The Norinchukin Bank

ANNUAL REPORT 2009

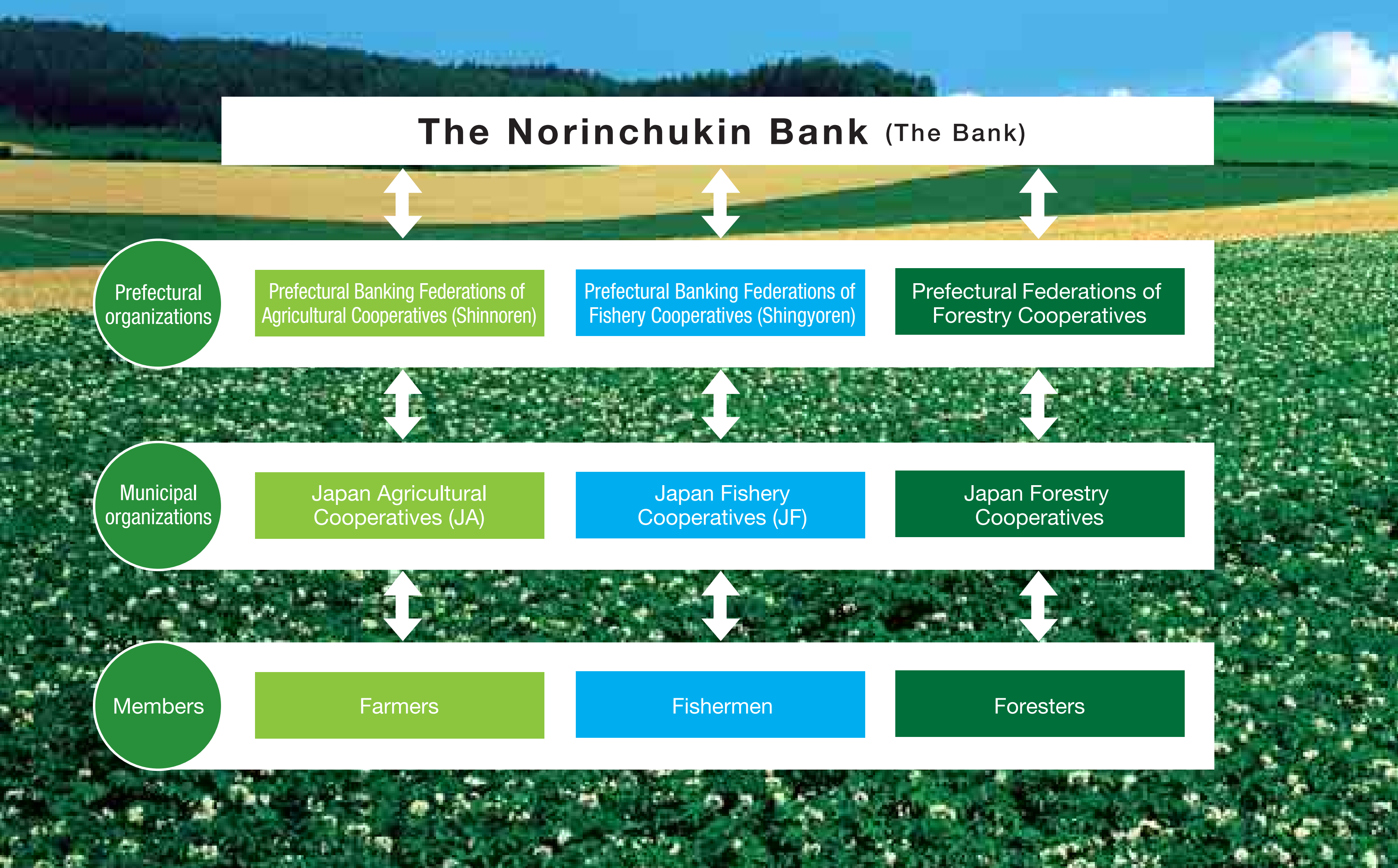
For The Year Ended March 31, 2009

Quality of life and an enduring source of nourishment

We, at the Norinchukin Bank, hope that all people will be able to enjoy the benefits of nature's abundant offerings as well as the advantages of a comfortable life. Our mission is to fully support Japan's primary industries as the central bank for Japan's agricultural, forestry and fishery cooperative system. Through this support, the Bank aims to contribute to a better life for the people of Japan.

Supporting core farmers, who will be the backbone of the Japanese agricultural industry of tomorrow; reforesting lands to protect and preserve the natural environment and its resources; and, working to secure stable profits through global investments as one of Japan's leading institutional investors, are some of the major activities we undertake in fulfilling our mission.

The Norinchukin Bank is committed to continuing these activities to ensure prosperity for Japan's next generation.



Corporate Outline

Name ■ The Norinchukin Bank

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

Date of establishment ■ December 20, 1923

Chairman of the Supervisory Committe
■ Mamoru Moteki

President and Chief Executive Officer
■ Yoshio Kono

Paid-in capital ■ ¥3,421.3 billion (US$ 34.8 billion) (As of March 31, 2009)
*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)
■ ¥62,593.9 billion (US$ 637.0 billion) (As of March 31, 2009)

Capital adequacy ratio (On a consolidated basis):
■ 15.56% (As of March 31, 2009) (Basel Ⅱ standard)

Members ■ Japan agricultural cooperatives (JA), Japan fishery cooperatives (JF), Japan 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: 4,093) (As of March 31, 2009)

Number of employees ■ 3,086 (As of March 31, 2009)

Ratings

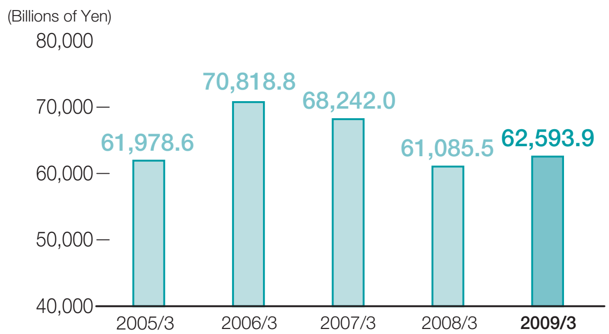
Ratings agency	Long-term debt	Short-term debt
Standard & Poor’s	A+	A-1
Moody’s Investors Service	Aa3	P-1

(As of June 30, 2009)

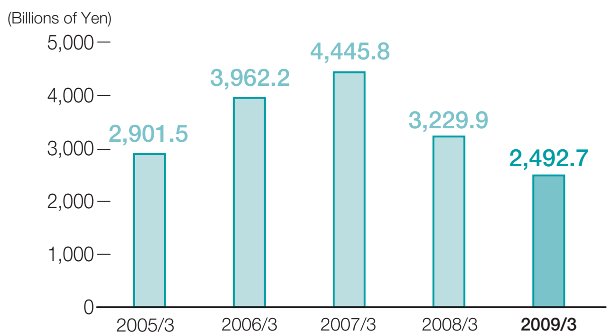
Forward-Looking Statements
This material contains forward-looking statements pertaining to the businesses and prospects of the Bank. These statements are based on our current expectations and are subject to the risks and uncertainties that may affect our businesses, which could cause actual results to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

Financial Highlights (Consolidated)

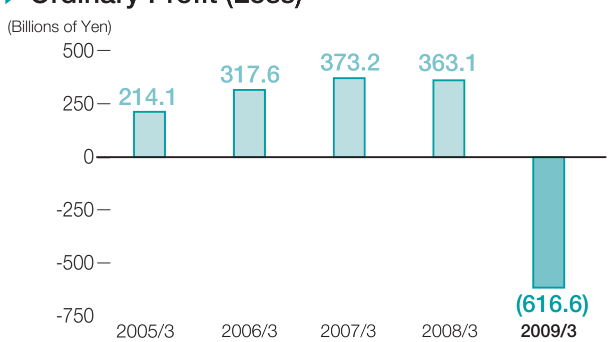
Total Assets



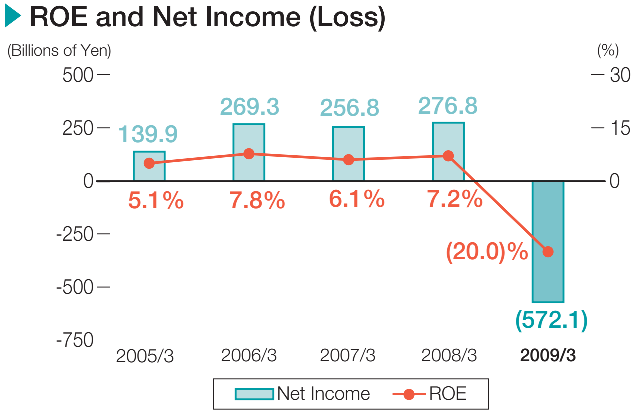
Net Assets



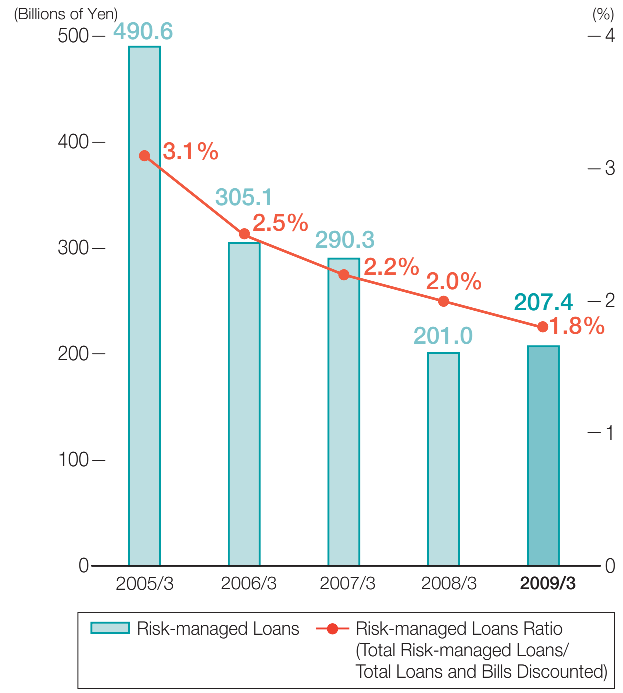
Ordinary Profit (Loss)



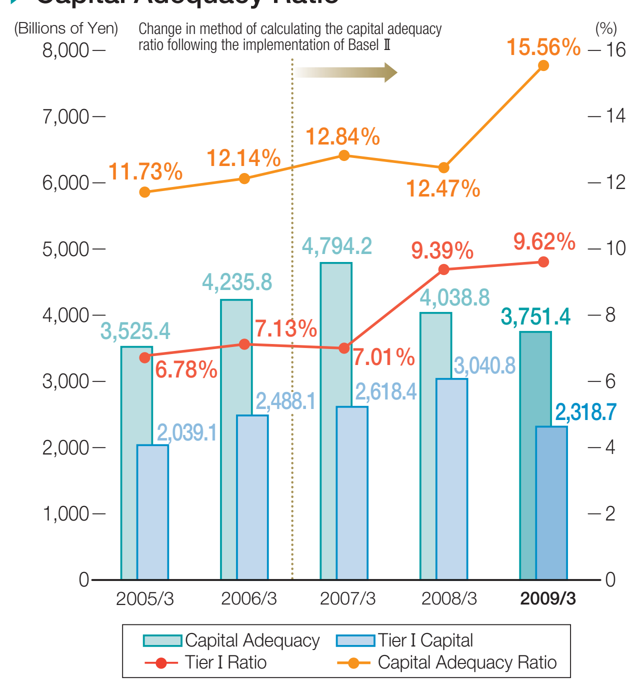
ROE and Net Income (Loss)



Risk-managed Loans



Capital Adequacy Ratio



Financial Review

■ Financial Results for the fiscal year ended March 31, 2009 (Consolidated)

The Norinchukin Bank's ("the Bank") financial results, on a consolidated basis as of March 31, 2009, include the results of 8 consolidated subsidiaries (down 1 company from the previous year-end) as well as 5 affiliates (up 2 companies and down 2 companies from the previous year-end) which are accounted for by the equity method.

The following is a summary of Financial Results for Fiscal 2008.

• Balance of Assets and Liabilities

Consolidated Total Assets increased by ¥1,508.4 billion from the previous fiscal year-end to ¥62,593.9 billion.

On the procurement side, Deposits decreased by ¥1,311.5 to ¥37,492.8 billion, and Debentures increased by ¥430.0 billion from the previous fiscal year-end to ¥5,252.0 billion.

On the asset side, Loans and Bills Discounted increased by ¥1,168.7 billion to ¥11,022.6 billion, and Securities increased by ¥3,298.5 billion from the previous fiscal year-end to ¥39,540.5 billion.

• Income (Loss)

Mainly due to a loss in the Bank's holdings securities, consolidated Ordinary Losses were ¥616.6 billion, a ¥979.8 billion decline compared with consolidated Ordinary Profits of ¥363.1 billion for the previous fiscal and consolidated Net Loss was ¥572.1 billion, down ¥848.9 billion from consolidated Net Income of ¥276.8 billion for the previous fiscal year.

• Capital Adequacy Ratio

The Bank's Consolidated Capital Adequacy Ratio (Basel II standard) was 15.56% as of March 31, 2009.

Key Management Indicators (Consolidated)

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

	2005/3	2006/3	2007/3	2008/3	**2009/3**	**2009/3**
Total Income	¥ 1,176.5	¥ 1,811.2	¥ 2,639.9	¥ 2,703.8	**¥ 1,438.0**	**$ 14,637**
Total Expenses	981.8	1,445.0	2,250.8	2,278.5	**2,048.1**	**20,847**
Net Income (Loss)	139.9	269.3	256.8	276.8	**(572.1)**	**(5,823)**
Total Net Assets (Note 2)	2,901.5	3,962.2	4,445.8	3,229.9	**2,492.7**	**25,372**
Total Assets	61,978.6	70,818.8	68,242.0	61,085.5	**62,593.9**	**637,089**
Capital Adequacy Ratio (%, BIS) (Note 3)	11.73	12.14	12.84	12.47	**15.56**	**15.56**

Notes: 1. U.S. dollars have been converted at the rate of ¥98.25 to U.S.$1, the effective rate of exchange at March 31, 2009.
2. Total Net Assets includes "Net Deferred Gains or Losses on Hedging Instruments, net of taxes" and "Minority Interests" in order to comply with the revision of "The Norinchukin Bank Law Enforcement Regulations" (Cabinet Office, the Ministry of Agriculture, Forestry, and Fisheries No.16, 2001) issued on April 28, 2006, which came into effect from the fiscal year ended March 31, 2007.
3. The calculation of the Bank's Consolidated BIS Capital Adequacy Ratio is based on the formula found in Notification No.4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of Management of the Norinchukin Bank) issued in 2006, which came into effect from the fiscal year ended March 31, 2007. The former standards were applied in calculating the Capital Adequacy Ratio prior to the fiscal year ended March 31, 2007.

■ Financial Results for the fiscal year ended March 31, 2009 (Non-consolidated)

• Balance of Assets and Liabilities

Total Assets of the Bank increased by ¥1,307.5 billion from the previous fiscal year-end to ¥62,499.2 billion.

On the procurement side, Deposits amounted to ¥37,501.5 billion and Debentures was ¥5,255.0 billion.

On the asset side, Loans and Bills Discounted was ¥10,947.8 billion and Securities was ¥39,558.8 billion.

• Income (Loss)

Amid the increasing turmoil in financial markets triggered by the US sub-prime loan crisis, the Bank has been managing its portfolio conservatively, practicing integrated risk management. This is mainly due to the fact that increasing losses on securities holdings, which were caused by the collapse of the financial markets under extreme stress exceeded our expectations. The Bank's Ordinary Losses were ¥612.7 billion and Net Loss was ¥565.7 billion.

The Bank's net operating losses (before reversal of reserve for possible loan losses) were ¥ 470.5 billion.

• Capital Adequacy Ratio

The Bank's Capital Adequacy Ratio (Basel II standard) was 15.65% as of March 31, 2009.

Key Management Indicators (Non-consolidated)

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

	2005/3	2006/3	2007/3	2008/3	2009/3	2009/3
Total Income	¥ 1,163.8	¥ 1,796.1	¥ 2,624.4	¥ 2,691.4	**¥ 1,426.7**	**$ 14,522**
Total Expenses	971.2	1,435.2	2,241.3	2,274.9	**2,030.7**	**20,669**
Net Income (Loss)	140.4	267.6	253.8	272.0	**(565.7)**	**(5,758)**
Paid-in Capital	1,224.9	1,465.0	1,484.0	2,016.0	**3,421.3**	**34,823**
Total Net Assets (Note 2)	2,889.0	3,947.7	4,423.0	3,202.4	**2,472.3**	**25,163**
Total Assets	61,947.2	70,764.1	68,487.2	61,191.7	**62,499.2**	**636,125**
Deposits	40,462.2	40,483.4	41,253.6	38,813.3	**37,501.5**	**381,695**
Debentures	4,704.4	4,787.7	4,471.3	4,822.1	**5,255.0**	**53,486**
Loans and Bills Discounted	15,700.4	11,948.7	12,804.4	9,795.6	**10,947.8**	**111,428**
Securities	37,427.2	45,607.4	43,750.5	36,262.3	**39,558.8**	**402,635**
Capital Adequacy Ratio (%, BIS) (Note 3)	11.68	12.10	12.84	12.55	**15.65**	**15.65**

Notes: 1. U.S. dollars have been converted at the rate of ¥98.25 to U.S.$1, the effective rate of exchange at March 31, 2009.
2. Total Net Assets includes "Net Deferred Gains or Losses on Hedging Instruments, net of taxes" in order to comply with the revision of "The Norinchukin Bank Law Enforcement Regulations" (Cabinet Office, the Ministry of Agriculture, Forestry, and Fisheries No.16, 2001) issued on April 28, 2006, which came into effect from the fiscal year ended March 31, 2007.
3. The calculation of the Bank's Non-Consolidated BIS Capital Adequacy Ratio is based on the formula found in Notification No.4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of Management of the Norinchukin Bank) issued in 2006, which came into effect from the fiscal year ended March 31, 2007. The former standards were applied in calculating the Capital Adequacy Ratio prior to the fiscal year ended March 31, 2007.

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A Message from the Management

Mamoru Moteki
Chairman
The Supervisory Committee

Yoshio Kono
President and Chief Executive Officer

First, we would like to sincerely thank all our stakeholders for their understanding and support for, and cooperation with, the Norinchukin Bank in its daily operations.

This Annual Report for 2009 contains details of the financial position of the Bank for fiscal 2008, as well as a summary of operations over the year at the JA Bank, JF Marine Bank and Forestry Cooperative System.

We believe that readers of this Report will continue to offer their support for JA Bank, JF Marine Bank, the Forestry Cooperatives and the Norinchukin Bank itself.

As the central bank for the agricultural, forestry, and fishery cooperatives in Japan, the mission of the Norinchukin Bank is to contribute to the development of these industries and to national economic prosperity by providing smooth access to financial resources. Against the background of capital provided by Japan's Agricultural Cooperatives (JA) Fishery Cooperatives (JF) and Forestry Cooperatives, as well as the stable funding base provided by the JA Bank and JF Marine Bank systems, the Norinchukin Bank conducts investment and lending activities which are efficient and sound, and works to return profits to our members.

■ Performance in Fiscal 2008

We regret to announce that the Norinchukin Bank was obliged to record a significant loss for the fiscal year ended March 31, 2009, due to recognition of revaluation losses on securitized products as well as stockholdings affected by the global financial market turmoil.

To create a more solid financial foundation in anticipation of a protracted slowdown in the world economy and tougher capital adequacy regulations, we have established the Business Renewal Plan (fiscal 2009-2012) for upgrading our financial and risk management methods and for further expanding our role as the central financial organization for cooperatives in Japan, and we have implemented a capital increase totaling ¥1.9 trillion with funding supplied by our member cooperatives. The increase enabled us to achieve a capital adequacy ratio of 15.65% on a non-consolidated basis at the end of the fiscal year. As a result, we have been able to construct an extremely sound financial position for the Norinchukin Bank.

Based on the JA Bank Medium-Term Management Strategy, we are taking various measures to deliver further advantages to our customers. These include the broadening of our retail financial service offerings, such as the JA Card, JA Bank loans and pensions, and the commencement of free cross-use of ATMs with other banks, and the introduction in April 2009 of a comprehensive point-based incentive system. As a result of these initiatives, the balance of deposits under the JA Bank system at March 31, 2009 had increased by 1.5% year-on-year to ¥83,309.6 billion.

We also supported local communities by providing information and materials for encouraging awareness of food and farming issues, with the aim of anchoring the JA Bank system more firmly in the community. Another initiative was the interest subsidy projects under the JA Bank and JF Marine Bank systems (The “Measure against the Rise in Price of Agricultural Materials,” and the “Measures against soaring prices for fuel and materials for fishermen”), to help deal with the serious problems caused by soaring prices for production inputs such as fuel, fertilizer and feed in fiscal 2008. Such measures were intended to help the agricultural, forestry and fisheries sectors in Japan, which have faced severe structural problems in their respective business environments.

We also established a consultation office which specializes in fund-raising for agricultural, forestry and fisheries workers as well as small and medium enterprises (SMEs).

In line with the principle of the Financial Products and Exchange Law, we have begun compiling and issuing reports on internal controls for financial reporting, in the same manner as listed companies, in order to give our financial reporting greater credibility.

■ Management Issues for Fiscal 2009

Based on the Business Renewal Plan, the Bank will resolutely adopt the following priority measures:

(1) Upgrading our financial and risk management methods

We aim to construct a well-balanced investment portfolio which focuses on investments in highly safe, high-quality financial products, as well as to establish a stable financial basis for operations, resistant to market volatility, by overhauling our risk management methods. We place priority on balancing capital, risk and return considerations in our portfolio.

We are committed to achieving a level of profitability that ensures the steady distribution of profits to our members, while maintaining a sound capital adequacy ratio and adhering to the latest global regulatory and supervisory regimes.

(2) Expanding our role as the central financial organization for cooperatives

We will redouble our efforts to ensure that the opinions of our member organizations are reflected in our operations, and, as a member of the cooperative system ourselves, we are working to change ways of thinking among executives and staff of the Bank, to contribute to the prosperity of our members and the agricultural, forestry and fisheries industries, as well as to develop the cooperative banking business. We are also taking measures to strengthen business planning and operations at the JA Bank and JF Marine Bank systems, and improve the training of employees in the agricultural, forestry and fisheries sectors and support their business development, by broadening our financial services as a specialist financial institution based on these industries.

These industries now face a very difficult operating environment in Japan, due to the "graying" of rural society and the lack of business successors, as well as falling profitability due to the soaring prices of inputs. Nevertheless, the role of the Bank within the JA organization has become more important, due to the growing appeal of agriculture, forestry and fishing as full-time professions as well as the heightened awareness among consumers regarding food safety and environmental issues.

The Bank will strive to fully meet the expectations placed in the operations of the JA Bank and JF Marine Bank systems. The Bank will also focus on continuing to build a reputation for reliability among its customers. The Bank will work to accomplish these goals by strengthening its management posture, maintaining the soundness of its business operations, ensuring full compliance with the law and contributing to the local community. At the same time, the Bank aims to raise its profile internationally through a more globalized approach to investment financing, on the basis of continuing trust from a widely diversified range of stakeholders.

We would like to take this opportunity to thank the readers of this Report for their continued understanding of and support for the JA Bank, JF Marine Bank and Forestry Cooperative System, and of the Norinchukin Bank itself.

August 2009

Mamoru Moteki

Mamoru Moteki
Chairman
The Supervisory Committee

Yoshio Kono

Yoshio Kono
President and Chief Executive Officer

Management Strategy: Q&A

Below is a discussion of measures taken by the Bank, the central organization for cooperatives in Japan, to deal with the turmoil in global financial markets, and an outline of "The Business Renewal Plan."

Fiscal 2008 Performance (Non-consolidated): The Impact of the Financial Market Turmoil

Q1 Could you comment on the Norinchukin Bank's performance in fiscal 2008, including its appropriations for losses on securities?

With the turmoil in global financial markets persisting and worsening during fiscal 2008, the Bank posted Ordinary losses of ¥612.7 billion and its first net loss in 13 years, of ¥565.7 billion. The main factors were a decline in interest income and the recognition of revaluation losses on securitized products and stocks.

Underlying the recognition of large-scale losses on securities in the term under review was an unprecedented fall in market prices as well as the measures the Bank spontaneously took to shore up and stabilize its financial position as quickly as possible, such as appropriating the losses aggressively through sell-offs, and other efforts.

Recognition of Losses to Ensure Future Stability

▶ Performance in Fiscal 2008 (Non-consolidated) (¥billion)

	FY2008	Change from previous fiscal year
Ordinary Income	1,415.7	(46.0)%
Ordinary Expenses	**2,028.4**	**(10.7)%**
Ordinary Losses	(612.7)	–

Amount for appropriation of losses on securities: ¥621.6 billion
– Total losses from sales of securities were ¥185.0 billion.
– Total write-offs were ¥346.6 billion.
– Losses on money held in trust were ¥89.9 billion.

Q2 Does the Bank's financial position continue to remain sound?

In preparation for the possibility of further financial markets disorder, the Bank has carried out a major capital increase of approximately ¥1,900 billion, including ¥1,400 billion in lower dividend rate stock added to Tier I regulatory capital provided by its cooperative members. At the same time, we have aggressively reduced risk-weighted assets in accordance with our conservative portfolio management policy. This has enabled the Bank to increase its capital adequacy ratio by 3.1 percentage points, year-on-year, on a non-consolidated basis, to 15.65% (Tier I ratio: 9.61%). The Bank has, as a result, developed a capital base which allows it to manage its funds in a stable manner.

Capital Adequacy Ratio: Exceeds the 8% Required by the BIS

Capital Adequacy Ratio Breakdown (Non-consolidated) (¥billion)

	FY2008	Change from previous fiscal year end
Tier I Capital	2,300.6	(719.2)
Capital Stock and Capital Surplus	3,446.3	1,405.3
Earned Surplus	788.6	(564.5)
Unrealized Losses on Other Securities	(1,871.8)	(1,575.3)
Tier II Capital	1,770.0	444.4
Deductions	327.1	22.6
Total Capital	3,743.5	(297.3)
Risk Weighted Assets	**23,917.1**	**(8,280.8)**
BIS Capital Adequacy Ratio	**15.65%**	**+3.10%**
Tier I Ratio	**9.61%**	**+0.24%**

Capital increase from cooperative members

Major decline

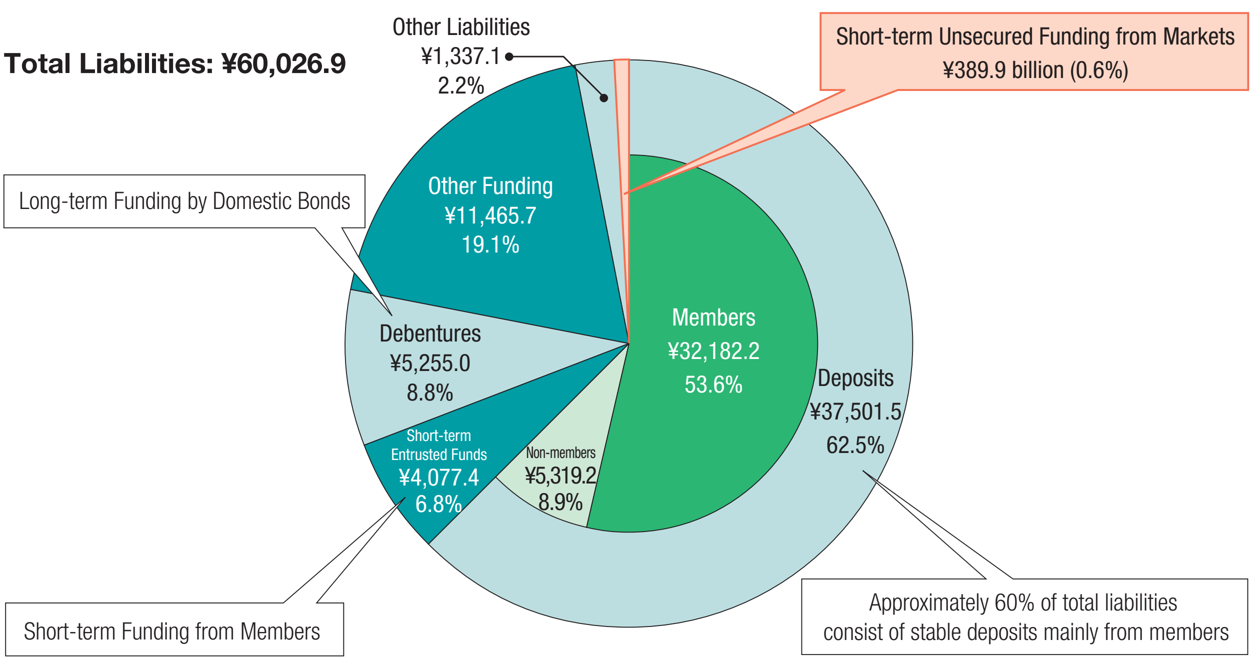
Capital adequacy ratio and Tier I ratio both higher than in previous term

(Reference) Despite the market turmoil, the Bank's funding capabilities remain stable

As the chart below shows, unsecured fund procurement from short-term financial markets accounted for only 0.6% (¥389.9 billion) of interest-bearing debt held by the Bank. The financial position of the Bank, the cornerstone of Japan's cooperative banking system, is completely different to that of financial institutions which are dependent on the short-term financial markets. The Bank is always able to procure stable funding at low interest rates.

Funding Breakdown (As of the end of March 2009, on a non-consolidated basis) (¥billion)

Total Liabilities: ¥60,026.9



Note: Other Funding includes Payables under Repurchase Agreements (secured), Payables under Securities Lending Transactions, Borrowed Money (secured, subordinated loans), etc. Other Liabilities includes Acceptances & Guarantees and Reserves. Short-term Unsecured Funding from Markets includes Trading Liabilities, Negotiable Certificates of Deposits, and Call Money and Bills Sold.

Q3 What comments can you offer regarding securitized products?

In March 2009, the total exposure to securitized products held by the Bank stood at ¥6,170.0 billion. Of that amount, 91.8% of instruments were rated at A or higher.

During the recent turmoil in financial markets, the value of secondary* and tertiary securitized products were severely affected, but the Bank mainly holds primary securitized products such as asset backed securities (ABSs) and collateralized loan obligations (CLOs).

As a result, most of the losses (in terms of total value) recognized on securitized products in fiscal 2008 are related to secondary* and tertiary securitized products. Most securitized products held by the Bank continued to pay interest when due and were fully repaid at maturity.

Furthermore, the balance of sub-prime loan products within our overall securitized product portfolio declined to ¥139.5 billion at the end of fiscal 2008, only 2.2% of the total.

** Underlying assets of securitized products are in themselves securitized products, (i.e. products that have been resecuritized).*

Securitized Products Held by the Bank (Fiscal 2008, Non-consolidated)

■ **Securitized product exposure: ¥6,170.0 billion**

Of which **91.8% is rated A or higher, and 78.3% is rated Triple A or higher**

At the beginning of 2009, ratings agencies introduced more stringent ratings for securitized products. Despite this, securitized products held by the Bank retained their high ratings.

■ **Losses on securitized products: ¥306.0 billion**

Losses on **primary securitized products, which account for the majority** of the Bank's securitized product holdings, were limited.

Revaluation losses were recognized under applicable accounting standards.

■ **Total balance of products with sub-prime loan exposure: ¥139.5 billion**

Now accounting for only **2.2%** of the total balance of securitized products

Investment in Securitized Products (Note 1)

■ Most securitization exposure involved highly-rated and primary securitized products (Non-consolidated) (as of March 31, 2009)

1. Exposure by Product (Note 2)

(Billions of Yen)

	AAA	AA	A	BBB	below BB+	Total	Change from previous fiscal year end
ABS	2,453.1	4.6	124.1	47.5	19.8	2,649.4	807.8
RMBS (Note 3)	546.9	43.6	39.6	18.0	4.2	652.5	(195.1)
CMBS	347.3	79.3	98.4	63.5	14.2	602.8	(146.4)
CDO	1,486.0	229.2	212.2	109.2	157.9	2,194.7	(321.1)
CLO	1,343.9	180.9	197.0	66.2	119.9	1,908.1	(89.7)
Resecuritized Products (Note 4)	92.9	35.6	8.6	42.0	37.9	217.2	(195.1)
CBO and Others	49.1	12.6	6.5	1.0	0.0	69.3	(36.3)
Others	0.0	0.0	0.0	0.9	69.3	70.3	(15.7)
Total	4,833.5	356.9	474.5	239.3	265.7	6,170.0	129.3

2. Unrealized Gains/Losses and Total Losses by Product

(Billions of Yen)

	AAA	AA	A	BBB	below BB+	Total	Change from previous fiscal year end	Losses (Note 5)
ABS	(49.3)	(0.7)	(13.0)	(2.9)	(2.6)	(68.8)	(15.3)	0.0
RMBS (Note 3)	(7.7)	(17.2)	(6.3)	(4.6)	0.0	(36.0)	18.0	(60.6)
CMBS	(22.2)	(4.5)	(7.6)	(6.4)	(3.2)	(44.0)	8.6	(0.8)
CDO	(96.3)	(40.2)	(42.8)	(16.5)	(12.6)	(208.5)	73.0	(241.0)
CLO	(69.7)	(22.5)	(38.4)	(9.6)	(12.6)	(153.1)	40.4	(36.9)
Resecuritized Products (Note 4)	(17.6)	(16.3)	(2.8)	(6.8)	0.0	(43.7)	36.9	(193.2)
CBO and Others	(8.9)	(1.2)	(1.4)	0.0	0.0	(11.7)	(4.3)	(10.7)
Others	0.0	0.0	0.0	0.0	0.0	0.0	3.0	(3.4)
Total	(175.7)	(62.7)	(69.8)	(30.5)	(18.5)	(357.5)	87.5	(306.0)

3. Exposure by Currency

(Billions of Yen)

	Exposures Gains/Losses	Change from previous fiscal year end	Unrealized Gains/Losses	Change from previous fiscal year end	Losses (Note 5)
U.S. dollars	4,369.2	628.6	(254.7)	60.0	(203.7)
Euro	807.9	(227.5)	(80.2)	40.0	(58.2)
Pounds sterling	44.3	(19.8)	(2.2)	2.1	(0.4)
Yen	948.4	(251.8)	(20.2)	(14.6)	(43.6)
Total	6,170.0	129.3	(357.5)	87.5	(306.0)

Notes:
1. Securitized Products are defined internally based on the definition in Basel Ⅱ. Includes sub-prime related products.
2. The amount of securitization exposure is the net exposure after write-off and revaluation. For some CMBS, the amount of exposure, ¥127.5 billion (Revaluation Losses ¥1.2 billion), which should be included in Specialized Lending (SL) under Basel Ⅱ, is not included here.
3. Includes Sub-prime RMBS. Mortgage-backed securities linked to US Government sponsored entities are not included.
4. Re-securitized Products such as ABS-CDO, and CDO's of CDO's. Includes ABS-CDO and CDO's of CDO's that contain sub-prime RMBS as underlying assets.
5. Includes the total value of revaluation losses and unrealized losses of financial instruments with embedded derivatives in the fiscal year.

Reference Calculating the Fair Value of Securitization Exposure

Securitization exposure includes investment securities, monetary claims bought and outstanding loans, as well as accrued income and undrawn commitments.

As for securitized products which are rarely traded (such as credit card debt securities ABS in ABS' and CLO in CDOs), the Bank has determined that the quoted prices provided by brokers or vendors are no longer regarded as fair value, and values such bonds at rationally estimated amounts at the end of the fiscal year.

The Bank's independent middle office comprehensively verifies the accuracy of fair value calculations.

■ Aggressive write-offs and revaluations of securitized products (Non-consolidated) (as of March 31, 2009)

1. Investment on Sub-prime Loan Related Products (Note 1)

(1) Sub-prime Loan related products (Sub-prime RMBS: primary Instruments) (Note 2) (Billions of Yen)

	Exposures Gains/Losses	Change from previous fiscal year end	Unrealized Gains/Losses	Change from previous fiscal year end	Losses
AAA	27.5	(14.7)	(2.5)	8.7	(21.9)
AA	30.7	(50.0)	(16.9)	6.9	(13.2)
A	17.8	(9.5)	(6.1)	5.8	(8.8)
BBB	9.8	(2.6)	(3.9)	0.9	(6.8)
below BB+	4.2	1.1	0.0	0.0	(9.7)
Total	90.3	(75.8)	(29.6)	22.5	(60.6)

(2) ABS-CDO including Sub-prime RMBS (squared instruments) (Notes 3 and 4) (Billions of Yen)

	Exposures Gains/Losses	Change from previous fiscal year end	Unrealized Gains/Losses	Change from previous fiscal year end	Losses
AAA	2.2	(12.4)	(1.9)	2.7	0.0
AA	0.0	(56.5)	0.0	4.1	0.0
A	0.3	(0.5)	0.0	0.0	(1.0)
BBB	5.6	(0.4)	(0.7)	0.2	0.0
below BB+	19.6	18.2	0.0	0.0	(30.5)
Total	27.8	(51.7)	(2.6)	7.1	(31.6)

(3) CDO of CDO's including Sub-prime RMBS (cubic instruments) (Notes 5 and 6) (Billions of Yen)

	Exposures Gains/Losses	Change from previous fiscal year end	Unrealized Gains/Losses	Change from previous fiscal year end	Losses
AAA	16.3	(23.7)	(3.9)	7.4	0.0
AA	0.0	(1.2)	0.0	0.8	0.0
A	0.3	0.3	0.0	0.0	(1.7)
BBB	0.0	0.0	0.0	0.0	0.0
below BB+	4.5	4.5	0.0	0.0	(25.0)
Total	21.3	(20.1)	(3.9)	8.3	(26.7)

(4) Total of Sub-prime Loan Related Products (Total of (1) to (3)) (Billions of Yen)

	Exposures Gains/Losses	Change from previous fiscal year end	Unrealized Gains/Losses	Change from previous fiscal year end	Losses
AAA	46.2	(51.0)	(8.3)	18.9	(21.9)
AA	30.7	(107.8)	(16.9)	11.9	(13.2)
A	18.5	(9.6)	(6.1)	5.8	(11.6)
BBB	15.5	(3.1)	(4.7)	1.2	(6.8)
below BB+	28.5	23.9	0.0	0.0	(65.4)
Total	139.5	(147.7)	(36.3)	38.0	(119.1)

2. Investment on Monoline Products (Note 7)

(Billions of Yen)

	Exposures Gains/Losses	Change from previous fiscal year end	Unrealized Gains/Losses	Change from previous fiscal year end	Losses
Financial Products with Monoline guarantees (Note 8)	165.4	(28.2)	(43.4)	(18.0)	0.0
Monoline Products in Securitization business	0.0	0.0	0.0	0.0	0.0
Total	165.4	(28.2)	(43.4)	(18.0)	0.0

3. Investment on Leveraged Loans (Note 9)

	Exposures Gains/Losses	Change from previous fiscal year end
Domestic	42.8	(12.8)
Overseas	155.9	(34.6)
Total	198.7	(47.4)

4. Trading of Sub-prime Loan Related Products

The Bank has not originated, underwritten or traded ABCP, SIV, or leveraged loans. The Bank does not own any sub-prime loan related products in its trading account and is not involved in any unconsolidated off-balance sheet transactions. The Bank is only involved in sponsoring 1 SPC to provide liquidity for its domestic customers' account receivables (Exposure: ¥101.2 billion)

5. Investment on Bonds Issued by US Housing-related GSEs (Note 10)

(Billions of Yen)

	Exposures Gains/Losses	Change from previous fiscal year end	Unrealized Gains/Losses	Change from previous fiscal year end	Losses
Agency Mortgage Bonds	2,005.7	(1,558.6)	101.7	21.4	0.0
Agency Bonds	1,284.8	(783.3)	66.0	(5.9)	0.0
Total	3,290.5	(2,342.0)	167.8	15.4	0.0

Notes:
1. The Bank has not loaned in pure sub-prime loans.
2. The ratios by vintage (Issuance year) are 99%, 1%, and 0% for 2004 and before, 2005-2006, and after 2007, respectively.
3. The ratios by vintage (Issuance year) are 50%, 30%, and 20% for 2004 and before, 2005-2006, and after 2007, respectively.
4. Capital Notes issued by SIV is ¥0 million (After ¥24 million write-off and non-revaluation losses).
5. The ratios by (Issuance year) are 84%, 16%, and 0% for 2004 and before, 2005-2006, and after 2007, respectively.
6. CDO's of CDO's include RMBS even if only slightly. Includes only a few sub-prime RMBS.
7. Exposure to monoline-CDS, calculated based on the ratio of monoline-CDS ratio to securitized products the amount of held, is ¥5.2 billion.
8. Non-guaranteed grade for nonrecourse loan and CLO is above investment grades. No sub-prime related loan products for guaranteed products.
9. Based on the Bank's internal definition of loans which mainly target LBOs. The reserve for potential individual loan losses is ¥8.4 billion.
10. The Bank has ¥593.1 billion of mortgaged-backed security bonds issued and guaranteed by Ginnie Mae, a US government-owned corporation.

