reserve for Employees' Retirement Benefits	(5,928)	(951)	(50)
Interest Income	(2,053,869)	(1,406,295)	(17,406)
Interest Expenses	1,791,782	1,200,977	15,185
Losses on Securities	130,445	349	1,105
Gains on Money Held in Trust	(83,598)	(60,091)	(708)
Foreign Exchange Gains	(738,457)	(1,867,918)	(6,258)
Losses (Gains) on Disposals of Fixed Assets	1,188	(2,547)	10
Losses on Stocks of Subsidiaries through a Merger (Impact on the Scope of Consolidation)	878	-	7
Net Decrease in Trading Assets	16,759	314,392	142
Net Decrease in Trading Liabilities	(13,225)	(19,341)	(112)
Net (Increase)Decrease in Loans and Bills Discounted	(886,842)	3,728,223	(7,516)
Net Increase in Deposits	768,101	19,261	6,509
Net Increase in Negotiable Certificates of Deposit	1,362,805	589,221	11,549
Net (Decrease) Increase in Debentures	(316,357)	83,152	(2,681)
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowed Money)	32,774	(0)	278
Net Decrease in Interest-bearing Due from Banks	117,683	1,039,887	997
Net Decrease (Increase) in Call Loans and Bills Bought and Other	743,540	(1,140,734)	6,301
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	312,050	(856,011)	2,644
Net (Decrease) Increase in Call Money and Bills Sold and Other	(4,135,239)	4,880,467	(35,044)
Net Increase (Decrease) in Short-term Entrusted Funds	1,286,039	(26,364)	10,899
Net (Decrease) Increase in Payables under Securities Lending Transactions	(2,214,972)	1,424,162	(18,771)
Net Decrease (Increase) in Foreign Exchanges Assets	16,953	(11,301)	144
Net Increase (Decrease) in Foreign Exchanges Liabilities	0	(55)	0
Interest Received	1,992,445	1,379,403	16,885
Interest Paid	(1,740,349)	(1,168,880)	(14,749)
Other, Net	(125,542)	10,926	(1,063)
Subtotal	(3,319,725)	8,408,695	(28,133)
Income Taxes Paid	(82,058)	(46,983)	(695)
Net Cash (Used in) Provided by Operating Activities	¥ (3,401,783)	¥ 8,361,712	$ (28,829)

The Norinchukin Bank and Subsidiaries

Consolidated Statements of Cash Flows, continued
For the fiscal years ended March 31, 2007 and 2006

		Millions of Yen			Millions of U.S. Dollars (Note 1)
		2007		2006	2007
Cash Flows from Investing Activities:						
Purchases of Securities	¥	(12,010,610)	¥	(13,642,925)	$ (101,785)
Proceeds from Sales of Securities		8,963,869		4,350,801	75,965
Proceeds from Redemption of Securities		5,836,332		3,341,382	49,460
Increase in Money Held in Trust		(3,397,816)		(4,905,132)	(28,795)
Decrease in Money Held in Trust		3,366,793		2,073,390	28,532
Purchases of Tangible Fixed Assets		(4,746)		(8,473)	(40)
Purchases of Intangible Fixed Assets		(4,583)		(852)	(39)
Proceeds from Sales of Tangible Fixed Assets		719		10,962	6
Proceeds from Sales of Intangible Fixed Assets		0		0	0
Purchases of Stocks of Subsidiaries (No Impact on the Scope of Consolidation)		(24)		(191)	(0)
Decrease in Stocks of Subsidiaries through a Merger (Impact on the Scope of Consolidation)		(1,943)		-	(16)
Net Cash Provided by (Used in) Investing Activities	¥	2,747,991	¥	(8,781,037)	$ 23,288
Cash Flows from Financing Activities:					
Proceeds from Issuance of Subordinated Borrowed Money	¥	-	¥	212,900	$ -
Proceeds from Issuance of Subordinated Bonds		357,097		-	3,026
Proceeds from Issuance of Stock		19,000		240,017	161
Dividends Paid		(65,492)		(49,940)	(555)
Dividends Paid to Minority Interests		(28)		(9)	(0)
Net Cash Provided by Financing Activities	¥	310,577	¥	402,967	$ 2,632
Effect of Exchange Rate Changes on Cash and Cash Equivalents	¥	0	¥	-	$ 0
Net Decrease in Cash and Cash Equivalents		(343,215)		(16,357)	(2,909)
Cash and Cash Equivalents at the Beginning of the Fiscal Year		677,476		693,833	5,741
Cash and Cash Equivalents at the End of the Fiscal Year (Note 29)	¥	334,260	¥	677,476	$ 2,833

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

Notes to the Consolidated Financial Statements

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 Accounting 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.

The consolidated financial statements are intended only to present the consolidated financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in Japan.

Amounts in U.S. dollars are included solely for the convenience of readers. The exchange rate of ¥118.00=U.S.$1, the approximate rate of exchange prevailing on March 31, 2007, 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 figures disclosed in the consolidated financial statements are expressed in millions of yen 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

Accounting Changes

Inflation-indexed bonds whose principal is guaranteed were previously measured at fair value, and not at amortized cost. The Unrealized Gains or Losses (after deducting tax effects) were recorded directly in Stockholders' Equity. However due to the announcement of "Accounting for Other Compound Financial Instruments (Compound Financial Instruments Other than Those with Option to Increase Paid-in Capital)" (The Accounting Standards Board of Japan Guidance No. 12 issued on March 30, 2006), the Bank applied this standard effective the fiscal year 2006 and valued the bond at fair value, with the Unrealized Gains or Losses (after deducting tax effects) credited directly in Net Assets. The cost is calculated at amortized cost assuming the book value at the beginning of the fiscal year as the new acquisition cost. Due to this change in accounting standards, Net Unrealized Gains on Other Securities, net of taxes, has decreased by ¥27,323 million ($232 million), Deferred Tax Liabilities has decreased by ¥12,362 million ($105 million), and Income before Income Taxes and Minority Interests has increased by ¥39,685 million ($336 million) compared to those using the previous standard.

According to the revision to the appendix form of the "The Norinchukin Bank Law Enforcement Regulations" (Cabinet Office, the Ministry of Agriculture, Forestry and Fisheries No.16, 2001) by the "Ordinance to Amend Part of The Norinchukin Bank Law Enforcement Regulations" (Cabinet Office, the Ministry of Agriculture, Forestry and Fisheries Ordinance No.7, April 28, 2006) effective from the fiscal year which ended on and after March 31, 2007, presentation of some financial statements line items has been changed. "Net Assets", which used to be "Shareholders' Equity", now includes Owner's Equity, Valuation and Translation Adjustments, and Minority Interests as sub-classifications. Deferred gains and losses of hedging instruments, which used to be recorded as "Other Assets" (or "Other Liabilities"), is recorded as Net Deferred Losses on Hedging Instruments (the differences arising from offsetting Gains/Losses) , net of taxes, directly in Net Assets. Minority Interests, which used to be presented between "Liabilities" and "Shareholders' Equity", is included in "Net Assets".

The amount corresponding to "Shareholders' Equity" under the previous presentation is ¥4,464,954 million ($37,839 million) as of March 31, 2007.

The amount of Guaranteed Obligations for Corporate Bonds acquired through private offering (as in Article 2-3 Securities and Exchange Law) among those classified as Corporate Bonds in the “Securities” was ¥26,530 million ($225 million).

Acceptance and Guarantee and Customer’s Liabilities for Acceptance and Guarantee” relating to corresponding Guaranteed Obligations are netted in order to comply with the revision of the appendix form of the ”The Norinchukin Bank Law Enforcement Regulations” (Cabinet Office, the Ministry of Agriculture, Forestry and Fisheries No.16, 2001) by the "Ordinance to Amend Part of The Norinchukin Bank Law Enforcement Regulations" (Cabinet Office, the Ministry of Agriculture, Forestry and Fisheries Ordinance No.3, May 22, 2007) effective from the fiscal year which began on or after April 1, 2006.

(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 number of subsidiaries as of March 31, 2007 was nine, all of which were consolidated.

The major consolidated subsidiaries are as follows:

The Norinchukin Trust & Banking Co., Ltd.

Kyodo Housing Loan Co., Ltd.

Norinchukin Finance (Cayman) Limited was newly established during the fiscal year ended March 31, 2007 and was included in the scope of consolidation. Kyodo Credit Service Co., Ltd. was excluded from the scope of consolidation since it was dissolved and merged with Mitsubishi UFJ NICOS Co., Ltd. (formerly called UFJ NICOS Co., Ltd.).

All subsidiaries’ fiscal year-ends are March 31.

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 number of affiliates as of March 31, 2007 was five, four of which were accounted for under the equity method, while the remaining immaterial affiliate is carried at cost. The major affiliate accounted for under the equity method is as follows:

Kyodo Leasing Co., Ltd.

Any difference between the fair value of net assets acquired and acquisition cost is charged or credited to income in the year of acquisition.