Measures for the future: The Business Renewal Plan

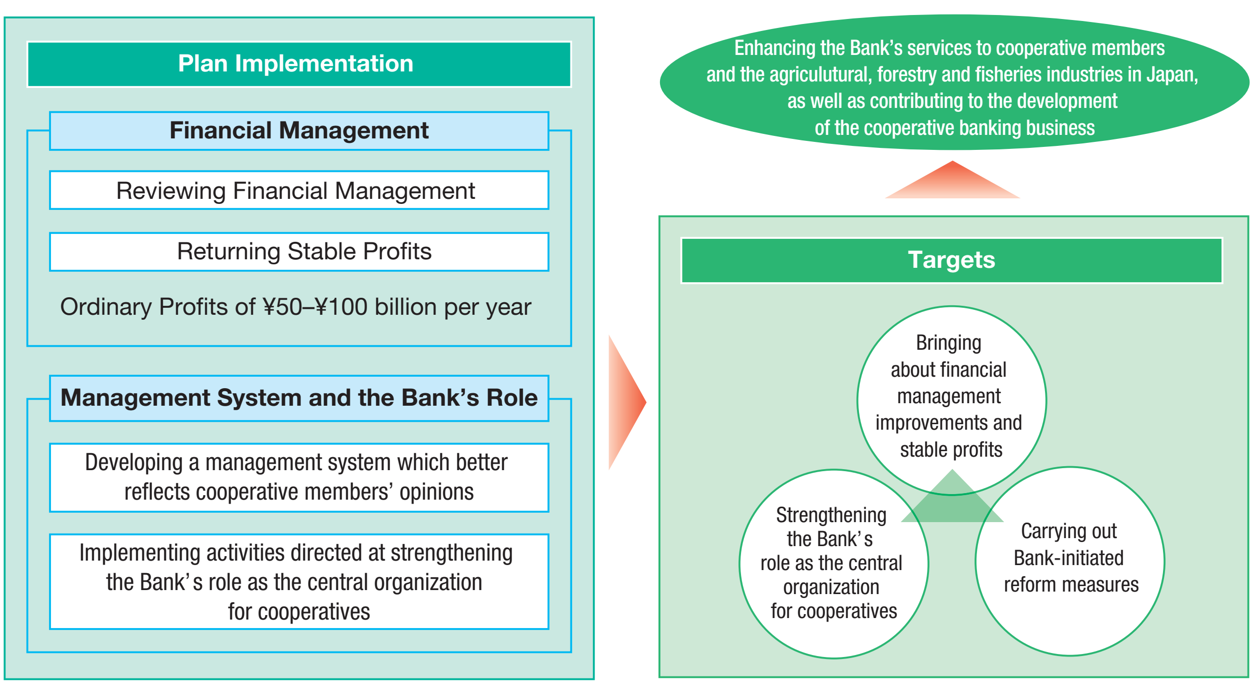
Q4 Please outline the Bank's Business Renewal Plan

Unprecedented turmoil in the financial markets has led the Bank to carry out large-scale capital increases through investments from its member cooperatives. In fiscal 2009, it announced a commitment to cooperative members to restore profits through a four-year management plan, the Business Renewal Plan, with two major management goals, (1) the reform of fund operations and (2) the reorientation of the organization toward member interests and strengthened functions as a central entity. The earnings target for the period of the plan is an annual ordinary profit of ¥50-¥100 billion. This lower level target, compared with past performance, reflects our repositioning of fund operations. In the past, our priority was to accumulate adequate levels of retained earnings in order to fulfill our role as the central financial organization serving cooperatives in Japan, maximizing earnings by fully leveraging the Bank's own capital. However, now that we have established a more stable capital base through large-scale capital funding from our member cooperatives, we have decided to conduct investments in the future with an emphasis on lower-risk assets.

Through this plan, and with the support of all employees from the management level on down, we are further strengthening our efforts to contribute to the development of the agricultural, forestry and fisheries industries as well as the cooperative banking business in Japan, fulfilling our basic mission.

Establishing an International Presence by Investing Prudently from a Global Perspective

▶ Business Renewal Plan (FY 2009 – FY 2012)



Q5 What changes do you plan to make to the Bank's investment strategy?

The mission of the Bank is to contribute to the development of the agricultural, forestry and fisheries industries in Japan as the financial organization for cooperatives. Consistent distribution of earnings to member cooperatives is essential for the stable operation of a cooperative banking business that supports the agricultural, forestry and fisheries industries in Japan. We duly recognize the importance of achieving an appropriate balance between risk and return in our investment and lending strategies. At the same time, in light of the recent turbulence in the financial markets, we are overhauling three aspects of our investment and lending operations: fund management, capital adequacy management and organizational reorientation.

Fund Management Plan

- **Qualitative reform of the pattern of globally diversified investments:**

A shift from diversified investment based on a case-by-case matching of risk and return models, to a new model which takes into account the likelihood of market price fluctuations and the availability of market liquidity.

- **Overhaul of risk management methods:**

Having learned the lessons of overconfidence in our diversified investment model, we will select only lower-risk credit assets based on a sophisticated and rigorous analysis of stress scenarios.

Capital Adequacy Management

We will maintain suitable capital adequacy levels while giving due consideration to safe fund management and the strengths of particular business models. We will also maintain a high level of capital adequacy in anticipation of severe future stress and a tougher regulatory environment.

Organizational Reorientation

The Bank will achieve qualitative reform of globally diversified investments and reform its systems in order to further improve its analysis and credit-screening capabilities

Toward a Lower-Risk Asset Portfolio

The Bank is rebalancing its market portfolios (which currently have assets totaling approximately ¥45,000 billion), and adopting a basic stance of avoiding short-term trading and holding instruments to maturity to ensure stable returns.

- **Market Assets by Risk: A shift from stocks to (mainly Japanese) bonds**

  Proportion of bonds from Japanese issuers in portfolio: 21% (fiscal 2007) ⇨ 33% (fiscal 2008)

- **Bonds and Credit Aseets by Maturity: In principle, a shift from short-term trading to holding securities to maturity in order to ensure stable returns**

  Proportion of securities held for at least one year to five years: 14% (fiscal 2007) ⇨ 22% (fiscal 2008)

- **Market Assets by Currency: Ensuring a mix of currencies that prioritizes low risk**

  Proportion of assets held in Japanese yen, US dollars or euros:
  respectively 37%, 50% and 12% (fiscal 2007) ⇨ respectively 44%, 47% and 8% (fiscal 2008)

- **Bonds and Credit Assets by Rating: Maintain a weighting of assets with strong ratings**

  Proportion of Triple A and Double A assets (principally Standard & Poor's and Moody's ratings) in the portfolio: 80% (fiscal 2007) ⇨ 81% (fiscal 2008)

(Please see Page 71 for a breakdown of market portfolio assets in fiscal 2008).

Q6 What progress has been made in streamlining operations and increasing efficiency?

To implement the Bank's plan to restore profits without outside assistance, employees of the Bank, from executives on down, are committed to streamlining operations and improving efficiency. Specifically, this will involve both employee pay cuts and the paring of operating expenses. Remuneration for all directors has already been cut, by at least 20%.

Q7 How do you propose to strengthen your role as the central organization for cooperatives?

In partnership with the JA, JF and Forestry Cooperatives, the Bank operates a nationwide cooperative banking business, designed to meet the full range of financial needs of Japan's agricultural, forestry and fisheries industries. The cooperative system is the foundation of the Bank's operations. The Bank's measures to strengthen its organizational reorientation and functions will enable smoother and functionally more effective operational management of cooperatives and contribute to the agricultural, forestry and fisheries industries of Japan, enabling us to fulfill the Bank's basic mission and role. The Bank is itself a member of JA Bank and JF Marine Bank. We are committed to strengthened planning and business management and better financial services for agricultural, forestry and fisheries, raising the profile of the Bank by leveraging the brand recognition of JA Bank and JF Marine Bank. We will work to deepen our integration with JA, JF and Shinnoren.

A discussion of our measures to strengthen our financial products and services through cooperation with both JA and JF can be found on Page 18, and in the responses to subsequent questions. In addition, as the central organization for cooperatives in Japan, we are intensifying efforts in the following areas.

■ Deeper personnel exchanges

We are increasing and deepening personnel exchanges between the Bank and JA, and the Bank and the Prefectural Banking Federation of Agricultural Cooperatives (Shinnoren). The Bank dispatches employees to both JA and Shinnoren, to give them a hands-on appreciation of business conditions at the local level in each prefecture, and to provide them with experience in retail operations, as well as training in administrative system management, thus fostering their planning and development skills as employees of the central organization for cooperatives in Japan. At the same time, we are revitalizing training programs for employees of JA and Shinnoren at the Bank, enabling us to improve the quality of human resources across the entire JA Bank network.

■ The Bank's own initiatives to provide better financial services for the agricultural, forestry and fisheries industries

In partnership with JA, JF and the Forestry Cooperatives, the Bank aims to strengthen its support for cooperatives through the expansion of financial services and lending activities, support business expansion and contribute to the development of the agricultural, forestry and fisheries industries, as well as protection of the environment. By strengthening our links with cooperative members, agricultural, forestry and fisheries workers, and corporations and their consumers, we also aim to bring about synergies that enable us to contribute to both the development of the agricultural, forestry and fisheries industries and the financial services that support them, as well as to a better environment and more prosperous future for rural communities across Japan.

■ Structural Reform and System Development (as of July 1, 2009)

In connection with the above policy, we are undertaking the following structural reforms and system developments.

• Establishment of a new section within the Agriculture, Forestry, Fishery & Ecology Business Division

We have established an Ecology & Food Business Promotion Department within the Agriculture, Forestry, and Fishery & Ecology Business Division, which offers expanded financial services and business support for Agriculture, Forestry and Fisheries. Through this Department we are strengthening alliances between member cooperatives and general businesses.

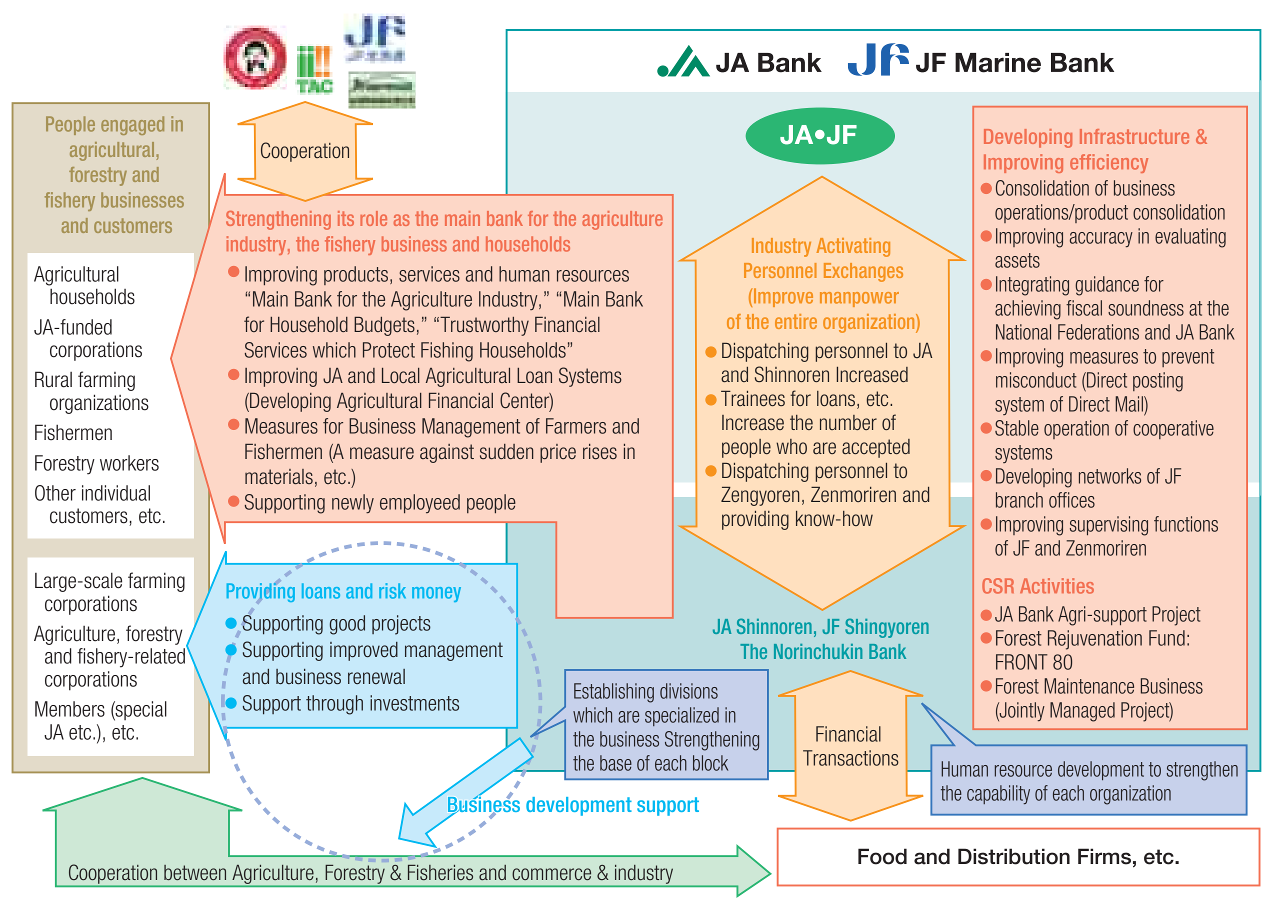
• Increasing the total number of finance officers that are taking charge of agriculture, forestry and fisheries and sending more Bank employees to JA

By the end of fiscal 2012, we will increase the total number of finance officers that are taking charge of agriculture, forestry and fisheries from around 150 at present to around 200, and dispatch around 50 Bank employees over four years to both JA and Shinnoren.

• Establishment of JA Bank Block Advisor Teams

To strengthen the Bank's retail business capabilities under the JA Bank system, we have established JA Bank Block Advisor Teams. Each team is assighed a specific area, or block of Japan. A JA Bank Management Guidance Division and a JA Bank Planning Promotion Division were newly created after an overhaul of relevant divisions within the Bank.

Furthering our Role of the National Federation of Cooperative Associations



Measures for the Future: Our Role as a Member of the JA Bank

Q8 What will be the role of the Bank within the JA Bank system?

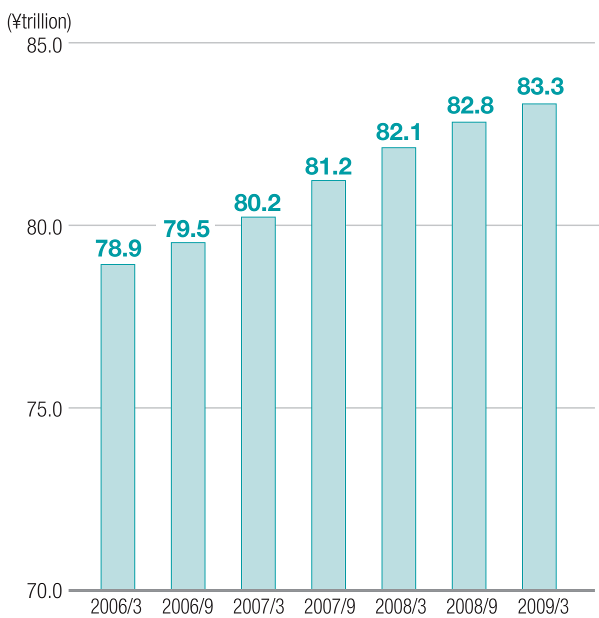
The JA Bank system was launched in 2002 as an alliance of JA, Shinnoren and the Bank, in order to ensure greater reliability and soundness of operations as well as to raise the standard of financial services. By establishing our Bankruptcy Prevention System, a priority policy in the initial period, and through operational integration, currently the second priority, we are creating alliances among the independently managed JA, Shinnoren and ourselves. Providing high-quality financial services through the JA Bank network, which is among the nation's largest, we aim to grow into a top brand in the retail banking sector in Japan.

The role of the Bank within the integrated model will be to takeover the planning and management operations for JA Bank as a whole. Specifically, the Bank will plan strategies and create attractive financial products and services based on an analysis of business environments, as well as install online systems and other financial infrastructure.

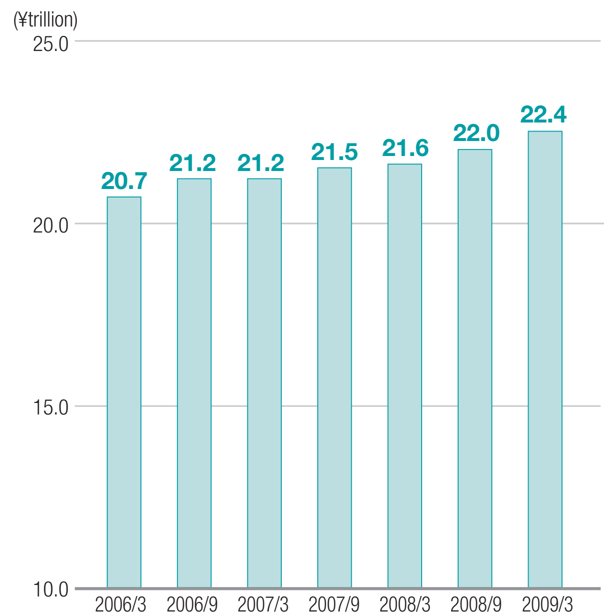
(For more details on the JA Bank system, please see Page 30.)

Providing Reliable Financial Services Rooted in the Community

Balance of Savings (JA)



Balance of Loans (JA)



Q9 Please outline the JA Bank "Step-Up" Plan

Under its three-year Medium-Term Management Strategy launched in fiscal 2007, the JA Bank "Step-Up" Plan, JA Bank sets business performance targets for all JA units around Japan and takes a Bank-wide approach to meeting them.

The Bank is also laying the groundwork for a new JA Bank Medium-Term Management Strategy, using the keyphrases, the "main bank for the agriculture industry," and, the "main bank for household budgets." This is premised on a drive to strengthen the roles of JA Bank under the Business Renewal Plan.

Numerical Targets of the JA Bank

	FY2008 (results)	FY2009 (projected)
Outstanding JA Bank loan amounts (¥trillion)	8.0	8.5
Number of JA card holders	0.68 million	1.31 million
Outstanding retail deposit amounts (¥trillion)	75.5	77.1
Numbers of newly obtained pension accounts	0.94 million	1.51 million

The JA Bank Medium-Term Management Strategy (Fiscal 2007 through Fiscal 2009) The JA Bank "Step-Up" Plan

1. Policies to Increase the Core Customer Base

(1) Enhancing the Responsiveness of Financial Services for Core Farmers
(2) Demonstrating the Bank's ability to provide advice to Major Clients

2. Implementing Competitive Strategies in the Retail Financial Market

(1) Expanding JA Bank loans
(2) Developing a strategy for JA Bank cards
(3) Promoting individual deposits and pensions
(4) Expanding sales of Japanese government bonds and investment trusts
(5) Establishing a more efficient retail business system

3. Upgrading Management Control Systems as a Financial Institution

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

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

The JA Bank will seek out a new business model through promoting the integration of JA's "face-to-face consultation services for cooperative members and clients" and the "advantage of economies of scale and backup support functions" provided by Shinnoren and the Bank.

Q10 Please describe JA Bank's financial services for core farmers

JA Bank is committed to contributing proactively to the prosperity and development of local farming communities through fund provision and subsidized-interest loans, under its keystone policy of strengthening financial services for core farmers.

■ Wide-Ranging Funding Services for Core Farmers

The JA Bank offers a wide range of funding facilities, tailored to various categories of users and purposes of financing. Offerings to date include the JA Agricultural Equipment and Greenhouse Loans, a small-lot facility for the purchase of farming tools and production equipment, and the Agri-Super Fund, a short-term working fund facility to help managers of rice paddies and arable (dry crop) farms to stabilize their incomes. In 2008, JA Bank began offering JA Core Farmer Assistance Loans (short-term working capital funding) for JA member farmers eligible for the qualified income tax return declaration program.

JA Bank also has a wide range of other measures to help farmers. In fiscal 2008, to reduce the cost burden to farmers from soaring prices for production inputs, the Bank established the "fiscal 2008 subsidized-interest program to offset soaring prices for agricultural production inputs," a subsidized-interest fund facility to meet farmers' working capital needs.

■ The Bank's Finance Measures for Core Farmers

In April 2005, the Bank launched its Agribusiness Loans program, for agricultural businesses such as production, processing and marketing of rice, production and processing of vegetables, livestock farming and gardening. As an investor in the Group company Agribusiness Investment & Consultation Co., Ltd., the Bank also helps agricultural businesses shore up their financial positions. In November 2006, in partnership with the Kyoei Mutual Fire & Marine Insurance Co., Ltd. and the National Federation of Agricultural Cooperative Associations (JA Zen-Noh), the Bank created a support fund mechanism under which loans are secured by using livestock as collateral.

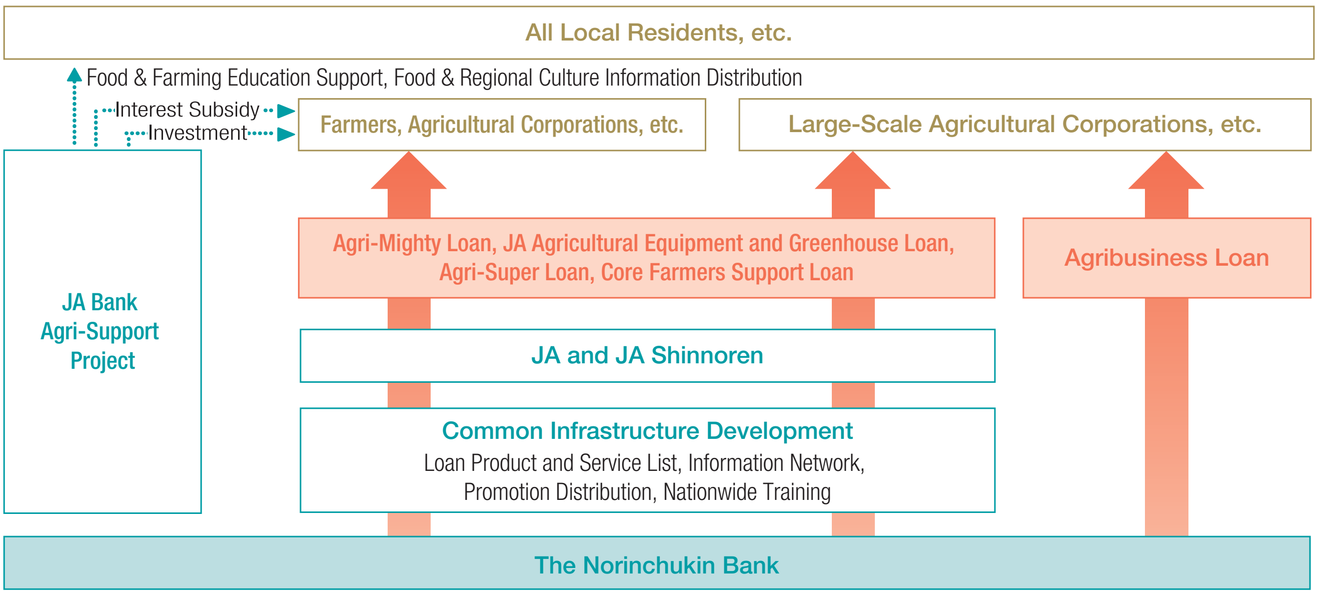
■ JA Group National Agricultural and Livestock Producers' Business Conference

In February 2009, the third national business conference to help farmers expand marketing channels was held in Roppongi Hills in Tokyo. Sponsored by the Central Union of Agricultural Cooperatives (JA Zenchu), JA Zen-Noh, the JA Bank, and the National Mutual Insurance Federation of Agricultural Cooperatives (JA Kyosai), the event was attended by 136 groups from all around Japan, who displayed over 1,000 regional specialty products. Approximately 2,500 business partners of the Bank and other visitors attended the event.

Major Agricultural Funds
(balance of loans outstanding, as of March 31, 2009)

- Agri-Mighty Loan: **¥106.5 billion**
- Loans made under JA Agricultural Equipment and Greenhouse Loans program to help farmers buy production equipment: **¥103.2 billion**
- Loans made under the income support facility Agri-Super Fund for managers of rice paddies and arable farms: **¥500 million**
- Agribusiness Loan: **¥11.9 billion**

Supporting core farmers as their Main Bank



Q11 How will the next version of the JASTEM System work?

JASTEM is a centralized, nationwide online transaction processing system operated by JA Bank. It is one of the largest mass-retail type systems of its kind in Japan, covering 740 different JA product and service categories (as of July 1, 2009), with data processing capabilities covering approximately 46 million accounts and data from approximately 12,000 ATMs.

The JASTEM System was set up to take over joint operation of online systems that were managed by individual prefectural and regional units under the nationwide Shinnoren network. The system went online in October 1999. In 2002, the Bank took over development and operation of the system and, later, units from every prefecture in Japan began to join. At the moment, all JA organizations use this system, which makes available a nationwide infrastructure for common services, strengthening both efficiency of operations and risk management.

Currently, a successor to JASTEM is under development. Operation is scheduled for launch between January 2010 and May 2011 in a four-phase migration progressively covering all prefectures and regions of Japan. Customers are asked to understand that this migration will involve repeated suspension of ATM and other services. Preparations for the migration are currently proceeding on schedule, with appropriate measures being taken to ensure the proper management of risk.

For the development of retail banking operations, it is essential that a system be developed that supports the range of operational requirements at JA Bank, including cutting costs through the rationalization of JA administrative operations and ensuring that customers have the convenience of being able to access our consistently high-quality financial services from anywhere within Japan. To increase the number of customers who use JA Bank as their main financial institution and to expand the scale of business, we are steadily upgrading JASTEM, achieving an appropriate balance between the need to cut costs and the need to improve services, while also strategically expanding the range of financial products which the Bank offers and centralizing the Bank’s administrative processes.

Q12 What measures is the Bank taking to contribute to local communities?

■ Corporate social responsibility (CSR) activities undertaken independently by the Bank (forestry rejuvenation, etc)

The Bank has long been committed to CSR activities. In March 2005, we set up the Forest Rejuvenation Fund (FRONT80) and began supporting initiatives to revitalize private-sector forestry. Then, in fiscal 2007, the JA Bank Agri-Eco-Support Fund was established with Bank financing; through this fund the JA Bank Agri-Support Project was developed (please see next page for a more detailed description).

In fiscal 2008, the Bank deepened its CSR commitment through establishment of a CSR committee and dedicated office. In addition, in December 2008, the Bank published its first CSR report (CSR Report 2008) as a tool to publicize its CSR initiatives among cooperatives and other stakeholders.

Under the Business Renewal Plan, contributing to the development of the agricultural, forestry and fisheries industries and to environmental protection is designated as a management priority. While strengthening internal management and broadening the scope of the Bank's CSR activities in our capacity as the central organization of the cooperative movement in Japan, we are also committed to supporting (1) member cooperatives, (2) the agricultural, forestry and fisheries industries, and (3) the community at large.

Policy for CSR Initiatives

The Norinchukin Bank is a financial institution rooted in the agricultural, forestry, and fisheries cooperatives of Japan as well as an active participant in global markets. To win trust from our wide range of stakeholders and to contribute to the sustainable development of the Japanese economy and society, we have determined that public trust in the Bank depends on a strong internal management system, including "A thoroughgoing compliance with laws and regulations" as well as "Human resources policies that enable a diversity of staff to play an active role." In all aspects of the Bank's activities, we continue to actively participate in:

1. Contribution to the Bank's shareholders and members
2. Contribution to the promotion of the agricultural, forestry and fisheries industries
3. Contribution to society

We proactively conduct CSR activities in order to make contributions by means of these three pillars.

JA Bank Agri-Support Project

In line with its policy of deploying more extensive measures for Japan's agricultural and farming villages, which are facing major agricultural system reform, as well as fulfilling its duties to society, the JA Bank has initiated the JA Bank Agri-Support Project.

- **Summary of activities:**
  A three-pronged approach
  - Providing support for core farmers
  - Offering assistance for activities that contribute to agriculture and regional communities
  - Promoting activities that improve the understanding of, and increase interest in, agriculture
- **Business entity:** Limited liability intermediary corporation JA Bank Agri Eco Support Fund
- **Total project cost:** Approx. ¥10 billion over a three-year period (provided by the Bank)
- **Implementation term:** Three years from fiscal 2007 to fiscal 2009

	FY2007	FY2008	FY2009
Providing support for core farmers	**Interest Subsidy Project:** Implemented interest subsidy to Agricultural Loans provided by JA Granted subsidies in 31,864 cases for an amount totaling ¥495 million during FY2008		
		Investment Project: Supplied funds and supported training at corporations which engage in the promotion of agricultural and environmental contributions through the Agri Eco Support Funds. Invested in 4 corporations for an amount totaling ¥208 million during FY2008	
Offering assistance for activities that contribute to agriculture and regional Communities		**JA Bank Food & Farming Education Support Project:** Providing gifts of food and farming related textbooks to 20,896 elementary schools Providing financial assistance for JA's food and farming education related activities throughout Japan	
Promoting activities that improve the understanding of, and increase interest in, agriculture	**Food and Regional Culture Information Distribution Project:** Providing information on the state of agricultural production today through posting an article in "Today's Cooking," a magazine published by NHK (Japan Broadcasting Corp.), as well as holding local events		

Based on the three-year results of these activities, a decision will be made regarding whether or not to add or continue necessary projects.

The Cooperative System and the Cooperative Banking Business

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

■ The Cooperative System and the Cooperative Banking Business

In addition to the cooperative banking business, which includes accepting deposits and making loans, our cooperative organizations also engage in a number of other activities.

These include providing "guidance and supervision" on business and daily matters to farmers, fishermen, and foresters; performing a "marketing and supplying" function through the sale of agricultural, forestry, and fisheries products as well as the procurement of production materials; and engaging in the "mutual insurance" business to provide insurance coverage for various unforeseen events.

The cooperative organization that performs this wide range of activities comprises the Japan agricultural cooperatives (JA), the Japan fishery cooperatives (JF), and the Japan forestry cooperatives (Shinrinkumiai) at the municipal level, and their 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 the 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."

■ Activities of the Cooperatives

• JA (The Japan 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 cooperative members' management of their farms and their standards of living; marketing and supplying activities related to farming, including the gathering and selling of 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, 2009, 724 JA throughout Japan have been making contributions to the agricultural industry as well as the development of local communities through their various business and other activities.

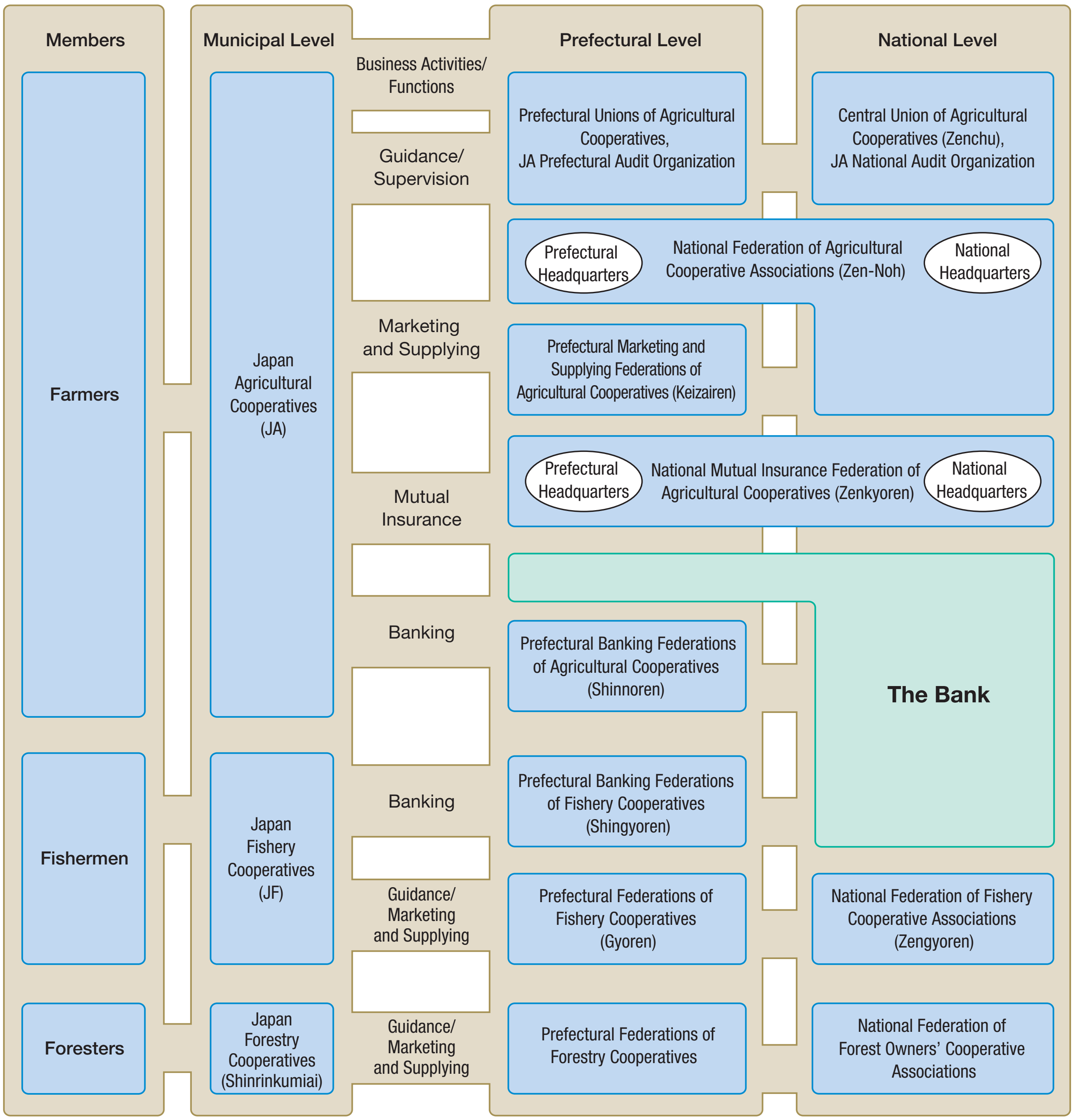
• JF (The Japan Fishery Cooperatives)

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

As of April 1, 2009, there were 1,088 JF throughout Japan that contribute both to the fisheries industry and to the development of fisheries communities through a wide range of activities.

As of July 1, 2009, there are 164 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 Shingyoren providing banking business services for fisheries communities throughout their respective prefectures.

Structure of the Agricultural, Forestry, and Fishery Cooperative System



• Shinrinkumiai (The Japan Forestry Cooperatives)

The Japan forestry cooperatives are cooperative organizations for the owners of forestland, which were 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.

As of April 1, 2009 there were 699 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 leisure 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, JF, and Shinrinkumiai were created with the aim of improving the economic and social positions of the agricultural, forestry, and fisheries industries through the cooperative efforts of their respective members under the slogan "one for all and all for one."

The Bank is a national level cooperative financial institution whose membership (i.e. shareholders) comprises the previously mentioned municipal cooperatives, the prefectural and national federations, and other organizations. Moreover, the Bank plays a major role in society, as a contributor to the development of the nation's economy and as a supporter of the advancement of the agricultural, forestry, and fisheries industries for its members in accordance with the stipulations of Article 1 of the Norinchukin Bank Law.

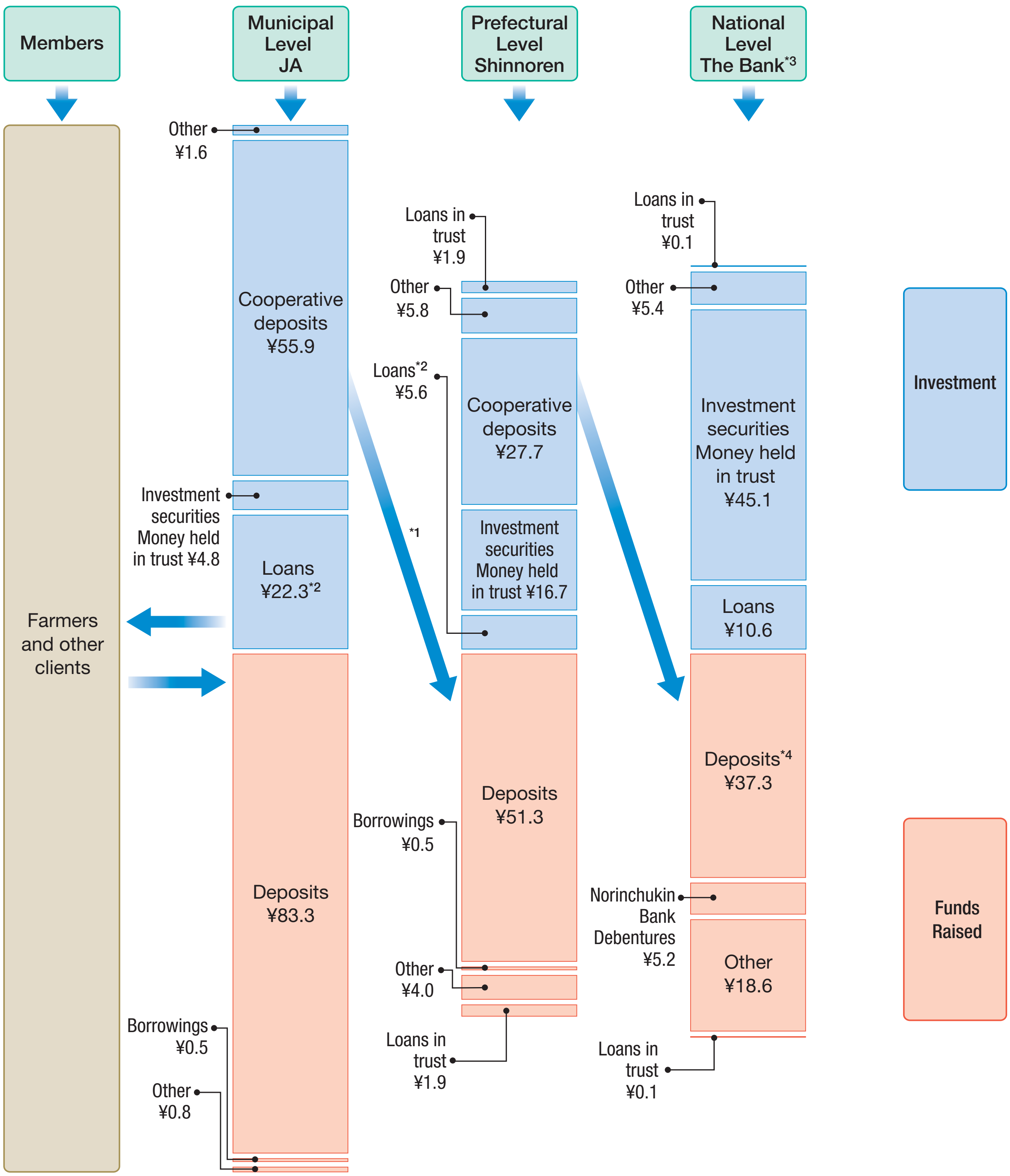
The Bank's funds come from deposits placed by members (the majority of the funds held at the Bank are deposits placed originally by members of JA and JF), and the issuance of Norinchukin Bank debentures. Additionally, the Bank also raises capital from the financial markets.