(2) Transactions for Trading Purposes

Transactions for trading purposes are those seeking gains arising from short-term market movements or from the differences between markets, interest rates or foreign exchange rates. Such transactions are reported as Trading Assets or Trading Liabilities in the consolidated balance sheets on a trade date basis.

Gains and losses arising from transactions for trading purposes are recorded on a trade date basis.

Securities, monetary claims and certain other instruments held for trading purposes are valued at the market price prevailing at the end of the fiscal year. 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 fiscal year.

Trading Income and Trading Expenses include interest received and paid during 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 resulting from any change in the fair value which is determined assuming they were settled at the end of the fiscal year, of derivatives between the end of the previous fiscal year

(3) Financial Instruments

(a) Securities

Held-to-maturity debt securities are valued at amortized cost, as determined by the moving average method. Other securities that have a market price are valued at the market price prevailing at the end of the fiscal year (the cost of securities sold is determined by the moving average method). Other securities without a market price are valued at cost as determined by the moving average method or are valued at amortized cost. Investments in affiliates that are not accounted for under the equity method are valued at cost, as determined by the moving average method. Securities included in Money Held in Trust are valued using the same methods described above.

The net unrealized gains or losses on other securities and other money held in trust are reported separately in Net Assets, on a net-of-tax basis.

(b) Derivatives

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

(c) Hedge Accounting

①Hedge of Interest Rate Risk

The Bank applies the deferred method of hedge accounting to the hedge transactions to manage interest rate risk associate with various financial assets and liabilities, 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). 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 buckets. 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.

Deferred Hedge Gains or Losses were recorded in the consolidated balance sheets as a result of applying the hedge accounting methodology described in “Tentative Accounting and Auditing Treatment relating to the Adoption of ‘Accounting for Financial Instruments’ for Banks” (JICPA Industry Audit Committee Report No. 15), to the macro hedges under which the Bank used derivatives to manage the overall interest rate risk arising on various financial assets and liabilities, such as loans and deposits. Such Deferred Hedge Gains or Losses are amortized into Interest Income or Interest Expense over 7 years, the average remaining maturity, as calculated, based on the maturity and notional amount of the hedging instruments, beginning in the fiscal year ended March 31, 2004.

The unamortized balance of Deferred Hedge Losses and Deferred Hedge Gains under a macro hedging methodology, before deducting the tax effect, as of March 31, 2007 were ¥32,080 million ($271 million) and ¥562 million ($5 million), respectively.

②Hedge of Foreign Exchange Rate Risk

The Bank applies the deferred method of hedge accounting to the hedges to manage foreign exchange rate risk arising on 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). Hedge effectiveness is assessed by reviewing whether the amount of the hedged items, such as financial monetary assets and liabilities denominated in foreign currencies, exceeds that of the hedging instruments, such as currency swap or foreign exchange swap transactions, entered into to mitigate the foreign exchange rate risk arising on the hedged items.

The fair value method of hedge accounting is applied to the portfolio hedges of foreign exchange 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 do not exceed those of the acquisition costs of the foreign currency securities designated as hedged items exist.

③Internal 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 statements of operations or are deferred in the consolidated balance sheets 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 on the hedged item is recognized.

The Bank's consolidated subsidiaries do not adopt hedge accounting.

(4) Tangible Fixed Assets

①Depreciation

Depreciation of Tangible fixed assets of the Bank is calculated using the declining-balance method. However, depreciation on buildings acquired on and after April 1, 1998 (excluding annex facilities of buildings) is calculated using the straight-line method.

The useful lives of Tangible fixed assets are as follows:

Buildings: 15～50 years

Equipment: 4～15 years

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

②Land Revaluation

In accordance with the Law Concerning the Revaluation of Land, effective as of March 31, 1998, land used for business purposes was revalued on March 31, 1998. Unrealized gains arising on revaluation, net of deferred tax, are disclosed as Revaluation Reserve for Land, net of taxes and included in Net Assets on the consolidated balance sheets. 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) Software

The costs of computer software developed or obtained for internal use are capitalized and amortized using the straight-line method over an estimated useful life of 5 years.

(6) Debentures

All the debenture issuance costs are charged to income when incurred.

(7) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies, and financial statements 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

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

a. The Reserve for loans to debtors who are legally or substantially in bankrupt under the Bankruptcy Law, Special Liquidation under the Company Law or other similar laws is provided based on the remaining book value of the loans after the direct write-off described below and the deduction of the amount expected to be collected through the disposal of collateral or the execution of guarantees. With respect to loans to borrowers who are legally or substantially in bankruptcy that are secured with 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 ¥67,123 million ($568 million) and ¥72,709 million for the fiscal years ended March 31, 2007 and 2006, respectively.

b. The reserve for loans to debtors who are not currently bankrupt, but are likely to become bankrupt, 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. The reserve for loans to debtors with “Restructured Loans” (see Note 5) is provided based on the Discounted Cash Flow Method if the loan balance exceeds a specific amount and the future cash flows of the principal and interest of the loan can be reasonably estimated. Under the Discounted Cash Flow Method, the reserve is measured as the difference between the book value of the loan and its present value of expected future cash flows, discounted by the contractual interest rate before the terms of the loan were restructured.

d. The 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. The specific reserve for loans to countries with financial problems 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. The reserves described above are determined based on the results of these self -assessments.

The 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. The 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

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

(10) Reserve for Bonus Payments

Reserve for Bonus Payments represents estimated payment of employees’ bonuses attributable each fiscal year.

(11) Reserve for Employees’ Retirement Benefits

The Reserve for Employees’ Retirement Benefits, which is provided for the payment of employees’ retirement benefits, is recorded based on the estimated present value of projected benefit obligations in excess of the fair value of the plan assets taking into account adjustments for unrecognized prior year service costs and unrecognized actuarial differences at the end of the fiscal year.

Unrecognized actuarial differences are amortized over a certain period of time (10 years) using the declining-balance method from the fiscal year after the fiscal year the difference had incurred.

(12) Accounting for Finance Leases

Finance leases where the ownership of assets is not transferred to the lessee accounted for by the same accounting method as for operating leases. Rental expenses and leases expenses under operating leases are charged to income when incurred.

(13) Consumption Taxes

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

(14) Scope of Cash and Cash Equivalents in the Consolidated Statements of Cash Flows

"Cash and Cash Equivalents" in consolidated statements of cash flows represent cash and non-interest bearing due from bank in "Cash and Due from Banks" of consolidated balance sheets.

(15) Net Income per Share

Net Income per Share is computed based upon the weighted average number of shares outstanding during the fiscal year.

The total dividend for Lower Dividend Rate Stock and Preferred Stock is deducted from the numerator and the aggregate number of these stocks is deducted from the denominator in the calculation of net income per share.

3. Trading Assets

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2007	2006	2007
Trading Securities	¥ 31,084	¥ 14,210	$ 263
Derivatives of Trading Securities	-	9	-
Derivatives of Securities Related to Trading Transactions	66	10	1
Trading-related Financial Derivatives	20,398	34,080	173
Other Trading Account Assets	999	20,998	8
Total	¥ 52,550	¥ 69,309	$ 445

4. Securities

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2007	2006	2007
Japanese Government Bonds	¥ 11,870,135	¥ 13,879,074	$ 100,594
Municipal Government Bonds	64,454	107,083	546
Corporate Bonds	486,773	623,409	4,125
Stocks	1,038,442	1,195,909	8,800
Other	30,270,443	29,780,675	256,530
Foreign Bonds	14,995,316	14,171,011	127,079
Foreign Stocks	21,439	9,265	182
Other	15,253,687	15,600,398	129,269
Total	¥ 43,730,249	¥ 45,586,152	$ 370,595

The maturity profile of securities is as follows:

As of March 31, 2007	Millions of Yen				
	1 Year or Less	Over 1Year ～ 5 Years	Over 5 Years ～ 10 Years	Over 10Years	with no maturity date
Bonds	¥ 320,783	¥ 2,261,747	¥ 2,659,112	¥ 7,179,719	¥ -
Japanese Government Bonds	230,722	1,991,134	2,487,363	7,160,914	-
Municipal Government Bonds	51,345	10,271	2,153	683	-
Corporate Bonds	38,715	260,341	169,594	18,121	-
Stocks	-	-	-	-	1,038,442
Other	115,867	3,556,261	6,570,125	4,753,096	15,275,092
Foreign Bonds	115,867	3,556,226	6,570,125	4,753,096	-
Foreign Stocks	-	-	-	-	21,439
Other	-	34	-	-	15,253,653
Total	¥ 436,651	¥ 5,818,009	¥ 9,229,237	¥ 11,932,815	¥ 16,313,535