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. In addition to the aforementioned activities, the Bank manages its funds efficiently through investments in securities and other financial instruments. The Bank then provides stable returns to its members through earnings received from investment and lending activities, as well as the provision of various other financial services. Through these various services and activities, the Bank plays a major role as the national level financial institution for cooperative organizations.

Article 1 of the Norinchukin Bank Law

As a financial institution which takes as its foundation 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.

Flow of Funds within JA Cooperative Banking System (As of March 31, 2009) (Trillions of Yen)



Calculated totals for "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 Banking Cooperative System but also those from the JF Banking Cooperative System and Forestry Cooperative System, as well as other sources.

Safety Net for the Cooperative Banking System

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

The specific functions of these systems include: (1) Monitoring of the management conditions of individual JA and JF to identify any problems at an early stage, (2) Taking steps at the earliest stage possible in order to prevent bankruptcy and (3) Infusing any necessary funds drawn from the JA Bank Support Fund or the JF Marine Bank Support Fund* (collected from all members of the JA Bank and the JF Marine Bank) in order to restore sound management to either JA or JF.

** As of March 31, 2009 the balance of the JA Bank Support Fund was ¥168.9 billion and that of the JF Marine Bank Support Fund was ¥24.5 billion.*

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

When a member organization of the cooperative banking system, such as 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.

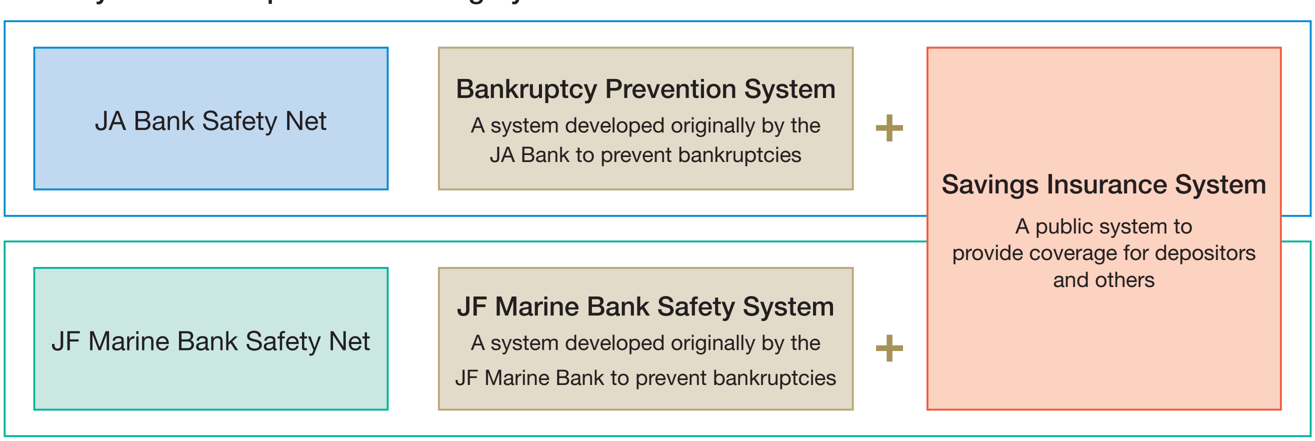
The Savings Insurance System is provided for under the Agricultural and Fishery Cooperative Savings Insurance Law. Its functions are carried out by the Agricultural and Fishery Cooperative Savings Insurance Corporation, which was established through joint investments by the Japanese government, the Bank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

Even though the blanket deposit insurance system was fully discontinued 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, 2009 the balance of the reserve fund of the Savings Insurance System was ¥270.8 billion.

▶ Safety Net for Cooperative Banking System



Operations of the JA Bank System

The members of the JA Bank, JA, Shinnoren, and the Norinchukin Bank, work under a framework for integrated and systematic cooperation for each business activity. We call this framework the "JA Bank System," and our aim is to become a financial institution that is both trusted to a greater degree and chosen more often by its members and customers.

■ What is the "JA Bank?"

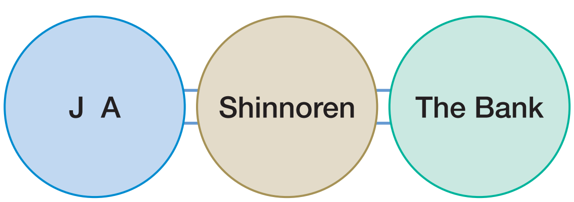
• The JA Bank System Comprises a Group of Financial Institutions

The JA Bank System consists of JA, Shinnoren, and the Norinchukin Bank, and together they are referred to as the "JA Bank members." The JA Bank System functions essentially as one financial institution, possessing one of the largest networks among private financial groups in Japan.

As of July 1, 2008, the JA Bank contains 765 JA, 38 Shinnoren, and the Norinchukin Bank, for a total of 804 entities.

▶ JA Bank

JA Bank consists of JA, Shinnoren, and the Bank, known as the "JA Bank members"



*Number of JA Bank members: 804 (as of July 1, 2008)

■ The JA Bank System

• A Framework for Integrated and Systematic Cooperation among JA Bank Members

To ensure that cooperative members and other customers have even stronger confidence in the cooperative banking system and make increased use of its services, we have established the JA Bank Basic Policy. This is based on the Reorganization and Strengthening Law (the law concerning the reorganization and strengthening of the cooperative banking business by both the Bank and specific agricultural and fishery cooperative organizations) and is implemented with the consent of all 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 referred to as the "JA Bank System."

The JA Bank System is founded on two basic pillars. The first is the "promotion of unified operations," which aims to improve and strengthen the financial services provided by the JA Bank by taking advantage of both economies of scale and finely-tuned customer interactions. The second is the "the bankruptcy prevention system," which ensures the reliability of the JA Bank.

• 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, more unified operations among JA, Shinnoren, and the Norinchukin Bank, with the dual aims of further expanding its customer base, which is already one of the largest in Japan, and offering financial services that are carefully tailored to customer needs.

Specific measures aimed at enabling the Bank to adequately meet the needs of cooperative members and customers include: (1) Providing financial support for core farmers, (2) Expanding pension accounts and (3) Offering inheritance-related services primarily for the transfer of assets, such as farmland, to future generations. As part of a strategic retail sector alliance with the Mitsubishi UFJ Financial Group, the JA Bank has issued both the IC Cash Card and the new JA Card. In addition, in July 2008, after-hours charges were eliminated for JA Bank ATM deposits and withdrawal using, and, in October of 2008, we concluded a mutual free-of-charge ATM access agreement with the Bank of Tokyo-Mitsubishi UFJ.

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

• Support for Core Farmers

The JA Bank System consists of the JA, the Shinnoren, and the Norinchukin Bank working together to provide an integrated support system that ensures financial stability for the nation's core farmers.

Specifically, we are working to create a system for the planning and provision of financial assistance to core farmers, such as the JA Agricultural Equipment and Greenhouse Loans, the Agri-Super Fund, and Core Farmer Assistance Loans. Bank officers designated as JA Bank Core Farmer Financing Leaders will play a crucial role in this system; we are now working to train these specialists.

In addition, we have taken various other steps to assist core farmers, including assisting in the subsidizing of interest on loans taken out to pay for agricultural equipment and materials, the prices of which soared in FY2008.

• Initiatives Aimed at Enhancing the Reliability of the JA Bank

Under the "bankruptcy prevention system," the JA Bank 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 any early stage corrective action by the government.

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

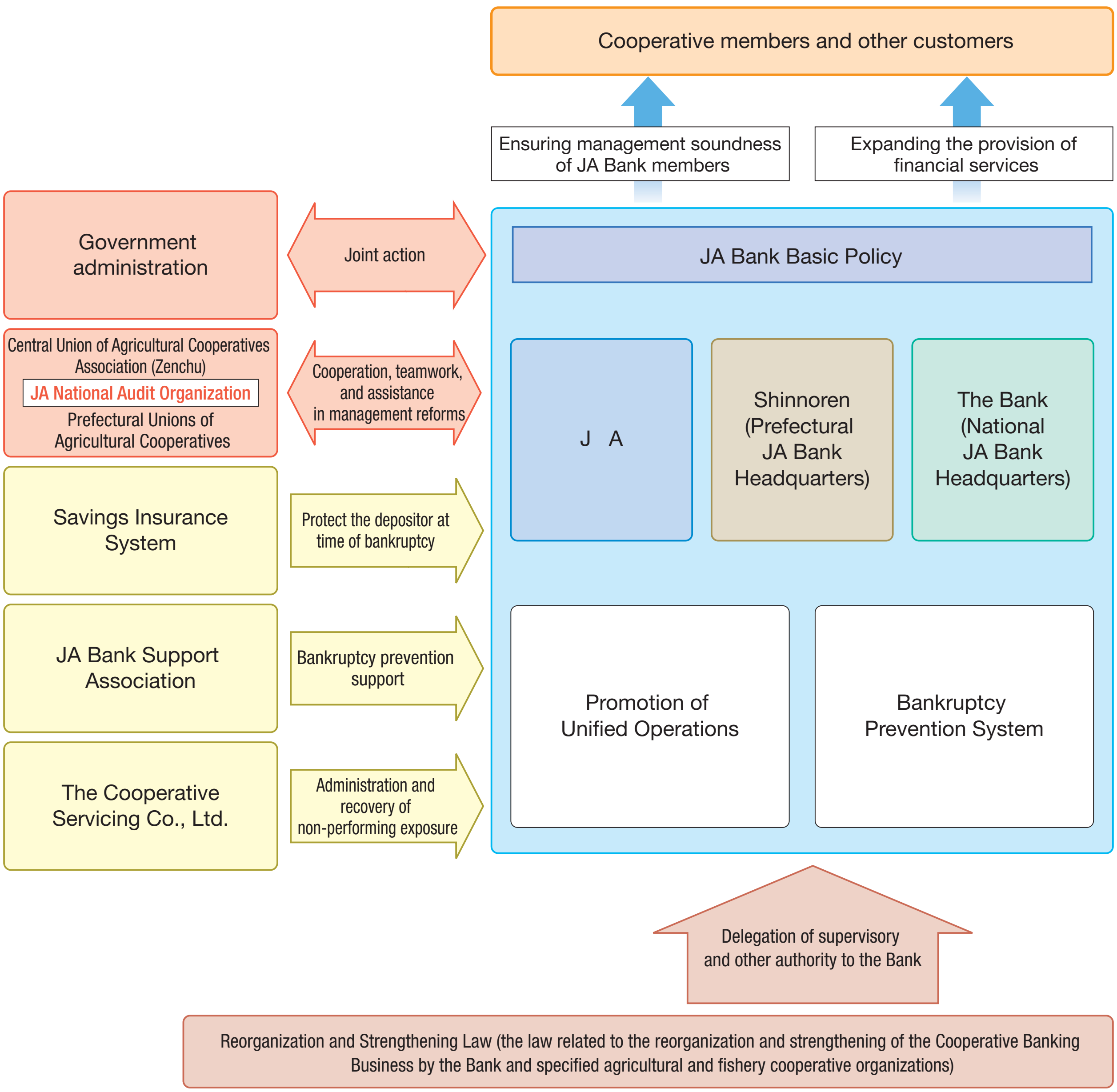
Through these initiatives, we are working to ensure that the JA Bank enjoys an even greater degree of credibility and confidence from its cooperative members and other customers. It is also important to note that JA, Shinnoren, and the Bank participate in the Savings Insurance System, which is a public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

• Establishment of a unified system nationwide

The establishment of a unified nationwide computer system for the JA Bank (known as the JASTEM System) is being carried out by the Norinchukin Bank to create the infrastructure needed to provide a consistent level of service to users everywhere in Japan. This is regarded as an important part of the overall social infrastructure, and is therefore being undertaken by the Bank on a priority basis to make possible JA Bank services that include enhanced benefits for JA members and other JA Bank users across the nation.

The changeover to the next-generation computer system, which is scheduled to take place between January 2010 and May 2011, is being carefully planned, with adequate attention being paid to potential risk factors.

Framework of the JA Bank System



■ Trends in the Agricultural Industry and the JA Cooperative Banking Business

• The Current State of the Agricultural Industry in Japan

Growing worldwide pressure on the supply of grain is causing a shift in the balance of supply and demand for food, from surplus to shortage. As part of discussions held by the WTO with the aim of establishing new rules for trade liberalization in the agricultural industry, a revised WTO text was published in February of 2008. Discussions are continuing in an effort to reach an agreement on the subject of modalities (i.e. criteria for reducing protective standards applicable to all nations), including figures for tariff reduction ratios. As for Economic Partnership Agreements (EPA) and Free Trade Agreements (FTA), discussions on the elimination of tariffs and other bilateral and regional measures, EPAs have so far been concluded with 11 countries, most of which are in Southeast Asia, as well as with ASEAN.

Speculation in world commodity markets has recently caused steep rises in the prices of some materials necessary for farming, such as oil, fertilizers, and animal feed. In Japan, however, prices of agricultural and livestock products remain low, and thus business conditions continue to be very difficult for the country's farmers.

Amid a series of scandals involving the sale of substandard rice, Japanese consumers are now paying much more attention to food safety issues.

As a result, the JA Bank members are responding to growing public awareness for the security of food by conducting a project to encourage consumers to buy Japanese agricultural and meat products. Providing financial support to core farmers and helping revitalize Japan's rural communities have been made JA Bank priorities, and initiatives to achieve these goals are being pursued on a Group-wide basis. This is part of the JA Bank members' longstanding efforts to increase the public's understanding of the farming industry and food-related issues.

• The Flow of Funds in the JA Cooperative Banking Business

Thanks to a continued steady increase in deposits from individuals as a result of the provision of financial services that responded to customer needs during fiscal 2008, JA deposits rose by 1.5% over the previous year, to a term-end balance of ¥83,309.6 billion.

Total JA loans rose by 3.6%, year-on-year, to a term-end balance of ¥22,374.8 billion due to an increase in individual loans, especially mortgage loans, thanks to home loan advisory events and other campaigns. Securities held by JA Bank posted a year-on-year increase of 12.2% to a term-end balance of ¥4,823.4 billion.

Deposits with Shinnoren declined, recording a year-on-year decrease of 0.4%, to a term-end balance of ¥51,317.8 billion.

The balance of loans issued by Shinnoren increased by 7.5% on the previous year to a term-end balance of ¥5,642.0 billion as a result of factors including increased lending to companies. Securities (including money held in trusts) held by Shinnoren saw an annual decline of 1.2% to a term-end balance of ¥16,710.8 billion.

■ Reorganization of the JA Cooperative Banking Business

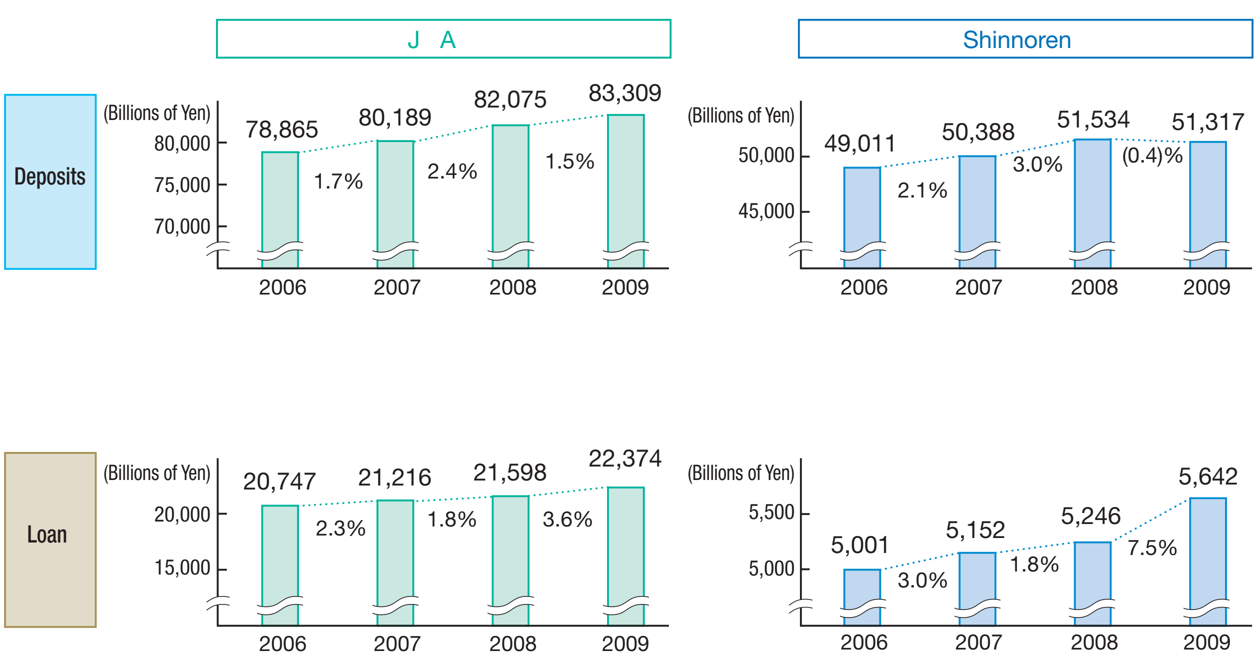
To deal effectively with changes in the operating environments of the agricultural industry, cooperative members, and JA, the JA Bank has made progress in improving efficiency and streamlining management.

Likewise at the Norinchukin Bank, the system has been streamlined from the three-tier structure consisting of the JA, the prefectural Shinnoren, and the Norinchukin Bank to a two-tier structure of the JA and the Bank alone. This was achieved through the consolidation of the Shinnoren from nine different prefectures (Miyagi, Akita, Yamagata, Fukushima, Tochigi, Toyama, Okayama, Nagasaki, and Kumamoto) and the transfer of their operations to the Bank.

In September 2009, a portion of the operations of the Shinnoren of Aomori Prefecture is scheduled to be transferred to the Bank. Elsewhere, the goal of "one JA in each prefecture," whereby the rights and obligations of both Shinnoren and Keizairen (The Prefectural Marketing and Supplying Federations of Agricultural Cooperatives) are integrated and taken over by a single JA, has been achieved in Okinawa and Nara Prefectures to date.

The Norinchukin Bank continues to steadily support internal efforts to enhance JA's organization and implement the steps the Bank is taking towards achieving efficiency and rationalization, with the aim of creating a cooperative banking structure capable of meeting the expectations and securing the trust of both cooperative members and other customers.

▶ Deposits and Loans (As of March 31)



The JF Marine Bank's Operations

Providing Financial Support to Coastal Communities and Matched Financial Capabilities to Fisheries

■ What is the "JF Marine Bank"?

• The JF Marine Bank Comprises a Group of Financial Institutions

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

As of July 1, 2009, there were 164 JF offering financial services and 30 Shingyoren, for a total of 195 members, including the Norinchukin Bank.

▶ JF Marine Bank

The members of the JF Marine Bank	
• JF which offer financial services • Shingyoren • The Bank	Zengyoren

*Number of JF Marine Bank members: 195 (as of July 1, 2009)

■ 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 that the JF Marine Bank conducts its business operations in a sound and proper manner;

Second, to respond appropriately to the financial needs of cooperative members and other customers by carrying out reforms in JF Marine Bank's business activities, management and organization.

• A Framework for Preventing Bankruptcy

Taking into consideration various developments that have occurred in the financial environment, such as the complete discontinuation of blanket deposit insurance, and from the perspective 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 JF Marine Bank Headquarters can prevent organizations, such as JF, that have problems with their operations, from falling into bankruptcy by quickly identifying issues and taking preventative action, creating a system that is reassuring to customers. These activities are undertaken with the guidance of the Bank and Shingyoren.

• A Stable and Responsible JF Cooperative Banking Business System (the JF Marine Bank Safety System)

The JF Marine Bank provides financial services with regional coverage for members of 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 bank that is a member of Japan's financial system, measures have been implemented to establish a "system of one fishery cooperative banking business in each prefecture." As a result, out of a total of 36 prefectures, 35 had completed the development of a fishery cooperative banking business in each of their respective prefectures by the end of fiscal 2008.

The "New Policy for the JF Group Business, Organizational and Managerial Reform for 2006-2008," a three-year policy beginning in fiscal 2006 was agreed upon at the JF National Meeting of Fishermen's Representatives which was held in November of 2005, and was subsequently extended for a further year.

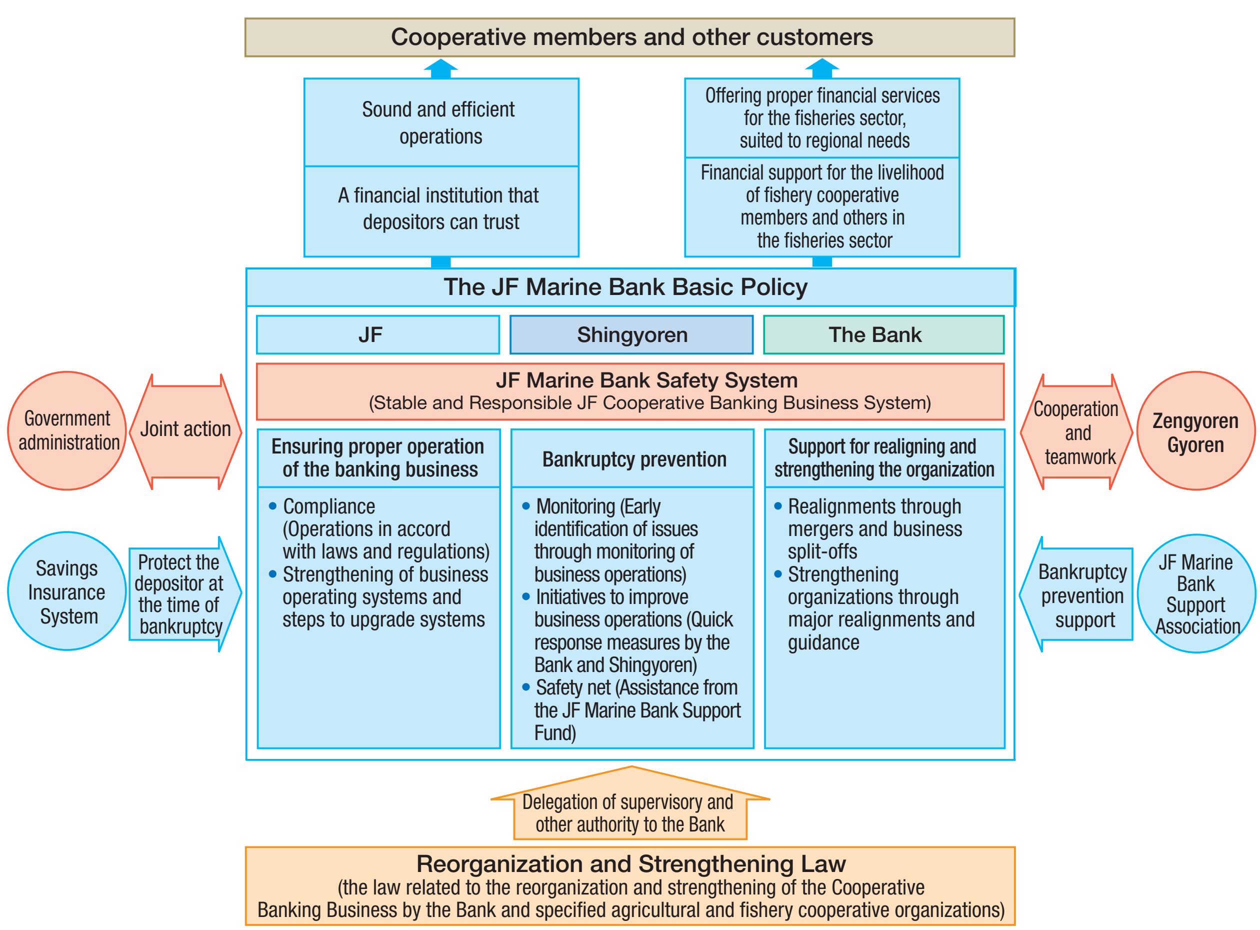
Under this policy, a new method, "Creating a wide-area Shingyoren that goes beyond prefectural boundaries," was added to the three existing options of establishing "one JF in each prefecture," "integrating the prefectural JF cooperative banking businesses into Shingyoren," and "lending surplus funds between JF and Shingyoren" in order to establish "A Stable and Responsible JF Cooperative Banking Business System (The JF Marine Bank Safety System)." In the future, we will implement one of these four methods to reorganize the JF cooperative banking business.

As part of its initiatives related to the cooperative banking business under the JF Marine Bank, a new "JF Marine Bank Medium-Term Business Promotion Policy" for three years from fiscal 2009 has been drawn up. Under this policy, the JF Marine Bank is continuing to take measures to improve its management and strengthen its financial position in line with its basic policies, while at the same time placing an even greater emphasis than before on the improvement of fishery operations, which is the basis for sound operations at the JF Marine Bank.

The JF Marine Bank aims to be a trusted provider of financial services for fishing communities. As a cooperative financial institution, it believes that its raison d'être is to serve not only its members and other customers, but also communities and regional society as a whole.

In addition to the activities mentioned thus far, JF, Shingyoren, and the Norinchukin Bank have contributed jointly to create the "JF Marine Bank Support Fund," which also provides a framework to encourage cooperative members' autonomous activity, and is

Framework of the JF Marine Bank



aimed at organizational and business reforms.

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

■ Trends in the Fisheries Industry and the JF Cooperative Banking Business

• The State of the Fisheries Industry

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

In an effort to resolve this situation, in addition to existing measures, the government in its 2008 supplementary budget, established a project to examine practical methods of reducing fuel consumption as a step to help fishery operators combat the high price of fuel. In the budget for fiscal 2009, a new system was set up to assist the fisheries industry in converting to more fuel-efficient methods and improving profitability. The employment of some of these funds in the downstream marine product sector is expected to contribute to the development of industry participants and the stability of the marine product sector in the years ahead.

To assist and stabilize both the management and production base of the fisheries industry in the face of rising prices of fuel and other materials, the JF Marine Bank is providing assistance to fishery cooperative (JF) members in subsidizing interest on loans for working capital (the current balance stands at ¥100 billion).

• The Flow of Funds in the JF Cooperative Banking Business

Deposits held with JF increased by 0.2% from the previous fiscal year-end, to ¥2,246.4 billion, at the end of fiscal 2008, reflecting the provision of government subsidies to partially cover increased fuel costs.

The balance of loans at JF fell 2.0%, year-on-year, to ¥696.4 billion, due to such factors as the easing of demand for new financing.

■ Reorganization of the JF Cooperative Banking Business

The JF cooperative banking business is being reorganized to create more sound and efficient management systems through two methods: First, through mergers between various JF and, second, through the transfer of banking business activities from the JF to the Shingyoren. These efforts have reduced the number of JF engaged in the banking business from 875 JF as of March 31, 2000, to 166 JF as of April 1, 2009.

The total number of JF, including those that are not engaged in the banking business, was reduced by 33 JF in fiscal 2008, and, as of April 1, 2009, the number stood at 1,088 JF, reflecting the progress being made toward consolidation.

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

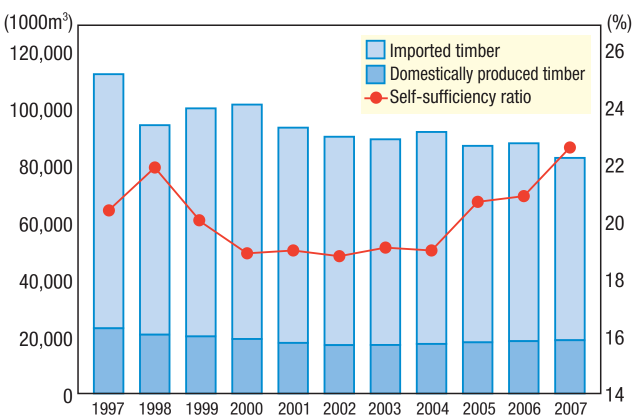
The Bank supports the aforementioned JF cooperative banking business initiatives.

Japan Forestry Cooperative Initiatives

The Current State of the Forestry Industry in Japan and Cooperative Activities

Japan's forests cover 25 million hectares, or about two-thirds of the country's land mass. About 70% of forestland in Japan is owned by private forest owners. Partly due to the aging of the population and the trend towards depopulation in rural mountain villages, factors that have caused a decline in forestry development, Japanese forestland is not properly sustained and has become unproductive wilderness. This explains why the cedar and cypress forests that were planted after World War II are unable to properly perform their functions even though the trees have reached maturity.

Japanese domestic timber demand in terms of volume



Source: Forestry Agency *"Timber Supply & Demand"*

Untended forestland becomes backwoods

A forest that has been maintained by tree trimming

Amid rising concern over the issue of global warming, the Kyoto Protocol has been signed by a large number of countries, and in the field of forestry management, a number of measures are being taken to increase the amount of forested area to provide the Earth with a larger carbon sink. In addition, the timber supply has become increasingly tight on an international scale in recent years, and therefore efforts are being made to establish systems to provide a stable supply of domestic timber.

Under these circumstances, the Japan forestry cooperatives have been promoting a cooperative campaign which comprises three pillars of concepts based on a "Movement to Revitalize Forestlands, the Forestry Industry, and Rural Mountain Villages that support the Environment and our Livelihood." This is aimed at developing low-cost forestry management, ensuring a stable supply of domestic timber, and introducing management reforms to make these projects possible.

Also, since fiscal 2007, the Forestry Agency, together with the forestry cooperatives, has been implementing measures to facilitate the stable supply of domestic timber. The Bank's policies include helping to strengthen the foundation for autonomy in the management of forestry cooperatives, such as the holding of seminars for forestry cooperatives' top management members, and substantially increasing support for their initiatives.

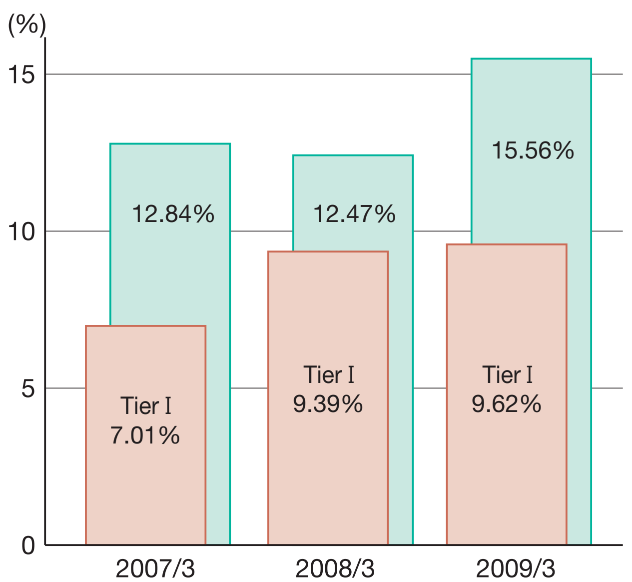
Capital Position

A Strong Capital Base Founded on the Strength of the Cooperative Membership

Capital Adequacy

The Bank considers it a major management priority to secure a sufficiently high level of capital resources in order to maintain and strengthen its financial position. It does so to ensure a stable return of profit to members and to enhance its capabilities as the central bank for Japan's agricultural, forestry, and fishery cooperative system, contributing to those industries and the development of the cooperative banking business, and align itself with the diverse needs of its customers. As of March 31, 2009, the Bank's capital adequacy ratio was 15.56% on a consolidated basis (eight consolidated entities), and 15.65% on a non-consolidated basis.

Capital Adequacy Ratio (consolidated)



Enhancing the Bank's Capital Adequacy and Financial Position

Amid the unprecedented financial crisis and market turmoil, the Bank implemented a large-scale capital increase during fiscal 2008. Its aim was to ensure operational soundness and also to meet appropriately the needs of members, customers, and domestic and overseas markets, and to maintain their confidence.

In December 2008 the Bank effected mergers with the Yamagata and Toyama Shinnoren (Prefectural Banking Federations of Agricultural Cooperatives), raising ¥24.8 billion in lower dividend rate stocks thorough private placement. In March 2009 the Bank took another step to maintain sufficient level of capital adequacy ratio, the key figure of soundness of financial institution especially for banks with international operations even if the turmoil in financial markets are worsened in the future. With the full understanding and support of members, the Bank raised ¥1,380.5 billion in lower dividend rate stocks, and increased perpetual subordinated borrowings from ¥963.7 billion to ¥1,476.0 billion. The Bank intends to enhance the Bank's capital adequacy in both quality and quantity perspective, and strengthening its financial position.

In accordance with our Business Renewal Plan, the center of the Bank's management agenda will henceforth be to enhance the value the Bank will provide as the central financial institution of the cooperative banking system, maintaining its capital adequacy ratio at a sufficiently high level, and to ensure a stable return of profit to members.

Strong Capital Base

The Bank is rated by the two leading credit 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 supporting these ratings is the strong capital base afforded by the membership of the cooperative system.

While major commercial banks in Japan have received injections of public funds to restore soundness of financial system and support them to enhance the capability for credit extension, the Bank has yet to apply for such injection of public funds, in viewing the level of capital adequacy of the Bank.

Methods of Capital Raising

The Bank’s paid-in capital is funded from the following sources.

<table>
<tr><th></th><th colspan="2">Common Stocks</th><th>Preferred Stocks</th></tr>
<tr><td>Investors</td><td colspan="2">Members, as stipulated by the Norinchukin Bank Law</td><td>No restrictions</td></tr>
<tr><td>Voting rights</td><td colspan="2">Yes</td><td>No</td></tr>
<tr><td>Par value / Issue price</td><td colspan="2">¥100 / Issued at par value</td><td>¥100 / Issued at market value</td></tr>
<tr><td rowspan="2">Dividends</td><td rowspan="2">Dividend rates are approved by 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.</td><td>For lower dividend rate stocks</td><td rowspan="2">Dividend rates are approved by the Council of Delegates. Dividends on preferred stocks are composed of preferred dividends and participatory dividends. The priority for participatory dividends is the same as for common stocks.</td></tr>
<tr><td>Dividend rates are approved by the Council of Delegates. The priority of dividends is the same as for common stocks. Under the Bank’s Articles of Association, dividends on lower dividend rate stocks have a lower priority than common stocks.</td></tr>
</table>

Risk Management

Approach to Risk Management

Essential components of the management of financial institutions are the generation of stable profits and the sustenance of an optimal portfolio. Managements must also address various types of risk arising from changes in the business environment as well as volatilities in economic conditions and financial markets. Financial institutions must also maintain a high level of public confidence by providing reliable services and maintaining financial soundness.

The Bank's financial position has been impacted significantly by recent unprecedented severe market turmoil and financial crisis, but the support of members and others has enabled it to increase the capital substantially, making it possible to secure a capital adequacy ratio at sufficient level as of the end of March 2009. In line with this capital increase, the Bank formulated a medium-term management plan for the purpose of business stabilization, Business Renewal Plan. The plan targets to fulfill its mission of ensuring a stable return of profits to members and of enhancing its capability to serve as the central institution of the Japanese aguricultural, forestry and fishery cooperatives. To achieve this, its prime objectives are to build on the lessons learned from the current financial crisis and make a qualitative shift in investment and lending activities, in accordance with its basic concept of internationally diversified investment and lending, and to conduct its investments and its financial management by placing emphasis on stability and safety. From this perspective, it is a high priority for the Bank to make unceasing efforts to enhance its risk-management approach.

Initiatives of risk management by the Bank are stipulated in its Risk Management Policy. The policy identifies the types of risks to be managed by assessing the materiality of each risks at the operation and the basic framework for risk management, including organizational structure and methodology. In accordance with this policy, the Bank conducts risk management activities taking account of the inherent nature of each type of risk, 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 financial strengths.

To implement integrated risk management, the Bank has set up the Risk Management Committee. The Committee enables the Bank's top managements to discuss important issues relating to its risk management framework and capital adequacy. The Committee also ensures that the total risk amount is kept within the Bank's maximum tolerable risk. The structure also requires the integrated risk management situation (e.g. monitoring of economic capital, significant decisions made by the Risk Management Committee, current issues on overall risk management) to be regularly reported to the Board of Directors. The Bank has also established a number of committees according to the types of risk, i.e. the Market Portfolio Management Committee (market risk, liquidity risk), the Credit Committee, the Credit Portfolio Management Committee, the Cooperative Finance Committee (credit risk), and the Operational Risk Management Committee (operational risk), to enable the top managements to discuss risk management policies, including planned risk taking. In line with the control described above, applying various risk management framework, including the economic capital management (please refer to P. 43) determined by the Risk Management Committee, the Bank places high priority on ensuring safety and soundness of portfolio management and financial management, by cautiously watching the balance between risk, return, and capital amid the market fluctuations and severe economic and financial environment surrounding the Bank.

The Bank has set up a number of divisions to manage individual types of risks, as well as a division responsible for overall risk management. The roles and responsibilities of those divisions are clearly defined in the Bank's policy. The Bank also ensures the maintenance of appropriate internal control among those divisions.

Complying with Basel II

Basel II (the new capital adequacy regulations), which went into effect in Japan in fiscal 2006, requires banks to comply with its three pillars. Pillar I is the introduction of a risk sensitive computational formula for capital adequacy. Pillar II is the financial institution's internal capital adequacy assessment process, consistent with its risk profile, followed by supervisory review. Pillar III is the proactive disclosure to secure the proper evaluation of the effectiveness of Pillar I and Pillar II by the market. The Bank is making constant efforts to address issues relating to these three pillars. Basel II framework is discussed to be enhanced to respond to the recent financial crisis, and certain measures are planned to be implemented in next fiscal year. The Bank is working on this issue in order to respond to changes in the framework appropriately.

With regard to credit risk management, the Bank has worked to enhance its credit risk management infrastructure. The Bank has reinforced its existing internal rating framework (system in which borrowers are rated both on the basis of a quantitative assessment of financial data making use of a statistical model, and on the basis of qualitative analysis). The Bank also implements a method of measuring the credit risk by estimating the probability of defaults for borrowers in each credit rank, based on historical data of actual defaults. For operational risk (risk arising from operating activities, such as clerical errors, system defects as well as lawsuits), the Bank has strengthened its comprehensive management systems through Risk and Control Self-Assessment (RCSA) exercises. These exercises identify risk inherent in various business processes and assess the effectiveness of internal controls. The Bank adopted the "Foundation Internal Ratings-Based Approach (F-IRB)" for credit risk and "The Standardized Approach (TSA)" for operational risk, pursuant to the Norinchukin Bank Law Notification regarding Basel II.

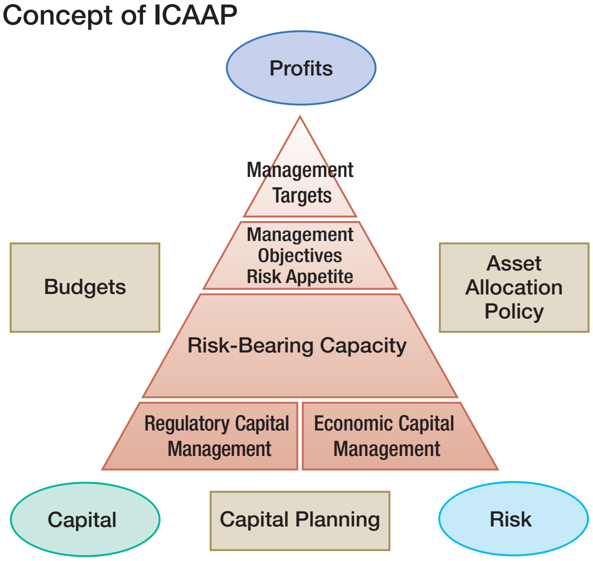
Internal Capital Adequacy Assessment Process (ICAAP)

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 profits, risk, and capital in a consistent and efficient manner. Under the ICCAP, the Bank comprehensively manages its capital resources, from both capital (the numerator of the capital adequacy ratio) and risk assets (the denominator of the capital adequacy ratio) perspectives.