As of March 31, 2006	Millions of Yen				
	1 Year or Less	Over 1Year ～ 5 Years	Over 5 Years ～ 10 Years	Over 10Years	with no maturity date
Bonds	¥ 1,200,869	¥ 3,715,264	¥ 3,666,468	¥ 6,026,964	¥ -
Japanese Government Bonds	1,099,886	3,384,632	3,379,432	6,015,122	-
Municipal Government Bonds	34,747	69,500	2,073	762	-
Corporate Bonds	66,235	261,131	284,962	11,080	-
Stocks	-	-	-	-	1,195,909
Other	240,975	2,982,925	6,209,742	4,737,406	15,609,624
Foreign Bonds	240,975	2,982,886	6,209,742	4,737,406	-
Foreign Stocks	-	-	-	-	9,265
Other	-	39	-	-	15,600,358
Total	¥ 1,441,845	¥ 6,698,189	¥ 9,876,211	¥ 10,764,371	¥ 16,805,533

As of March 31, 2007	Millions of U.S. Dollars 1 Year or Less	Over 1Year ～ 5 Years	Over 5 Years ～ 10 Years	Over 10Years	with no maturity date
Bonds	$ 2,718	$ 19,167	$ 22,535	$ 60,845	$ -
Japanese Government Bonds	1,955	16,874	21,080	60,686	-
Municipal Government Bonds	435	87	18	6	-
Corporate Bonds	328	2,206	1,437	153	-
Stocks	-	-	-	-	8,800
Other	982	30,138	55,679	40,281	129,450
Foreign Bonds	982	30,138	55,679	40,281	-
Foreign Stocks	-	-	-	-	182
Other	-	0	-	-	129,268
Total	$ 3,700	$ 49,305	$ 78,214	$ 101,126	$ 138,250

5. Loans and Bills Discounted

As of March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Loans on Deeds	¥ 10,727,937	¥ 9,811,923	$ 90,915
Loans on Bills	203,150	206,710	1,722
Overdrafts	1,902,939	1,919,881	16,126
Bills Discounted	20,652	25,481	175
Total	¥ 12,854,680	¥ 11,963,996	$ 108,938

As of March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Loans to Borrowers under Bankruptcy Proceedings	¥ 7,375	¥ 13,313	$ 62
Delinquent Loans	165,464	169,518	1,402
Loans Past Due for Three Months or More	904	1,477	8
Restructured Loans	116,594	120,847	988
Total	¥ 290,338	¥ 305,158	$ 2,460

(1) “Loans to Borrowers under Bankruptcy Proceedings” are loans whose interests accruals are suspended (excluding the parts written-off for possible loan losses, hereinafter referred to as “Nonaccrual Loans”) since the loans are determined to be uncollectible considering they have been past due for a certain period of time and other reasons, and meet the definition stipulated in Article 96-1-3, 4 of Corporate Tax Law (Law No.97, 1965).

(2) “Delinquent Loans” are also Nonaccrual Loans other than loans to borrowers under bankruptcy proceedings or loans whereby interest payments are deferred in order to support the borrowers’ rehabilitation.

(3) “Loans Past Due for Three Months or More” are loans whose principal or interest is past-due for three months or more, other than “Loans to Borrowers under Bankruptcy Proceedings” and “Delinquent Loans.”

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

6. Foreign Exchange Assets

As of March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Foreign Bills Bought	¥ -	¥ 0	$ -
Due from Foreign Banks	3,176	20,129	27
Total	¥ 3,176	¥ 20,129	$ 27

7. Other Assets

As of March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Prepaid Expenses	¥ 3,360	¥ 3,119	$ 29
Accrued Income	244,852	236,478	2,075
Financial Derivatives	107,284	71,497	909
Other	188,491	428,376	1,597
Total	¥ 543,988	¥ 739,471	$ 4,610

8. Tangible Fixed Assets

As of March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Land	¥ 97,009	¥ 98,081	$ 822
Buildings	50,691	52,129	430
Equipment	7,156	9,545	61
Other	743	-	6
Total Net Book Value	155,601	159,755	1,319
Accumulated Depreciation Deducted	¥ 96,404	¥ 98,340	$ 817

9. Assets Pledged

Assets pledged as collateral comprise the following:

As of March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Trading Assets	¥ -	¥ 20,998	$ -
Securities	8,843,827	10,829,493	74,948

Liabilities related to the above pledged assets are as follows:

As of March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Call Money and Bills Sold	¥ 470,000	¥ 100,000	$ 3,983
Payables under Repurchase Agreements	7,438,847	7,599,379	63,041
Payables under Securities Lending Transactions	1,000,840	3,309,451	8,482

In addition, as of March 31, 2007 and 2006, Securities totaling ¥4,056,291 million ($34,375 million) and ¥4,797,733 million, respectively, and Loans and Bills Discounted totaling ¥5,945,709 million ($50,387 million) and ¥5,029,930 million, respectively, were pledged as collateral for settlement of exchange and derivative transactions or as margins of futures markets.

As of March 31, 2007 and 2006, guarantee deposits totaling ¥5,568 million ($47 million) and ¥5,454 million, initial margins of futures markets totaling ¥1,885 million ($16 million) and ¥1,146 million, and collateral pledged for derivative transactions totaling ¥14,863 million ($126 million) and ¥244,251 million were included in Other Assets, respectively.

10. Deposits

As of March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Time Deposits	¥ 33,744,510	¥ 33,571,399	$ 285,970
Deposits at Notice	27,702	49,832	235
Ordinary Deposits	1,366,694	1,539,338	11,582
Current Deposits	105,800	111,837	897
Other Deposits	5,998,784	5,202,921	50,837
Total	¥ 41,243,492	¥ 40,475,329	$ 349,521

11. Debentures

As of March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
One-year Discount Debentures	¥ -	¥ 419,594	$ -
Long-term Coupon Debentures	4,471,156	4,367,919	37,891
Total	¥ 4,471,156	¥ 4,787,514	$ 37,891

12.Bonds

Bonds include subordinated bonds of ¥357,097 million ($3,026 million) as of March 31, 2007.

13.Trading Liabilities

As of March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Derivatives of Trading Securities	¥ -	¥ -	$ -
Derivatives of Securities Related to Trading Transactions	94	7	1
Trading-related Financial Derivatives	19,568	32,881	166
Total	¥ 19,662	¥ 32,888	$ 167

14. Borrowed Money

Borrowed Money include subordinated loans of ¥1,101,532 million ($9,335 million) and ¥1,101,532 million as of March 31, 2007 and 2006, respectively.

15. Foreign Exchange Liabilities

As of March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Foreign Bills Sold	¥ -	¥ -	$ -
Foreign Bills Payable	0	0	0
Due to Foreign Banks	-	-	-
Total	¥ 0	¥ 0	$ 0

16. Other Liabilities

As of March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Accrued Expenses	145,422	94,036	$ 1,232
Income Taxes Payable	58,091	64,577	493
Unearned Income	2,860	2,804	24
Derivatives Other Than for Trading	139,920	508,774	1,186
Other	143,625	143,313	1,217
Total	¥ 489,920	¥ 813,505	$ 4,152

17. Retirement Benefit Plans

The Bank funds a defined benefit pension plan and, in addition, has a lump-sum payment pension plan. Additional retirement benefits are paid to employees in certain cases. To fund the lump-sum payment pension plan, the Bank has established a retirement benefit trust.

The reserve for retirement benefits as of March 31, 2007 and 2006, are analyzed as follows:

As of March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Projected Benefit Obligations	¥ (80,270)	¥ (79,010)	$ (680)
Plan Assets	102,437	103,205	868
Unfunded Retirement Benefit Obligations	22,166	24,195	188
Unrecognized Actuarial Differences	(21,427)	(30,352)	(182)
Net Amounts Reported in the Balance Sheets	739	(6,157)	6
Prepaid Pension Cost	2,588	1,826	22
Reserve for Employees' Retirement Benefits	¥ (1,849)	¥ (7,983)	$ (16)

Note: Certain consolidated subsidiaries adopt the simplified method to calculate projected benefit obligations.