The ICAAP is a process to demonstrate the appropriateness of the risk management practice in addressing the risks that arise while achieving business objectives and maintain the sufficiency of the internal capital to cover these risks. The purpose of ICAAP is to provide its various stakeholders with strong confidence in the Bank's sound business management.

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. The ICAAP recognizes capital adequacy as a "triangular" relationship among profit, capital and risk with consistency and good balance. This

Concept of ICAAP



framework constitutes the core concept of the Bank's ICAAP.

Specifically, the ICAAP ascertains the consistency between "Risk Appetite" and "Risk-Bearing Capacity," both presented quantitatively as the amounts of risk and capital respectively. This process is achieved 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 specific views on risk-taking, and defines what types of risk and what magnitude of such risk the Bank accepts to take. The level of risk to be controlled is determined by various related indicators and from both a qualitative and a quantitative perspective. In other words, the setting of Risk Appetite interrelates management objectives (management strategy), risk, and capital within a single and consistent framework.

• Setting Risk-Bearing Capacity

The Bank stipulates the scope of the material risks and the measurement method (quantitative measurement) of risks it comprehensively manages, such as market risk, credit risk, and operational risk. The Bank then defines Risk-Bearing Capacity as "maximum tolerable risk," and manages the level of risk within Risk-Bearing Capacity. When setting Risk-Bearing Capacity, the Bank clarifies each component of capital with types of risk to be covered.

• Verification of Consistency between Risk and Risk-Bearing Capacity

This verification process involves ascertaining that the volume of risk taken, based on Risk Appetite, does not and will certainly not exceed the Risk-Bearing Capacity. To ensure the maintenance of financial soundness ongoing basis, the Bank implements the checkpoint system within the framework of the regulatory capital management as well as economic capital management, supplemented by a set of stress tests and capital planning processes.

The checkpoint provides a framework to ensure that the capital adequacy is maintained above a predetermined level regardless of volatilities due to various factors by monitoring key factors that causes fluctuations and by discussing action plans at an early stage.

A specific checkpoint is determined according to the Bank's risk profiles. Under this mechanism, each checkpoint is determined from two perspectives, namely regulatory capital management and economic capital management, and appropriate capital is maintained by closely monitoring two major variables: the level of unrealized gains and losses on securities, and degree of risk exposure.

The stress tests are basically performed in conjunction with semiannual budget planning. By preparing appropriate scenarios covering the Bank's entire portfolio, the tests identifies degrees of impact of stresses on the regulatory capital and economic capital.

■ Integrated Risk Management

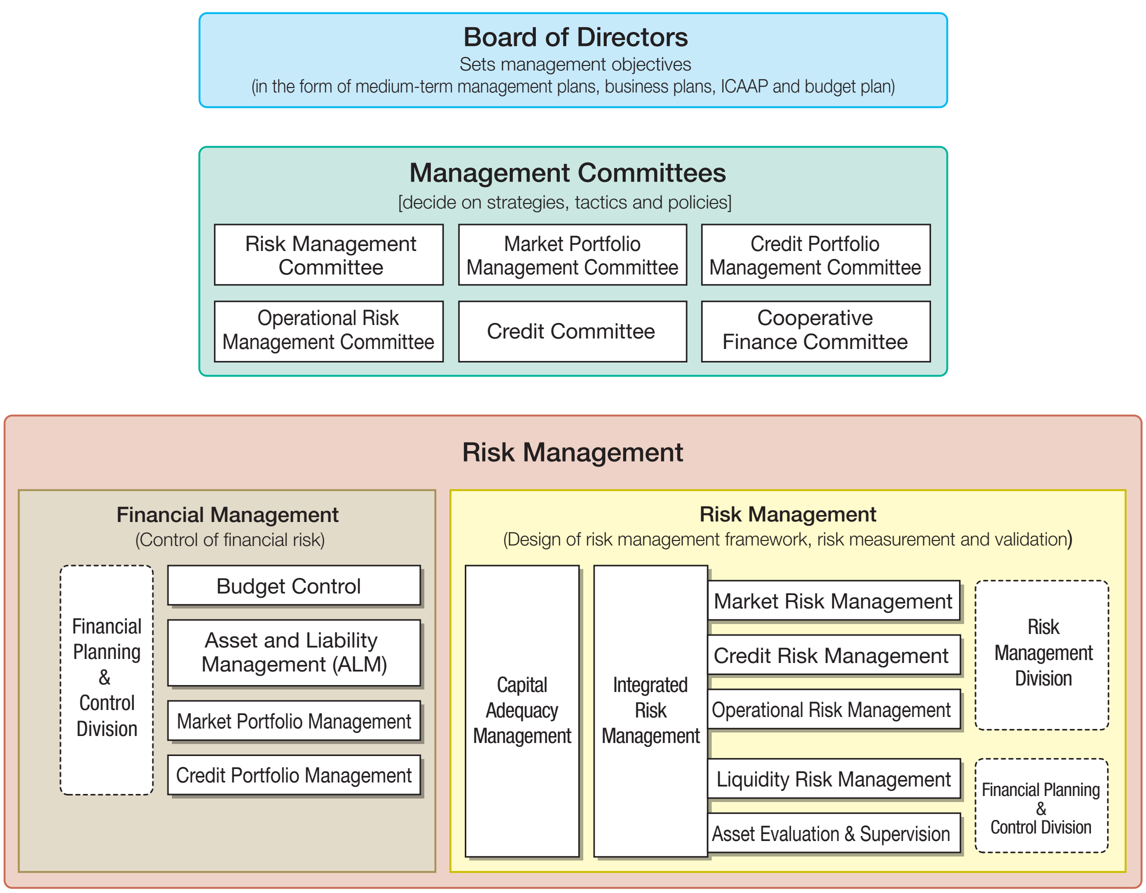
The Bank has drawn up its Risk Management Policy, and stipulates a core risk management framework that quantifies and manages risk comprehensively in comparison with capital, which represents the Bank's financial strength. The Bank has further developed this framework in the ICAAP (Internal Capital Adequacy Assessment Process), focusing on capital adequacy, as described above. The Bank manages overall risk on a comprehensive basis, in addition to the risk covered by regulatory capital management.

The core function within the risk management process is economic capital management. Under this economic capital management policy, the risks to be covered by capital are measured, and the economic capital is applied in advance. The amount of risk is controlled in order not to exceed the applied economic capital by monitoring the changes of amount of risk caused by market fluctuations and additional risk taking in timely manner during a fiscal year. The Bank manages economic capital both on a consolidated and non-consolidated basis.

In the economic capital management the capital normally used is Tier I capital as the same basis as regulatory capital calculation. Additionally, Tier II capital may also be defined as a buffer for risk in stress situations. The Bank categorizes the types of risk to be controlled into market risk, credit risk and operational risk. To maximize the benefit of globally diversified lending and investment concept, the Bank manages the economic capital on an aggregate basis instead of allocating to each asset class or to each business segment, as the Bank believes such an approach should fit in the business profile of the Bank. In addition, the applied capital and the economic capital management framework are determined by the Board of Directors, while its middle sections are responsible for monitoring the changes of the capital and the amount of risk during each fiscal year. Those are reported to the management on a regular basis.

Market risk is measured by the Value-at-Risk (VaR) method, using a historical simulation model, with a 99.50% confidence interval and one-year holding

Risk Management System



period. Credit risk is measured through the Value-at-Risk (VaR) method, using a Monte Carlo simulation model, with a 99.50% confidence interval and rating transition within a one-year holding period. Credit risk capital is defined as the credit risk amount measured by the method described above, deducting the expected losses. Operational risk is measured by The Standardized Approach (TSA), in line with the regulatory capital requirement. This amount is adopted as the operational risk capital.

Through these initiatives, the Bank manages risk via a comprehensive perspective, and plans to further refine its risk management framework going forward.

• Integrated Risk Management Consistent with Financial Management

The Bank's integrated risk management framework is conducted consistently with its financial management framework to maintain a balance between a sound financial position and adequate profitability. The Bank has specifically established the market risk management infrastructure to enable it to promptly respond to changes in the conditions of financial markets. The Bank conducts a wide range of analysis from various perspectives, including static and dynamic interest rate sensitivity analyses toward the profit/loss impact, and price sensitivity analysis of its assets for impact on the interest rate changes. In addition, as a part of asset and liability management (ALM), the Bank measures the risk volume, taking account of price volatilities of bonds and stocks as well as volatilities in foreign currency exchange rates, and conducts scenario simulations under various stress assumptions. Through the analysis described above, the Bank understands of the impact of market volatilities on the value of the assets, and aims to construct a resilient financial position.

Credit Risk Management

Credit risk is the possibility of a loss arising from a credit event, such as deterioration in the financial condition of a borrower, that causes an asset (including off-balance sheet items) to lose value or to be significantly impaired. For the Bank, transactions involving credit risk are one of the most important sources of earnings from a strategic point of view. The Bank comprehensively manages credit risk on an entire credit portfolio basis as well as individual credit basis for whole credit risk assets. In this way, the Bank appropriately manages the amount of credit risk to secure a steady flow of earnings.

• Credit Risk Management Framework

The Bank's credit risk management framework comprises four committees that are managed by the directors and general managers involved in risk management. These committees decide the credit risk management framework as well as credit investment policy. Front sections execute loan transactions and credit investments in accordance with the credit policy and within the credit limits approved by the committees. Middle sections, which are segregated from the front sections, monitor changes in the credit risk portfolio and report them to the committees. Those feedbacks are used for upgrading the risk management framework and for future credit investment planning.

Each of the four committees has a specific role assigned by the management. The Risk Management Committee is responsible for the deliberation of the basic infrastructure for overall credit risk management, including the Bank's internal rating system, the self-assessment system, and the economic capital management system. The Credit Committee functions primarily to discuss a number of credit ceiling systems to manage concentration risk. The Credit Portfolio Management Committee and the Cooperative Finance Committee discuss basics strategies and policies regarding control of the credit risk infrastructure, and make decisions on business strategy for material transactions or transactions with large amounts.

Middle sections perform monitoring including the condition of the credit risk portfolio. In addition, the status of credit risk measurement (such as market overview; significant decision made by the Credit Committee, Credit Portfolio Management Committee, and Cooperative Finance Committee; overview of the credit risk portfolio; current approach to risk management) are regularly reported to the Board of Directors.

• Credit Risk Analysis Framework

As a result of the Bank's continuing efforts to further upgrade its credit risk analysis capabilities, the Bank performs highly specialized analysis for all outstanding credit according to borrower type, such as a cooperatives, corporates, public entities, financial institutions, overseas borrowers, and securitized products. Credit analyses on corporates and public entities are assigned according to sectors in order to utilize accumulated institutional knowledge on analysis for each industry. That framework is designed to take benefit from a sector-specialized senior credit administrator system. A senior credit administrator specialized in a certain sector reviews each debtor and its business conditions individually and compares it with other companies in the same industry utilizing its credit and sector research function. In analyses of loans to overseas borrowers the Bank reviews country risk, an inherently different category of risk from domestic corporates, by looking into economic and political conditions and effectively uses the country ceiling system. Together with the region-specialized senior credit administrator system for evaluation of credit applications, the Bank considers credit risk on overseas loans are appropriately managed. In addition, securitized products such as those backed by cash flows generated from residential mortgage, corporate lending, and commercial real estate are subjected to due diligence and credit analysis according to the risk profile of each product. In addition, in order to monitor and identify the risk, the Bank performs ongoing monitoring and review of performance indicators of underlying assets of these investment products.

Through this credit analysis system, the Bank maintains high-level credit risk management based on stringent analytical standards, proprietary financial and cashflow analysis methods, and monitoring reviews after deals.

• The Bank's Internal Rating Framework

Outline of the Internal Rating Framework 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 diversified investment and pursuit of an optimized investment portfolio by diversifying investment assets according to profile of products, region or industry. Accordingly, the Bank considers that it is crucial to manage credit risk exposure from an integrated perspective, to manage regulatory capital by measuring the amount of credit risk, ensure financial soundness, and maintain profitability.

The Bank's internal rating framework is designed to evaluate and measure the Bank's credit risk portfolio consistently, and is considered to be a crucial tool for the integrated management of credit risk. It plays an important role in daily credit risk management and portfolio management, such as economic capital management.

Structure and Application of the Internal Rating Framework

The Bank's internal rating framework comprises three components: the Borrower Rating System, the Loan Recovery Rating System, and the Retail Exposure Internal Rating System.

The Borrower Rating System is designed to evaluate the exposure grades of corporate borrowers. The Bank has 15 borrower grades: 10 borrower grades for non-defaulted borrowers and 5 for defaulted borrowers. Each borrower grade defines the level of credit risk for a borrower.

In principle, ratings are evaluated and assigned using a combination of quantitative and qualitative factors. For certain assets subject to 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). The Bank maps clearly its internal grades to the scale used by credit rating agencies (e.g., internal grade "1-1" corresponds to the external grade "AAA" and "Aaa"). This mapping is based on comparisons of grades and default probabilities on the same borrowers between internal ratings and credit rating agencies' ratings.

The Loan Recovery Rating System is used to grade the recovery of collateral for corporate exposure. Ratings are assigned according to the expected recovery ratios, and are determined from the assessment of factors that may have an impact on the recoverability, such as loan security (collateral or guarantees), seniority (senior or subordinate), and other factors affecting recovery for defaulted exposures.

The Retail Exposure Internal Rating System estimates Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD) on an exposure pool basis, and allocates exposure according to type of pool.

As the Bank adopts the F-IRB approach, the internal rating system is foundation of the calculation of the capital adequacy ratio of regulatory capital, the primary indicator for the financial soundness of a bank. The Bank applies the same PD figures calculated for capital adequacy ratio of regulatory capital to measure credit risk deriving from credit exposure to maintain consistency between the internal rating system. In addition, the Bank differentiates interest rates according to internal ratings and collateral provided, in order to maintain a sufficient level of returns in line with the credit risk.

Management of the Internal Rating Framework and Validation Procedures

The internal rating system is managed by dedicated units of the Bank that are segregated from front section. The systems are designed to fit into the profile of the Bank's credit portfolio and implemented according to policies and procedures stipulating the objectives of the internal rating system, criteria for each rating grade, evaluation methods and mapping of ratings, approval authority and validation of rating system.

Validation of the internal rating system and monitoring of it to ensure appropriate implementation are performed on a regularly basis.

In addition, the Internal Audit Division periodically oversees and audits on credit risk management, including the appropriateness of estimated parameters and historical default rates, compliance with the minimum requirements for the IRB Approach, and reports to the Board of Directors.

• Self-Assessments, Write-Offs, and Provisions to Reserves Based on Internal Ratings Framework

The Bank conducts self-assessment exercises on a quarterly basis as of the end of March, June, September, and December.

The self-assessment process initially classifies obligors in line with the Bank's internal ratings. There are five classifications: standard, substandard, doubtful, debtors in default, and debtors in bankruptcy.

Subsequently, within each of these categories, individual credit facilities are classified into four categories (I, II, III, and IV) according to expected recoverability.

Relationship among Internal Rating, Self-Assessment, and Exposure Requiring Mandatory Disclosure under the Financial Revitalization Law

Internal rating	Self-Assessments: Debtor classification	Asset category	Definition of asset category	Exposure requiring mandatory disclosure under the Financial Revitalization Law
1-1 4 1-2 5 2 6 3 7	Standard	Category I	Debtors who maintain favorable operating conditions and have no particular financial difficulties. Internal ratings 1-1 to 4 are equivalent to investment grade of credit rating agencies.	Standard
8-1 8-2	Substandard	II	Debtors requiring close monitoring going forward	
8-3	Other substandard debtors			
8-4	Debtors under requirement of contro			Special attention
9	Doubtful	III	Debtors who are highly likely to fall into bankruptcy	Doubtful
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		Debtors who are legally and formally bankrupt	

The Norinchukin Bank's Debtor Classification and Reserves for Possible Loan Losses (As of March 31, 2009) (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 134	Bankrupt or De facto bankrupt 16	Loans to borrowers under bankruptcy proceedings 12
Doubtful debtors	Portion deemed to be recoverable through collateral or guarantees		Provision ratio: 78.4%			Doubtful 124	Delinquent loans 123
Substandard debtors: Special attention	Provision ratio of the uncovered portion: 27.0%				General reserve for possible loan losses 57 (Note 1)	Special attention 53	Loans with principal or interest payments three months or more in arrears 0 Restructured loans 53
Substandard debtors: (Claims on debtors under requirement of control) Other substandard debtors	Claims on substandard debtors other than "Special Attention"					Standard loans 11,177	
Standard debtors							

Notes: 1. The expected default ratios for computing the provisions to the general reserve for possible loan losses are 0.20% for standard debtors, 4.69% for substandard debtors (excluding claims under requirement of control), and 11.02% 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 Provisions to Reserves

Write-offs and provisions to reserves for possible loan losses are made in accordance with the criteria set by the Bank for each classification of obligors determined for self-assessment exercises. For exposure to standard debtors and substandard debtors, the Bank makes provisions to the general reserve for possible loan losses for each category of borrowers based on the expected loss ratio, which is calculated from historical loss data, including losses from defaults. For debtors under requirement of control with substantial exposure, provisions to specific loan loss reserves for possible loan losses are calculated by the discounted cash flow (DCF) method on an individual basis. For exposure to doubtful debtors or lower, provisions to specific reserves for possible loan loss are made, or write-offs are performed, for the amount not recovered by collateral or guarantee to the exposure classified as Category III, and the amount deemed necessary to the exposure classified as Category IV.

Criteria for Write-Offs and Reserves for Possible Loan Losses

<table>
<tr><th colspan="2">Debtor classification</th><th>Criteria for write-offs and reserves for possible loan losses</th><th>Provision ratio as of March 31, 2009</th></tr>
<tr><td colspan="2">Standard debtors</td><td>Provisions are made as the general reserve for possible loan losses multiplying the total credit exposure by the expected loss ratio based on the historical default ratio.</td><td>0.20%</td></tr>
<tr><td rowspan="2">Substandard debtors</td><td>Other substandard debtors</td><td rowspan="2">Initially, categorize debtors into two groups: “Debtors under requirement of control” or “Other substandard debtors,” in accordance with credit quality of debtors. Debtors in the latter group are further classified into sub-categories.
Applies Discount Cash Flow (DCF) method for a debtors with large exposure if classified as “Debtors under requirement of control.”
Provisions are made as general loan-loss provisions, multiplying the total credit exposure by the expected loss ratio based on the historical loss ratio for each category of borrowers.</td><td>4.69%</td></tr>
<tr><td>Debtors under requirement of control</td><td>11.02% (Excluding borrowers the DCF method is applied)</td></tr>
<tr><td colspan="2">Doubtful debtors</td><td>Provisions are made as specific reserve for possible loan losses the necessary amount estimated against the amount classified as Category III (amount not likely to be recovered from collateral or guarantee) on an individual borrower basis.</td><td>78.42% of the unrecoverable portion</td></tr>
<tr><td colspan="2">Debtors in default</td><td rowspan="2">Provisions are made as specific reserve for possible loan losses on an individual borrower basis for the entire amount classified as Category III. Write-offs are performed on an individual borrower basis for the amount classified as Category IV (the amount estimated as uncollectible or unrecoverable), regardless of treatment under criteria in tax law.</td><td rowspan="2">The full amount of the unrecoverable portion is written off or provisioned</td></tr>
<tr><td colspan="2">Debtors in bankruptcy</td></tr>
</table>

Credit Costs in Fiscal 2008 (On a Non-consolidated Basis)

	Billions of Yen
Loan write-offs	¥ 9
Provision to general reserve for possible loan losses	7
Provisions to specific reserve for possible loan losses	57
Provision to reserve for specified overseas debts	(0)
Other	0
Total credit costs	¥ 74

• Credit Overconcentration Risk

Credit overconcentration risk is defined as the risk to incur unexpected huge losses triggered by simultaneous credit event such as event of default, due to overconcentration of credit exposure to specific groups of borrowers, industries or regions. To mitigate such risk, the Bank has installed credit ceiling systems according to the profile of credit exposures, namely, Country Ceilings (for credit exposure to individual countries or regions), Corporate Ceilings (for credit exposure to corporates), and Bank Ceilings (for credit exposure to financial institutions). Total credit exposure for each ceiling category is monitored on a regularly basis and controlled to avoid any overconcentration on credit exposure.

Regarding the corporate ceiling, maximum lending limits are set for each borrower, based on the rankings assigned by the internal rating system. Limits are set and lending managed not only on an individual obligor basis but also on a corporate group basis. The Bank Celing is precisely managed and credit limits are set for each type of transaction. Regular reviews are also performed on credit exposure of each industry.

• Measuring Credit Risk

The Bank measures the amount of credit risk using statistical based methods, and applies it to economic capital management.

Methods for Measuring Credit Risk

The Bank uses the internal model for credit risk (the Monte Carlo Method) in estimating credit risk, and measures credit risk on a monthly basis. The scope of measurement includes loans, guarantees, foreign exchange, and securities (e.g. corporate bonds), as well as off-balance-sheet transactions (e.g. swaps). The Bank measures the amount of credit risk by defining it as the potential impairment amounts incurred from credit exposure.

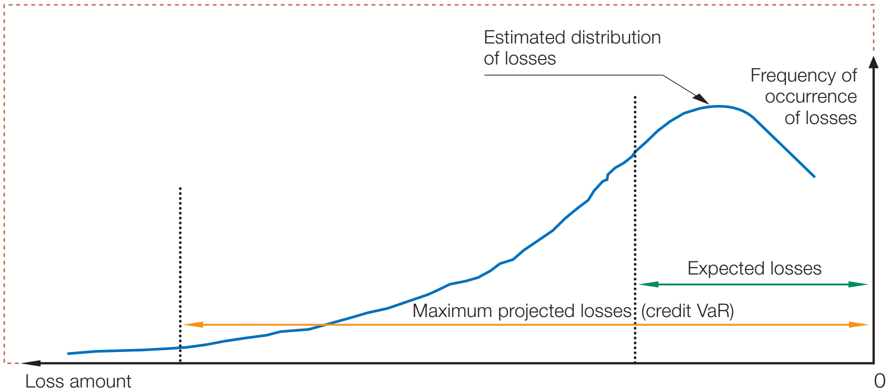
The method of measuring credit risk involves the performing the simulations on tens of thousands of scenarios using statistical models for the credit portfolio. Such exercise intends to simulate adverse changes of asset value due to rating changes of obligors or invested products, and losses incurred from defaults. Key parameters for the simulation include probability of defaults (PD) for each rating category, rating transition probability (likelihood for changes of one rating category to another rating category), and correlation among credit exposures. Using the simulation results, the Bank estimates the distribution of potential losses on the Bank's credit portfolio over the next year.

The economic capital of the Bank is managed by calculating two figures for the amount of credit risk, namely the "Expected Loss (EL)," the average figure of losses on simulated scenarios, and the "Maximum Projected Loss," defined as the potential losses in the worst case scenario in the simulation. Utilizing EL and UL, the Bank monitors the utilization of allocated risk capital against the amount of risk under economic capital management.

Market Risk Management

The Bank deems market risk, such as interest risk and equity risk, to be one of the most significant risk factors affecting the Bank's earnings base, along with credit risk. Through active and appropriate risk-taking supported by a robust risk management framework, the Bank aims to retain a stable level of profit by constructing a sound and profitable market portfolio that balances profit, capital, and risk. The Bank's investment principle is to maintain a good balance of risk in its globally diversified investment portfolio in viewing the amount of aggregated market risk, the risk-return profile of each asset class, and the correlation among asset classes. Asset allocation is decided after considering the risk balance described above and other crucial factors, such as the financial position of the Bank and the market environment. To ensure the effectiveness of market risk management through the execution process of investments, the Bank ensures the segregation of duties among divisions in charge for decisions (planning) on allocation policy, execution of individual transactions, and monitoring of risk positions. Specifically, the Risk Management Committee is responsible for and discusses overall risk management, the Market Portfolio Management Committee sets market portfolio allocation policy, the front sections execute the transactions in accordance with allocation policy, and the middle sections conduct monitoring. Matters relevant to

Illustration of Credit Risk Measurement Model



The loss distribution of the Bank's credit portfolio is estimated based on the Bank's credit risk measurement model. Credit risk parameters, including expected loss and Credit Value-at-Risk (VaR) are calculated using this model.

the market risk portfolio management activity (such as market conditions, major investment decisions made by the Market Portfolio Management Committee, condition of the market portfolio, and views on near-term market portfolio management) are reported to the Board of Directors on a regularly basis.

Going forward, the Bank will continue to upgrade its market risk management infrastructure by implementing various measures such as increasing the number of staff in charge, enhancing technical elements, such as the information technology infrastructure, and refining risk measurement techniques.

• Market Portfolio Management

The fundamental element of the Bank's market risk management is management of allocated capital under economic capital framework. The key objectives of risk management of the market portfolio are to construct an optimal market portfolio through active adjustment of the risk balance among asset classes according to the economic and financial conditions, in pursuit of efficient use of the allocated economic capital, and to manage the risk balance and the level of earnings of the market portfolio in line with the financial position of the Bank. Specifically, the risk balance of the market portfolio is managed by analyzing and understanding the situation of the market portfolio based on market risk measured by the middle sections, including the amount of aggregate risk, risk indicators, such as Value at Risk (VaR) and Basis Point Value, and correlation among asset classes. The Bank also analyzes and takes into account its financial position, based on the outlook for economic and financial conditions supported by research into macro-economic factors and the financial markets, and simulations of earnings, unrealized gains and losses of the portfolio, and the capital adequacy ratio.

In principle, market risk measurement covers all financial assets and liabilities in the Bank's portfolio, and applies the Internal Model (historical simulation method) for VaR calculation.

The basic framework of market risk management is described in the following section.

Decision Making

Material decisions on market investments are made at the Board level. The Market Portfolio Management Committee – composed of relevant Board members as well as the general managers in charge of market portfolio management – examines, discusses, and makes decisions concerning specific policies related to market investments.

Decision making for market investment is carried out after examining the investment environment, including the financial markets and the economic outlook, the current position of the securities portfolio, and the asset and liability management (ALM) situation of the Bank. In principle, the Market Portfolio Management Committee holds meetings on a monthly basis (actually on a weekly basis), as well as flexibly when needed, to enable prompt response to changes in market conditions.

In addition, to facilitate close communication regarding the market environment on a regular basis, relevant board members and the general managers in charge of the market portfolio hold meetings to share information and awareness on a weekly basis to make a decision timely and appropriately.

Execution

Based on the investment decisions made by the Market Portfolio Management Committee, front sections execute securities transactions and risk hedging. Front sections are not only responsible for execution but also monitor markets conditions closely and propose new investment strategies, as well as make other suggestions to the Market Portfolio Management Committee.

Monitoring

The term "monitoring functions" refers to checking whether the execution of transactions made by front sections is compliant with the investment decisions approved by the Market Portfolio Management Committee, and measuring the amount of risk in the Bank's investment portfolio. Risk measurements include risk calculation for economic capital management and measurements using various risk indicators to maintain a good risk balance among asset classes. Middle sections independent of front sections are responsible for those risk measurements and regularly report to the Board of Directors about the results of monitoring, mainly conducted on a daily basis.

Monitoring results reported to the Board are used to analyze the current situation of the market portfolio and as a data source for discussing the investment strategies of the Bank in the near future by the Market Portfolio Management Committee.

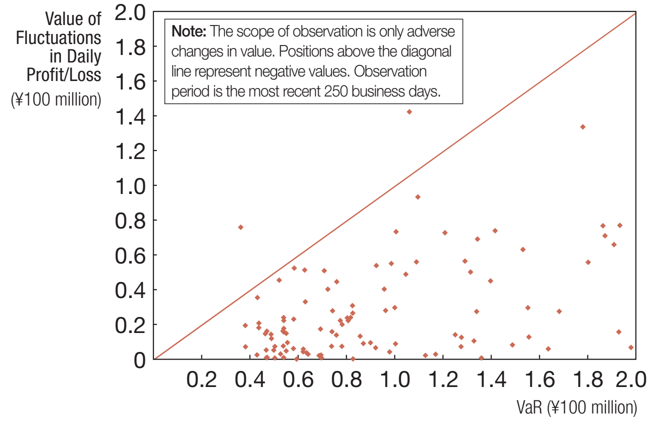
• Trading Operations

The Bank's trading operations are conducted to generate profits from short-term market fluctuations. The Bank maintains an organizational separation between front sections, in charge of executing trading activities, and units undertaking other types of transactions. The front sections in charge of trading activities aim to achieve profit targets within the approved position and loss limits determined from a risk-return perspective.

The risk involved in trading operations is managed under an integrated risk management framework and within the market risk management framework with economic capital management as a key element. From a risk management perspective, the front sections executing trades for the Trading accounts are explicitly separated from the front sections executing trades for the Banking accounts. Targets for profits, and position and loss limits are revised semi-annually. Progress in achieving profit targets within approved limits is monitored on a daily basis.

When positions or losses exceed the approved limits, the middle sections raise the alarm and require the front sections to take appropriate action, including preparing corrective measures, reducing trading volume, or suspending trading.

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



During the last 250 business days, including and ended on March 31, 2009, the adverse changes in value in daily profit and loss exceeded VaR (for a one-day holding period) twice. The Bank utilizes an internal model to calculate VaR, validated internally or by outside experts on a regular basis, and is working to incorporate cutting-edge financial and information technology into the model. Depending on results, the Bank also revises the internal model if discrepancies beyond certain level occur due to the designs of the model, based on back-testing and an analysis of the relevant factors if necessary.

Thanks to the use of more refined internal models, the Bank was able to adequately capture market fluctuations resulting from the financial sector crisis of fiscal 2008.

Changes in Interest Rate Risk (with a one-day holding period) in the Trading Divisions

	VaR (¥100 million)
June 30, 2008	0.5
September 30, 2008	1.1
December 30, 2008	1.3
March 31, 2009	1.0

Risk Measurement Methods

The Bank measures the risk in its trading operations by adopting risk measurement techniques such 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 model for risk measurements. The model employs a variance-covariance method with a one-tailed 99% confidence interval and a 10 business day holding period, and measures VaR on a daily basis. The Bank's internal model is developed by the Bank and periodically validated internally by middle sections and the Internal Audit Division, as well as by outside experts, from the quantitative and qualitative perspectives. The Bank continues to apply cutting-edge financial and information technologies to the upgrading of its risk measurement methods.

In addition, to validate the Bank's internal model, the amount of risk calculated by the model is compared with the volatilities in actual profit and loss on a daily basis (known as back testing). When discrepancies between the model's estimates and actual results due to the designs of the model go beyond a certain level, the Bank scrutinizes the relevant model factors and revises the model if necessary.

The Bank also performs a series of stress tests assuming extremely volatile market situations, such as the largest interest rate changes in the last five years, on a monthly basis. The Bank also monitors whether the amount of risk in the stress tests is within the maximum tolerable loss limit and within the capital allocated to the trading activities on a monthly basis.

Glossary of Terms

BPV (basis point value)

BPV refers to the changes in the value with respect to a 0.01% change in interest rates given the current position. The Bank uses total delta as the indicator of the impact of the change 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. It is the aggregate of the absolute value for BPV for each yield curve grid. 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

Financial products such as bond options have specific risk characteristics such that the position or value of the products might change according to the changes in the base indicator level, such as interest rates and volatilities. The Bank uses delta (changes in the value of options according to the change in the level of an indicator), gamma (changes in the the positions of options according to the change in the level of an indicator) and vega (changes in the value of options according to the changes in the volatility) 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 within a certain confidence interval. The Bank calculates VaR by setting specific holding periods and confidence intervals, and applying the appropriate measurement method to measure the risk.

Liquidity Risk Management

The Bank defines liquidity risk as the following: "The risk towards financial losses incurred from a difficulty in securing funds required for activities of the Bank, or from being forced to procure funds at significantly higher funding costs than normal as a result of a maturity mismatch between investment and funding procurement, or as a result of an unforeseen fund outflow from the Bank (cash flow risk)." It is also defined as: "The risk towards financial losses arises from being unable to execute transactions at the market due to significant market turmoil, or from being forced to execute transactions under significantly less favourable conditions than normal occasions (market liquidity risk)." The Bank manages liquidity risk in accordance with its Policy and Procedures for Liquidity Risk Management.

The appropriate management of cash flow risk is a prerequisite for business continuity and reliable portfolio management. Considering the profiles of the Bank's ALM (asset liability management) together with the relatively less liquid assets that it holds, and examining the funding procurement capability under stressed environment, the Bank takes initiatives to diversify and enhance the varieties of funding instruments, placing emphases on stability of cash flows. The cash flow management is conducted on an aggregated basis at the head office, by each currency, funding instrument, and funding operation center. The cash flow management plan is reviewed on a quarterly basis with the Bank's investment portfolio projection and its expected funding procurement capacity, and it is approved by the Market Portfolio Management Committee. The progress of the cash flow management plan and the result of the stress test conducted accordingly are reviewed on a monthly basis and its execution strategies are discussed on a weekly basis. This cash flow of the Bank is managed by constantly monitoring market conditions.

Market liquidity risk is considered to be a crucial factor for investment decisions in order to maintain a flexible investment allocation framework that enables prompt response to changes in market conditions. Investment strategies are also prepared through assessing the market liquidity (cash-convertibility) of each type of financial product. This market liquidity risk management framework is applied to the evaluation of stabilities on funding procurement as well. For this reason, middle sections are regularly reviewing and analyzing the market liquidity of financial products, including its market size of each asset class and product. The results of these analyses are reported to the Risk Management Committee and the Market Portfolio Management Committee. Operations of these liquidity management are also regularly reported to the Bank's Board of Directors.

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 risk incurred when the Bank actively seeks to generate profits, such as market risk, credit risk, and liquidity risk. The Bank manages operational risk according to its Operational Risk Management Policy.

In order to make an effective and efficient management resource allocation, the Bank prioritize various risks that arise passively in the course of business operations and are supposed to make no profit and handle them in order of the priority to minimize the probability of occurrence of such risk events and possible loss amount.

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 specific characteristics and the effectiveness of control measures, and in accordance with policy and procedures stipulated for each type of risk.

In addition, regarding types of operational risks for which occurrences of risk should be controlled, such as processing risk, legal risk, information technology risk, human risk, tangible asset risk, information security risk are managed on an overall basis applying both risk management framework designed for each type of risk as well as common platforms for operational risk management such as monitoring and analysis of actual loss data, and RCSA (risk and control self-assessment).

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

The Bank gathers and analyzes data on actual loss events such as accidents, errors, and system failures that are considered to be the realization of operational risk, identifies operational risks that are inherent in each business process, and develops countermeasures.

(2) Implementation of RCSA to assess 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 the effectiveness of the control measures and residual risks, and clarify problems to be resolved.

Loss data identified and analyzed by the above method, including results of RCSA, such as problems to be resolved, are reported to Board members. These reports are then reflected in the preparation of the Comprehensive Risk Management Plan, the Systems Risk Management Plan and the Processing Risk Management Plan, and used to manage and mitigate the risk.

The Comprehensive Risk Management Plan and other plans are discussed by the Risk Management Committee and the Operational Risk Management Committee, which are composed of relevant Board members and general managers in charge of operational risk management, and approved by the Board of Directors.

There are several initiatives aimed at improving the effectiveness of operational risk management. The Risk Management Division monitors the progress and appropriateness of implementation of the plans as the organizational unit responsible for operational risk management.

In addition, the Internal Audit Division, as the unit responsible for internal auditing, assesses the framework and effectiveness of the operational risk management.

The Bank adopts the Standardized Approach (TSA) for calculating operational risk capital charges, as required in Basel II.

• Processing Risk Management

The Bank defines processing risk as the risk of losses arising when the activities of management and staff or the processes employed in business operations are inappropriate. Specifically, processing risk may occur when staff fail to follow the established procedures for processing business operations, when losses are incurred due to 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 in accordance with its Policy for Processing Risk Management.

Specifically, according to results of processing risk RCSA and analysis of collected loss data resulting from accidents and errors, the Bank prepares a Processing Risk Management Plan covering risk mitigation measures and measures for upgrading processing risk management. Progress in the implementation of the plans is reported to the Board members. Along with this, the Bank also implements continuing initiatives to minimize occurrences of accidents and errors. Such initiatives include preparing action plans to prevent recurrence of the same type of accidents and errors on an individual case basis, making improvements in procedures, conducting self-inspection and self-reviews, and conducting staff training programs. Through these activities, as well as by proactively and appropriately responding when there are changes in the operating environment that may impact the processing of operations, such as mergers with Shinnoren, the Bank ensures that operational risk is managed.

• Legal Risk Management

The Bank defines legal risk as the risk of losses or problems arising from the conduct of transactions in violation of the law, or entering into inappropriate agreements in the course of management decision or execution of individual business operations. The Bank manages legal risk in accordance with its Policy for Legal Risk Management.

As the Bank strives toward the realignment of the cooperative credit system, offers new financial services and engages actively in investment activities in addition to providing conventional financial services, it considers legal risk management to be a key management issue for all of its offices, and works continuously to upgrade legal risk management.

Specifically, the Bank has developed a database that enables staff to search laws and regulations relevant to business activities according to sections or type of businesses. By using the database, the Bank's staff can easily recognize the enactment, revision and repeal of relevant laws and regulations, and appropriately and promptly make the corresponding changes in their procedures. The Bank's legal divisions work to minimize legal risk by offering their full support to departments and offices of the Bank, performing legal checks of individual transactions as well as assisting in the preparation and reviewing of contractual documents, and by liaising closely with units in charge of compliance.

• Information Technology Risk Management

In addition to the traditional mission of providing stable and reliable financial services as an integral part of the social infrastructure, there are growing requirements for more sophisticated information technology risk management due to implementation of the Basel II operational risk management framework, enforcement of the Financial Instruments and Exchange Law (the Japanese version of the Sarbanes-Oxley corporate reform law) and the Private Information Protection Law and various information security issues arising from a spate of counterfeit or stolen cash cards cases in Japan.

In view of growing social demand, the Bank makes continued efforts to enhance its control level of information technology risk management including establishment of various Policies and Procedures (most notably its Policy for Systems Risk Management), and carrying out Risk and Control Self-Assessment (RCSA) for critical information systems on a regular basis to identify and assess information technology risk based on the industry standard criteria such as the safely standard established by the Center for Financial Industry Information Systems (FISC).

■ Risk Management in Group Companies

The associated companies in the Norinchukin Bank Group are managed in accordance with the Bank's Management and Operation Policy for Group Companies. The Bank's Risk Management Policy provides that each of these companies should prepare a feasible and effective risk management policy and framework, taking account of the Bank's Risk Management Policy as well as the nature of its own business activities and the risk profile. The Bank and each Group company then confer and decide on a risk management system for the company in question, taking into consideration the characteristics of the risks the company bears.

At the sections responsible for supervision of all group companies, to ensure adequate risk management and compliance throughout the Group, those sections work together with relevant sections as and when necessary, and categorize group companies according to risk profiles and other characteristics. For each category of Group companies, required risk management framework and control by the Bank are stipulated in policies. Based on those policies, risk management of Group companies is performed. When deemed necessary, meetings between the Bank are arranged and represented by the top management levels or operational levels. With regard to the risk management framework of Group companies and their administrative operations, the Bank's Internal Audit Division overseas and audits in accordance with Internal Audit Policy and relevant policies and procedures.

In addition, the Bank performs the economic capital management on a consolidated basis and ensures to maintain its economic capital within the allocated capital by understanding and measuring the risks the Bank bears on a exhaustive basis including the risk of consolidated subsidiaries. Among consolidated entities, Norinchukin Trust & Banking Co., Ltd. and Kyodo Housing Loan Co., Ltd. manage market risk, credit risk, liquidity risk, and operational risk. Other consolidated entities manage operational risk.

Through the various initiatives described above, the Bank aims to refine the risk management framework of the Bank Group on a group basis.

Corporate Governance

The Norinchukin Bank's Management System

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 representative members of 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 duties as well as coordinate on decision making for the Bank, while taking into consideration the internal and external situation of the organization.