Assumptions used in the above calculation are as follows:

	2007	2006
Discount Rate	2.0%	2.0%
Expected Rate of Return on Plan Assets	3.0%	3.0%
Method of Attributing the Projected Benefits to Periods of Service	Straight-line Basis	Straight-line Basis
Amortization of Unrecognized Actuarial Differences	10 year	10 year

18. Accounting for Income Taxes

The major components of Deferred Tax Assets and Deferred Tax Liabilities as of March 31, 2007and 2006, are as follows:

As of March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Deferred Tax Assets:			
Reserve for Possible Loan Losses	¥ 49,201	¥ 58,538	$ 417
Write-off of Loans	9,068	10,983	77
Losses on Revaluation of Securities	19,914	8,289	169
Reserve for Employees' Retirement Benefits	6,816	8,612	58
Depreciation Expense	1,213	1,293	10
Unrealized Losses on Other Securities	-	0	-
Net Deferred Gains on Hedging Instruments	11,170	-	94
Other	33,159	27,531	281
Subtotal	130,543	115,247	1,106
Valuation Allowance	(44,827)	(22,313)	(380)
Total Deferred Tax Assets	85,716	92,934	726
Deferred Tax Liabilities:			
Gain from Contribution of Securities to Employee Retirement Benefit Trust	(5,577)	(5,577)	(47)
Unrealized Gains on Other Securities	(749,392)	(618,131)	(6,351)
Other	(40,230)	(2,032)	(341)
Total Deferred Tax Liabilities	(795,200)	(625,741)	(6,739)
Net Deferred Tax Liabilities	¥ (709,483)	¥ (532,807)	$ (6,013)

19. Acceptances and Guarantees

As of March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Acceptance of Bills of Exchange	¥ -	¥ -	$ -
Letters of Credit	27,048	26,661	229
Guarantees	215,397	202,822	1,826
Total	¥ 242,446	¥ 229,484	$ 2,055

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

20. Commitments to Overdrafts and Loans

Commitments related to overdrafts and loans represent agreements to extend overdrafts or loans up to a pre-agreed amount at the customer's request as long as no violation of the conditions stipulated in the commitment agreement exists. The amount of undrawn commitments in relation to such agreements is ¥3,057,746 million ($25,913 million) and ¥4,400,460 million as of March 31, 2007 and 2006, respectively. The amount, which the Bank and its consolidated subsidiaries could cancel at any time without penalty, is ¥1,949,931 million ($16,525 million) and ¥2,062,019 million as of March 31, 2007 and 2006, 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 financial condition of the borrower, certain issues relating to collateral and other reasons. At the time of extending loans to customers, the Bank and its consolidated subsidiaries are able to request collateral in the form of premises or securities as necessary. After extending loans, the Bank periodically checks the financial condition of its customers based on predefined policies and procedures and acts to secure loans as necessary.

21. Securities Loaned

Securities Loaned under unsecured lending agreements (Saiken Taishaku Torihiki) totaling nothing and ¥53,035 million as of March 31, 2007 and 2006, respectively, are included in Japanese Government Bonds and Other in Securities.

Securities Borrowed under unsecured borrowing agreements (Saiken Taishaku Torihiki) and Securities Purchased under resale agreements and cash-collateralized borrowing agreements, which can be sold or re-pledged by the Bank, include securities re-pledged out totaling ¥343,336 million ($2,910 million) and ¥249,463 million as of March 31, 2007 and 2006, respectively, and securities held without repledge totaling ¥1,104,163 million ($9,357 million) and ¥2,215,193 million as of March 31, 2007 and 2006, respectively. No securities were re-loaned as of March 31, 2007 and 2006.

22. Paid-in Capital

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2007	2006	2007
Common Stock	¥ 1,459,017	¥ 1,440,017	$ 12,364
Preferred Stock	24,999	24,999	212
Total	¥ 1,484,017	¥ 1,465,017	$ 12,576

The Common Stock account includes Lower Dividend Rate Stock with a total par value of ¥1,033,300 million ($8,757 million).

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

23. Trading Income

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	2007	2006	2007
Income from Trading Securities and Derivatives	¥ 194	¥ -	$ 2
Income from Securities and Derivatives Related to Trading Transactions	-	-	-
Income from Trading-related Financial Derivatives	-	331	-
Other	28	96	0
Total	¥ 223	¥ 427	$ 2

24. Other Operating Income

Fiscal years ended March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Gains on Sales of Bonds	¥ 21,207	¥ 46,497	$ 180
Gains on Redemption of Bonds	415	402	3
Gains on Financial Derivatives	21,255	26,809	180
Other	52,219	42,828	443
Total	¥ 95,098	¥ 116,538	$ 806

25. Other Income

Fiscal years ended March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Gains on Sales of Stocks and Other Securities	¥ 32,490	¥ 10,526	$ 275
Gains on Money Held in Trust	411,616	198,982	3,488
Equity in Earnings of Affiliates	819	198	7
Gains on Disposals of Fixed Assets	76	3,473	1
Recoveries of Written-off Claims	5,661	4,676	48
Transfer from Reserve for Possible Loan Losses	12,764	42,422	108
Other	2,413	3,112	20
Total	¥ 465,843	¥ 263,392	$ 3,948

26. Trading Expenses

Fiscal years ended March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Expenses on Trading Securities and Derivatives	¥ -	¥ 162	$ -
Expenses on Securities and Derivatives Related to Trading Transactions	3	118	0
Expenses on Trading-related Financial Derivatives	309	-	3
Total	¥ 313	¥ 280	$ 3

27. Other Operating Expenses

Fiscal years ended March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Amortization of Debenture Issuance Costs	¥ 553	¥ 521	$ 5
Losses on Foreign Exchange Transactions	-	2,412	-
Losses on Sales of Bonds	225,407	51,563	1,910
Losses on Redemption of Bonds	-	0	-
Other	47,669	46,294	404
Total	¥ 273,630	¥ 100,791	$ 2,319

28. Other Expenses

Fiscal years ended March 31	Millions of Yen 2007	Millions of Yen 2006	Millions of U.S. Dollars 2007
Write-off of Loans	¥ 2,203	¥ 1,373	$ 19
Losses on Sales of Stocks and Other Securities	8,866	54	75
Losses on Revaluation of Stocks and Other Securities	523	646	4
Losses on Money Held in Trust	4,947	7,513	42
Losses on Disposals of Fixed Assets	1,261	926	11
Transfer to Reserve for Possible Investment Losses	38,628	-	327
Losses on Stock of Subsidiaries Through a Merger	878	-	7
Other	4,729	6,004	40
Total	¥ 62,038	¥ 16,519	$ 526

29. Cash Flows

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

	Millions of Yen				Millions of U.S. Dollars	
As of March 31		2007		2006		2007
Cash and Due from Banks	¥	866,303	¥	1,328,936	$	7,341
Less: Interest-bearing Due from Banks		(532,042)		(651,460)		(4,508)
Cash and Cash Equivalents at the End of the Fiscal Year	¥	334,260	¥	677,476	$	2,833

30. Segment Information

(a) Segment Information by Type of Businesses

Segment Information by Type of Businesses is not shown in this statement, since the business segments, other than the banking businesses, are immaterial.

(b) Segment Information by Geographic Areas

Fiscal year ended March 31, 2007	Millions of Yen Japan	The Americas	Europe	Asia	Total	Elimination and Corporate Assets	Consolidated
Ⅰ.Ordinary Income	¥	¥	¥	¥	¥	¥	¥
(1)Ordinary Income from Third-parties	2,543,252	32,620	25,158	20,418	2,621,450	-	2,621,450
(2)Inter-segment Ordinary Income	27,781	418,613	214,266	173,318	833,980	(833,980)	-
Total	2,571,033	451,234	239,425	193,737	3,455,430	(833,980)	2,621,450
Ordinary Expenses	2,210,645	440,603	237,098	193,839	3,082,188	(833,980)	2,248,207
Ordinary Profits(Losses)	¥ 360,388	¥ 10,630	¥ 2,326	¥ (102)	¥ 373,242	¥ -	¥ 373,242
Ⅱ.Total Assets	¥ 73,240,523	¥ 8,245,865	¥ 5,059,130	¥ 3,820,960	¥ 90,366,480	¥ (22,124,380)	¥ 68,242,099

Fiscal year ended March 31, 2006	Millions of Yen Japan	The Americas	Europe	Asia	Total	Elimination and Corporate Assets	Consolidated
Ⅰ.Ordinary Income	¥	¥	¥	¥	¥	¥	¥
(1)Ordinary Income from Third-parties	1,689,900	22,740	32,439	15,062	1,760,142	-	1,760,142
(2)Inter-segment Ordinary Income	17,939	152,946	189,616	152,410	512,912	(512,912)	-
Total	1,707,839	175,686	222,055	167,473	2,273,054	(512,912)	1,760,142
Ordinary Expenses	1,401,527	167,189	219,593	167,067	1,955,377	(512,912)	1,442,465
Ordinary Profits	¥ 306,312	¥ 8,496	¥ 2,462	¥ 405	¥ 317,677	¥ -	¥ 317,677
Ⅱ.Total Assets	¥ 76,503,151	¥ 6,642,232	¥ 5,861,540	¥ 4,217,715	¥ 93,224,640	¥ (22,503,600)	¥ 70,721,040

Fiscal year ended March 31, 2007	Millions of U.S. Dollars Japan	The Americas	Europe	Asia	Total	Elimination and Corporate Assets	Consolidated
Ⅰ.Ordinary Income	$	$	$	$	$	$	$
(1)Ordinary Income from Third-parties	21,553	276	213	173	22,215	-	22,215
(2)Inter-segment Ordinary Income	235	3,548	1,816	1,469	7,068	(7,068)	-
Total	21,788	3,824	2,029	1,642	29,283	(7,068)	22,215
Ordinary Expenses	18,734	3,734	2,009	1,643	26,120	(7,068)	19,052
Ordinary Profits(Losses)	$ 3,054	$ 90	$ 20	$ (1)	$ 3,163	$ -	$ 3,163
Ⅱ.Total Assets	$ 620,683	$ 69,880	$ 42,874	$ 32,381	$ 765,818	$ (187,495)	$ 578,323

Note: 1.The Bank reports “Ordinary Income” and “Ordinary Profits” that corresponds to Sales and Operating Profit for non-financial companies, for the Bank’s head office, branches and the consolidated subsidiaries according to the classification of geographic areas. The geographic classification is effected by geographical proximity, similarities in economic activities and inter-relationships among these activities.

Note: 2.“The Americas” includes the United States of America and Cayman Islands. “Europe” includes the United Kingdom and “Asia” includes the Republic of Singapore.

Note: 3.According to the change in accounting standards for inflation-indexed bonds whose principal is guaranteed, Ordinary Income and Ordinary Profits both has increased ¥39,685 million($336 million) for Japan.

(c) Ordinary Income from International Operations

Fiscal years ended March 31	Ordinary Income from International Operations	Consolidated Ordinary Income	Ratio of Ordinary Income from International Operations over Consolidated Ordinary Income
	Millions of Yen		Percentage
2007	¥1,971,761	¥2,621,450	75.2%
2006	¥1,372,462	¥1,760,142	77.9%
	Millions of U.S. Dollars		Percentage
2007	$16,710	$22,216	75.2%

Note: 1. "Ordinary Income from International Operations" is shown in place of Overseas Sales for non-financial companies.

Note: 2."Ordinary Income from International Operations" comprises foreign currency transactions, yen-denominated trade bills, yen-denominated transactions with non-Japanese residents, transactions in the offshore market in Japan, transactions by overseas branches of the parent and transactions by overseas consolidated subsidiaries (excluding Inter-segment Ordinary Income between consolidated entities). The composition of this substantial volume of transactions is not broken down by counter-party. Therefore, segment information by Geographic areas has not been presented.

31. Fair Value of Securities

For the Fiscal Year Ended March 31, 2007

Trading Securities

	Millions of Yen		Millions of U.S. Dollars	
As of March 31, 2007	Carrying Value	Unrealized Gain Recognized as Income	Carrying Value	Unrealized Gain Recognized as Income
Trading Securities	¥32,084	¥86	$272	$1

Note: The above analysis of Trading Securities includes "Trading Securities", "Short-term Corporate Bonds" disclosed as "Trading Assets" in the consolidated balance sheet.

Held-to-maturity Debt Securities that have a Fair Value

	Millions of Yen				
			Net Unrealized Loss		
As of March 31, 2007	Carrying Value	Fair Value	Net	Gain	Loss
Japanese Government Bonds	¥18,211	¥18,182	¥(28)	¥12	¥41
Total	¥18,211	¥18,182	¥(28)	¥12	¥41

	Millions of U.S. Dollars				
			Net Unrealized Loss		
As of March 31, 2007	Carrying Value	Fair Value	Net	Gain	Loss
Japanese Government Bonds	$154	$154	$(0)	$0	$0
Total	$154	$154	$(0)	$0	$0

Note: Fair value is based on market prices or other prices as appropriate at the end of the fiscal year ended March 31, 2007.

Other Securities held at Fair Value

	Millions of Yen				
	Acquisition	Carrying	Net Unrealized Gain/Loss		
As of March 31, 2007	Cost	Value	Net	Gain	Loss
Stocks	¥ 420,867	¥ 775,406	¥ 354,539	¥ 381,784	¥ 27,244
Bonds	12,266,644	12,266,733	88	71,889	71,801
Japanese Government Bonds	11,854,155	11,851,923	(2,231)	68,376	70,608
Municipal Government Bonds	63,504	63,766	261	298	36
Corporate Bonds	348,984	351,043	2,058	3,215	1,156
Other	28,434,525	30,172,092	1,737,567	1,822,385	84,818
Foreign Bonds	14,480,551	14,988,028	507,476	567,589	60,113
Foreign Stocks	-	-	-	-	-
Other	13,953,973	15,184,064	1,230,091	1,254,795	24,704
Total	¥ 41,122,036	¥ 43,214,232	¥ 2,092,195	¥ 2,276,059	¥ 183,863

	Millions of U.S. Dollars				
	Acquisition	Carrying	Net Unrealized Gain/Loss		
As of March 31, 2007	Cost	Value	Net	Gain	Loss
Stocks	$ 3,566	$ 6,571	$ 3,005	$ 3,236	$ 231
Bonds	103,955	103,955	(0)	608	608
Japanese Government Bonds	100,459	100,440	(19)	579	598
Municipal Government Bonds	538	540	2	2	0
Corporate Bonds	2,958	2,975	17	27	10
Other	240,971	255,696	14,725	15,444	719
Foreign Bonds	122,717	127,017	4,300	4,810	510
Foreign Stocks	-	-	-	-	-
Other	118,254	128,679	10,425	10,634	209
Total	$ 348,492	$ 366,222	$ 17,730	$ 19,288	$ 1,558

Note: 1.The above analysis of Other Securities held at Fair Value includes "Securities" and Negotiable Certificates of Deposit disclosed as "Cash and Due from Banks" in the consolidated balance sheets.

Note: 2. Carrying values of securities held on the consolidated balance sheets are stated based on the quoted market price at the end of the fiscal year ended March 31, 2007.

Other Securities Sold during the Fiscal Year

	Millions of Yen			Millions of U.S. Dollars		
Fiscal year ended March 31, 2007	Sales Proceeds	Gains on Sales	Losses on Sales	Sales Proceeds	Gains on Sales	Losses on Sales
Other Securities	¥8,963,828	¥48,950	¥234,273	$75,965	$415	$1,985

Carrying Value of Securities without a Fair Value

As of March 31, 2007	Millions of Yen	Millions of U.S. Dollars
Other Securities		
Unlisted Stocks	¥263,036	$2,229
Foreign Bonds	¥7,288	$62
Other	¥261,912	$2,220

For the Fiscal Year Ended March 31, 2006

Trading Securities

As of March 31, 2006	Millions of Yen		Millions of U.S. Dollars	
	Carrying Value	Unrealized Losses Recognized as Expenses	Carrying Value	Unrealized Losses Recognized as Expenses
Trading Securities	¥35,208	¥(496)	$300	$(4)

Note: The above analysis of Trading Securities includes Trading Securities, , Negotiable Certificates of Deposit and Commercial Paper disclosed as "Trading Assets" in the consolidated balance sheet.

Held-to-maturity Debt Securities that have a Fair Value

As of March 31, 2006	Millions of Yen				
	Carrying Value	Fair Value	Net Unrealized Loss		
			Net	Gain	Loss
Japanese Government Bonds	¥18,131	¥18,027	¥(103)	¥1	¥104
Total	¥18,131	¥18,027	¥(103)	¥1	¥104

As of March 31, 2006	Millions of U.S. Dollars				
	Carrying Value	Fair Value	Net Unrealized Loss		
			Net	Gain	Loss
Japanese Government Bonds	$154	$153	$(1)	$0	$1
Total	$154	$153	$(1)	$0	$1

Note: Fair value is based on market prices or other prices as appropriate at the end of the fiscal year ended March 31, 2006.

Other Securities held at Fair Value

As of March 31, 2006	Millions of Yen				
	Acquisition Cost	Carrying Value	Net Unrealized Gain/Loss		
			Net	Gain	Loss
Stocks	¥ 511,968	¥ 926,117	¥ 414,149	¥ 414,372	¥ 223
Bonds	14,745,445	14,522,734	(222,711)	37,059	259,770
Japanese Government Bonds	14,085,543	13,860,943	(224,600)	32,159	256,760
Municipal Government Bonds	106,436	107,083	647	869	221
Corporate Bonds	553,465	554,707	1,241	4,030	2,788
Other	28,217,830	29,716,589	1,498,759	1,679,436	180,676
Foreign Bonds	13,752,338	14,160,817	408,479	535,698	127,219
Foreign Stocks	2	2	0	0	0
Other	14,465,489	15,555,769	1,090,279	1,143,737	53,457
Total	¥ 43,475,244	¥ 45,165,442	¥ 1,690,197	¥ 2,130,868	¥ 440,670

As of March 31, 2006	Millions of U.S. Dollars				
	Acquisition Cost	Carrying Value	Net Unrealized Gain/Loss		
			Net	Gain	Loss
Stocks	$ 4,361	$ 7,889	$ 3,528	$ 3,530	$ 2
Bonds	125,600	123,703	(1,897)	316	2,213
Japanese Government Bonds	119,979	118,066	(1,913)	274	2,187
Municipal Government Bonds	907	912	5	7	2
Corporate Bonds	4,714	4,725	11	35	24
Other	240,356	253,122	12,766	14,305	1,539
Foreign Bonds	117,141	120,620	3,479	4,563	1,084
Foreign Stocks	0	0	0	0	0
Other	123,215	132,502	9,287	9,742	455
Total	$ 370,317	$ 384,714	$ 14,397	$ 18,151	$ 3,754

Note: 1.The above analysis of Other Securities held at Fair Value includes "Securities", Negotiable Certificates of Deposit disclosed as "Cash and Due from Banks", and Commercial Paper disclosed as "Monetary Claims Bought" in the consolidated balance sheet.