The Supervisory Committee

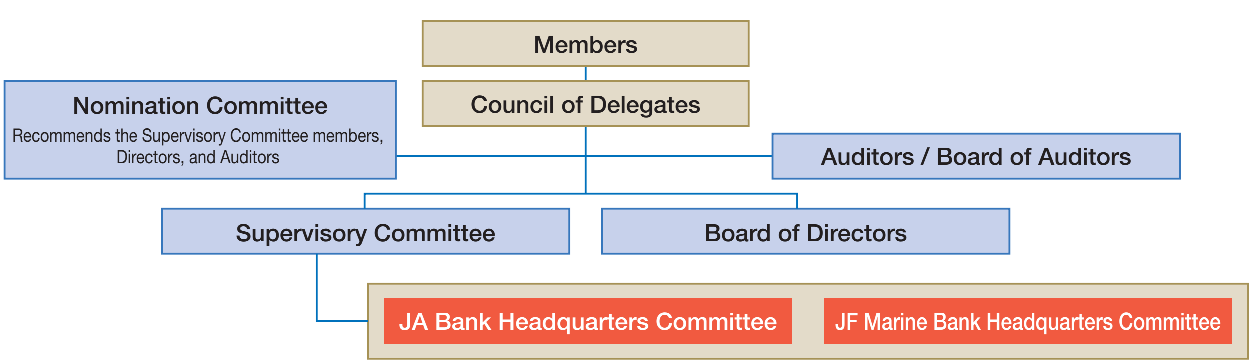
The Supervisory Committee is responsible for submitting agendas and reporting to the Council of Delegates as well as for making decisions on important issues related to the organization of the agricultural, forestry and fishery cooperatives. The Supervisory Committee also has the authority to oversee 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 18 members, selected from among the board members of cooperative organizations, people 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 mainly consists of representatives of cooperative members, and then are 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.

Management System of the Bank



■ 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. Hence, 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), 4 of which must satisfy the conditions stated in Article 24-2 of the Norinchukin Bank Law.* They are equivalent to external auditors in companies which list their shares.

* *According to Article 24-2 of the Norinchukin Bank Law, at least one of the auditors must satisfy the following conditions: They 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.*

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 as well as 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 rules and the relevant laws and regulations, the 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 Conform to the Relevant Laws and the Articles of Association

(i) To ensure sound 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 strictly observing laws and regulations, and performing their duties with both integrity and fairness.

(ii) To ensure that the directors act in compliance with laws and regulations, their activities are monitored and audited by other directors and auditors. In addition, the Compliance Division, which supervises 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 System which allows employees to turn to the Compliance Division or outside legal counsel for advice or to file a report.

(iv) The Bank prepares a "Compliance Program" on an annual basis and implements a program that includes such activities as promoting compliance and training employees.

(v) The Bank adopts a strong and resolute stance with regard to anti-social elements that pose a threat to social order and security, and maintains a policy to exclude such elements.

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

(i) Important documents related to carrying out the Bank's business, such as the minutes of the directors' meetings and other important meetings as well as approval documents, are maintained appropriately, as specified in our document retention standards and other control 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 made aware of, and has established basic policies for risk management that define risk management organizations and frameworks.

(ii) Managed risks 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 risks, the Bank has established risk management policies and processes for managing these risks, and undertakes the conduct of risk management for the Bank and its 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 has taken steps to implement an appropriate risk management system.

(iii) To ensure that the total volume of various kinds of risk the Bank has assumed is within the scope 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 their 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 in connection with the conduct of its operations and makes periodic assessments of progress towards 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 its group companies.

(ii) The Bank and each of its other group companies have agreed on various matters to be discussed and reported to ensure smooth operation within its group. In addition, the Bank monitors the management, conduct of operations, and related issues in its 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 for the Bank's overall 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 accounting auditors to exchange opinions and information as well as to better coordinate their auditing activities.

7. Details Regarding the Staff 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 their personnel transfers will be observed and respected in advance.

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.

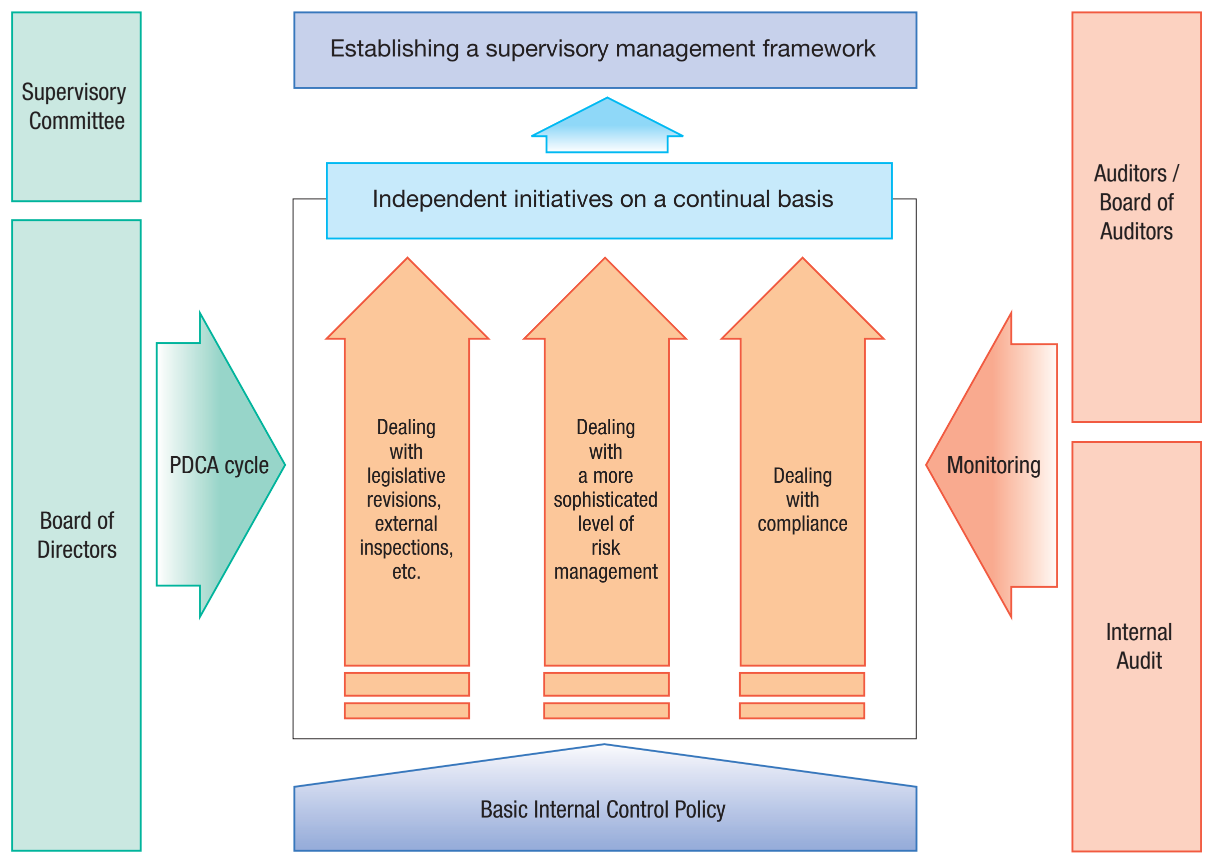
(iii) The Internal Audit Division reports its findings regarding internal audits of operations to the Board of Auditors, and the two exchange information on a periodic basis.

(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.

Initiatives for Strengthening Internal Control



(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 specified in the Rules of the Board of Auditors and Standards for Audits.

Note: With regard to section 3 (iii), the Bank has decided to suspend allocation of risk capital to individual organizational units for the time being. This decision was made in line with the new Management Stabilization Plan under which a ¥1.9 trillion capital increase was made. However, we will continue to conduct economic capital management, ensuring that the total amount of risk remains within the scope of the Bank's capital. We have made no changes in the risk management policy, which will be carried out in an integrated manner, and we will further improve the quality of our risk management.

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 the 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 into 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 the 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 accounting 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, which are, in turn, 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 of the Bank's 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 obtain qualifications from outside organizations.

In addition, the Internal Audit Division makes use of a variety of auditing methods in order to conduct internal audits effectively and efficiently. These include conducting unannounced 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 Methods and Following Up on the Audit Results

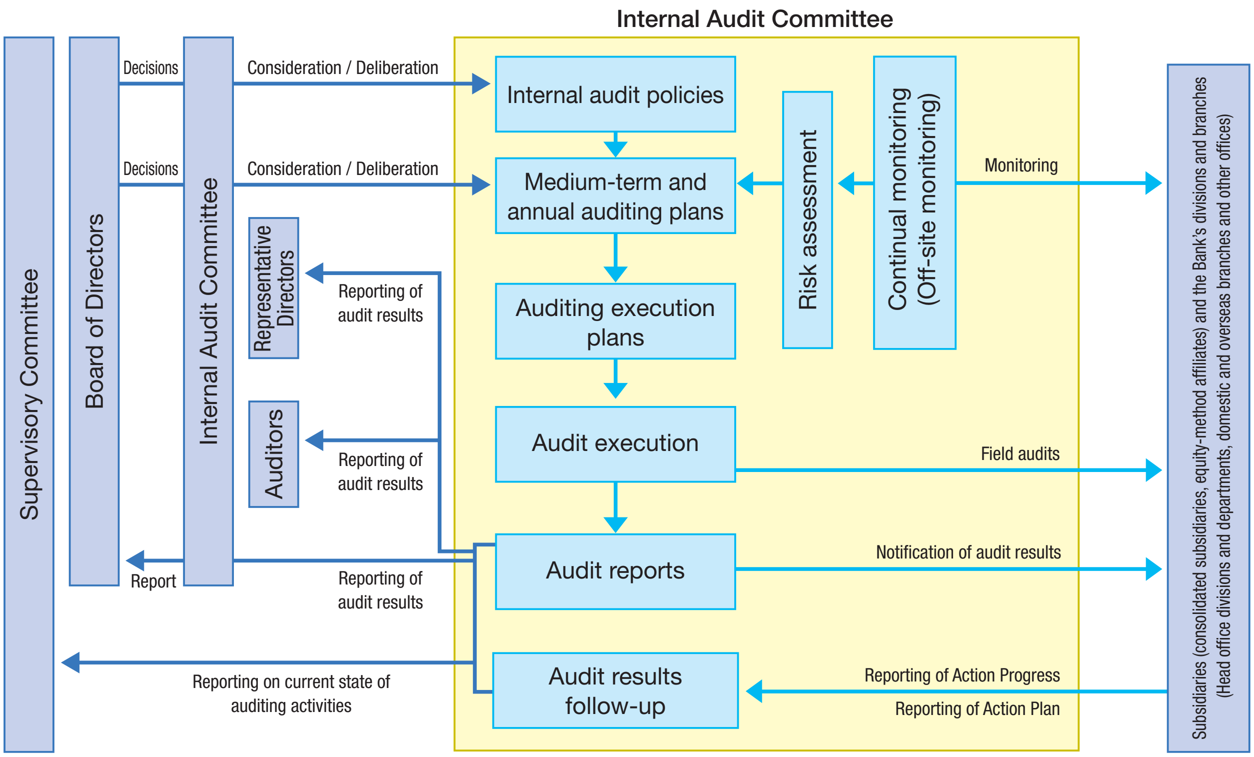
After audits are completed by the Internal Audit Division, the audited divisions or branches are then notified of the results by the Internal Audit Division. The audited divisions or branches are to take corrective actions toward recommendations made by the Internal Audit Division within a specified deadline. 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 significant, 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 provisions to reserves.

Overview of Internal Audit System



Continuing as a Financial Institution Trusted by the Public

COMPLIANCE INITIATIVES

Basic Compliance Policies

As a financial institution whose business is founded first and foremost on trust and confidence, the creation of a better, more effective compliance framework is becoming an increasingly important management objective, especially in light of strong public criticism of corporate and other organizational improprieties.

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, by managing in conformity with social norms, 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 by placing emphasis on proper disclosure and accountability.

In response to a recent surge in demand for customer protection measures, the Bank operates a Customer Protection Management Policy and is working to reinforce subcontractor management in cases whereby customer-related operations, such as providing explanations, handling customer complaints or inquiries, and managing customer information as well as subcontractor management, are conducted. Combined with compliance initiatives, these measures are designed to

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 forging 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 rooted in the cooperative banking business, responding to the needs of our customers and protecting the interests of our end-users. The Bank also 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.

Disavowal of Anti-social Elements

4. The Bank takes a resolute stance against anti-social elements.

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.

give customers total confidence.

In addition, in response to recent revisions of the Financial Instruments and Exchange Law and the Norinchukin Bank Law, the Bank has especially set out its policy regarding conflicts of interest in business transactions. The Policy has become regulation for the purpose of creating an appropriate system to ensure adequate monitoring of transactions, including those of affiliated financial institutions. By taking such steps to provide stricter surveillance we are further enhancing the protection of our customers' interests.

■ Compliance Activities that are Directly Linked to Management

The Bank's compliance framework comprises the Compliance Committee (chaired by the Deputy President) and the Compliance Division (which is in charge of overall compliance-activities), as well as the person responsible for compliance and the person in charge of compliance in the Bank's 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.

In addition, we have set up the Customer Protection Committee under the direct control of the Board of Directors and chaired by the director in charge of the Compliance Division. Basic matters relating to the protection of the Bank's customers are discussed by this committee.

■ Compliance Arrangements within the Bank

The compliance framework at individual branches and divisions is based on the combined efforts of each and every member of staff, revolving primarily around the head of the relevant branch or division, in the role of the person responsible for compliance, and the person in charge of compliance. Appointed directly by the head of the Compliance Division, compliance supervisors in particular oversee all compliance-related matters at their branch or division. They are expected to keep track of day-to-day compliance activities, using checklists, to handle requests for advice or questions from other members of staff, to organize branch or divisional training and educational programs, and to liaise with, report to and handle requests from the Compliance Division.

The Compliance Division acts as the secretariat for the Compliance Committee, which is in charge of overall compliance activities. It also works to strengthen the Bank's compliance framework though activities such as conducting compliance reviews, responding to requests for advice from branches and divisions, and monitoring compliance, which includes visiting branches and divisions to check their compliance situation directly and providing direct guidance.

The Compliance Division has also put in place a Compliance Hotline to enable employees to provide information on compliance issues to the Compliance Division or outside legal counsel by telephone or email.

The Compliance Division is in charge of overall compliance activities with regard to customer protection as well, and works to ensure that branches and divisions are effectively implementing compliance while also supervising and advising other related divisions.

Compliance Program

Each fiscal year, the Bank formulates a Compliance Program outlining an agenda of measures designed to enhance and promote its compliance and management (customer protection, etc.) frameworks and a series of related awareness and training activities. The Compliance Division implements the Compliance Program and monitors progress in an effort to further reinforce the Bank's overall compliance framework.

Cooperation with Subsidiaries and Affiliates

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

Enhancing Disclosure

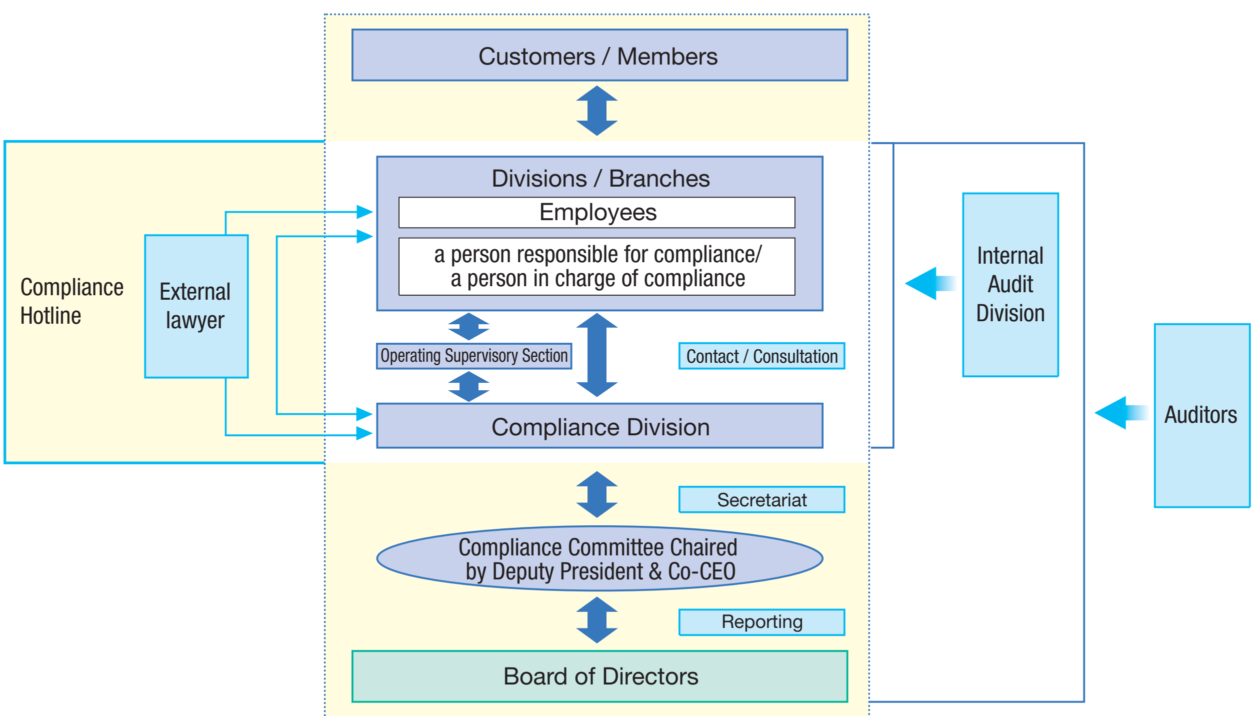
To improve and strengthen its disclosure initiatives, the Bank has formed the Information Disclosure Committee (chaired by the director in charge of the Corporate Planning Division) to review and discuss the appropriateness of the Bank's information disclosure initiatives.

NORINCHUKIN CUSTOMER SERVICE

Efforts to Enhance the Bank's Ability to Handle Customer Complaints

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

Compliance Framework



Disclosure Policy

The Bank, as the national-level financial institution for Japan's agricultural, forestry, and fishery cooperative organizations, positions as key management priorities 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. 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 significant influence on the decisions 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 in accordance with each country's respective 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 is made 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 conduct the disclosure of information in line with this Disclosure Policy, the Bank is striving to improve and expand the necessary internal systems.

Policy Regarding Market Rumors

6. When it is clear that the source of a rumor does not come from within the Bank, the Bank's basic policy is not to comment on such a rumors. However, when the Bank deems that the rumors may or will 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.

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 has become quite varied. Accordingly, organized and systematic information security initiatives, especially in handling customers' data appropriately, have become more important than in the past.

Control Structure

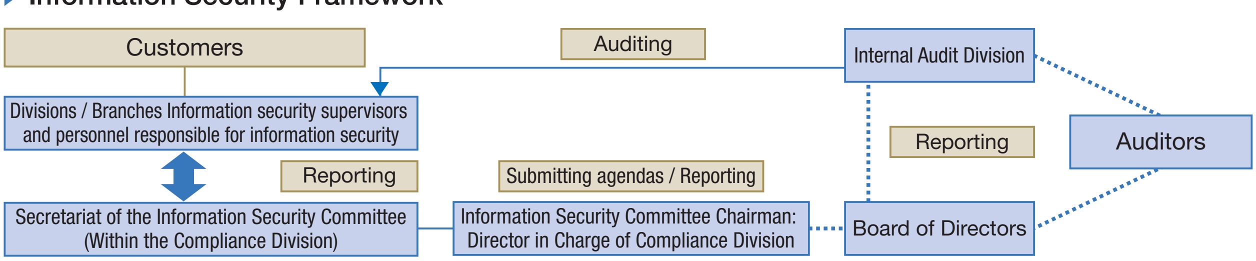
The Bank's Information Security Committee (chaired by the director in charge of the Compliance Division) was formed for the purpose of considering and deliberating matters related to the planning, implementation, and supervision of progress in the Bank's information security systems. This committee acts 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.

Protection of Personal Information

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.

Information Security Framework



Creating Pleasant Working Environments

Offering Employees Job Opportunities

As a nationwide central financial institution for the agricultural, forestry, and fisheries cooperatives of Japan, the Bank handles a wide range of operations with a minimal workforce. For the Bank to fulfill its basic mission in every field, it is absolutely vital to create a pleasant working environment in which all employees can put the full range of their abilities to good use and feel motivated and fulfilled as they go about their work.

Creating a Working Environment where Human Rights are Respected

The Bank strives to maintain a highly transparent organizational culture underpinned by an ethical charter and respect for human rights, and organizes an ongoing program of educational and awareness activities dealing with a wide range of human rights issues for directors and employees.

Measures designed to ensure respect for human rights are discussed by the Human Rights Education Promotion Committee, and policies are finalized by the Board of Directors. Measures are implemented primarily by the Personnel Division's Human Rights Team and the personnel responsible for human rights assigned to each branch and division.

Training sessions featuring guest lecturers specializing in human rights-related fields are held at the Bank's head office, branches, and representative offices to ensure that directors and employees have an accurate understanding of human rights issues, and to raise awareness. Other steps include countermeasures against sexual harassment and abuse of authority. In addition to establishing a hotline within the Bank for lodging formal complaints, we have also set up an outside hotline. These are just some of the measures we have implemented.

As a member of the JA Group, we will work in close collaboration with the Central Union of Agricultural Co-operatives to further raise awareness throughout the Norinchukin Group regarding human rights issues.

Business Outline

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 ¥45 trillion and accounts for a major portion of the Bank's total assets under management.

The 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.

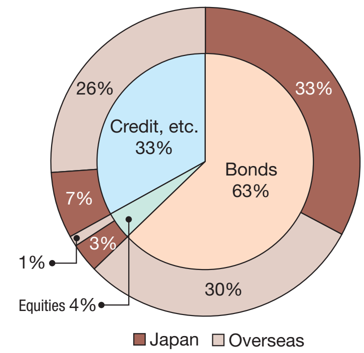
The Bank classifies its assets as bonds, equities, credit assets, and alternative investments, depending on the investment allocation.

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.

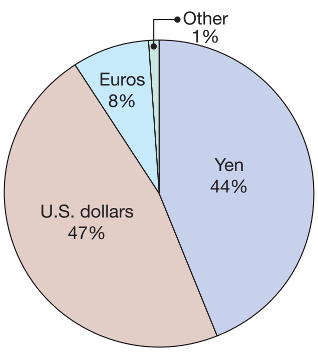
In pursuing returns on investments, the Bank makes use of external investment companies.

It should be noted that the Bank carefully reviews the investment processes, compliance systems, management philosophy and strategies, asset management record, and other matters concerning any external investment company that is under consideration. After selection, the Bank closely monitors the external investment company's performance from both quantitative and qualitative perspectives. The Bank also systematically examines the external investment company's performance on a continuing basis in order to decide whether or not to renew their mandates.

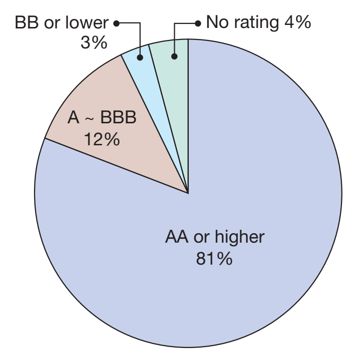
▶ Breakdown of Market Assets by Risk



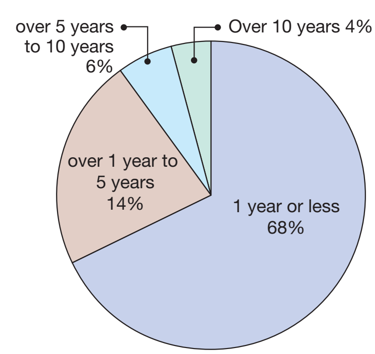
▶ Breakdown of Market Assets by Currency



▶ Breakdown of Bonds and Credit Assets by Rating



▶ Breakdown of Bonds and Credit Assets by Maturity



* All data are as of March 31, 2009, on a non-consolidated basis.

• **Investment Stance by Asset Type**

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 various types of bonds, including Japanese government bonds, bonds issued by other government agencies, mortgage-backed bonds, and foreign corporate bonds.

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.

In credit and alternative investments, the Bank selects low-risk assets based on an 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).

It is also important to note that in the management of foreign currency assets, the Bank takes steps to limit the foreign exchange risk in most of these investments by employing various tools, such as the raising of funds in foreign currencies.

The 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, both of which are composed of board members and the heads of related departments. Moreover, in departments which are engaged in market transactions, the Bank has created a mutual checking system with separate front office departments (responsible for the execution of transactions), middle office departments (responsible for monitoring), and back office departments (responsible for processing and settlements).

The front office departments execute transactions based on the policies 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 office departments 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 office departments are responsible for checking the appropriateness of the activities of the front office departments, as well as the measurement of risk volumes, utilizing various methods such as stress tests.

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 surplus funds of the cooperative system, and manages these funds in domestic money markets. The

Bank is a leading and active participant in the 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.

The proper management of liquidity risk is a prerequisite 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, as well as 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 functionality.

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's head office and its three overseas branches in New York, London, and Singapore, utilizing 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 framework for foreign currency settlement, and thus participates in and contributes to the creation of a network necessary 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 financial derivatives and various other financial products in order to meet the needs of its customers, while improving its dealing profitability from trading operations through arbitrage transactions, options, and a range of other techniques.

CORPORATE FINANCE

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

In addition to companies in the food product and pulp and paper industries that process agricultural, forestry, and fisheries products, the chemical and machinery industries that supply production materials for the agricultural, forestry, and fisheries industries; trading, supermarket and restaurant industries that supply products to end consumers; and other industries directly involved in the agricultural, forestry, and fisheries industries, the Bank also deals with customers in a wide range of other fields, including leasing, credit, IT and telecommunications, real estate, and service industry.

The Bank provides its customers with a diverse range of financial services drawing on its strong base, backed by the JA Bank System and the JF Marine Bank

System, and its refined expertise as one of Japan's leading institutional investors. The Bank's basic investment policy is to contribute to the socioeconomic development of Japan as well as to the development of Japan's agricultural, forestry, and fisheries industries. Through these contributions, the Bank hopes to grow and develop together with its customers.

FINANCE FOR COOPERATIVE ORGANIZATIONS

As the main bank for the agricultural, forestry, and fisheries industries, the Bank has created a unique cooperative financing system called Agricultural, Forestry, and Fisheries Support Funding. The aim of this system is to provide financial support for the development of Japan's agricultural, forestry, and fisheries industries, as well as related cooperative organizations. This is accomplished through initiatives such as developing core workers in the agricultural, forestry, and fisheries sectors and promoting environmentally friendly agriculture.

This financial support, which is directly linked to the development of the agricultural, forestry, and fisheries sectors, is provided mainly to JA, JF, the Japan forestry cooperatives, and other cooperative organizations, and has been positioned as the core lending business of the Bank since its establishment.

■ Loans to the Agricultural Sector

Japan's agricultural sector is facing a challenging operating environment because of the tight balance between food supply and demand worldwide and Japan's low rate of food self-sufficiency. The New Agricultural Administration for the 21st Century 2008, enacted by the Japanese government in May 2008, obliges the government to encourage efforts by consumers, producers, and businesses to address challenges relating to food, agriculture, and rural areas and to thereby increase the rate of food self-sufficiency. Providing financing to core farmers has become one important means towards accomplishing this goal.

The Bank provides financial support for the promotion of agriculture, through schemes that include loans directly relating to agricultural production and to the processing, distribution, and sales of crops, as well as Agribusiness Loans which provide operating capital flexibly in line with the creditworthiness of borrowers, and through funding under institutional arrangements such as the Agriculture Modernization Loans.

▶ Outline of Types of Loans (As of March 31, 2009)

	General Loan Funding	Funding under Institutional Arrangements
Agriculture	Agriculture Promotion Fund Agribusiness Loans Livestock, Fruit, Gardening, and Related Agriculture Fund Agriculture and Livestock Processing Funds, etc.	Agriculture Modernization Loans Agricultural Management Assistance Support Fund Agricultural Management Improvement Promotion Fund (Super-S Fund) Intermediate and Mountainous Region Revitalization Fund, etc.
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, etc.	Fisheries Modernization Fund Fisheries Management Improvement Promotion Fund Intermediate and Mountainous Region Revitalization Fund, etc.
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, etc.	Forestry Development Promotion Fund Intermediate and Mountainous Region Revitalization Fund, etc.

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, low prices of marine products, and rising fuel costs. In response 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 towards 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 both absorbing greenhouse gases and, hence, 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 relative to the supply of these resources; this is drawing increasing attention from domestic sources.

The Bank also provides support for the development of Japan's forestry and timber 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 both finance the cultivation of forestland and offer financing for the producers, processors, and distributors of timber.

DEPOSIT OPERATIONS

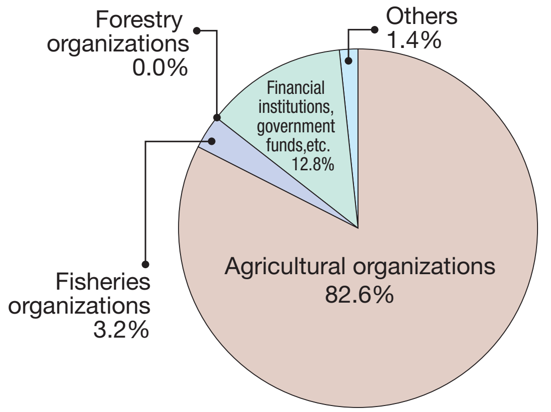
Features of the Bank's Deposits

Deposits from cooperative members account for the majority of the Bank's deposits. Other deposits consist primarily of those from companies involved in the agricultural, forestry, and fisheries industries and non-profit organizations, such as local public bodies. This is due to the Bank's role as a nationwide cooperative financial institution for the agricultural, forestry, and fisheries industries.

• Deposits from the JA Bank and the JF Marine Bank members

Savings deposited with JA and JF by their members and other local people are used to finance members and

Balance of deposits with the Bank



(As of March 31, 2009) **Total: ¥37.5015 trillion**

* Excludes negotiable certificates of deposit

local people, companies, local public bodies, and other such organizations. Surplus funds are then deposited with Shinnoren or Shingyoren. These funds in turn are used by Shinnoren or Shingyoren to finance agricultural and fisheries organizations, companies involved in the agricultural and fisheries industries, local public bodies, and other such organizations. Surplus funds are then deposited with the Bank.

In its capacity as a nationwide cooperative banking institution, the Bank is responsible for the central management of stable funds deposited in this manner.

To enable members and local people to deposit their valued savings with a sense of security, JA, JF, Shinnoren, Shingyoren, and the Bank are protected under the Agricultural and Fishery Cooperative Savings Insurance System, a public system which provides coverage for depositors.

NORINCHUKIN BANK DEBENTURES

In accordance with the Norinchukin Bank Law, the Bank is authorized to issue Norinchukin Bank Debentures as a source of funding. The Bank regularly issues two types of debentures; the Ritsuki Norinsai, which is primarily issued to institutional investors as a five-year investment product, and the Zaikeisai, which is issued as a savings product.

The balance of issued and outstanding debentures as of March 31, 2009 was ¥5,255.0 billion. The funds that have been raised through the issuance of Norinchukin Bank Debentures have been used for purposes which include financing the agricultural, forestry, and fisheries industries as well as financing companies related to these industries.

SETTLEMENTS

The Cooperative Financial Institutions, comprising JA, Shinnoren, JF, Shingyoren, and the Bank, have one of the largest networks among all the private financial institutions in Japan, with approximately 9,500 branches (as of March 31, 2009). At the heart of this network is the Cooperative Settlement Data Transmission System, which is operated by the Bank, Shinnoren, and Shingyoren.

• Cash dispenser and ATM network

Through the JA savings net services and JF savings net services, the Cooperative Financial Institutions are developing a nationwide network of ATM machines and cash dispensers . In addition, by joining the Multi-Integrated Cash Service (MICS), cross-sector online alliance service of cash dispenser and ATM operators, the institutions are involved in the alliance of seven private sectors (majorbanks, regional and trust banks, second-tier regional banks, shinkin banks, credit associations and labor banks). This enables withdrawals of savings and balance inquiries at cash dispensers and ATMs all over Japan not only at the institutions, but also at almost all other financial institutions. Cash dispenser and ATM online alliances are also in place with Japan Post Bank and Seven Bank.

• Networks with business partners in Japan and overseas

In addition to the Cooperative Settlement Data Transmission System, the Bank has formed a network which focuses on providing a Total Online System for its customers. It also offers a diversified range of sophisticated services, such as provision of remittance services through the "farm banking" system for cooperative banking customers, and carries out Society for Worldwide Interbank Financial Telecommunications (SWIFT) settlements between the Bank's Head Office, or overseas branches, and overseas financial institutions.

▶ Number of cash dispensers and ATMs

	No. of organizations*	No. of stores*	No. of ATMs and cash dispensers installed
Norinchukin (the Bank)	1	30	0
Shinnoren	36	60	658
JA	751	8,910	11,693
Shingyoren	30	151	281
JF	167	317	115
Total	985	9,468	12,747

* Number of organizations and branches that handle domestic exchange operations, as of March 31, 2009

HEAD OFFICE AND BRANCH OPERATIONS (DOMESTIC AND OVERSEAS)

■ The Bank's Domestic Offices

The domestic offices of the Bank comprise the head office, 21 branches located throughout Japan, and three representative offices (as of July 21, 2009).

• The Roles of The Domestic Branches

The principal business roles of the domestic branches and offices are to: (1) act as fund-receiving centers for deposits made by the Bank's members; (2) 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 (3) conduct business related to the JA Bank System and the JF Marine Bank System.

• Branch Network Operation Policy

To manage the Bank's domestic branches and offices more effectively and efficiently, we are following a policy of dividing the country into regional blocs and concentrating lending activities for each bloc in a small number of loan centers. The policy also involves the reorganization of branches and offices.

In May 2009, the Otemachi Office was closed (its operations were transferred to the head office at Yurakucho, Chiyoda-ku, Tokyo). In July 2009, our Niigata Branch was closed (its operations were taken over by our Toyama Branch), while our Takamatsu Branch took over the operations of the Tokushima Office, Matsuyama Branch, and Kochi Branch, all of which were closed.

■ The Bank's Overseas Branches and Representative Offices

To respond accurately to the changes in the globalization of domestic and overseas capital and financial 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.

The Norinchukin Group of Companies

The Bank, in line with its 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, which are engaged in a wide range of business activities.

■ The 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 ¥12 trillion. Norinchukin Trust & Banking also focuses on asset management for JA cooperative members, including the provision of 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, forestry, and fishery cooperatives and supports the cooperative banking business through its survey and research activities.

- Kyodo Seminar Co., Ltd. is responsible for training employees of the agricultural and fishery cooperative financial institutions, conducting training courses and correspondence courses, and publishing training materials for the management and staff of cooperative financial institutions. In FY2008, more than 10,000 people took part in correspondence training courses offered by Kyodo Seminar Co., Ltd. and about 9,000 people undertook certification exams.

■ Companies that Complement the Business Base of the Cooperative Banking Business

- Kyodo Housing Loan Co., Ltd. provides mortgages in partnership with more than 200 companies in the fields of housing and real estate sales, housing manufacturing, and other related areas, in addition to providing guarantee services for the JA Bank's mortgages. The company also handles Flat 35 mortgages in alliance with the Japan Housing Finance Agency.

- 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.

- Mitsubishi UFJ Nicos Co., Ltd., a credit card company of the top-class in Japan. This company was newly accounted for using the equity method in August 2008. We expect to be able to offer more substantial services to users of the JA card.

- The Agribusiness Investment & Consultation Co., Ltd., makes investments and provides other financial support for agricultural corporations, with the dual objectives of helping them to secure financial stability and supporting their development.

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

- Nochu Information System Co., Ltd. is entrusted with the tasks of developing and operating the Bank's various computer systems, including the backbone of the Bank's operating system. This company also plays a major role in the Bank's IT strategy.

  The company is responsible for all developmental and operational aspects of the nationwide JASTEM System, the JA Bank's mission-critical system (a large retail system, managing approximately 47 million accounts and 12,000 ATMs). The JA Bank Computer System Co., Ltd. was responsible for the JASTEM System. However, the company merged with Nochu Information System Co., Ltd. in April 2008, in an effort to further reinforce the system's operational structure at both the JA Bank and the Norinchukin Bank.

Others

- Private Equity Funds Research and Investment Co., Ltd. is a private equity fund ratings and management company that was jointly established with Nomura Holdings Inc., among others, with the aim of creating a diverse range of profit opportunities.

- Ant Capital Partners Co., Ltd., manages and operates private equity funds. This company was newly accounted for using the equity method in November, 2008.

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

Consolidated Balance Sheets

The Norinchukin Bank and Subsidiaries
As of March 31, 2009 and 2008

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2009	2008	**2009**
Assets			
Cash and Due from Banks (Notes 29 and 31)	**¥ 2,773,412**	¥ 1,096,901	**$ 28,228**
Call Loans and Bills Bought	**1,155,692**	1,851,020	**11,763**
Receivables under Resale Agreements	**—**	258,135	**—**
Receivables under Securities Borrowing Transactions	**140,422**	1,108,779	**1,429**
Monetary Claims Bought	**646,139**	770,387	**6,577**
Trading Assets (Notes 3 and 31)	**24,842**	48,033	**253**
Money Held in Trust (Notes 5, 9 and 32)	**5,654,876**	7,964,516	**57,556**
Securities (Notes 4, 9, 21 and 31)	**39,540,599**	36,242,079	**402,449**
Loans and Bills Discounted (Notes 5, 9 and 20)	**11,022,692**	9,853,902	**112,190**
Foreign Exchange Assets (Note 6)	**81,703**	7,119	**832**
Other Assets (Notes 7 and 9)	**938,415**	1,452,979	**9,551**
Tangible Fixed Assets (Note 8)	**134,384**	136,254	**1,368**
Intangible Fixed Assets	**33,026**	18,417	**336**
Deferred Tax Assets (Note 18)	**241,435**	153,135	**2,457**
Customers' Liabilities for Acceptances and Guarantees (Note 19)	**407,668**	317,809	**4,149**
Reserve for Possible Loan Losses	**(201,344)**	(140,511)	**(2,049)**
Reserve for Possible Investment Losses	**—**	(53,455)	**—**
Total Assets	**¥62,593,968**	¥61,085,505	**$637,089**
Liabilities and Net Assets			
Liabilities			
Deposits (Note 10)	**¥37,492,819**	¥38,804,362	**$381,606**
Negotiable Certificates of Deposit	**321,249**	538,019	**3,270**
Debentures (Note 11)	**5,252,065**	4,821,975	**53,456**
Bonds (Note 12)	**270,718**	337,695	**2,755**
Call Money and Bills Sold (Note 9)	**510,000**	758,000	**5,191**
Payables under Repurchase Agreements (Note 9)	**4,606,862**	4,461,811	**46,889**
Payables under Securities Lending Transactions (Note 9)	**530,276**	496,637	**5,397**
Trading Liabilities (Note 13)	**13,725**	15,248	**140**
Borrowed Money (Notes 9 and 14)	**5,647,557**	998,700	**57,481**
Foreign Exchange Liabilities (Note 15)	**51**	2	**1**
Short-term Entrusted Funds	**4,077,454**	4,401,193	**41,501**
Other Liabilities (Note 16)	**945,561**	1,876,213	**9,624**
Reserve for Bonus Payments	**4,608**	5,826	**47**
Reserve for Employees' Retirement Benefits (Note 17)	**921**	832	**9**
Reserve for Directors' Retirement Benefits	**838**	791	**9**
Deferred Tax Liabilities (Note 18)	**—**	1,031	**—**
Deferred Tax Liabilities for Land Revaluation	**18,819**	19,452	**192**
Acceptances and Guarantees (Note 19)	**407,668**	317,809	**4,149**
Total Liabilities	**60,101,200**	57,855,604	**611,717**
Net Assets			
Paid-in Capital (Note 22)	**3,421,370**	2,016,033	**34,823**
Capital Surplus	**25,020**	25,020	**255**
Retained Earnings	**803,522**	1,457,413	**8,178**
Treasury Preferred Stock	**(150)**	—	**(1)**
Total Owners' Equity	**4,249,763**	3,498,467	**43,255**
Net Unrealized Losses on Other Securities, net of taxes	**(1,872,359)**	(296,711)	**(19,057)**
Net Deferred Gains (Losses) on Hedging Instruments, net of taxes	**76,840**	(12,003)	**782**
Revaluation Reserve for Land, net of taxes	**32,807**	34,208	**334**
Foreign Currency Transaction Adjustments	**(19)**	(16)	**(0)**
Total Valuation and Translation Adjustments	**(1,762,730)**	(274,523)	**(17,941)**
Minority Interests	**5,734**	5,956	**58**
Total Net Assets	**2,492,768**	3,229,901	**25,372**
Total Liabilities and Net Assets	**¥62,593,968**	¥61,085,505	**$637,089**

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

Consolidated Statements of Operations

The Norinchukin Bank and Subsidiaries
For the fiscal years ended March 31, 2009 and 2008

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2009	2008	**2009**
Income			
Interest Income:	**¥1,018,159**	¥1,941,088	**$10,363**
Interest on Loans and Bills Discounted	**126,524**	151,179	**1,288**
Interest and Dividends on Securities	**815,221**	1,720,157	**8,297**
Interest on Call Loans and Bills Bought	**17,063**	12,545	**174**
Interest on Receivables under Resale Agreements	**2,032**	4,350	**21**
Interest on Receivables under Securities Borrowing Transactions	**4,772**	3,462	**49**
Interest on Due from Banks	**42,197**	38,006	**429**
Other Interest Income	**10,348**	11,386	**105**
Fees and Commissions	**17,097**	19,251	**174**
Trading Income (Note 23)	**1,739**	1,044	**18**
Other Operating Income (Note 24)	**115,633**	313,617	**1,177**
Other Income (Note 25)	**285,464**	428,822	**2,905**
Total Income	**1,438,094**	2,703,825	**14,637**
Expenses			
Interest Expenses:	**1,091,843**	1,732,433	**11,113**
Interest on Deposits	**248,490**	369,999	**2,529**
Interest on Negotiable Certificates of Deposit	**9,412**	58,634	**96**
Interest on Debentures	**57,286**	44,084	**583**
Interest on Borrowed Money	**40,513**	20,096	**412**
Interest on Call Money and Bills Sold	**3,835**	6,045	**39**
Interest on Payables under Repurchase Agreements	**48,343**	241,053	**492**
Interest on Payables under Securities Lending Transactions	**1,518**	4,548	**16**
Interest on Bonds	**12,055**	15,188	**123**
Other Interest Expenses	**670,387**	972,781	**6,823**
Fees and Commissions	**12,796**	10,616	**130**
Trading Expenses (Note 26)	**422**	201	**4**
Other Operating Expenses (Note 27)	**537,944**	304,967	**5,475**
General and Administrative Expenses	**115,574**	113,144	**1,177**
Other Expenses (Note 28)	**289,612**	117,177	**2,948**
Total Expenses	**2,048,193**	2,278,540	**20,847**
Income (Loss) before Income Taxes and Minority Interests	**(610,098)**	425,284	**(6,210)**
Income Taxes — Current	**1,606**	137,263	**16**
Income Taxes — Deferred	**(39,402)**	10,675	**(401)**
Total Income Taxes	**(37,795)**	147,939	**(385)**
Minority Interests in Net Income (Loss)	**(199)**	464	**(2)**
Net Income (Loss)	**¥ (572,102)**	¥ 276,880	**$ (5,823)**

	Yen		U.S. Dollars (Note 1)
	2009	2008	**2009**
Net Income (Loss) per Share	**¥(134.38)**	¥49.49	**$(1.37)**

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

Consolidated Statements of Capital Surplus and Retained Earnings

The Norinchukin Bank and Subsidiaries
For the fiscal years ended March 31, 2009 and 2008

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2009	2008	**2009**
Capital Surplus			
Balance at the Beginning of the Fiscal Year	**¥ 25,020**	¥ 25,020	**$ 255**
Balance at the End of the Fiscal Year	**25,020**	25,020	**255**
Retained Earnings			
Balance at the Beginning of the Fiscal Year	**1,457,413**	1,249,484	**14,834**
Additions:			
Net Income for the Fiscal Year	**—**	276,880	**—**
Transfer from Revaluation Reserve for Land, net of taxes	**1,400**	13,220	**14**
Deductions:			
Net Loss for the Fiscal Year	**572,102**	—	**5,823**
Dividends	**83,188**	82,171	**847**
Balance at the End of the Fiscal Year	**¥ 803,522**	¥1,457,413	**$ 8,178**

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

Consolidated Statements of Cash Flows

The Norinchukin Bank and Subsidiaries
For the fiscal years ended March 31, 2009 and 2008

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2009	2008	**2009**
Cash Flows from Operating Activities:			
Income (Loss) before Income Taxes and Minority Interests	**¥ (610,098)**	¥ 425,284	**$ (6,210)**
Depreciation	**6,797**	8,109	**69**
Losses on Impairment of Fixed Assets	**1,058**	1,103	**11**
Amortization of Goodwill	**(36)**	(55)	**0**
Equity in Losses (Earnings) of Affiliates	**1,422**	(519)	**14**
Net Increase (Decrease) in Reserve for Possible Loan Losses	**60,833**	(63,868)	**619**
Net Increase (Decrease) in Reserve for Possible Investment Losses	**(53,455)**	14,827	**(544)**
Net Increase (Decrease) in Reserve for Bonus Payments	**(1,218)**	794	**(12)**
Net Increase (Decrease) in Reserve for Employees' Retirement Benefits	**88**	(1,017)	**1**
Net Increase in Reserve for Directors' Retirement Benefits	**47**	600	**0**
Interest Income	**(1,018,159)**	(1,941,088)	**(10,363)**
Interest Expenses	**1,091,843**	1,732,433	**11,113**
Losses (Gains) on Securities	**688,417**	(20,791)	**7,007**
Losses (Gains) on Money Held in Trust	**102,170**	(11,575)	**1,040**
Foreign Exchange Losses	**650,839**	3,388,081	**6,624**
Losses on Disposals of Fixed Assets	**1,037**	32	**11**
Net Decrease in Trading Assets	**23,191**	4,516	**236**
Net Decrease in Trading Liabilities	**(1,522)**	(4,414)	**(15)**
Net Decrease (Increase) in Loans and Bills Discounted	**(1,168,789)**	3,000,777	**(11,896)**
Net Decrease in Deposits	**(1,311,542)**	(2,439,130)	**(13,349)**
Net Decrease in Negotiable Certificates of Deposit	**(216,769)**	(1,837,007)	**(2,206)**
Net Increase in Debentures	**430,089**	350,819	**4,377**
Net Increase in Borrowed Money (Excluding Subordinated Borrowed Money)	**4,136,500**	5,000	**42,102**
Net Increase in Interest-bearing Due from Banks	**(969,917)**	(383,784)	**(9,872)**
Net Decrease (Increase) in Call Loans and Bills Bought and Other	**1,077,710**	(1,215,036)	**10,969**
Net Decrease (Increase) in Receivables under Securities Borrowing Transactions	**968,357**	(545,497)	**9,856**
Net Decrease in Call Money and Bills Sold and Other	**(102,948)**	(3,287,667)	**(1,048)**
Net Increase (Decrease) in Short-term Entrusted Funds	**(323,739)**	1,532,226	**(3,295)**
Net Increase (Decrease) in Payables under Securities Lending Transactions	**33,639**	(848,387)	**342**
Net Increase in Foreign Exchanges Assets	**(74,583)**	(3,943)	**(759)**
Net Increase in Foreign Exchanges Liabilities	**49**	1	**0**
Interest Received	**1,067,266**	1,957,856	**10,863**
Interest Paid	**(1,126,130)**	(1,712,230)	**(11,462)**
Other, Net	**387,954**	(187,385)	**3,949**
Subtotal	**3,750,403**	(2,080,936)	**38,172**
Income Taxes Paid	**(132,092)**	(76,447)	**(1,344)**
Net Cash Provided by (Used in) Operating Activities	**3,618,310**	(2,157,384)	**36,828**

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2009	2008	**2009**
Cash Flows from Investing Activities:			
Purchases of Securities	**(15,343,927)**	(8,847,073)	**(156,172)**
Proceeds from Sales of Securities	**2,596,380**	7,240,315	**26,426**
Proceeds from Redemption of Securities	**6,596,130**	3,714,911	**67,136**
Increase in Money Held in Trust	**(1,520,983)**	(3,019,593)	**(15,481)**
Decrease in Money Held in Trust	**2,947,148**	2,615,657	**29,996**
Purchases of Tangible Fixed Assets	**(5,444)**	(4,771)	**(55)**
Purchases of Intangible Fixed Assets	**(17,449)**	(9,638)	**(178)**
Proceeds from Sales of Tangible Fixed Assets	**1,970**	2,177	**20**
Purchases of Stocks of Subsidiaries (No Impact on the Scope of Consolidation)	**(55)**	(86)	**0**
Proceeds of Stock of Subsidiaries (No Impact on the Scope of Consolidation)	**158**	—	**2**
Net Cash Provided by (Used in) Investing Activities	**(4,746,071)**	1,691,897	**(48,306)**
Cash Flows from Financing Activities:			
Proceeds from Issuance of Subordinated Borrowed Money	**1,476,057**	383,800	**15,023**
Repayment of Subordinated Borrowed Money	**(963,700)**	(521,632)	**(9,809)**
Proceeds from Issuance of Stock	**1,405,337**	532,016	**14,304**
Dividends Paid	**(83,188)**	(82,171)	**(847)**
Dividends Paid to Minority Interests	**(47)**	(47)	**0**
Net Cash Provided by Financing Activities	**1,834,458**	311,964	**18,671**
Net Increase (Decrease) in Cash and Cash Equivalents	**706,697**	(153,521)	**7,193**
Cash and Cash Equivalents at the Beginning of the Fiscal Year	**180,738**	334,260	**1,840**
Cash and Cash Equivalents at the End of the Fiscal Year (Note 29)	**¥ 887,436**	¥ 180,738	**$ 9,033**

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

Notes to the Consolidated Financial Statements

The Norinchukin Bank and Subsidiaries

1. Basis of Presentation

The consolidated financial statements have been prepared based on the accounting records maintained by The Norinchukin Bank (“the Bank”) and its consolidated subsidiaries in accordance with the provisions set forth in The Norinchukin Bank Law and in conformity with accounting principles and practices generally accepted in Japan, that are different in certain respects from the application and disclosure requirements of International 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 ¥98.25=U.S.$1, the approximate rate of exchange prevailing on March 31, 2009, 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

“Accounting Standard for Lease Transactions” (ASBJ Statement No.13, March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No.16, March 30, 2007) are applicable from the fiscal year beginning on or after April 1, 2008. The Bank has adopted the standard and guidance from the fiscal year ended March 31, 2009. The effect of this adoption on the Consolidated Financial Statements is immaterial.

“Tentative Solution on Reclassification of Debt Securities” (ASBJ Practical Issue Task Force (“PITF”) No.26, December 5, 2008) was released on December 5, 2008. The Bank has adopted the PITF from the fiscal year ended March 31, 2009, and reclassified certain debt securities from “Other Securities” to “Held-to-Maturity Debt Securities” on December 30, 2008, January 30, 2009 and March 31, 2009. As a result, compared with the valuation based on the former classification, Securities decreased by ¥1,130 million ($12 million), Deferred Tax Assets and Net Unrealized Gains on Other Securities increased by ¥96,275 million ($980 million) and ¥95,144 million ($968 million), respectively. For the detail of the reclassified bonds, see “Securities Reclassified Holding Purpose” in “31. Fair Value of Securities.”

The definitions of securities in “Accounting Standard for Financial Instruments” (ASBJ statement No. 10) and in “Practical Guidelines on Accounting Standards for Financial Instruments” (JICPA Laws and Regulations Committee Report No. 14) were partially revised on June 15, 2007 and on July 4, 2007 respectively, which is applicable from the fiscal year ending on or after the effective date of Financial Instruments and Exchange Law. The Bank has adopted the revised standards and guidance from the fiscal year ended March 31, 2008.

Prior to March 31, 2007, taking into consideration mutually complemental relationship of the cash flows as well as functional characteristic, the operating assets were grouped into the head office, domestic branches and overseas branches, for which the operating results were separately measured on a periodical basis, while idle assets (including assets held for sale) were grouped by asset. Effective April 1, 2007, the Bank changed the grouping of the operating assets to aggregate the head office, domestic branches and overseas branches as one unit, while the grouping of the idle assets remains unchanged. This change was in line with revisions of the branch policies reflecting the newly established JA Bank Medium-Term Management Strategy (1. successive abolition of retail businesses related to funding and investing at domestic branches and integration of those businesses to the head office or “block offices,” 2. the revisions in the functions of each branch offices and the commencement of the above mentioned integration and abolition, and 3. integrated operation of investments and loans with overseas office).

Additional information

As for floating-rate Japanese government bonds which are rarely transacted in the current market, the Bank determined that market prices are no longer deemed as fair value, and values them at reasonably estimated amounts as of March 31, 2009.

As a result, compared with the valuation using the market prices, Securities and Net Unrealized Gains on Other Securities increased by ¥425,664 million ($4,332 million), respectively.

Reasonably estimated amounts of floating-rate Japanese government bonds are calculated by Discount Cash Flow method. The price decision variables include the yield of Japanese government bonds, swaption volatilities and other.

As for some of foreign bonds, such as securitization products, which are rarely transacted in the current market, the Bank determined that quoted prices provided by brokers or venders are no longer deemed as fair value, and values such bonds at reasonably estimated amounts as of March 31, 2009.

As a result, compared with the valuation using the broker or vender prices, Securities and Net Unrealized Gains on Other Securities increased by ¥1,094,767 million ($11,143 million) and ¥501,260 million ($5,102 million), respectively, and Other Operating Expenses and Loss before Income Taxes and Minority Interests decreased by ¥593,506 million ($6,041 million), respectively.

Reasonably estimated amounts of such foreign bonds are calculated by Discount Cash Flow method. The price decision variables include default rates, recovery rates, pre-payment rates, discount rates and others.

(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, 2009 and 2008 was 8 and 9, all of which were consolidated, respectively.

The major consolidated subsidiaries are as follows:

The Norinchukin Trust & Banking Co., Ltd.
Kyodo Housing Loan Co., Ltd.

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

Due to merger in April, 2008 with Nochu Information System Co., Ltd. which is a consolidated subsidiary, The JA Bank Computer System Co., Ltd. was excluded from the scope of consolidation in the fiscal year ended March 31, 2009.

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, 2009 and 2008 was 6 and 6, 5 and 5 of which were accounted for by the equity method, respectively, while the remaining immaterial affiliate is carried at cost. The major affiliate accounted for by the equity method is as follows:

Mitsubishi UFJ NICOS Co., Ltd.

Due to acquisition of its share, Mitsubishi UFJ NICOS Co., Ltd. and Ant Capital Partners Co., Ltd. were newly accounted for by the equity method in the fiscal year ended March 31, 2009, and Goodwill is amortized using the straight-line method over 20 years.

Due to establishment of joint holding company and share exchange transaction with Mitsui Leasing and Development, Ltd., Kyodo Leasing Co., Ltd. and Kyodo Auto Leasing Co., Ltd. were excluded from the affiliates in the fiscal year ended March 31, 2009.

(2) Transactions for Trading Purposes

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

Gains and losses arising from transactions for trading purposes are recorded in Trading Income and Trading Expenses on the Consolidated Statements of Operations.

Securities, monetary claims and certain other instruments held for trading purposes are valued at fair value 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 consolidated balance sheet date.

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

(3) Financial Instruments

a. Securities

Held-to-Maturity Debt Securities are valued at amortized cost (straight-line method), as determined by the moving average method. Investments in affiliates that are not accounted for by the equity method are valued at cost, as determined by the moving average method. Other Securities that have readily determinable fair value are valued at fair value, which is determined at the quoted market price if available, or other reasonable value at the consolidated balance sheet date (the cost of securities sold is calculated primarily by the moving average method). Other Securities that do not have readily determinable fair value are valued at cost determined by the moving average method or are valued at amortized cost. Net Unrealized Gains or Losses on Other Securities, net-of-taxes, are reported separately in Net Assets. Securities included in Money Held in Trust are valued using the same methods described above.

b. Derivatives

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

c. Hedge Accounting

(a) Hedge of Interest Rate Risk

The Bank applies the deferred method of hedge accounting to the hedge transactions to manage interest rate risk associated with various financial assets and liabilities, which is described in “Accounting and Auditing Treatment relating to the Adoption of ‘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 sheet as a result of applying the hedge accounting method 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 from 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 balances of deferred hedge losses and deferred hedge gains under the macro hedges, before deducting the tax effect, as of March 31, 2009 and 2008 were ¥6,456 million ($66 million) and ¥43 million ($0 million), and ¥15,715 million and ¥209 million, respectively.

(b) Hedge of Foreign Exchange Rate Risk

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

The deferred method or 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 exceeds those of the acquisition costs of the foreign currency securities designated as hedged items.

(c) Internal Derivative Transactions

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

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

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

a. Depreciation

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

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

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

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

b. Land Revaluation

In accordance with the Law Concerning the Revaluation of Land, effective as of March 31, 1998, land used for business purposes was 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 sheet. The related deferred tax liability is recorded as Deferred Tax Liabilities for Land Revaluation.

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

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

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

The costs of computer software developed or obtained for internal use are capitalized and amortized using the straight-line method over an estimated useful life of five years.

(6) Lease Assets

a. Depreciation

Depreciation of lease assets in Tangible Fixed Assets and Intangible Fixed Assets which are finance leases where the ownership of assets is not transferred to the lessees is calculated using the straight-line method over the lease term with zero residual value unless residual value is guaranteed by the corresponding lease contracts from the fiscal year ended March 31, 2009.

b. Accounting for Finance Leases

Finance leases where the ownership of assets is not transferred to the lessees, which commenced in fiscal years beginning prior to April 1, 2008, are 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.

(7) Debentures

All the debenture issuance costs are charged to income when incurred.

(8) Foreign Currency Translation

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

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

(9) Reserve for Possible Loan Losses

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

a. Reserve for loans to debtors who are legally or substantially bankrupt under the Bankruptcy Law, Special Liquidation under the Company Law or other similar laws is provided based on the remaining book value of the loans after the direct write-off described below and the deduction of the amount expected to be collected through the disposal of collateral or the execution of guarantees. With respect to loans to borrowers who are legally or substantially bankrupt and that are secured by collateral or guarantees, the remaining book value of the loan, after the deduction of the amount of collateral or the execution of guarantees, is directly written off. Direct write-offs were ¥68,902 million ($701 million) and ¥61,106 million for the fiscal years ended March 31, 2009 and 2008, respectively.

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

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

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

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

(10) Reserve for Possible Investment Losses

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

(11) Reserve for Bonus Payments

Reserve for Bonus Payments represents estimated costs of payment of employees' bonuses attributable each fiscal year.

(12) Reserve for Employees' Retirement Benefits

Reserve for Employees' Retirement Benefits, which is provided for the payment of employees' retirement benefits, is recorded as the required amount accrued at the end of the fiscal year, based on the estimated present value of projected benefit obligations ("PBO") and the estimated plan assets at the end of the fiscal year. In the case that plan assets exceed the amounts of the PBO adjusted by unrecognized actuarial differences, the excess portion is recorded as prepaid pension costs in Other Assets.

Unrecognized actuarial differences are amortized over a certain period of time (10 years) using the declining-balance method beginning in the fiscal year after the difference had been incurred.

Certain consolidated subsidiaries adopt the simplified method whereby the amount that would be payable if the eligible employees terminate the employment and certain other alternative measure may be used without employing actuarial calculations in accordance with the Accounting Standard for Retirement Benefit to calculate PBO.

(13) Reserve for Directors' Retirement Benefits

Reserve for Directors' Retirement Benefits for the payments of retirements benefits for directors and corporate auditors is recognized as the required amount accrued at the end of the fiscal year.

(14) Consumption Taxes

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

(15) Scope of Cash and Cash Equivalents in the Consolidated Statements of Cash Flows

"Cash and Cash Equivalents" in consolidated statements of cash flows represents cash and non-interest bearing due from bank in "Cash and Due from Banks" of the consolidated balance sheets.

Non-interest bearing due from bank includes due from Bank of Japan for which interest is paid on excess reserve balance based on a temporary measure introduced by Bank of Japan.

(16) Net Income (Loss) per Share

Net Income (Loss) per Share is computed based upon the weighted average number of shares outstanding during the fiscal year.

The total dividends for Lower Dividend Rate Stocks and Preferred Stocks and total Special Dividends are deducted from the numerator, and the aggregate number of Lower Dividend Rate Stocks and Preferred Stocks are deducted from the denominator in the calculation of Net Income (Loss) per Share.

3. Trading Assets

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2009**	2008	**2009**
Trading Securities	**¥10,651**	¥32,239	**$109**
Derivatives of Trading Securities	**25**	48	**0**
Derivatives of Securities Related to Trading Transactions	**14**	—	**0**
Trading-related Financial Derivatives	**14,151**	15,745	**144**
Total	**¥24,842**	¥48,033	**$253**

4. Securities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2009**	2008	**2009**
Japanese Government Bonds	**¥14,135,956**	¥ 8,816,383	**$143,877**
Municipal Government Bonds	**7,718**	13,439	**79**
Corporate Bonds	**357,572**	455,332	**3,639**
Stocks	**535,607**	783,477	**5,452**
Other	**24,503,744**	26,173,446	**249,402**
Foreign Bonds	**16,148,238**	14,385,372	**164,359**
Foreign Stocks	**55,826**	66,947	**568**
Investment Trusts	**7,470,664**	10,739,253	**76,037**
Other	**829,014**	981,872	**8,438**
Total	**¥39,540,599**	¥36,242,079	**$402,449**

The maturity profile of securities is as follows:

	Millions of Yen				
As of March 31, 2009	1 Year or Less	Over 1 Year to 5 Years	Over 5 Years to 10 Years	Over 10 Years	With no maturity date
Bonds	**¥4,693,469**	**¥1,841,741**	**¥2,351,183**	**¥5,614,853**	**¥ —**
Japanese Government Bonds	**4,666,411**	**1,580,245**	**2,288,198**	**5,601,100**	**—**
Municipal Government Bonds	**1,966**	**4,205**	**1,462**	**84**	**—**
Corporate Bonds	**25,091**	**257,290**	**61,522**	**13,668**	**—**
Stocks	**—**	**—**	**—**	**—**	**535,607**
Other	**484,334**	**7,480,150**	**4,857,510**	**3,328,283**	**8,353,465**
Foreign Bonds	**482,354**	**7,480,098**	**4,857,502**	**3,328,283**	**—**
Foreign Stocks	**—**	**—**	**—**	**—**	**55,826**
Investment Trusts	**1,980**	**51**	**8**	**—**	**7,468,624**
Other	**—**	**—**	**—**	**—**	**829,014**
Total	**¥5,177,804**	**¥9,321,891**	**¥7,208,694**	**¥8,943,136**	**¥8,889,072**

	Millions of Yen				
As of March 31, 2008	1 Year or Less	Over 1 Year to 5 Years	Over 5 Years to 10 Years	Over 10 Years	With no maturity date
Bonds	¥235,583	¥1,174,849	¥1,486,916	¥ 6,387,806	¥ —
Japanese Government Bonds	205,283	838,758	1,400,682	6,371,659	—
Municipal Government Bonds	6,159	4,417	2,227	634	—
Corporate Bonds	24,140	331,673	84,006	15,512	—
Stocks	—	—	—	—	783,477
Other	165,918	5,041,271	4,865,537	4,314,729	11,785,988
Foreign Bonds	165,918	5,039,230	4,865,508	4,314,714	—
Foreign Stocks	—	—	—	—	66,947
Investment Trusts	—	2,040	29	15	10,737,168
Other	—	—	—	—	981,872
Total	¥401,502	¥6,216,121	¥6,352,453	¥10,702,536	¥12,569,466

As of March 31, 2009	Millions of U.S. Dollars				
	1 Year or Less	Over 1 Year to 5 Years	Over 5 Years to 10 Years	Over 10 Years	With no maturity date
Bonds	**$47,771**	**$18,745**	**$23,931**	**$57,148**	**$ —**
Japanese Government Bonds	**47,495**	**16,084**	**23,290**	**57,008**	**—**
Municipal Government Bonds	**20**	**43**	**15**	**1**	**—**
Corporate Bonds	**256**	**2,618**	**626**	**139**	**—**
Stocks	**—**	**—**	**—**	**—**	**5,451**
Other	**4,929**	**76,134**	**49,440**	**33,876**	**85,023**
Foreign Bonds	**4,909**	**76,133**	**49,440**	**33,876**	**—**
Foreign Stocks	**—**	**—**	**—**	**—**	**568**
Investment Trusts	**20**	**1**	**0**	**—**	**76,017**
Other	**—**	**—**	**—**	**—**	**8,438**
Total	**$52,700**	**$94,879**	**$73,371**	**$91,024**	**$90,474**

5. Loans and Bills Discounted

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Loans on Deeds	**¥ 8,952,835**	¥7,941,634	**$ 91,123**
Loans on Bills	**171,449**	199,749	**1,745**
Overdrafts	**1,888,097**	1,696,757	**19,217**
Bills Discounted	**10,309**	15,761	**105**
Total	**¥11,022,692**	¥9,853,902	**$112,190**

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Loans to Borrowers under Bankruptcy Proceedings	**¥ 13,115**	¥ 1,234	**$ 133**
Delinquent Loans	**136,985**	144,763	**1,394**
Loans Past Due for Three Months or More	**474**	706	**5**
Restructured Loans	**56,867**	54,332	**579**
Total	**¥207,442**	¥201,036	**$2,111**

(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 "Non-accrual Loans") since the loans are determined to be uncollectible considering the period of time past due and other reasons, as stipulated in Article 96-1-3, 4 of Corporate Tax Law (Law No. 97, 1965).

(2) Delinquent loans are also non-accrual loans other than loans to borrowers under bankruptcy proceedings or loans whereby payments of interests are deferred in order to support the borrowers' rehabilitation.

In addition, Money Held in Trust includes delinquent loans of ¥16,308 million ($166 million) as of March 31, 2009.

(3) Loans past due for three months or more are loans whose principal or interest is past-due for three months or more, other than loans to borrowers under bankruptcy proceedings and delinquent loans.

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

6. Foreign Exchange Assets

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Foreign Bills Bought	**¥ —**	¥ —	**$ —**
Due from Foreign Banks	**81,703**	7,119	**832**
Total	**¥81,703**	¥7,119	**$832**

7. Other Assets

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2009**	2008	**2009**
Prepaid Expenses	**¥ 553**	¥ 715	**$ 6**
Accrued Income	**106,923**	200,119	**1,088**
Financial Derivatives	**113,902**	1,000,420	**1,159**
Other	**717,036**	251,723	**7,298**
Total	**¥938,415**	¥1,452,979	**$9,551**

8. Tangible Fixed Assets

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2009**	2008	**2009**
Land	**¥ 71,388**	¥ 75,489	**$ 727**
Buildings	**46,349**	47,284	**472**
Equipment	**8,689**	7,254	**88**
Lease Assets	**1,811**	—	**18**
Other	**6,145**	6,225	**63**
Total Net Book Value	**134,384**	136,254	**1,368**
Accumulated Depreciation Deducted	**¥ 92,022**	¥ 91,757	**$ 937**

9. Assets Pledged

Assets pledged as collateral comprise the following:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2009**	2008	**2009**
Securities	**¥14,424,299**	¥4,988,116	**$146,812**
Loans and Bills Discounted	**4,253,009**	—	**43,288**

Liabilities related to the above pledged assets are as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2009**	2008	**2009**
Call Money and Bills Sold	**¥ 455,000**	¥ 525,000	**$ 4,631**
Payables under Repurchase Agreements	**4,606,862**	4,203,675	**46,889**
Payables under Securities Lending Transactions	**457,581**	276,693	**4,657**
Borrowed Money	**4,126,500**	—	**42,000**

In addition, as of March 31, 2009 and 2008, Securities (including transactions of Monetary Held in Trust) of ¥5,779,969 million ($58,829 million) and ¥4,316,722 million, respectively, and Loans and Bills Discounted of ¥— and ¥3,999,307 million, respectively, were pledged as collateral for settlement of exchange and derivative transactions or as margins of futures transactions.

As of March 31, 2009 and 2008, guarantee deposits of ¥5,643 million ($57 million) and ¥5,531 million, and margins of futures transactions of ¥1,268 million ($13 million) and ¥2,050 million, and cash collateral under financial derivatives transactions of ¥476,165 million ($4,846 million) and ¥— were included in Other Assets, respectively.

10. Deposits

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2009**	2008	**2009**
Time Deposits	**¥31,662,861**	¥33,606,664	**$322,268**
Deposits at Notice	**38,892**	30,373	**396**
Ordinary Deposits	**1,099,184**	1,007,262	**11,188**
Current Deposits	**90,611**	118,597	**922**
Other Deposits	**4,601,269**	4,041,464	**46,832**
Total	**¥37,492,819**	¥38,804,362	**$381,606**

11. Debentures

As of March 31	Millions of Yen 2009	2008	Millions of U.S. Dollars 2009
One-year Discount Debentures	**¥ —**	¥ —	**$ —**
Long-term Coupon Debentures	**5,252,065**	4,821,975	**53,456**
Total	**¥5,252,065**	¥4,821,975	**$53,456**

12. Bonds

Bonds are subordinated bonds of ¥270,718 million ($2,755 million) and ¥337,695 million as of March 31, 2009 and 2008, respectively.

13. Trading Liabilities

As of March 31	Millions of Yen 2009	2008	Millions of U.S. Dollars 2009
Derivatives of Trading Securities	**¥ 0**	¥ 96	**$ 0**
Derivatives of Securities Related to Trading Transactions	**47**	3	**1**
Trading-related Financial Derivatives	**13,678**	15,147	**139**
Total	**¥13,725**	¥15,248	**$140**

14. Borrowed Money

Borrowed Money include subordinated borrowings of ¥1,476,057 million ($15,023 million) and ¥963,700 million as of March 31, 2009 and 2008, respectively.

15. Foreign Exchange Liabilities

As of March 31	Millions of Yen 2009	2008	Millions of U.S. Dollars 2009
Foreign Bills Sold	**¥—**	¥—	**$—**
Foreign Bills Payable	**51**	2	**1**
Due to Foreign Banks	**—**	—	**—**
Total	**¥51**	¥ 2	**$ 1**

16. Other Liabilities

As of March 31	Millions of Yen 2009	2008	Millions of U.S. Dollars 2009
Accrued Expenses	**¥128,448**	¥ 162,917	**$1,307**
Income Taxes Payable	**750**	118,924	**8**
Unearned Income	**1,938**	2,582	**20**
Derivatives Other Than for Trading	**745,449**	142,255	**7,587**
Other	**68,973**	1,449,532	**702**
Total	**¥945,561**	¥1,876,213	**$9,624**

17. Retirement Benefit Plans

The Bank and its consolidated subsidiaries fund a defined benefit pension plan and, in addition, have 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, 2009 and 2008, are as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2009**	2008	**2009**
Projected Benefit Obligations	**¥(84,094)**	¥(82,464)	**$(856)**
Plan Assets	**57,705**	83,624	**588**
Unfunded Retirement Benefit Obligations	**(26,389)**	1,159	**(268)**
Unrecognized Actuarial Differences	**31,444**	4,360	**320**
Net Amounts Reported in the Consolidated Balance Sheets	**5,055**	5,519	**52**
Prepaid Pension Cost	**5,976**	6,352	**61**
Reserve for Employees' Retirement Benefits	**¥ (921)**	¥ (832)	**$ (9)**

Note: Certain consolidated subsidiaries adopt the simplified method whereby the amount that would be payable if the eligible employees terminate the employment and certain other alternative measure may be used without employing actuarial calculations in accordance with the Accounting Standard for Retirement Benefit to calculate projected benefit obligations.

Assumptions used in the above calculation are as follows:

As of or for the fiscal years ended March 31	**2009**	2008
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 years**	10 years

18. Accounting for Income Taxes

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2009**	2008	**2009**
Deferred Tax Assets:			
Reserve for Possible Loan Losses	**¥ 46,785**	¥ 28,341	**$ 476**
Write-off of Loans	**8,309**	8,533	**85**
Losses on Revaluation of Securities	**149,907**	48,448	**1,526**
Reserve for Employees' Retirement Benefits	**6,239**	5,396	**63**
Depreciation Expense	**952**	1,122	**10**
Net Operating Losses Carried Forward	**37,814**	—	**385**
Unrealized Losses on Other Securities	**169,591**	134,699	**1,726**
Deferred Losses on Hedging Instruments	**16,054**	31,818	**163**
Unrealized Losses on Reclassification	**166,412**	—	**1,694**
Other	**80,712**	67,552	**821**
Subtotal	**682,781**	325,912	**6,949**
Valuation Allowance	**(226,545)**	(78,806)	**(2,306)**
Total Deferred Tax Assets	**456,235**	247,105	**4,643**
Deferred Tax Liabilities:			
Gain from Contribution of Securities to Employee Retirement Benefit Trust	**(5,577)**	(5,577)	**(57)**
Unrealized Gains on Other Securities	**(44,640)**	—	**(454)**
Deferred Gains on Hedging Instruments	**(50,832)**	(26,452)	**(517)**
Unrealized Gains on Reclassification	**(70,137)**	—	**(714)**
Other	**(43,612)**	(62,972)	**(444)**
Total Deferred Tax Liabilities	**(214,799)**	(95,001)	**(2,186)**
Net Deferred Tax Assets	**¥241,435**	¥152,104	**$2,457**

19. Acceptances and Guarantees

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2009**	2008	**2009**
Acceptance of Bills of Exchange	**¥ —**	¥ —	**$ —**
Letters of Credit	**9,475**	12,541	**96**
Guarantees	**398,193**	305,267	**4,053**
Total	**¥407,668**	¥317,809	**$4,149**

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

20. Commitments to Overdrafts and Loans

Commitments related to overdrafts and loans represent agreements to extend overdrafts or loans up to 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 ¥2,400,293 million ($24,430 million) and ¥3,041,062 million as of March 31, 2009 and 2008, respectively. The amount, which the Bank and its consolidated subsidiaries could cancel at any time without penalty, is ¥1,551,595 million ($15,792 million) and ¥2,005,832 million as of March 31, 2009 and 2008, 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

The Bank held no securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) as of March 31, 2009 and 2008.

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 of ¥72,575 million ($739 million) and ¥473,687 million as of March 31, 2009 and 2008, respectively, and securities held without re-pledge of ¥510,187 million ($5,193 million) and ¥1,663,517 million as of March 31, 2009 and 2008, respectively.

22. Paid-in Capital

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2009**	2008	**2009**
Common Stock	**¥3,396,370**	¥1,991,033	**$34,569**
Preferred Stock	**24,999**	24,999	**254**
Total	**¥3,421,370**	¥2,016,033	**$34,823**

The Common Stock account includes Lower Dividend Rate Stock with a total par value of ¥2,970,653 million ($30,236 million) and ¥1,565,316 million as of March 31, 2009 and 2008, respectively.

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

23. Trading Income

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	**2009**	2008	**2009**
Income from Trading Securities and Derivatives	**¥ 307**	¥ 804	**$ 3**
Income from Securities and Derivatives Related to Trading Transactions	**—**	225	**—**
Income from Trading-related Financial Derivatives	**1,432**	—	**15**
Other	**—**	14	**—**
Total	**¥1,739**	¥1,044	**$18**

24. Other Operating Income

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	**2009**	2008	**2009**
Gains on Sales of Bonds	**¥ 57,793**	¥263,578	**$ 588**
Gains on Redemption of Bonds	**2,677**	—	**27**
Gains on Financial Derivatives	**3,411**	—	**35**
Other	**51,752**	50,038	**527**
Total	**¥115,633**	¥313,617	**$1,177**

25. Other Income

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	**2009**	2008	**2009**
Gains on Sales of Stocks and Other Securities	**¥ 37,329**	¥ 53,325	**$ 380**
Gains on Money Held in Trust	**237,425**	309,150	**2,416**
Equity in Earnings of Affiliates	**—**	519	**—**
Gains on Disposals of Fixed Assets	**193**	835	**2**
Recoveries of Written-off Claims	**7,525**	4,719	**77**
Reversal of Reserve for Possible Loan Losses	**—**	58,482	**—**
Other	**2,990**	1,788	**30**
Total	**¥285,464**	¥428,822	**$2,905**

26. Trading Expenses

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	**2009**	2008	**2009**
Expenses on Trading Securities and Derivatives	**¥ —**	¥ —	**$—**
Expenses on Securities and Derivatives Related to Trading Transactions	**422**	—	**4**
Expenses on Trading-related Financial Derivatives	**—**	201	**—**
Total	**¥422**	¥201	**$ 4**

27. Other Operating Expenses

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	**2009**	2008	**2009**
Amortization of Debenture Issuance Costs	**¥ 670**	¥ 691	**$ 7**
Losses on Foreign Exchange Transactions	**71,828**	1,162	**731**
Losses on Sales of Bonds	**105,725**	86,652	**1,076**
Losses on Redemption of Bonds	**1,980**	—	**20**
Losses on Revaluation of Bonds	**316,632**	168,763	**3,223**
Other	**41,107**	47,697	**418**
Total	**¥537,944**	¥304,967	**$5,475**

28. Other Expenses

	Millions of Yen		Millions of U.S. Dollars
Fiscal years ended March 31	**2009**	2008	**2009**
Write-off of Loans	**¥ 9,349**	¥ 3,389	**$ 95**
Provision of Reserve for Possible Loan Losses	**70,679**	—	**719**
Losses on Sales of Stocks and Other Securities	**79,319**	31	**807**
Losses on Revaluation of Stocks and Other Securities	**30,073**	72,686	**306**
Losses on Money Held in Trust	**89,917**	8,060	**915**
Equity in Losses of Affiliates	**1,422**	—	**15**
Losses on Disposals of Fixed Assets	**1,231**	868	**13**
Provision of Reserve for Possible Investment Losses	**—**	14,827	**—**
Other	**7,618**	17,313	**78**
Total	**¥289,612**	¥117,177	**$2,948**

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 the Fiscal Year is as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2009**	2008	**2009**
Cash and Due from Banks	**¥2,773,412**	¥1,096,901	**$28,228**
Less: Interest-bearing Due from Banks	**(1,885,975)**	(916,162)	**(19,195)**
Cash and Cash Equivalents at the End of the Fiscal Year	**¥ 887,436**	¥ 180,738	**$ 9,033**

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

	Millions of Yen						
Fiscal year ended March 31, 2009	Japan	Americas	Europe	Asia	Total	Elimination and Corporate Assets	Consolidated
I. Ordinary Income							
(1) Ordinary Income from Third-parties	**¥ 1,338,910**	**¥ 12,484**	**¥ 42,644**	**¥ 35,207**	**¥ 1,429,247**	**¥ —**	**¥ 1,429,247**
(2) Inter-segment Ordinary Income	**69,484**	**73,691**	**135,195**	**115,752**	**394,123**	**(394,123)**	**—**
Total	**1,408,395**	**86,176**	**177,840**	**150,959**	**1,823,371**	**(394,123)**	**1,429,247**
Ordinary Expenses	**2,050,781**	**61,561**	**176,465**	**151,219**	**2,440,027**	**(394,123)**	**2,045,903**
Ordinary Profits (Losses)	**¥ (642,386)**	**¥ 24,614**	**¥ 1,374**	**¥ (259)**	**¥ (616,656)**	**¥ —**	**¥ (616,656)**
II. Total Assets	**¥66,426,718**	**¥6,906,332**	**¥3,236,050**	**¥2,780,004**	**¥79,349,106**	**¥(16,755,138)**	**¥62,593,968**

	Millions of Yen						
Fiscal year ended March 31, 2008	Japan	Americas	Europe	Asia	Total	Elimination and Corporate Assets	Consolidated
I. Ordinary Income							
(1) Ordinary Income from Third-parties	¥ 2,534,168	¥ 23,138	¥ 46,506	¥ 35,950	¥ 2,639,764	¥ —	¥ 2,639,764
(2) Inter-segment Ordinary Income	63,771	239,000	221,763	157,503	682,038	(682,038)	—
Total	2,597,939	262,138	268,269	193,454	3,321,802	(682,038)	2,639,764
Ordinary Expenses	2,256,583	245,589	263,517	192,916	2,958,607	(682,038)	2,276,568
Ordinary Profits	¥ 341,355	¥ 16,549	¥ 4,751	¥ 538	¥ 363,195	¥ —	¥ 363,195
II. Total Assets	¥66,410,771	¥3,858,345	¥5,156,588	¥3,788,118	¥79,213,823	¥(18,128,317)	¥61,085,505

Fiscal year ended March 31, 2009	Japan	Americas	Europe	Asia	Total	Elimination and Corporate Assets	Consolidated
	Millions of U.S. Dollars						
I. Ordinary Income							
(1) Ordinary Income from Third-parties	$ 13,628	$ 127	$ 434	$ 358	$ 14,547	$ —	$ 14,547
(2) Inter-segment Ordinary Income	707	750	1,376	1,178	4,011	(4,011)	—
Total	14,335	877	1,810	1,536	18,558	(4,011)	14,547
Ordinary Expenses	20,873	626	1,796	1,539	24,834	(4,011)	20,823
Ordinary Profits (Losses)	$ (6,538)	$ 251	$ 14	$ (3)	$ (6,276)	$ —	$ (6,276)
II. Total Assets	$676,099	$70,294	$32,937	$28,295	$807,625	$(170,536)	$637,089

Notes: 1. The Bank reports Ordinary Income and Ordinary Profits that corresponds to Sales and Operating Profits 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.