Note: 2. Carrying values of securities held on the consolidated balance sheet are stated based on the quoted market price at the end of the fiscal year ended March 31, 2006.

Other Securities Sold during the Fiscal Year

Fiscal year ended March 31, 2006	Millions of Yen			Millions of U.S. Dollars		
	Sales Proceeds	Gains on Sales	Losses on Sales	Sales Proceeds	Gains on Sales	Losses on Sales
Other Securities	¥4,333,565	¥52,842	¥51,617	$36,913	$450	$440

Carrying Value of Securities without a Fair Value

As of March 31, 2006	Millions of Yen	Millions of U.S. Dollars
Other Securities		
Unlisted Stocks	¥269,791	$2,298
Foreign Bonds	¥10,193	$87
Other	¥139,519	$1,188

32. Fair Value of Money Held in Trust

For the Fiscal Year Ended March 31, 2007

Money Held in Trust for Trading Purpose

As of March 31, 2007	Millions of Yen		Millions of U.S. Dollars	
	Carrying Value	Unrealized Gain Recognized as Income	Carrying Value	Unrealized Gain Recognized as Income
Money Held in Trust for Trading Purpose	¥101,137	¥1,117	$857	$9

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

As of March 31, 2007	Millions of Yen				
	Acquisition Cost	Carrying Value	Net Unrealized Gain		
			Net	Gain	Loss
Other Money Held in Trust	¥7,380,708	¥7,696,608	¥315,899	¥330,115	¥14,216

As of March 31, 2007	Acquisition Cost	Carrying Value	Net Unrealized Gain: Net	Net Unrealized Gain: Gain	Net Unrealized Gain: Loss
	Millions of U.S. Dollars				
Other Money Held in Trust	$62,548	$65,225	$2,677	$2,798	$121

Note: Carrying values of Other Money Held in Trust presented on the consolidated balance sheet are based on the quoted market price of the underlying assets as at the end of the fiscal year ended March 31, 2007.

For the Fiscal Year Ended March 31, 2006

Money Held in Trust for Trading Purpose

As of March 31, 2006	Millions of Yen: Carrying Value	Millions of Yen: Unrealized Loss Recognized as	Millions of U.S. Dollars: Carrying Value	Millions of U.S. Dollars: Unrealized Loss Recognized as
Money Held in Trust for Trading Purpose	¥102,120	¥(259)	$870	$(2)

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

As of March 31, 2006	Acquisition Cost	Carrying Value	Net Unrealized Loss: Net	Net Unrealized Loss: Gain	Net Unrealized Loss: Loss
	Millions of Yen				
Other Money Held in Trust	¥7,155,434	¥7,449,570	¥294,135	¥339,735	¥45,599

As of March 31, 2006	Acquisition Cost	Carrying Value	Net Unrealized Gain: Net	Net Unrealized Gain: Gain	Net Unrealized Gain: Loss
	Millions of U.S. Dollars				
Other Money Held in Trust	$60,949	$63,455	$2,506	$2,894	$388

Note: Carrying values of Other Money Held in Trust presented on the consolidated balance sheet are based on the quoted market price of the underlying assets as at the end of the fiscal year ended March 31, 2006.

33. Fair Value of Derivative Instruments

For the Fiscal Year Ended March 31, 2007

Interest Rate-Related Derivative Instruments

As of March 31, 2007			Millions of Yen: Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Exchange-traded Transactions	Interest Rate Futures	Sold	¥ 29,271	¥ -	¥ (14)	¥ (14)
		Purchased	8,418	-	(9)	(9)
	Interest Rate Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Over-the-counter Transactions	Foward Rate Agreements	Sold	-	-	-	-
		Purchased	-	-	-	-
	Interest Rate Swaps	Rec.:Fix.-Pay.: Flt.	1,367,158	1,067,074	4,418	4,418
		Rec.:Flt.-Pay.: Fix.	1,484,396	1,123,896	(4,021)	(4,021)
		Rec.:Flt.-Pay.: Flt.	-	-	-	-
	Interest Rate Options	Sold	-	-	-	-
		Purchased	15,000	-	70	69
	Other	Sold	-	-	-	-
		Purchased	-	-	-	-
Total			¥ /	¥ /	¥ 444	¥ 443

As of March 31, 2007			Millions of U.S. Dollars			
			Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Exchange-traded Transactions	Interest Rate Futures	Sold	$ 248	$ -	$ (0)	$ (0)
		Purchased	71	-	(0)	(0)
	Interest Rate Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Over-the-counter Transactions	Foward Rate Agreements	Sold	-	-	-	-
		Purchased	-	-	-	-
	Interest Rate Swaps	Rec.:Fix.-Pay.: Flt.	11,586	9,043	37	37
		Rec.:Flt.-Pay.: Fix.	12,580	9,525	(34)	(34)
		Rec.:Flt.-Pay.: Flt.	-	-	-	-
	Interest Rate Options	Sold	-	-	-	-
		Purchased	127	-	1	1
	Other	Sold	-	-	-	-
		Purchased	-	-	-	-
Total			$ ／	$ ／	$ 4	$ 4

Note: 1.Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of operations. The above analysis excludes derivative instruments accounted for as hedges in accordance with "Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks" (JICPA Industry Audit Committee Report No. 24).

Note: 2.Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo International Financial Futures 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, 2007			Millions of Yen			
			Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Over-the-counter Transactions	Currency Swaps		¥ 42,032	¥ -	¥ 485	¥ 485
	Forwards	Sold	989,124	6,294	(5,365)	(5,365)
		Purchased	1,068,618	6,294	7,204	7,204
Total			¥ ／	¥ ／	¥ 2,324	¥ 2,324

As of March 31, 2007			Millions of U.S. Dollars			
			Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Over-the-counter Transactions	Currency Swaps		$ 356	$ -	$ 4	$ 4
	Forwards	Sold	8,382	53	(45)	(45)
		Purchased	9,056	53	61	61
Total			$ ／	$ ／	$ 20	$ 20

Note: 1.Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of operations. The above analysis excludes derivative instruments 1) accounted for as hedges in accordance with "Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25), or 2) designated to certain monetary receivables or payables denominated in foreign currencies and recorded on the consolidated balance sheet.

Note: 2.Determination of fair value:

Fair value is determined based on the discounted net present value of currency-related derivative instruments.

Stock-Related Derivative Instruments

As of March 31, 2007			Millions of Yen			
			Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Exchange-traded Transactions	Equity Price Index Futures	Sold	¥ -	¥ -	¥ -	¥ -
		Purchased	-	-	-	-
	Equity Price Index Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Over-the-counter Transactions	Equity Options	Sold	-	-	-	-
		Purchased	-	-	-	-
	Equity Price Index Swaps	Rec.:Stock Index Pay.:Flt. Rate	-	-	-	-
		Rec.:Flt. Rate Pay.:Stock Index	-	-	-	-
	Other	Sold	-	-	-	-
		Purchased	1,000	1,000	-	-
Total			¥ ／	¥ ／	¥ -	¥ -

As of March 31, 2007			Millions of U.S. Dollars			
			Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Exchange-traded Transactions	Equity Price Index Futures	Sold	$ -	$ -	$ -	$ -
		Purchased	-	-	-	-
	Equity Price Index Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Over-the-counter Transactions	Equity Options	Sold	-	-	-	-
		Purchased	-	-	-	-
	Equity Price Index Swaps	Rec.:Stock Index Pay.:Flt. Rate	-	-	-	-
		Rec.:Flt. Rate Pay.:Stock Index	-	-	-	-
	Other	Sold	-	-	-	-
		Purchased	8	8	-	-
Total			$ ／	$ ／	$ -	$ -

Note: 1.Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of operations. The above analysis excludes derivative instruments accounted for as hedges.

Note: 2.Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at Tokyo Stock 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.

Note: 3. Derivative instruments without a fair value included in "Over-the-counter Transactions, Other" are valued at cost.

Bond-Related Derivative Instruments

As of March 31, 2007			Millions of Yen			
			Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Exchange-traded Transactions	Bond Futures	Sold	¥ 56,024	¥ -	¥ (46)	¥ (46)
		Purchased	-	-	-	-
	Bond Futures Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Over-the-counter Transactions	Bond Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Total			¥ ／	¥ ／	¥ (46)	¥ (46)

As of March 31, 2007			Millions of U.S. Dollars			
			Contract Amount or Notional Amount		Fair Value	Unrealized Gain /Loss
				Over 1Year		
Exchange-traded Transactions	Bond Futures	Sold	$ 475	$ -	$ (0)	$ (0)
		Purchased	-	-	-	-
	Bond Futures Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Over-the-counter Transactions	Bond Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Total			$ ／	$ ／	$ (0)	$ (0)

Note: 1.Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of operations. The above analysis excludes derivative instruments accounted for as hedges.