2. Americas includes the United States of America and Cayman Islands. Europe includes the United Kingdom and Asia includes the Republic of Singapore.

3. "Tentative Solution on Reclassification of Debt Securities" (ASBJ Practical Issue Task Force ("PITF") No.26, December 5, 2008) was released on December 5, 2008. The Bank has adopted the PITF from the fiscal year ended March 31, 2009, and reclassified certain debt securities from "Other Securities" to "Held-to-Maturity Debt Securities" on December 30, 2008, January 30, 2009 and March 31, 2009. As a result, compared with the valuation based on the former classification, Assets in Japan increased by ¥95,144 million ($968 million).

4. As for floating-rate Japanese government bonds which are rarely transacted in the current market, the Bank determined that market prices are no longer deemed as fair value, and values them at reasonably estimated amounts as of March 31, 2009. As for some of foreign bonds, such as securitization products, which are rarely transacted in the current market, the Bank determined that quoted prices provided by brokers or venders are no longer deemed as fair value, and values such bonds at reasonably estimated amounts as of March 31, 2009. As a result, compared with valuation using the broker or vender prices, Assets in Japan increased by ¥1,520,432 million ($15,475 million), and Ordinary Expenses and Ordinary Losses in Japan decreased by ¥593,506 million ($6,041 million), respectively.

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
2009	**¥1,027,406**	**¥1,429,247**	**71.8%**
2008	¥1,971,619	¥2,639,764	74.6%
	Millions of U.S. Dollars		Percentage
2009	**$10,457**	**$14,547**	**71.8%**

Notes: 1. Ordinary Income from International Operations is shown in place of Overseas Sales for non-financial companies.

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 Bank 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, 2009

Trading Securities

	Millions of Yen		Millions of U.S. Dollars	
As of March 31, 2009	Consolidated Balance Sheet Amount	Unrealized Gain Recognized as Income	Consolidated Balance Sheet Amount	Unrealized Gain Recognized as Income
Trading Securities	¥10,651	¥60	$109	$1

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

Held-to-Maturity Debt Securities that have Fair Value

	Millions of Yen				
	Consolidated Balance Sheet Amount	Fair Value	Net Unrealized Gain/Loss		
As of March 31, 2009			Net	Gross Gain	Gross Loss
Japanese Government Bonds	¥ 7,615,885	¥ 7,658,643	¥42,758	¥42,759	¥ 0
Municipal Government Bonds	—	—	—	—	—
Corporate Bonds	—	—	—	—	—
Other	6,818,845	6,777,358	(41,487)	11,938	53,426
Foreign Bonds	6,818,845	6,777,358	(41,487)	11,938	53,426
Total	¥14,434,730	¥14,436,001	¥ 1,270	¥54,697	¥53,427

As of March 31, 2009	Millions of U.S. Dollars				
	Consolidated Balance Sheet Amount	Fair Value	Net Unrealized Gain/Loss		
			Net	Gross Gain	Gross Loss
Japanese Government Bonds	$ 77,515	$ 77,950	$435	$435	$ 0
Municipal Government Bonds	—	—	—	—	—
Corporatte Bonds	—	—	—	—	—
Other	69,403	68,981	(422)	122	544
Foreign Bonds	69,403	68,981	(422)	122	544
Total	$146,918	$146,931	$ 13	$557	$544

Note: Fair value is based on the quoted market price if available, or other reasonable value at the consolidated balance sheet date.

Other Securities that have Fair Value

As of March 31, 2009	Millions of Yen				
	Acquisition Cost	Consolidated Balance Sheet Amount	Net Unrealized Gain/Loss		
			Net	Gross Gain	Gross Loss
Stocks	¥ 289,874	¥ 313,373	¥ 23,499	¥ 55,549	¥ 32,049
Bonds	6,699,255	6,746,689	47,433	50,521	3,088
Japanese Government Bonds	6,473,143	6,520,071	46,928	47,887	959
Municipal Government Bonds	7,021	7,133	111	112	0
Corporate Bonds	219,090	219,484	393	2,522	2,128
Other	18,560,991	16,752,246	(1,808,745)	274,551	2,083,296
Foreign Bonds	8,892,721	8,923,094	30,373	246,490	216,117
Foreign Stocks	36,507	22,409	(14,097)	—	14,097
Investment Trusts	9,290,530	7,470,664	(1,819,865)	28,047	1,847,913
Other	341,232	336,077	(5,155)	13	5,168
Total	¥25,550,122	¥23,812,309	¥(1,737,812)	¥380,622	¥2,118,435

As of March 31, 2009	Millions of U.S. Dollars				
	Acquisition Cost	Consolidated Balance Sheet Amount	Net Unrealized Gain/Loss		
			Net	Gross Gain	Gross Loss
Stocks	$ 2,950	$ 3,189	$ 239	$ 565	$ 326
Bonds	68,186	68,669	483	514	31
Japanese Government Bonds	65,884	66,362	478	487	9
Municipal Government Bonds	72	73	1	1	0
Corporate Bonds	2,230	2,234	4	26	22
Other	188,916	170,506	(18,410)	2,795	21,205
Foreign Bonds	90,511	90,820	309	2,509	2,200
Foreign Stocks	372	228	(144)	—	144
Investment Trusts	94,560	76,037	(18,523)	286	18,809
Other	3,473	3,421	(52)	0	52
Total	$260,052	$242,364	$(17,688)	$3,874	$21,562

Notes: 1. The above analysis of Other Securities that have Fair Value includes Securities and negotiable certificates of deposit disclosed as Cash and Due from Banks in the consolidated balance sheet.
2. Investment Trusts include Japanese trusts and Foreign trusts.
3. Consolidated balance sheet amount is stated based on the closing fair value, which is determined at the quoted market price if available, or other reasonable value at the consolidated balance sheet date.
4. Certain other securities which have readily determinable fair values are revalued to their fair value, and the difference between the acquisition cost and the fair value is treated as a realized loss for the fiscal year ("revaluation loss"), if the fair value has significantly deteriorated from the acquisition cost (including amortized cost), and unless a recovery in the fair value is deemed probable.
The amount of revaluation loss for the fiscal year was ¥335,830 million ($3,418 million) (including ¥15,051 million ($153 million) on Stocks, ¥281,696 million ($2,867 million) on Foreign Bonds, ¥4,135 million ($42 million) on Foreign Stocks, and ¥34,946 million ($356 million) on Investment Trusts).
The criteria for determining whether a security's fair value has "significantly deteriorated" are outlined as follows.
Securities whose fair values are 50% or less of their acquisition costs.
Securities whose fair values are more than 50% and 70% or less of their acquisition costs for a certain period.

(Additional information)
As for floating-rate Japanese government bonds which are rarely transacted in the current market, the Bank determined that market prices are no longer deemed as fair value, and values them at reasonably estimated amounts at the end of the fiscal year.
As a result, compared with valuation using the market prices, Securities and Net Unrealized Gains on Other Securities increased by ¥425,664 million ($4,332 million), respectively.
Reasonably estimated amounts of floating-rate Japanese government bonds are calculated by Discount Cash Flow method. The price decision variables include the yield of Japanese government bonds, swaption volatilities and other.
As for some of foreign bonds, such as securitization products, which are rarely transacted in the current market, the Bank determined that quoted prices provided by brokers or venders are no longer deemed as fair value, and values such bonds at reasonably estimated amounts at the end of the fiscal year.
As a result, compared with valuation using the broker or vender prices, Securities and Net Unrealized Gains on Other Securities increased by ¥1,094,767 million ($11,143 million) and ¥501,260 million ($5,102 million), respectively, and Other Operating Expenses and Loss before Income Taxes and Minority Interests decreased by ¥593,506 million ($6,041 million), respectively.
Reasonably estimated amounts of such foreign bonds are calculated by Discount Cash Flow method. The price decision variables include default rates, recovery rates, pre-payment rates, discount rates and others.

Other Securities Sold during the Fiscal Year

	Millions of Yen			Millions of U.S. Dollars		
Fiscal year ended March 31, 2009	Sales Proceeds	Gains on Sales	Losses on Sales	Sales Proceeds	Gains on Sales	Losses on Sales
Other Securities	**¥2,559,539**	**¥95,097**	**¥116,911**	**$26,051**	**$968**	**$1,190**

Components and Consolidated Balance Sheet amount of Securities not stated at Fair Value

As of March 31, 2009	Millions of Yen	Millions of U.S. Dollars
Other Securities		
Unlisted Stocks	**¥131,207**	**$1,335**
Municipal Government Bonds	**585**	**6**
Corporate Bonds	**138,088**	**1,405**
Foreign Bonds	**406,298**	**4,135**
Unlisted Foreign Stocks	**33,416**	**340**
Other	**526,690**	**5,361**

Securities Reclassified to Held-to-Maturity

Floating-rate Japanese government bonds that were previously classified as “Other Securities” have been reclassified to “Held-to-Maturity Debt Securities” at ¥7,605,555 million ($77,410 million) on December 30, 2008, and some of foreign bonds that were previously classified as “Other Securities” have been reclassified to “Held-to-Maturity Debt Securities” at ¥4,248,330 million ($43,240 million) and ¥2,143,399 million ($21,816 million) on January 30, 2009 and March 31, 2009, respectively. The Bank decided to make these reclassifications, taking into account unexpected significant changes which occurred in the market and have continued for an extended period, such as extreme small volume and number of transactions and significantly widening offer-bid spread. Under these market conditions, these securities are difficult to sell at their fair value.

	Millions of Yen			Millions of U.S. Dollars		
As of March 31, 2009	Fair Value	Consolidated Balance Sheet Amount	Net Unrealized Gains (Losses) on Other Securities, net of taxes	Fair Value	Consolidated Balance Sheet Amount	Net Unrealized Gains (Losses) on Other Securities, net of taxes
Japanese Government Bonds	**¥7,642,897**	**¥7,600,279**	**¥155,022**	**$77,790**	**$77,357**	**$1,578**
Other	**6,777,358**	**6,818,845**	**(367,817)**	**68,981**	**69,403**	**(3,744)**
Foreign Bonds	**6,777,358**	**6,818,845**	**(367,817)**	**68,981**	**69,403**	**(3,744)**

For the Fiscal Year Ended March 31, 2008

Trading Securities

	Millions of Yen		Millions of U.S. Dollars	
As of March 31, 2008	Consolidated Balance Sheet Amount	Unrealized Gain Recognized as Income	Consolidated Balance Sheet Amount	Unrealized Gain Recognized as Income
Trading Securities	¥32,239	¥470	$322	$5

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

Held-to-Maturity Debt Securities that have Fair Value

	Millions of Yen				
			Net Unrealized Gain		
As of March 31, 2008	Consolidated Balance Sheet Amount	Fair Value	Net	Gross Gain	Gross Loss
Japanese Government Bonds	¥14,142	¥14,217	¥74	¥74	¥0
Total	¥14,142	¥14,217	¥74	¥74	¥0

	Millions of U.S. Dollars				
			Net Unrealized Gain		
As of March 31, 2008	Consolidated Balance Sheet Amount	Fair Value	Net	Gross Gain	Gross Loss
Japanese Government Bonds	$141	$142	$1	$1	$0
Total	$141	$142	$1	$1	$0

Note: Fair value is based on the closing market prices at the consolidated balance sheet date.

Other Securities that have Fair Value

	Millions of Yen				
	Acquisition Cost	Consolidated Balance Sheet Amount	Net Unrealized Gain/Loss		
As of March 31, 2008			Net	Gross Gain	Gross Loss
Stocks	¥ 389,043	¥ 539,397	¥ 150,353	¥189,863	¥ 39,509
Bonds	9,223,420	9,125,061	(98,359)	66,803	165,162
Japanese Government Bonds	8,903,343	8,802,241	(101,102)	63,200	164,302
Municipal Government Bonds	12,629	12,803	173	173	—
Corporate Bonds	307,447	310,016	2,569	3,429	860
Other	25,805,910	25,210,091	(595,818)	651,469	1,247,288
Foreign Bonds	14,215,421	13,925,437	(289,984)	335,071	625,056
Foreign Stocks	26,740	23,379	(3,360)	562	3,923
Investment Trusts	11,040,626	10,739,253	(301,372)	314,995	616,368
Other	523,121	522,020	(1,100)	839	1,940
Total	¥35,418,374	¥34,874,550	¥(543,823)	¥908,136	¥1,451,960

	Millions of U.S. Dollars				
	Acquisition Cost	Consolidated Balance Sheet Amount	Net Unrealized Gain/Loss		
As of March 31, 2008			Net	Gross Gain	Gross Loss
Stocks	$ 3,883	$ 5,383	$ 1,500	$1,895	$ 395
Bonds	92,050	91,068	(982)	666	1,648
Japanese Government Bonds	88,856	87,847	(1,009)	631	1,640
Municipal Government Bonds	126	128	2	2	—
Corporate Bonds	3,068	3,093	25	33	8
Other	257,544	251,598	(5,946)	6,502	12,448
Foreign Bonds	141,871	138,977	(2,894)	3,344	6,238
Foreign Stocks	266	233	(33)	6	39
Investment Trusts	110,186	107,178	(3,008)	3,144	6,152
Other	5,221	5,210	(11)	8	19
Total	$353,477	$348,049	$(5,428)	$9,063	$14,491

Notes: 1. The above analysis of Other Securities that have Fair Value includes Securities and negotiable certificates of deposit disclosed as Cash and Due from Banks in the consolidated balance sheet.
2. Investment Trusts include Japanese trusts and Foreign trusts.
3. Consolidated balance sheet amount is stated based on the closing market prices at the consolidated balance sheet date.
4. Certain other securities which have readily determinable fair values are revalued to their fair value, and the difference between the acquisition cost and the fair value is treated as a realized loss for the fiscal year ("revaluation loss"), if the fair value has significantly deteriorated compared with the acquisition cost (including amortized cost), and unless a recovery in the fair value is deemed probable.
The amount of revaluation loss for the fiscal year was ¥194,249 million ($1,939 million) (including ¥33,329 million ($333 million) on Stocks and ¥160,919 million ($1,606 million) on Foreign Bonds).
The criteria for determining whether a security's fair value has "significantly deteriorated" are outlined as follows.
Securities whose fair values are 50% or less of their acquisition costs.
Securities whose fair values are more than 50% and 70% or less of their acquisition costs for a certain period.

Other Securities Sold during the Fiscal Year

	Millions of Yen			Millions of U.S. Dollars		
Fiscal year ended March 31, 2008	Sales Proceeds	Gains on Sales	Losses on Sales	Sales Proceeds	Gains on Sales	Losses on Sales
Other Securities	¥7,310,329	¥314,453	¥60,674	$72,957	$3,138	$606

Components and Consolidated Balance Sheet amount of Securities not stated at Fair Value

As of March 31, 2008	Millions of Yen	Millions of U.S. Dollars
Other Securities		
Unlisted Stocks	¥244,080	$2,436
Municipal Government Bonds	636	6
Corporate Bonds	145,316	1,450
Foreign Bonds	459,935	4,590
Unlisted Foreign Stocks	43,567	435
Other	478,749	4,778

32. Fair Value of Money Held in Trust

For the Fiscal Year Ended March 31, 2009

Money Held in Trust for Trading Purpose

	Millions of Yen		Millions of U.S. Dollars	
As of March 31, 2009	Consolidated Balance Sheet Amount	Unrealized Loss Recognized as Expenses	Consolidated Balance Sheet Amount	Unrealized Loss Recognized as Expenses
Money Held in Trust for Trading Purpose	**¥3,898**	**¥(987)**	**$40**	**$(10)**

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

	Millions of Yen				
	Acquisition Cost	Consolidated Balance Sheet Amount	Net Unrealized Loss		
As of March 31, 2009			Net	Gross Gain	Gross Loss
Other Money Held in Trust	**¥5,697,430**	**¥5,650,978**	**¥(46,452)**	**¥138,323**	**¥184,775**

	Millions of U.S. Dollars				
	Acquisition Cost	Consolidated Balance Sheet Amount	Net Unrealized Loss		
As of March 31, 2009			Net	Gross Gain	Gross Loss
Other Money Held in Trust	**$57,989**	**$57,516**	**$(473)**	**$1,408**	**$1,881**

Note: Consolidated balance sheet amount is stated based on the closing fair value, which is determined at the quoted market price if available, or other reasonable value at the consolidated balance sheet date.

For the Fiscal Year Ended March 31, 2008

Money Held in Trust for Trading Purpose

	Millions of Yen		Millions of U.S. Dollars	
As of March 31, 2008	Consolidated Balance Sheet Amount	Unrealized Gain Recognized as Income	Consolidated Balance Sheet Amount	Unrealized Gain Recognized as Income
Money Held in Trust for Trading Purpose	¥114,601	¥797	$1,144	$8

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

	Millions of Yen				
	Acquisition Cost	Consolidated Balance Sheet Amount	Net Unrealized Gain		
As of March 31, 2008			Net	Gross Gain	Gross Loss
Other Money Held in Trust	¥7,736,770	¥7,849,914	¥113,144	¥185,229	¥72,084

	Millions of U.S. Dollars				
	Acquisition Cost	Consolidated Balance Sheet Amount	Net Unrealized Gain		
As of March 31, 2008			Net	Gross Gain	Gross Loss
Other Money Held in Trust	$77,213	$78,342	$1,129	$1,849	$720

Note: Consolidated balance sheet amount is stated based on the closing market prices at the consolidated balance sheet date.

33. Fair Value of Derivative Instruments
For the Fiscal Year Ended March 31, 2009

Interest Rate-Related Derivative Instruments

	Millions of Yen				Millions of U.S. Dollars			
As of March 31, 2009	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss
Exchange-traded Transactions								
Interest Rate Futures:								
Sold	**¥ 9,696**	**¥ —**	**¥ (17)**	**¥ (17)**	**$ 99**	**$ —**	**$ (0)**	**$ (0)**
Purchased	**55,815**	**41,436**	**87**	**87**	**568**	**422**	**1**	**1**
Interest Rate Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Forward Rate Agreements:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Interest Rate Swaps:								
Rec.: Fix.-Pay.: Flt.	**1,639,081**	**1,374,208**	**46,045**	**46,045**	**16,683**	**13,987**	**469**	**469**
Rec.: Flt.-Pay.: Fix.	**753,727**	**446,063**	**(12,787)**	**(12,787)**	**7,672**	**4,540**	**(130)**	**(130)**
Rec.: Flt.-Pay.: Flt.	**65,800**	**50,800**	**38**	**38**	**670**	**517**	**0**	**0**
Interest Rate Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total	**¥ /**	**¥ /**	**¥33,366**	**¥33,366**	**$ /**	**$ /**	**$340**	**$340**

Notes: 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).

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

Currency-Related Derivative Instruments

As of March 31, 2009	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain
Exchange-traded Transactions								
Currency Futures:								
Sold	¥ —	¥ —	¥ —	¥ —	$ —	$—	$—	$—
Purchased	—	—	—	—	—	—	—	—
Currency Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Currency Swaps	—	—	—	—	—	—	—	—
Forwards:								
Sold	**186,678**	**6,368**	**263**	**263**	**1,900**	**65**	**3**	**3**
Purchased	**507,131**	**6,368**	**734**	**734**	**5,162**	**65**	**7**	**7**
Currency Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total	**¥ /**	**¥ /**	**¥998**	**¥998**	**$ /**	**$ /**	**$10**	**$10**

Notes: 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.

2. Determination of fair value:
Fair value is determined based on the discounted net present value model.

Stock-Related Derivative Instruments

As of March 31, 2009	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss
Exchange-traded Transactions								
Equity Price Index Futures:								
Sold	¥ —	¥ —	¥—	¥—	$—	$—	$—	$—
Purchased	—	—	—	—	—	—	—	—
Equity Price Index Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Equity Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Equity Price Index Swaps:								
Rec.: Stock Index	—	—	—	—	—	—	—	—
Pay.: Flt. Rate								
Rec.: Flt. Rate	—	—	—	—	—	—	—	—
Pay.: Stock Index								
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	**1,000**	**1,000**	—	—	**10**	**10**	—	—
Total	**¥ /**	**¥ /**	**¥—**	**¥—**	**$ /**	**$ /**	**$—**	**$—**

Notes: 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.

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.

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, 2009	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss
Exchange-traded Transactions								
Bond Futures:								
Sold	**¥9,446**	**¥—**	**¥(22)**	**¥(22)**	**$96**	**$—**	**$ (0)**	**$ (0)**
Purchased	**1,145**	**—**	**14**	**14**	**12**	**—**	**0**	**0**
Bond Futures Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Bond Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total	**¥ /**	**¥ /**	**¥ (7)**	**¥ (7)**	**$ /**	**$ /**	**$ (0)**	**$ (0)**

Notes: 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.
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 as of March 31, 2009.

Credit Derivative Instruments

As of March 31, 2009	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Loss	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Loss
Over-the-counter Transactions								
Credit Default Swaps:								
Sold	**¥91,585**	**¥91,585**	**¥(7,221)**	**¥(7,221)**	**$932**	**$932**	**$(74)**	**$(74)**
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total	**¥ /**	**¥ /**	**¥(7,221)**	**¥(7,221)**	**$ /**	**$ /**	**$(74)**	**$(74)**

Notes: 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.
2. Determination of fair value:
Fair value is determined based on the discounted net present value model.
3. "Sold" and "Purchased" indicate assumption and transfer of credit risk, respectively.

For the Fiscal Year Ended March 31, 2008

Interest Rate-Related Derivative Instruments

	Millions of Yen				Millions of U.S. Dollars			
As of March 31, 2008	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss
Exchange-traded Transactions								
Interest Rate Futures:								
Sold	¥ 171,680	¥ 50,114	¥ (981)	¥ (981)	$ 1,713	$ 500	$ (10)	$ (10)
Purchased	184,256	—	759	759	1,839	—	8	8
Interest Rate Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Forward Rate Agreements:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Interest Rate Swaps:								
Rec.: Fix.-Pay.: Flt.	1,173,732	766,104	11,693	11,693	11,714	7,646	117	117
Rec.: Flt.-Pay.: Fix.	1,169,641	770,073	(10,988)	(10,988)	11,673	7,685	(110)	(110)
Rec.: Flt.-Pay.: Flt.	55,800	55,800	(21)	(21)	557	557	(0)	(0)
Interest Rate Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total	¥ /	¥ /	¥ 460	¥ 460	$ /	$ /	$ 5	$ 5

Notes: 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).

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

Currency-Related Derivative Instruments

As of March 31, 2008	Millions of Yen: Contract Amount or Notional Amount	Millions of Yen: Over 1 Year	Millions of Yen: Fair Value	Millions of Yen: Unrealized Gain/Loss	Millions of U.S. Dollars: Contract Amount or Notional Amount	Millions of U.S. Dollars: Over 1 Year	Millions of U.S. Dollars: Fair Value	Millions of U.S. Dollars: Unrealized Gain/Loss
Exchange-traded Transactions								
Currency Futures:								
Sold	¥ —	¥ —	¥ —	¥ —	$ —	$—	$ —	$ —
Purchased	—	—	—	—	—	—	—	—
Currency Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Currency Swaps:	—	—	—	—	—	—	—	—
Forwards:								
Sold	417,486	6,009	13,153	13,153	4,167	60	131	131
Purchased	998,594	6,009	(16,124)	(16,124)	9,966	60	(161)	(161)
Currency Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total	¥ /	¥ /	¥ (2,970)	¥ (2,970)	$ /	$ /	$ (30)	$ (30)

Notes: 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.
2. Determination of fair value:
Fair value is determined based on the discounted net present value model.

Stock-Related Derivative Instruments

As of March 31, 2008	Millions of Yen: Contract Amount or Notional Amount	Millions of Yen: Over 1 Year	Millions of Yen: Fair Value	Millions of Yen: Unrealized Gain/Loss	Millions of U.S. Dollars: Contract Amount or Notional Amount	Millions of U.S. Dollars: Over 1 Year	Millions of U.S. Dollars: Fair Value	Millions of U.S. Dollars: 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	—	—	10	10	—	—
Total	¥ /	¥ /	¥—	¥—	$ /	$ /	$—	$—

Notes: 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.
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.
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, 2008	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Gain/Loss
Exchange-traded Transactions								
Bond Futures:								
Sold	¥26,192	¥—	¥(216)	¥(216)	$261	$—	$ (2)	$ (2)
Purchased	33,761	—	353	353	337	—	3	3
Bond Futures Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Over-the-counter Transactions								
Bond Options:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total	¥ /	¥ /	¥ 136	¥ 136	$ /	$ /	$ 1	$ 1

Notes: 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.
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 as of March 31, 2008.

Credit Derivative Instruments

As of March 31, 2008	Millions of Yen				Millions of U.S. Dollars			
	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Loss	Contract Amount or Notional Amount	Over 1 Year	Fair Value	Unrealized Loss
Over-the-counter Transactions								
Credit Default Swaps:								
Sold	¥79,339	¥79,339	¥(2,214)	¥(2,214)	$792	$792	$(22)	$(22)
Purchased	—	—	—	—	—	—	—	—
Other:								
Sold	—	—	—	—	—	—	—	—
Purchased	—	—	—	—	—	—	—	—
Total	¥ /	¥ /	¥(2,214)	¥(2,214)	$ /	$ /	$(22)	$(22)

Notes: 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.
2. Determination of fair value:
Fair value is determined based on the discounted net present value model.
3. "Sold" and "Purchased" indicate assumption and transfer of credit risk, respectively.

34. The Norinchukin Bank (Parent Company)
(a) Non-consolidated Balance Sheets

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2009**	2008	**2009**
Assets			
Cash and Due from Banks	**¥ 2,763,329**	¥ 1,095,094	**$ 28,125**
Call Loans	**1,155,692**	1,833,020	**11,763**
Receivables under Resale Agreements	**—**	258,135	**—**
Receivables under Securities Borrowing Transactions	**140,422**	1,108,779	**1,429**
Monetary Claims Bought	**646,139**	770,387	**6,577**
Trading Assets	**24,842**	48,033	**253**
Money Held in Trust	**5,653,984**	7,963,664	**57,547**
Securities	**39,558,840**	36,262,384	**402,635**
Loans and Bills Discounted	**10,947,810**	9,795,662	**111,428**
Foreign Exchange Assets	**81,703**	7,119	**832**
Other Assets	**932,219**	1,445,050	**9,488**
Tangible Fixed Assets	**132,562**	134,502	**1,349**
Intangible Fixed Assets	**31,959**	17,164	**325**
Deferred Tax Assets	**238,848**	150,750	**2,431**
Customers' Liabilities for Acceptances and Guarantees	**383,950**	492,389	**3,908**
Reserve for Possible Loan Losses	**(192,922)**	(136,922)	**(1,964)**
Reserve for Possible Investment Losses	**(103)**	(53,494)	**(1)**
Total Assets	**¥62,499,278**	¥61,191,721	**$636,125**
Liabilities and Net Assets			
Liabilities			
Deposits	**¥37,501,564**	¥38,813,327	**$381,695**
Negotiable Certificates of Deposit	**321,249**	538,019	**3,270**
Debentures	**5,255,031**	4,822,176	**53,486**
Call Money	**510,000**	758,000	**5,191**
Payables under Repurchase Agreements	**4,606,862**	4,461,811	**46,889**
Payables under Securities Lending Transactions	**530,276**	496,637	**5,397**
Trading Liabilities	**13,725**	15,248	**140**
Borrowed Money	**5,873,611**	1,301,922	**59,782**
Foreign Exchange Liabilities	**51**	2	**1**
Short-term Entrusted Funds	**4,077,454**	4,401,193	**41,501**
Other Liabilities	**930,267**	1,863,773	**9,468**
Reserve for Bonus Payments	**3,495**	4,746	**36**
Reserve for Directors' Retirement Benefits	**616**	539	**6**
Deferred Tax Liabilities for Land Revaluation	**18,819**	19,452	**192**
Acceptances and Guarantees	**383,950**	492,389	**3,908**
Total Liabilities	**60,026,977**	57,989,241	**610,962**
Net Assets			
Paid-in Capital	**3,421,370**	2,016,033	**34,823**
Capital Surplus	**25,020**	25,020	**255**
Retained Earnings	**788,100**	1,435,601	**8,021**
Total Owners' Equity	**4,234,491**	3,476,655	**43,099**
Net Unrealized Losses on Other Securities, net of taxes	**(1,871,867)**	(296,521)	**(19,052)**
Net Deferred Gains (Losses) on Hedging Instruments, net of taxes	**76,870**	(11,861)	**782**
Revaluation Reserve for Land, net of taxes	**32,807**	34,208	**334**
Total Valuation and Translation Adjustments	**(1,762,190)**	(274,175)	**(17,936)**
Total Net Assets	**2,472,301**	3,202,479	**25,163**
Total Liabilities and Net Assets	**¥62,499,278**	¥61,191,721	**$636,125**

(b) Non-consolidated Statements of Operations

For the fiscal years ended March 31	Millions of Yen 2009	Millions of Yen 2008	Millions of U.S. Dollars 2009
Income			
Interest Income:	**¥1,013,410**	¥1,936,357	**$10,315**
Interest on Loans and Bills Discounted	**121,898**	146,507	**1,241**
Interest and Dividends on Securities	**815,150**	1,720,183	**8,297**
Interest on Call Loans and Bills Bought	**17,015**	12,462	**173**
Interest on Receivables under Resale Agreements	**2,032**	4,350	**21**
Interest on Receivables under Securities Borrowing Transactions	**4,772**	3,462	**49**
Interest on Due from Banks	**42,193**	38,005	**429**
Other Interest Income	**10,348**	11,386	**105**
Fees and Commissions	**12,346**	12,936	**126**
Trading Income	**1,739**	1,044	**18**
Other Operating Income	**111,449**	311,388	**1,134**
Other Income	**287,810**	429,673	**2,929**
Total Income	**1,426,757**	2,691,401	**14,522**
Expenses			
Interest Expenses:	**1,091,656**	1,732,370	**11,111**
Interest on Deposits	**248,523**	370,030	**2,529**
Interest on Negotiable Certificates of Deposit	**9,412**	58,634	**96**
Interest on Debentures	**57,298**	44,086	**583**
Interest on Borrowed Money	**52,344**	35,203	**533**
Interest on Call Money and Bills Sold	**3,835**	6,044	**39**
Interest on Payables under Repurchase Agreements	**48,343**	241,053	**492**
Interest on Payables under Securities Lending Transactions	**1,518**	4,548	**16**
Other Interest Expenses	**670,380**	972,768	**6,823**
Fees and Commissions	**10,599**	15,052	**108**
Trading Expenses	**422**	201	**4**
Other Operating Expenses	**537,734**	305,010	**5,473**
General and Administrative Expenses	**107,938**	105,244	**1,099**
Other Expenses	**282,375**	117,117	**2,874**
Total Expenses	**2,030,727**	2,274,997	**20,669**
Income (Loss) before Income Taxes	**(603,969)**	416,403	**(6,147)**
Income Taxes — Current	**87**	134,522	**1**
Income Taxes — Deferred	**(38,345)**	9,807	**(390)**
Total Income Taxes	**(38,257)**	144,330	**(389)**
Net Income (Loss)	**¥ (565,712)**	¥ 272,073	**$ (5,758)**

	Yen 2009	Yen 2008	U.S. Dollars 2009
Net Income (Loss) per Share	**¥(132.88)**	¥48.36	**$(1.35)**

35. Appropriation of Retaind Earnings

No dividends were declared at the shareholders' meeting held on June 25, 2009.

ERNST & YOUNG

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Report of Independent Auditors

The Board of Directors
The Norinchukin Bank

We have audited the accompanying consolidated balance sheets of The Norinchukin Bank (the "Bank") and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, capital surplus and retained earnings, and cash flows for the years 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 audits.

We conducted our audits 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 audits provide 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 Norinchukin Bank and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As discussed in Note 2. to the consolidated financial statements, the Bank has adopted "Tentative Solution on Reclassification of Debt Securities" (ASBJ Practical Issue Task Force No. 26, December 5, 2008) from the fiscal year ended March 31, 2009, and reclassified certain debt securities from "Other Securities" to "Held-to-Maturity Debt Securities".

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 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 LLC

June 25, 2009

A member firm of Ernst & Young Global Limited

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

Disclosure Regarding Capital Adequacy (Basel II Pillar III)

Basel II, applied from fiscal 2006 (ended March 31, 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 (available for public inspection, specific details 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," the Notification Regarding Basel II Pillar III Disclosure. The Bank makes qualitative disclosures (the original Japanese version of 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 (the original Japanese version of 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 each asset category 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 disclosed in compliance with Basel II Pillar III includes credit risk exposure, including assets that are subject to Internal Ratings-Based Approach (IRB), securitization exposures, risk weighted asset calculation for investment fund (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 qualitative disclosure requirements under the Notification Regarding Basel II Pillar III disclosure, on a consolidated and non-consolidated basis, have been specified, such as explanations of the risk management policy, etc. However, since the Bank conducts its primarily businesses on a non-consolidated basis, the Bank has disclosed relevant information essentially on a non-consolidated basis. (For consolidated subsidiaries, information is provided 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 categories of bank's assets, the main components 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 accounting information, which is a primary component of disclosure, the Bank continues to enhance its disclosure under Basel II Pillar III of risk-related information and has taken initiatives to enhance convenience for users of disclosed information throughout its disclosure activities.

■ Glossary of Terms

Exposure

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

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 applied to 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 required for calculating the amount of risk-weighted assets for credit risk.

Probability of Default (PD)

The probability of default is the likelihood 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 are incurred 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 with respect to the collection period is also taken into account.

Exposure at Default (EAD)

EAD is the amount of the exposure at the time of default. Since the Bank adopts the Foundation Internal Ratings-Based Approach (F-IRB), it is required to estimate EAD for retail exposure. Regarding corporate, sovereign, and bank exposure, however, the Bank computes EAD using the calculation method described in the Notification Regarding Capital Adequacy.

Risk Weights (RW)

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

EAD x RW (%) = Amount of Risk-weighted assets

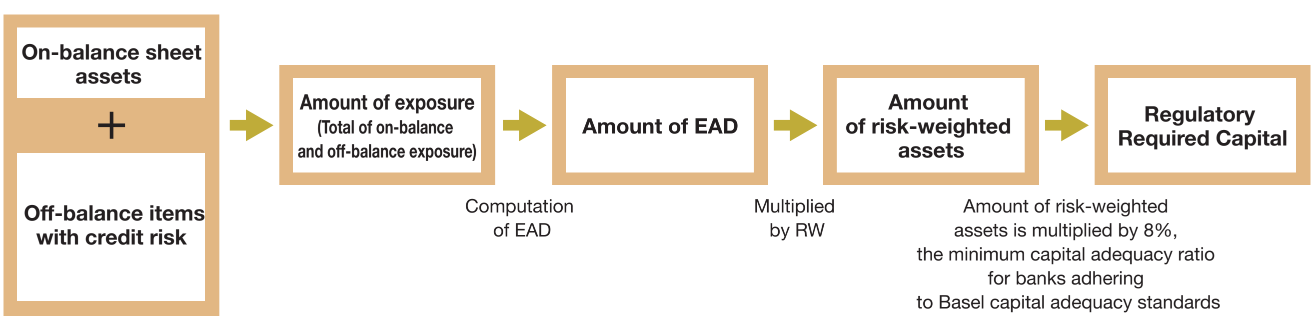
The Bank adopts the Foundation Internal Ratings-Based Approach (F-IRB). RW may differ as the PD corresponding to the grade of the internal credit rating varies.

Regulatory Required Capital

Regulatory required capital is the amount, calculated from the amount of risk, the denominator of the capital adequacy ratio, multiplied by 8%. The 8% figure is the minimum capital adequacy ratio that banks adhering to Basel capital adequacy standards and with international operations must maintain. Required regulatory capital is computed according to the following formula:

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

■ Outline of the Computation Process



■ Exposure Classification under Basel II

The Bank’s exposure 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">Corporate, sovereign and bank exposure</td><td rowspan="2"></td><td colspan="2">Sovereign exposure</td></tr>
<tr><td colspan="2">Bank exposure</td></tr>
<tr><td rowspan="3">Corporate exposure</td><td rowspan="2">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 fund (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 (goodwill, 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 Adequacy

Contents of principal capital items are described as follows.

<table>
<tr><th colspan="2">Items</th><th>Content of principal quantitative disclosure</th><th>Consolidated disclosure (Page)</th><th>Non-consolidated disclosure (Page)</th></tr>
<tr><td rowspan="2">Items related to composition of capital</td><td>Capital adequacy ratio</td><td>Detailed components of Tier I capital and Tier II capital</td><td>117</td><td>147</td></tr>
<tr><td>Explanation of computation of capital adequacy ratio</td><td>Scope of consolidation</td><td>119</td><td>—</td></tr>
<tr><td colspan="2">Items relating to capital adequacy</td><td>For the purpose of capital adequacy assessment, 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.</td><td>120</td><td>149</td></tr>
</table>

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, Risk-weighted asset calculation for investment fund and interest rate risk), which form the basis for the computation of the capital adequacy ratio. This section also describes factors that affect the risk profiles, such as credit risk mitigation.

<table>
<tr><th colspan="3">Items</th><th>Content of principal quantitative disclosure</th><th>Consolidated disclosure (Page)</th><th>Non-consolidated disclosure (Page)</th></tr>
<tr><td rowspan="7">Items related to credit risk</td><td colspan="2">Credit risk exposure</td><td>Credit risk exposure (excluding securitization exposure and funds), details on the reserve for possible loan losses by region and industry</td><td>121</td><td>150</td></tr>
<tr><td rowspan="5">Exposure subject to Internal Ratings-Based Approach (IRB)</td><td>Corporate, sovereign, and bank exposure</td><td>Details on PD, LGD, RW and EAD for corporate, sovereign, bank, and equity subject to the PD/LGD approach</td><td>126</td><td>154</td></tr>
<tr><td>Retail exposure</td><td>Details on PD, LGD, RW and EAD</td><td>129</td><td>156</td></tr>
<tr><td>Actual losses, etc., on exposure to corporate, sovereign, bank and retail</td><td>Actual losses, long-term comparison between estimated losses and actual losses</td><td>131</td><td>158</td></tr>
<tr><td>Exposure to Specialized Lending subject to supervisory slotting criteria</td><td>Amount of exposure by RW</td><td>132</td><td>159</td></tr>
<tr><td>Equity exposure subject to the simple risk-weighted method</td><td>Amount of exposure by RW</td><td>132</td><td>159</td></tr>
<tr><td colspan="2">Exposure subject to Standardized Approach</td><td>Amount of exposure by RW</td><td>133</td><td>160</td></tr>
<tr><td colspan="3">Items with respect to credit risk mitigation</td><td>Coverage/application of collateral, guarantees, etc.</td><td>134</td><td>161</td></tr>
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</table>

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, 2009 and 2008, was computed according to Basel II.