Note: 2.Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at Tokyo Stock 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 during the fiscal year ended March 31, 2007.

Credit Derivative Instruments

The Bank and its consolidated subsidiaries held no credit derivative instruments during the fiscal year ended March 31, 2007.

For the Fiscal Year Ended March 31, 2006

Interest Rate-Related Derivative Instruments

As of March 31, 2006			Millions of Yen			
			Contract Amount or Notional Amount		Fair Value	Unrealized Gain /Loss
				Over 1Year		
Exchange-traded Transactions	Interest Rate Futures	Sold	¥ 2,512,648	¥ -	¥ 6,881	¥ 6,881
		Purchased	2,268,319	-	(4,412)	(4,412)
	Interest Rate Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Over-the-counter Transactions	Foward Rate Agreements	Sold	-	-	-	-
		Purchased	-	-	-	-
	Interest Rate Swaps	Rec.:Fix.-Pay.: Flt.	2,118,348	1,678,819	(834)	(834)
		Rec.:Flt.-Pay.: Fix.	2,465,105	1,963,464	14,205	14,205
		Rec.:Flt.-Pay.: Flt.	-	-	-	-
	Interest Rate Options	Sold	-	-	-	-
		Purchased	25,000	15,000	371	367
	Other	Sold	10,000	-	-	3
		Purchased	10,000	-	-	(1)
Total			¥ ／	¥ ／	¥ 16,211	¥ 16,209

As of March 31, 2006			Millions of U.S. Dollars			
			Contract Amount or Notional Amount		Fair Value	Unrealized Gain /Loss
				Over 1Year		
Exchange-traded Transactions	Interest Rate Futures	Sold	$ 21,402	$ -	$ 59	$ 59
		Purchased	19,321	-	(38)	(38)
	Interest Rate Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Over-the-counter Transactions	Foward Rate Agreements	Sold	-	-	-	-
		Purchased	-	-	-	-
	Interest Rate Swaps	Rec.:Fix.-Pay.: Flt.	18,044	14,300	(7)	(7)
		Rec.:Flt.-Pay.: Fix.	20,997	16,725	121	121
		Rec.:Flt.-Pay.: Flt.	-	-	-	-
	Interest Rate Options	Sold	-	-	-	-
		Purchased	213	128	3	3
	Other	Sold	85	-	-	0
		Purchased	85	-	-	(0)
Total			$ /	$ /	$ 138	$ 138

Note: 1.Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of operations. The above analysis excludes derivative instruments accounted for as hedges in accordance with "Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks" (JICPA Industry Audit Committee Report No. 24).

Note: 2.Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo International Financial Futures 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, 2006			Millions of Yen			
			Contract Amount or Notional Amount		Fair Value	Unrealized Gain /Loss
				Over 1Year		
Over-the-counter Transactions	Currency Swaps		¥ 41,928	¥ 41,928	¥ 993	¥ 993
	Forwards	Sold	426,378	3,298	(19,965)	(19,965)
		Purchased	636,242	3,298	21,264	21,264
Total			¥ /	¥ /	¥ 2,292	¥ 2,292

As of March 31, 2006			Millions of U.S. Dollars			
			Contract Amount or Notional Amount		Fair Value	Unrealized Gain /Loss
				Over 1Year		
Over-the-counter Transactions	Currency Swaps		$ 357	$ 357	$ 8	$ 8
	Forwards	Sold	3,632	28	(170)	(170)
		Purchased	5,419	28	181	181
Total			$ /	$ /	$ 19	$ 19

Note: 1.Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of operations. The above analysis excludes derivative instruments 1) accounted for as hedges in accordance with "Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25), or 2) designated to certain monetary receivables or payables denominated in foreign currencies and recorded on the consolidated balance sheet.

Note: 2.Determination of fair value:

Fair value is determined based on the discounted net present value of currency-related derivative instruments.

Stock-Related Derivative Instruments

As of March 31, 2006			Millions of Yen			
			Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Exchange-traded Transactions	Equity Price Index Futures	Sold	¥ -	¥ -	¥ -	¥ -
		Purchased	-	-	-	-
	Equity Price Index Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Over-the-counter Transactions	Equity Options	Sold	-	-	-	-
		Purchased	-	-	-	-
	Equity Price Index Swaps	Rec.:Stock Index Pay.:Flt. Rate	-	-	-	-
		Rec.:Flt. Rate Pay.:Stock Index	-	-	-	-
	Other	Sold	-	-	-	-
		Purchased	1,000	1,000	-	-
Total			¥ ／	¥ ／	¥ -	¥ -

As of March 31, 2006			Millions of U.S. Dollars			
			Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Exchange-traded Transactions	Equity Price Index Futures	Sold	$ -	$ -	$ -	$ -
		Purchased	-	-	-	-
	Equity Price Index Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Over-the-counter Transactions	Equity Options	Sold	-	-	-	-
		Purchased	-	-	-	-
	Equity Price Index Swaps	Rec.:Stock Index Pay.:Flt. Rate	-	-	-	-
		Rec.:Flt. Rate Pay.:Stock Index	-	-	-	-
	Other	Sold	-	-	-	-
		Purchased	9	9	-	-
Total			$ ／	$ ／	$ -	$ -

Note: 1.Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of operations. The above analysis excludes derivative instruments accounted for as hedges.

Note: 2.Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at Tokyo Stock 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.

Note: 3. Derivative instruments without a fair value included in “Over-the-counter Transactions, Other” are valued at cost.

Bond-Related Derivative Instruments

As of March 31, 2006			Millions of Yen			
			Contract Amount or Notional Amount	Over 1Year	Fair Value	Unrealized Gain /Loss
Exchange-traded Transactions	Bond Futures	Sold	¥ 59,242	¥ -	¥ 204	¥ 204
		Purchased	32,633	-	(188)	(188)
	Bond Futures Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Over-the-counter Transactions	Bond Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Total			¥ ／	¥ ／	¥ 16	¥ 16

As of March 31, 2006			Millions of U.S. Dollars			
			Contract Amount or Notional Amount		Fair Value	Unrealized Gain /Loss
				Over 1Year		
Exchange-traded Transactions	Bond Futures	Sold	$ 505	$ -	$ 2	$ 2
		Purchased	278	-	(2)	(2)
	Bond Futures Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Over-the-counter Transactions	Bond Options	Sold	-	-	-	-
		Purchased	-	-	-	-
Total			$ ／	$ ／	$ 0	$ 0

Note: 1.Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of operations. The above analysis excludes derivative instruments accounted for as hedges.

Note: 2.Determination of fair value:

The fair value of exchange-traded derivative instruments is based on closing prices at Tokyo Stock 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 during the fiscal year ended March 31, 2006.

Credit Derivative Instruments

The Bank and its consolidated subsidiaries held no credit derivative instruments during the fiscal year ended March 31, 2006.

34. The Norinchukin Bank (Parent Company)

(a) Non-consolidated Balance Sheets

As of March 31		Millions of Yen 2007		Millions of Yen 2006		Millions of U.S. Dollars 2007
Assets						
Cash and Due from Banks	¥	864,474	¥	1,286,457	$	7,326
Bills Bought		-		318,400		-
Call Loans		823,715		731,167		6,981
Receivables under Resale Agreements		-		601,187		-
Receivables under Securities Borrowing Transactions		563,282		875,332		4,774
Monetary Claims Bought		828,790		755,291		7,024
Trading Assets		52,550		69,309		445
Money Held in Trust		7,797,702		7,551,681		66,082
Securities		43,750,573		45,607,473		370,767
Loans and Bills Discounted		12,804,474		11,948,782		108,512
Foreign Exchange Assets		3,176		20,129		27
Other Assets		535,923		725,840		4,542
Tangible Fixed Assets		154,024		158,073		1,305
Intangible Fixed Assets		6,641		14,316		56
Deferred Tax Assets		-		132		-
Customers' Liabilities for Acceptances and Guarantees		542,436		229,288		4,597
Reserve for Possible Loan Losses		(201,908)		(226,493)		(1,711)
Reserve for Possible Investment Losses		(38,628)		-		(327)
Total Assets	¥	68,487,228	¥	70,666,370	$	580,400
Liabilities and Net Assets						
Liabilities						
Deposits	¥	41,253,617	¥	40,483,426	$	349,607
Negotiable Certificates of Deposit		2,375,026		1,012,220		20,127
Debentures		4,471,357		4,787,716		37,893
Bills Sold		-		4,411,600		-
Call Money		1,068,632		631,740		9,056
Payables under Repurchase Agreements		7,438,847		7,599,379		63,041
Payables under Securities Lending Transactions		1,345,025		3,559,998		11,399
Trading Liabilities		19,662		32,888		167
Borrowed Money		1,459,295		1,101,532		12,367
Foreign Exchange Liabilities		0		0		0
Short-term Entrusted funds		2,868,967		1,582,927		24,313
Other Liabilities		478,953		773,117		4,059
Reserve for Bonus Payments		4,193		4,194		36
Reserve for Employees' Retirement Benefits		1,080		7,228		9
Deferred Tax Liabilities		711,696		516,690		6,031
Deferred Tax Liabilities for Land Revaluation		25,411		25,647		215
Acceptances and Guarantees		542,436		229,288		4,597
Total Liabilities		64,064,204		66,759,596		542,917
Net Assets						
Paid-in Capital		1,484,017		1,465,017		12,576
Capital Surplus		25,020		25,020		212
Retained Earnings		1,232,478		1,043,561		10,445
Total Owners' Equity		2,741,516		2,533,599		23,233
Net Unrealized Gains on Other Securities, net of taxes		1,658,745		1,366,224		14,057
Net Deferred Losses on Hedging Instruments, net of taxes		(24,689)		(41,024)		(209)
Revaluation Reserve for Land , net of taxes		47,451		47,974		402
Total Valuation and Translation Adjustments		1,681,507		1,373,174		14,250
Total Net Assets		4,423,024		3,906,774		37,483
Total Liabilities and Net Assets	¥	68,487,228	¥	70,666,370	$	580,400

(b) Non-consolidated Statements of Operations

	Millions of Yen		Millions of U.S. Dollars
	2007	2006	2007
Income			
Interest Income:	¥ 2,049,045	¥ 1,401,036	$ 17,365
Interest on Loans and Bills Discounted	124,033	104,120	1,051
Interest and Dividends on Securities	1,863,103	1,240,061	15,789
Interest on Call Loans and Bills Bought	5,286	1,403	45
Interest on Receivables under Resale Agreements	3,993	72	34
Interest on Receivables under Securities Borrowing Transactions	755	19	6
Interest on Due from Banks	34,032	41,535	289
Other Interest Income	17,841	13,822	151
Fees and Commissions	16,931	15,578	143
Trading Income	223	427	2
Other Operating Income	93,138	114,792	789
Other Income	465,129	264,360	3,942
Total Income	¥ 2,624,468	¥ 1,796,195	$ 22,241
Expenses			
Interest Expenses:	1,791,695	1,200,978	15,184
Interest on Deposits	326,357	176,566	2,766
Interest on Negotiable Certificates of Deposit	95,262	15,172	807
Interest on Debentures	32,110	25,884	272
Interest on Borrowings	22,599	7,875	192
Interest on Call Money and Bills Sold	3,292	1,505	28
Interest on Payables under Repurchase Agreements	401,178	194,025	3,400
Interest on Payables under Securities Lending Transactions	4,209	244	35
Other Interest Expenses	906,683	779,703	7,684
Fees and Commissions	14,205	10,458	120
Trading Expenses	313	280	3
Other Operating Expenses	272,038	100,732	2,305
General and Administrative Expenses	102,663	107,261	870
Other Expenses	60,460	15,547	512
Total Expenses	2,241,376	1,435,258	18,994
Income before Income Taxes	383,092	360,937	3,247
Income Taxes			
Current	73,090	61,099	619
Deferred	56,114	32,152	476
Net Income	¥ 253,886	¥ 267,685	$ 2,152

	Yen		U.S. Dollars
	2007	2006	2007
Net Income per Share	¥ 54.68	¥ 93.60	$ 0.46

35. Appropriation of Retained Earnings

The following dividends were approved at the shareholders' meeting held on June 26, 2007.

	Millions of Yen		Millions of U.S. Dollars	
Cash Dividends				
Special Dividends	¥	44,051	$	373
Dividends on Common Stock (at the rate of 4% of the ¥ 100 face value, or ¥ 4.00 per share)		17,028		144
Dividends on Lower Dividend Rate Stock (at the rate of 1% of the ¥ 100 face value, or ¥ 1.00 per share)		20,477		174
Dividends on Preferred Stock (at the rate of 11% of the ¥ 100 face value, or ¥ 11.00 per share)		613		5

36. Subsequent Events

At the Supervisory Committee meeting on May 29, 2007, the Bank resolved that it would seek a capital increase by issuing totaling ¥527,661 million ($4,472 million) in lower dividend rate stocks on March 25, 2008.

Simultaneously, the Bank resolved that it would seek a capital increase by borrowing totaling ¥399,400 million ($3,385 million) in perpetual subordinated loans on March 10, 2008. The Bank plans to determine the condition of borrowing rate etc. at the board of directors meeting in December, 2007.

Also, the Bank resolved to undertake early redemption of previously issued non-perpetual subordinated loans for less than 5 years of remaining term totaling ¥521,632 million ($4,421 million) by the end of fiscal year.

ERNST & YOUNG SHINNIHON

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Report of Independent Auditors

The Board of Directors
The Norinchukin Bank

We have audited the accompanying consolidated balance sheet of The Norinchukin Bank (the "Bank") and consolidated subsidiaries as of March 31, 2007, and the related consolidated statements of operations, capital surplus, retained earnings and cash flows for the year then ended, all expressed in yen. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Bank and consolidated subsidiaries at March 31, 2007, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

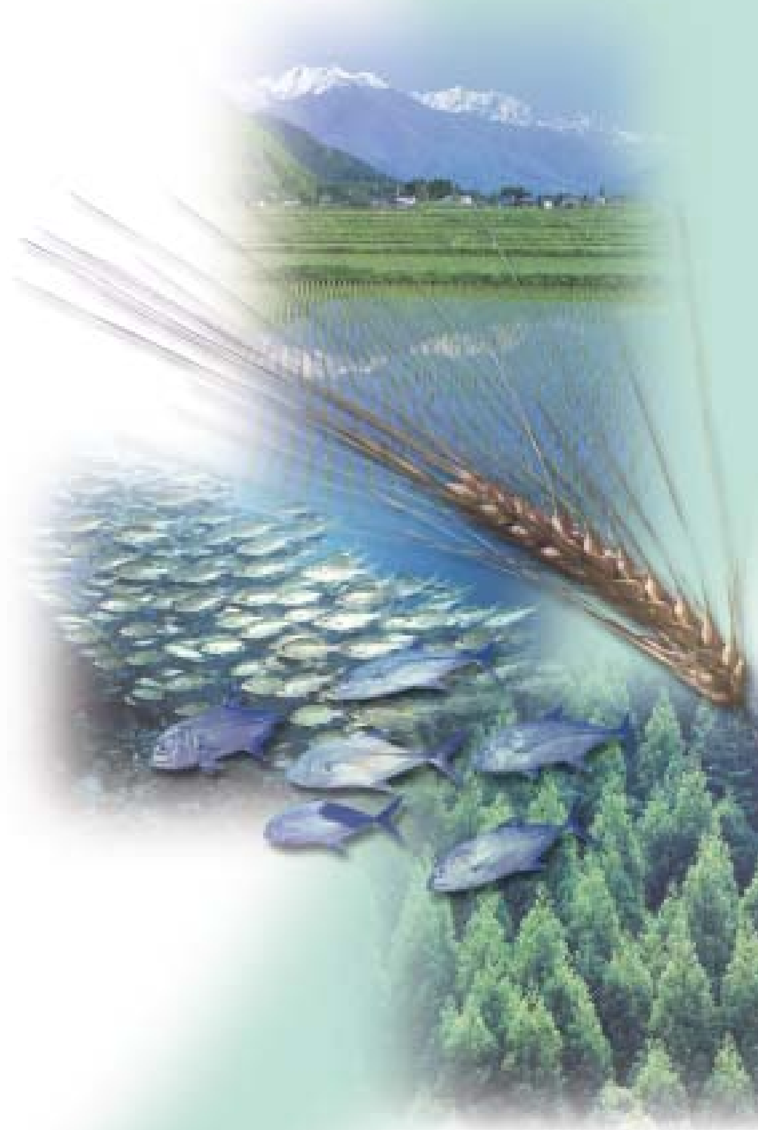
As described in Note 2 to the consolidated financial statements, inflation-indexed bonds whose principal is guaranteed were previously measured at fair value, and not at amortized cost. The Unrealized Gains or Losses (after deducting tax effects) were recorded directly in Stockholders' Equity. However due to the announcement of "Accounting for Other Compound Financial Instruments (Compound Financial Instruments Other than Those with Option to Increase Paid-in Capital)" (The Accounting Standards Board of Japan Guidance No. 12 issued on March 30, 2006), the Bank applied this standard effective the fiscal year 2006 and valued the bond at fair value, with the Unrealized Gains or Losses (after deducting tax effects) credited directly in Net Assets. The cost is calculated at amortized cost assuming the book value at the beginning of the fiscal year as the new acquisition cost.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young ShinNihon
Ernst & Young ShinNihon

June 26, 2007

A MEMBER OF ERNST & YOUNG GLOBAL



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THE NORINCHUKIN BANK Annual Report 2007

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