As of March 31

Items			Millions of yen		Millions of U.S. dollars
			2009	2008	**2009**
Tier I capital	Capital stock		**3,421,370**	2,016,033	**34,823**
	Included as non-cumulative, perpetual preferred stock		**24,999**	24,999	**254**
	Deposit for subscription to preferred stock		**—**	—	**—**
	Capital surplus		**25,020**	25,020	**254**
	Earned surplus		**803,359**	1,372,019	**8,176**
	Less: Amount correspanding to the decrease in capital due to merger of subsidiaries		**—**	—	**—**
	Less: Treasury stock		**150**	—	**1**
	Deposit for subscription to treasury stock		**—**	—	**—**
	Unrealized loss on other securities		**(1,872,404)**	(296,724)	**(19,057)**
	Foreign currency transaction adjustment		**(19)**	(16)	**(0)**
	Stock acquisition rights		**—**	—	**—**
	Minority interest of consolidated subsidiaries		**5,779**	5,970	**58**
	Including preferred securities issued by overseas special-purpose corporations		**—**	—	**—**
	Less: Amount corresponding to operating rights		**—**	—	**—**
	Less: Amount corresponding to consolidated adjustments		**—**	—	**—**
	Less: Intangible assets aquired via business combination		**—**	—	**—**
	Less: Goodwill and others		**—**	—	**—**
	Less: Amount corresponding to the increase in capital due to securitization transactions		**—**	—	**—**
	Less: Amount equivalent to 50% expected losses in excess of qualifying allowance		**64,200**	81,416	**653**
	Subtotal	(A)	**2,318,755**	3,040,886	**23,600**
	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		**—**	—	**—**
	45% of unrealized gains on land		**23,231**	24,147	**236**
	General reserve for possible loan losses		**64**	34	**0**
	Qualifying subordinated debt		**1,746,775**	1,301,395	**17,778**
	Included as perpetual subordinated bonds and loans		**1,476,057**	963,700	**15,023**
	Included as dated subordinated bonds, loans, and preferred stock		**270,718**	337,695	**2,755**
	Subtotal		**1,770,072**	1,325,577	**18,016**
	Tier II capital included as qualifying capital	(B)	**1,770,072**	1,325,577	**18,016**
Tier III capital	Short-term subordinated debt		**—**	—	**—**
	Including amount added to capital	(C)	**—**	—	**—**
Deductions	Deductions	(D)	**337,375**	327,619	**3,433**
Total Capital	(A)+(B)+(C)-(D)	(E)	**3,751,452**	4,038,844	**38,182**
Risk-weighted assets	Risk-weighted assets for credit risk	(F)	**22,573,253**	29,254,774	**229,753**
	Including on-balance sheet		**21,039,106**	27,235,216	**214,138**
	Including off-balance sheet		**1,534,147**	2,019,557	**15,614**
	Assets equivalent to market risk	(G)	**730,398**	2,076,684	**7,434**
	(For reference: actual market risk volume)	(H)	**58,431**	166,134	**594**
	Amount corresponding to operational risk (J)/8%	(I)	**790,748**	1,051,386	**8,048**
	(For reference: amount corresponding to operational risk)	(J)	**63,259**	84,110	**643**
	Total risk-weighted assets (F)+(G)+(I)	(K)	**24,094,399**	32,382,844	**245,235**
Basel II Capital Adequacy Ratio (Basel capital adequacy standards) = (E)/(K) × 100%			**15.56%**	12.47%	**15.56%**
Tier I ratio = (A)/(K) × 100%			**9.62%**	9.39%	**9.62%**
Consolidated required capital			**1,927,551**	2,590,627	**19,618**

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. Regarding the calculation of capital adequacy ratio, certain procedures were performed by Ernst & Young ShinNihon LLC pursuant to "Treatment of Inspection of Capital Ratio Calculation Framework Based on Agree-upon Procedures" (JICPA Industry Committee Report No. 30). It does not constitute a part of the audit on financial statements by law, but a review on agree-upon procedures on internal control of capital adequacy calculation. Accordingly, Ernst & Young ShinNihon LLC does not address any opinion as a result of the review.

3. 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.

4. Those are items of Deductions: (1) the total amount of the value corresponding to intentional holdings of capital investments 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 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)

5. In computing risk-weighted assets for credit risk, the Bank has applied a scaling factor of 1.06 to the amount 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.

(2) REMARKS ON COMPUTATION OF THE CONSOLIDATED CAPITAL ADEQUACY RATIO

Companies with Less than the Regulatory Required Capital and the Amounts

Those companies whose capital is less than the regulatory required capital and the amounts of shortfall in capital 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.

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, 2009, the Bank had eight consolidated subsidiaries. The names and principal lines of business of the primary 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, 2009, 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 transfer 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)

Regulatory Required Capital

(Billions of yen)

Items	As of March 31, 2009		As of March 31, 2008	
	EAD	Regulatory Required Capital	EAD	Regulatory Required EAD
Amount of regulatory required capital for credit risk	**76,012**	**2,256**	73,707	2,728
Exposure subject to Internal Ratings-Based Approach	**75,954**	**2,254**	73,653	2,726
Corporate exposure (excluding Specialized Lending)	**6,148**	**460**	7,047	419
Corporate exposure (Specialized Lending)	**763**	**109**	742	71
Sovereign exposure	**32,970**	**0**	19,226	0
Bank exposure	**12,280**	**103**	14,291	111
Retail exposure	**474**	**24**	344	23
Retail exposure secured by residential properties	**435**	**19**	306	18
Qualifying revolving retail exposure	**—**	**—**	—	—
Other retail exposure	**38**	**5**	37	4
Securitization exposure	**6,168**	**193**	6,039	112
Equity portfolios	**477**	**63**	807	121
Equity portfolios subject to PD/LGD approaches	**104**	**18**	73	9
Equity portfolios subject to simple risk-weighted method	**41**	**13**	90	30
Equities under the internal models approach	**9**	**4**	162	40
Grandfathered equity exposure	**321**	**27**	480	40
Exposure subject to risk-weighted asset calculation for investment fund	**16,107**	**1,263**	24,621	1,840
Other debt purchased	**58**	**1**	83	2
Other exposures	**506**	**33**	451	24
Exposure subject to Standardized Approach	**57**	**1**	53	1
Assets subject to Standardized Approach on a non-consolidated basis	**16**	**1**	10	0
Assets subject to Standardized Approach in consolidated companies (excluding securitization exposure)	**38**	**0**	41	0
Assets subject to Standardized Approach in consolidated companies (securitization exposure)	**1**	**0**	2	0
Amount of regulatory required capital for market risk	**/**	**58**	/	166
Standardized Approach	**/**	**57**	/	165
Interest rate risk category	**/**	**—**	/	—
Equity risk category	**/**	**—**	/	—
Foreign exchange risk category	**/**	**57**	/	165
Commodity risk category	**/**	**—**	/	—
Option transactions	**/**	**—**	/	—
Internal models Approach	**/**	**0**	/	0
Amount of regulatory required capital for operational risk	**/**	**63**	/	84
Offsets on consolidation	**/**	**2,378**	/	2,978

Notes: 1. Regulatory required capital for credit risk = 8% of risk-weighted assets for credit risk + Expected losses + Deductions from capital

2. "Risk-weighted asset calculation for investment fund" is risk-weighted assets as calculated according to the method specified in Notification Regarding Capital Adequacy, Article 144.

3. Article 13 of the Notification Regarding Capital Adequacy contains a grand fathering provision for computing the amount of risk assets related to equity exposures that meet specified criteria.

4. 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 2008, ended March 31, 2009

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	13,215	14,977	5	3,919	32,118	244
Asia except Japan	74	32	0	1,815	1,922	—
Europe	74	2,501	1	1,919	4,497	5
The Americas	274	8,064	2	6,523	14,865	1
Other areas	23	17	0	0	42	—
Amounts held by consolidated subsidiaries	492	29	—	37	559	17
Total	14,156	25,622	9	14,216	54,004	269

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)
Manufacturing	2,340	282	1	0	2,623	50	5
Agriculture	44	0	—	0	44	5	1
Forestry	41	—	—	—	41	1	0
Fishing	36	—	—	—	36	26	2
Mining	18	1	—	0	19	—	—
Construction	161	17	—	0	179	5	1
Utility	147	48	0	0	196	—	—
Information/telecommunications	108	32	—	0	141	6	—
Transportation	706	69	3	0	778	10	—
Wholesaling, retailing	1,664	54	0	0	1,719	24	0
Finance and insurance	1,464	4,186	4	13,656	19,312	5	0
Real estate	463	160	—	0	624	87	1
Services	1,364	54	0	1	1,420	27	4
Municipalities	337	35	—	—	373	—	—
Other	4,762	20,651	—	519	25,933	0	0
Amounts held by consolidated subsidiaries	492	29	—	37	559	17	1
Total	14,156	25,622	9	14,216	54,004	269	19

Note: "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	**9,861**	**5,128**	**0**	**12,068**	**27,059**
Over 1 year to 3 years	**1,541**	**3,686**	**3**	**50**	**5,281**
Over 3 years to 5 years	**1,389**	**4,890**	**0**	**6**	**6,287**
Over 5 years to 7 years	**470**	**1,763**	**1**	**4**	**2,238**
Over 7 years	**327**	**9,653**	**3**	**—**	**9,985**
No term to maturity	**72**	**471**	**—**	**2,049**	**2,593**
Amounts held by consolidated subsidiaries	**492**	**29**	**—**	**37**	**559**
Total	**14,156**	**25,622**	**9**	**14,216**	**54,004**

Notes: 1. The amount of credit exposure at the end of the period does not substantially differ from the average-risk position during fiscal 2008.
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 ¥57.9 billion.
4. Default exposure is classified in the Bank's self-assessment as being under "Debtor Under Requirement of Control."

For Fiscal 2007, ended March 31, 2008

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	12,472	9,404	88	4,906	26,872	214
Asia except Japan	70	27	9	1,528	1,635	—
Europe	113	3,224	485	3,148	6,972	1
The Americas	289	5,827	273	2,165	8,556	—
Other areas	30	19	3	0	54	—
Amounts held by consolidated subsidiaries	365	20	—	51	437	14
Total	13,342	18,525	860	11,800	44,528	231

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

(Billions of yen)

Industry	Loans, commit-ments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure	Write-off of loans (amounts of partial direct write-off)
Manufacturing	2,243	431	1	0	2,676	45	3
Agriculture	44	0	—	0	44	6	0
Forestry	44	—	—	0	44	1	0
Fishing	39	—	—	0	39	29	0
Mining	15	1	—	0	16	—	—
Construction	161	12	—	0	173	1	—
Utility	146	56	0	0	202	—	—
Information/telecommunications	103	36	—	0	139	0	—
Transportation	668	95	2	0	767	12	—
Wholesaling, retailing	1,668	78	1	0	1,747	26	0
Finance and insurance	1,552	5,416	854	10,628	18,452	4	—
Real estate	535	211	0	0	746	39	—
Services	1,319	57	0	1	1,378	48	2
Municipalities	424	44	—	0	468	—	—
Other	4,009	12,063	0	1,119	17,192	0	—
Amounts held by consolidated subsidiaries	365	20	—	51	437	14	2
Total	13,342	18,525	860	11,800	44,528	231	9

Note: “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, commit-ments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure
In 1 year	9,448	452	146	9,688	19,735
Over 1 year to 3 years	1,659	2,468	708	—	4,837
Over 3 years to 5 years	1,155	2,991	0	57	4,205
Over 5 years to 7 years	337	1,218	0	3	1,560
Over 7 years	358	10,604	3	661	11,627
No term to maturity	17	769	—	1,337	2,124
Amounts held by consolidated subsidiaries	365	20	—	51	437
Total	13,342	18,525	860	11,800	44,528

Notes: 1. The amount of credit exposure at the end of the period does not substantially differ from the average-risk position during fiscal 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 ¥53.7 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, 2009	As of March 31, 2008	Increase/(decrease)
General reserve for possible loan losses	**47**	40	**7**
Specific reserve for possible loan losses	**100**	86	**13**
Japan	**98**	84	**14**
Asia except Japan	**—**	—	**—**
Europe	**1**	1	**(0)**
The Americas	**0**	—	**0**
Other areas	**—**	—	**—**
Amounts held by consolidated subsidiaries	**10**	7	**3**
Offsets on consolidation	**(2)**	(4)	**1**
Specified reserve for loans to countries with financial problems	**—**	0	**(0)**
Total	**155**	129	**26**

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, 2009	As of March 31, 2008	Increase/(decrease)
General reserve for possible loan losses	**47**	40	**7**
Specific reserve for possible loan losses	**100**	86	**13**
Manufacturing	**12**	9	**3**
Agriculture	**2**	3	**(0)**
Forestry	**0**	0	**(0)**
Fishing	**13**	15	**(1)**
Mining	**—**	—	**—**
Construction	**0**	0	**0**
Utility	**—**	—	**—**
Information/telecommunications	**3**	0	**2**
Transportation	**6**	8	**(2)**
Wholesaling, retailing	**15**	17	**(1)**
Finance and insurance	**1**	0	**1**
Real estate	**35**	15	**19**
Services	**7**	14	**(6)**
Municipalities	**—**	—	**—**
Other	**—**	0	**(0)**
Others	**—**	—	**—**
Amount held by consolidated subsidiaries	**10**	7	**3**
Offsets on consolidation	**(2)**	(4)	**1**
Specified reserve for loans to countries with financial problems	**—**	0	**(0)**
Total	**155**	129	**26**

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

Types of Exposure by Portfolio and Overview of Procedures for the Internal Rating

■ 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.

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 Rating Procedure

Assigning internal ratings to the obligor of corporate exposure is in accordance with the following procedure. The front sections prepare a draft proposal for the internal ratings. The draft proposal is then reviewed and approved by the credit risk management section. Specifically, this process is stipulated in manuals prepared for each type of exposure, such as corporate, sovereign, bank and Specialized Lending.

Work Flow for Assigning Internal Ratings

All the available, important and relevant information which are the most recent is considered when internal ratings are assigned. In addition, internal 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 trigger the changes in internal ratings, the Bank conducts an "ad-hoc review."

	Items for Review	Content of Review
1	Financial rating	Based on qualitative data of the obligor, including financial information, the appropriate model according to the risk profile of the obligor is used to assign the internal rating.
2	Adjustments in financial rating	In addition to the process stated above, the Bank may consider the events which should affect the rating, and determined a rating.
3	Qualitative evaluation	Among significant elements to evaluate creditworthiness of the obligor, those elements which may not be captured by qualitative evaluation are evaluated.
4	Country adjustments	Adjust a rating of obligor by applying the rating of country where substantial risk of obligor belongs to as the ceiling on the rating the Bank will assign.
5	Consideration of external information	Supplemental to quantitative and qualitative evaluation, the Bank may consider other elements, such as changes in agency rating, or stock price, and adjust the rating.
6	Determination of debtor classification	Determine the classification of a obligor in accordance with Procedure for Self-Assessment Exercise.
7	Final ratings	To reflect the situation of the obligor more accurately, supplemental evaluation may be conducted before the final decision of the internal 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

Internal ratings are assigned to equity exposure, according to the same process as in assigning ratings to corporate exposure whenever possible.

■ Retail Exposure

For retail exposure, eligible criteria for retail pool, the pool which requires risk management framework for retail exposure, is stipulated in Procedures for Internal Rating of Retail Exposure. For each type of retail exposure, having residential properties, qualifying revolving retail exposure as underlying, clustering of exposures into the pools (equivalent to the rating of corporate, sovereign and bank exposures) is determined according to risk profile. Ratings for individual retail exposure are assigned in accordance with Internal Rating Manual for Retail Exposure.

a. Corporate, Sovereign and Bank Exposure

Internal Ratings and Estimation of Parameters

The table of probability of default for various internal ratings is divided into four categories: resident corporate, non-resident corporate, sovereign and bank. The methods for estimating these probabilities of default are (a) the internal estimate method: the Bank estimates the long-term average for probability of default according to internal rating grades based on internal default data of the Bank and (b) mapping technique: the Bank maps internal grades to rating grades used by a credit rating agency and applies the default rate for a rating grade of the agency to a corresponding grade of internal rating of the Bank.

Please note that the Bank's definition of default used in estimating the probability of default and in validation satisfies the criteria stipulated in Notification Regarding Capital Adequacy.

Please note that for Specialized Lending, the Bank applies slotting criteria to compute risk-weighted assets.

Fiscal 2008 (Ended March 31, 2009)

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD		
					EAD (on-balance sheet)	EAD (off-balance sheet)
Corporate Exposure	5.01%	44.88%	94%	6,148	5,430	717
1-1 to 4	0.18%	44.99%	38%	4,476	3,847	629
5 to 7	2.75%	44.50%	131%	1,007	951	55
8-1 to 8-2	19.53%	44.70%	355%	486	458	27
Subtotal	2.19%	44.88%	80%	5,971	5,257	713
8-3 to 10-2	100.00%	44.73%	560%	177	172	4
Sovereign Exposure	0.00%	45.00%	0%	32,970	27,819	5,151
1-1 to 4	0.00%	45.00%	0%	32,970	27,819	5,151
5 to 7	7.78%	45.00%	211%	0	0	—
8-1 to 8-2	—	—	—	—	—	—
Subtotal	0.00%	45.00%	0%	32,970	27,819	5,151
8-3 to 10-2	—	—	—	—	—	—
Bank Exposure	0.06%	25.50%	11%	12,280	6,305	5,975
1-1 to 4	0.05%	25.48%	10%	12,255	6,287	5,967
5 to 7	2.66%	42.40%	153%	17	10	7
8-1 to 8-2	7.07%	20.73%	103%	7	6	0
Subtotal	0.06%	25.50%	10%	12,280	6,304	5,975
8-3 to 10-2	100.00%	45.00%	563%	0	0	0
Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach	1.31%	90.00%	218%	104	97	7
1-1 to 4	0.19%	90.00%	149%	77	77	—
5 to 7	4.53%	90.00%	415%	26	19	7
8-1 to 8-2	—	—	—	—	—	—
Subtotal	1.30%	90.00%	217%	104	97	7
8-3 to 10-2	100.00%	90.00%	1,125%	0	0	—

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. "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).

Fiscal 2007 (Ended March 31, 2008)

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD		
					EAD (on-balance sheet)	EAD (off-balance sheet)
Corporate Exposure	4.05%	38.93%	74%	7,047	5,099	1,947
1-1 to 4	0.16%	37.14%	28%	5,337	3,542	1,794
5 to 7	1.69%	44.49%	110%	1,101	994	107
8-1 to 8-2	19.21%	44.63%	353%	432	391	41
Subtotal	1.60%	38.79%	62%	6,871	4,928	1,943
8-3 to 10-2	100.00%	44.72%	560%	175	171	3
Sovereign Exposure	0.00%	46.15%	0%	19,226	18,131	1,094
1-1 to 4	0.00%	46.15%	0%	19,225	18,131	1,094
5 to 7	7.78%	45.00%	218%	0	0	—
8-1 to 8-2	—	—	—	—	—	—
Subtotal	0.00%	46.15%	0%	19,226	18,131	1,094
8-3 to 10-2	—	—	—	—	—	—
Bank Exposure	0.05%	25.74%	10%	14,291	6,737	7,554
1-1 to 4	0.04%	25.71%	9%	14,263	6,716	7,546
5 to 7	2.50%	45.00%	157%	16	10	6
8-1 to 8-2	7.07%	27.86%	142%	10	10	0
Subtotal	0.04%	25.74%	10%	14,290	6,736	7,554
8-3 to 10-2	100.00%	45.00%	563%	0	0	0
Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach	0.34%	90.00%	165%	73	73	—
1-1 to 4	0.18%	90.00%	156%	69	69	—
5 to 7	2.06%	90.00%	304%	3	3	—
8-1 to 8-2	19.91%	90.00%	783%	0	0	—
Subtotal	0.34%	90.00%	165%	73	73	—
8-3 to 10-2	—	—	—	—	—	—

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. "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 parameters, namely PD, LGD, and EAD for each retail pool. Each of those parameters are estimated based on observed internal default data and loss data adjusting recovery amount. It should be noted that applied EAD is the end balance, since the Bank has no exposure for revolving products. Balances for revolving products may be changed within the predetermined credit lines upon request from the obligors.

The weighted average risk weight of the overall residential properties retail exposure is 65%. The weighted average risk weight of the other retail exposure is 166%. The weighted average risk weight in the overall retail exposure becomes 70%.

Please note that the Bank's definition of default used in estimating the probability of default and in validation satisfies the criteria stipulated in Notification Regarding Capital Adequacy.

Fiscal 2008 (Ended March 31, 2009)
Details on PD, LGD, RW and EAD Assets

(Billions of yen)

Type of exposure	Weighted-average PD	Weighted-average LGD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Retail exposure secured by residential properties	2.77%	46.60%	89.26%	82.01%	65%	767	475	291
Not default Not delinquent	0.42%	46.65%	/	/	37%	731	440	291
Not default Delinquent	22.92%	44.85%	/	/	386%	22	21	0
Not default Subtotal	1.08%	46.60%	/	/	47%	753	462	291
Default	100.00%	/	89.26%	82.01%	1,116%	13	13	0
Qualifying revolving retail exposure	—	—	—	—	—	—	—	—
Not default Not delinquent	—	—	/	/	—	—	—	—
Not default Delinquent	—	—	/	/	—	—	—	—
Not default Subtotal	—	—	/	/	—	—	—	—
Default	—	/	—	—	—	—	—	—
Other retail exposure	8.54%	64.87%	104.84%	95.31%	166%	41	33	8
Not default Not delinquent	1.04%	64.79%	/	/	72%	38	30	7
Not default Delinquent	24.76%	68.48%	/	/	365%	0	0	0
Not default Subtotal	1.55%	64.87%	/	/	79%	38	31	7
Default	100.00%	/	104.84%	95.31%	1,311%	2	2	0
Total	3.07%	47.55%	92.15%	84.47%	70%	808	508	299
Not default Not delinquent	0.45%	47.55%	/	/	38%	769	470	299
Not default Delinquent	22.98%	45.72%	/	/	385%	22	22	0
Not default Subtotal	1.11%	47.50%	/	/	48%	792	493	299
Default	100.00%	/	92.15%	84.47%	1,152%	16	15	0

Notes: 1. Purchased retail receivables in investment funds have been included in the amount subject to quantitative disclosure.
2. "Not default Delinquent" is not falling under a default definition in the Notification Regarding Capital Adequacy, but past-due.
3. 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).
4. For defaulted exposure, the risk weights have been computed taking account of the unexpected losses on default (LGD default) and the expected losses on default (EL default).
5. As of March 31, 2009, the Bank held no Qualifying revolving retail exposure for which net withdrawals of commitments had occurred.

Fiscal 2007 (Ended March 31, 2008)
Details on PD, LGD, RW and EAD Assets

(Billions of yen)

Type of exposure	Weighted-average PD	Weighted-average LGD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Retail exposure secured by residential properties	2.88%	49.01%	89.15%	82.61%	71%	680	518	161
Not default Not delinquent	0.45%	49.03%	/	/	41%	647	486	160
Not default Delinquent	24.12%	48.54%	/	/	427%	20	20	0
Not default Subtotal	1.18%	49.01%	/	/	53%	668	507	161
Default	100.00%	/	89.15%	82.61%	1,114%	11	11	0
Qualifying revolving retail exposure	—	—	—	—	—	—	—	—
Not default Not delinquent	—	—	/	/	—	—	—	—
Not default Delinquent	—	—	/	/	—	—	—	—
Not default Subtotal	—	—	/	/	—	—	—	—
Default	—	/	—	—	—	—	—	—
Other retail exposure	7.49%	57.03%	73.66%	67.25%	119%	66	58	7
Not default Not delinquent	1.23%	57.20%	/	/	64%	60	52	7
Not default Delinquent	20.96%	52.66%	/	/	260%	2	2	0
Not default Subtotal	1.96%	57.03%	/	/	71%	62	55	7
Default	100.00%	/	73.66%	67.25%	921%	3	3	0
Total	3.29%	49.73%	85.39%	78.89%	75%	746	577	169
Not default Not delinquent	0.52%	49.72%	/	/	43%	708	539	168
Not default Delinquent	23.80%	48.96%	/	/	410%	22	22	0
Not default Subtotal	1.25%	49.70%	/	/	54%	731	562	168
Default	100.00%	/	85.39%	78.89%	1,067%	15	15	0

Notes: 1. Purchased retail receivables in investment funds have been included in the amount subject to quantitative disclosure.
2. "Not default Delinquent" is not falling under a default definition in the Notification Regarding Capital Adequacy, but past-due.
3. 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).
4. For defaulted exposure, the risk weights have been computed taking account of the unexpected losses on default (LGD default) and the expected losses on default (EL default).
5. As of March 31, 2008, 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 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, 2009	As of March 31, 2008	Increase/(decrease)
Corporate exposure	**25**	7	18
Sovereign exposure	**—**	—	—
Bank exposure	**—**	—	—
Equity exposure subject to PD/LGD approach	**0**	0	0
Retail exposure secured by residential properties	**0**	0	0
Qualifying revolving retail exposure	**—**	—	—
Other retail exposure	**0**	0	(0)

Note: 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, 2009		As of March 31, 2008		As of March 31, 2007	
	Estimated losses	Actual losses	Estimated losses	Actual losses	Estimated losses	Actual losses
Corporate exposure	**46**	**25**	29	7	27	18
Sovereign exposure	**1**	**—**	1	—	1	—
Bank exposure	**0**	**—**	0	—	0	—
Equity exposure subject to PD/LGD approach	**0**	**0**	1	0	0	0
Retail exposure secured by residential properties	**1**	**0**	1	0	—	—
Qualifying revolving retail exposure	**—**	**—**	—	—	—	—
Other retail exposure	**0**	**0**	0	0	0	0

Notes: 1. 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. Estimated losses of each year are amount of expected losses.

Year-on-year comparison of actual losses and factor analysis of difference between estimated losses and actual losses

For fiscal 2008 (ended March 31, 2009) the actual loss amount increased year-on-year due to an increase in losses due to defaults of corporate borrowers.

Actual loss amounts have basically maintained at lower levels than the estimated losses at the beginning of the term, for the three fiscal years stated above.

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, 2009	As of March 31, 2008
Specialized Lending exposure subject to supervisory slotting criteria	**763**	917
Specialized Lending, excluding High-Volatility Commercial Real Estate (HVCRE)	**591**	742
Risk weight of 50%	**55**	117
Risk weight of 70%	**280**	419
Risk weight of 90%	**150**	151
Risk weight of 115%	**5**	12
Risk weight of 250%	**24**	0
Risk weight of 0% (default)	**75**	41
High-Volatility Commercial Real Estate (HVCRE)	**171**	174
Risk weight of 70%	**66**	41
Risk weight of 95%	**3**	69
Risk weight of 120%	**10**	10
Risk weight of 140%	**10**	42
Risk weight of 250%	**81**	11
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, 2009	As of March 31, 2008
Equity exposure subject to the simple risk-weighted method of the market-based approach by RW	**41**	92
Risk weight of 300%	**—**	—
Risk weight of 400%	**41**	92

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 RISK WEIGHT

Overview

The Bank adopts Internal Rating Based Approach in computing risk assets. However, for the assets listed below, the Bank considers that the percentage of such assets in overall credit risk assets is minuscule and that they are not regarded as significant from a credit risk management perspective. Accordingly, the Bank partially applies the Standardized Approach specifically to those assets and does not plan to apply the IRB Approach to them.

- The on-balance sheet assets and off-balance sheet items of its consolidated subsidiaries, with the exception of Kyodo Housing Loan Co., Ltd.
- The following assets 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 has adopted the Foundation Internal Ratings-Based Approach (F-IRB) from March 31, 2008.

The Bank applies the ratings of five qualified credit rating agencies (External Credit Assessment Institution (ECAI)) in computing its risk assets, namely Standard & Poor's, Moody's Investors Service, Fitch Ratings, Ltd., Rating & Investment Information, Inc. and Japan Credit Rating Agency, Ltd. The Bank, applies a risk weight of 100% to its exposure to corporate and others (excluding past due exposure for three months or more) in accordance with the Notification Regarding Capital Adequacy, Article 44, 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, 2009		As of March 31, 2008	
	Exposure	**Refer to ECAI**	**Exposure**	**Refer to ECAI**
Exposure subject to Standardized Approach	**57**	**—**	53	—
Risk weight of 0%	**29**	**—**	14	—
Risk weight of 10%	**—**	**—**	—	—
Risk weight of 20%	**2**	**—**	21	—
Risk weight of 35%	**—**	**—**	—	—
Risk weight of 50%	**1**	**1**	1	1
Risk weight of 75%	**0**	**—**	—	—
Risk weight of 100%	**22**	**—**	14	—
Risk weight of 150%	**—**	**—**	—	—
Amount deducted from capital	**—**	**—**	—	—
Others	**1**	**—**	1	—

Notes: 1. Others include investment funds which are measured credit risk assets by look-through approach and the assets which are more than 150% risk weight.
2. Exposure subject to Standardized Approach as securitization exposure is included.

4. Methods of Credit Risk Mitigation Techniques (Consolidated)

Overview 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 generated from the businesses it lends to as the normal 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 from collateral occurs when the debtor experiences difficulty in meeting its obligations. Thus, the Bank applies the collateral evaluation methods to ensure that the valuation of the collateral would not fall below actual recoveries from the collateral.

The Bank evaluates collateral in line with the objective data such as reports of appraisers, official land valuations for inheritance tax purposes, and market value. The Bank has established procedures for such evaluations to avoid wide variations in assessments. In addition, the Bank also stipulates the frequency of collateral valuation update according to types of collateral and the credit condition of obligors in its procedures. The Bank also implements the mechanism to ensure the timely collateral valuation update, such as self-assessment exercise or management plan update exercise for each obligor. The Bank applies haircut to the result of collateral valuation to calculate the estimate for recovery amount from collateral, and uses that estimate as an expected recovery amount for the purpose of credit analysis or provision for possible loan losses. Even in the case of valuations of real estate, the type of collateral for which precision of valuation may vary according to the methods employed, the result of valuation is done by adjusting haircut.

In addition, when evaluating the credit strength of guarantors, the Bank basically assigns internal ratings. Based on the assigned rating, the Bank determines the value the Bank applies to the guarantee as security for its claims.

As a part of collateral management, the Bank stipulates the procedures of reviewing the legal efficacy and enforceability of collateral not only at the time of the collateral pledge but also periodically.

■ 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 types of guarantors in such transactions are mainly sovereigns, including central governments and local governments, and high grade corporates. Note that there is no transaction which uses credit derivatives for the credit risk mitigation.

■ 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) for repo-type transactions, the Bank recognizes the effectiveness of credit risk mitigation as stipulated in Notification Regarding Capital Adequacy and (2) other than repo-type transactions, the Bank recognizes the effectiveness of credit risk mitigation only in case if deposits with the Bank (including Norinchukin Bank Debentures) or stocks are pledged as collateral. No other monetary assets are recognized effective to mitigate credit risk.

Other Eligible IRB Collateral

Taking account of the conditions stated in the Notification Regarding Capital Adequacy and the Bank's operating practices, the Bank does not recognize the effectiveness of credit risk mitigation for collateral such as real estate, commercial notes, and certain other assets as collateral.

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 recognizes the effectiveness of credit risk mitigation for deposits held with the Bank unless pledged as collateral.

Legally Binding Netting Contracts for Derivatives and Repo-Style Transactions

The Bank considers legally binding bilateral netting contracts for derivatives as a means of mitigating credit risk.

The Bank has a policy of entering into derivative transactions, in principle, only with counterparties with legally binding netting contracts.

In its administration of legally binding netting contracts, the Bank confirms the scope of transactions as and when necessary.

In addition, when the Bank calculates the amount of credit risk exposure, the Bank considers transactions made under the International Swap and Derivatives Association (ISDA) Master Agreement as transactions under legally binding netting agreements.

Regarding repo-style transactions, although the Bank has concluded legally binding netting agreements with its major counterparties, taking account of the stipulations of the Notification and the Bank's operating practices, the Bank does not consider these agreements as a means of mitigating credit risk.

■ Information about (Market or Credit) Risk Concentrations arising from Credit Risk Mitigations

For exposure where the credit risk has been transferred from a guaranteed party to a guarantor, as a result of credit risk mitigation techniques, the Bank monitors the concentrations of credit risk, and manages exposures accordingly. Regarding market risk, there is no exposure of 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, Guarantees, Credit Derivatives)

(Billions of yen)

Classification			As of March 31, 2009	As of March 31, 2008
Foundation Internal Ratings-Based Approach			**4,769**	6,557
	Eligible financial collateral		**4,620**	6,263
		Corporate exposure	**15**	926
		Sovereign exposure	**—**	—
		Bank exposure	**4,604**	5,337
	Other eligible IRB collateral		**—**	—
		Corporate exposure	**—**	—
		Sovereign exposure	**—**	—
		Bank exposure	**—**	—
	Guarantees, credit derivatives		**148**	293
		Corporate exposure	**135**	260
		Sovereign exposure	**13**	33
		Bank exposure	**—**	—
		Retail exposure secured by residential properties	**—**	—
		Qualifying revolving retail exposure	**—**	—
		Other retail exposure	**—**	—
Standardized Approach			**—**	—
	Eligible financial collateral		**—**	—
	Guarantees, Credit Derivatives		**—**	—

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.

5. Counterparty Credit Risk in Derivative Transactions (Consolidated)

Overview of Risk Management Policy and Procedures for Counterparty Credit Risk in Derivatives and Transactions with a Long Settlement Period

■ 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 according to the creditworthiness of the counterparty. The Bank sets a ceiling on unsecured exposure to financial institution groups according to the Bank's internal ratings and sectors of those groups. The Bank manages its total unsecured exposure to such groups, including the credit risk amount in derivative transactions, within the ceiling. This ceiling system is known as the "Bank Ceiling System." Within the limits of this ceiling, each of the front sections is allocated a position limit according to a specific entity within the group and a type of transaction (such as derivatives, loans, money market transactions). Exposures are managed so as not to exceed risk limits, including derivative transactions. Note that under the bank ceiling system, replacement costs, one component of current exposure in the BIS framework, are considered as the exposure amounts of derivatives to be managed. The ceiling on unsecured exposure, according to internal rating and sector, is approved by Credit Committee, including the member of the board in charge of risk management as a member of the committee. When the internal rating of the financial institution counterparty is downgraded due to a decline in creditworthiness, the ceiling may be automatically lowered. Compliance with the ceiling is monitored by the Risk Monitoring Division on a daily basis. When the total exposure exceeds a preset percentage limit, the Risk Monitoring Division sends a notice to the front section in charge and the Credit Risk Management Division. Based on this notice, Credit Risk Management Division and the relevant divisions consider and implement action plans. However, when an immediate action is required, instead of having discussion with the relevant divisions, Credit Risk Management Division exercises its authority and take immedate actions, such as ordering the front section to suspend any new transaction.

■ Policy for Calculating the Value of Collateral as Security for Claims and Reserve for Possible Loan Losses

For derivative transactions, the Bank has concluded a Credit Support Annex (CSA) with its major counterparty among financial institutions. In some cases, the Bank receives collateral from these financial institution counterparties. The collateral to be posted may vary depending on the condition of a CSA entered, but it mainly consists of Japanese government bonds (JGBs), yen cash, U.S. Treasury bonds, and U.S. dollar cash. Regarding replacement costs, the Bank conducts self-assessment exercises and makes provisions to reserves for possible loan losses against possible replacement costs according to the internal rating of the financial institution counterparty.

■ Remarks on Impact in case the Bank is Required to Post Additional Collateral when the Bank's Credit Standing Deteriorates

In general, if the Bank's creditworthiness deteriorates, such as downgrading by credit rating agency, financial institution counterparty dealing with the Bank will reduce their credit risk limits and may request the Bank to post collateral. Especially under CSA agreements, the credit risk limits applicable to that bank are automatically adjusted according to the credit rating of a bank assigned by a rating agency. If the Bank's credit rating declines, it will be required to post collateral in accordance with its agreements. However, if the Bank has abundant holdings of liquid financial instruments, such as government bonds, it will have a sufficient level of assets to post as collateral, and Market Portfolio Management Committee monitors the level of these assets ongoing basis. For this reason, even if the Bank is required to post 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, 2009	As of March 31, 2008
Total gross replacement costs (limited to items with a value of greater than zero)	(A)	**124**	994
Total gross add-ons	(B)	**354**	517
Gross credit exposure	(C) = (A)+(B)	**479**	1,512
Including, foreign exchange related		**356**	1,450
Including, interest rate related		**110**	54
Including, equity related		**3**	3
Including, credit derivatives		**9**	3
Amount of credit exposure before taking into account credit risk mitigation techniques due to collateral	(D)	**321**	180
Reduction in credit exposure due to netting contracts	(E) = (C)–(D)	**157**	1,331
Amount of collateral		**—**	0
Including eligible financial collateral		**—**	0
Amount of credit exposure after taking into account credit risk mitigation techniques due to collateral		**157**	1,331

Notes: 1. Derivatives transactions included in risk-weighted assets calculation for investment funds are not included.
2. Under the stipulations of the Notification Regarding Capital Adequacy, Article 56-1, the amount of credit exposure not computed has not been included.

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

(Billions of yen)

Classification	As of March 31, 2009	As of March 31, 2008
To buy protection	**—**	—
Including credit default swaps	**—**	—
To sell protection	**91**	79
Including credit default swaps	**91**	79
Notional principal amount of credit derivatives taking into consideration the effect of credit risk mitigation techniques	**—**	—

Notes: 1. Credit derivatives included in risk-weighted assets for investment funds have not been taken into consideration.
2. Under the stipulations of the Notification Regarding Capital Adequacy, Article 10 and Article 56, the amount of credit risk assets not computed has not been included.

6. Securitization Exposure (Consolidated)

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 have a certain type of assets as the underlying assets and make it possible to effectively and efficiently mitigate and acquire credit risk and other forms of risk. The Bank's policy is to continuously invest in such instruments while managing the risk arising from those transactions appropriately.

The Bank invests in securitization exposure as part of its policy of effectively generating earnings, globally from geographical perspective and from credit to individuals and corporations from a perspective of underlying assets. In terms of risk management framework for these investments, the Bank has established a risk management infrastructure of credit and market risk, including credit ceilings, internal ratings, self-assessment, and economic capital management. According to that framework, the Bank implements the cycle mainly consists of investment policy setting, due diligence (comprehensive analysis at the time of initial investment), credit analysis, execution, and monitoring.

In view of the risk profiles of securitization exposure, the Bank has established the process of risk evaluation, including the differentiation of approval limits on investment according to credit rating, assessment of methodology adopted by credit rating agency and quantitative analysis for repayment capability of the exposure. The Bank monitors the credit conditions of these investment products ongoing basis and performs analysis and assessment of market environments, considering performances of underlying assets.

Regarding its securitization exposure, the Bank appropriately calculates the amounts of credit risk assets based on the Notifications regarding Capital Adequacy. As part of its comprehensive 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, 2009, the Bank has no securitization transaction in which the Bank acts as an originator and recognized effects of credit risk mitigation for a regulatory purpose.

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

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

The Bank treats securitized instruments in accordance with the "Accounting Standards for Financial Products" and "Practical Guidelines for Accounting for Financial Products" for accounting purpose.

To determine risk weights assigned 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.

Detail of Securitization Exposure Held as Originator

(Billions of yen)

Classification	As of March 31, 2009	As of March 31, 2008
Total amount of underlying assets	—	—
Amounts of securitization exposure	—	—
Increase in capital due to securitization transactions	—	—
Deducted from capital	—	—
Amounts of securitized exposure	—	—
Gains (losses) on sales of securitization transactions	—	—

As of March 31, 2009, 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, 2009	
	Amount of exposure	Deductions from capital
Total amount of securitization exposure	6,171	79
Individuals		
Asset-Backed Securities (ABS)	2,649	18
Residential Mortgage-Backed Securities (RMBS)	652	1
Real estate		
Commercial Mortgage-Backed Securities (CMBS)	604	1
Corporates		
Subtotal of CDOs (CLO, ABS-CDO, CBO)	2,194	40
Collateralized Loan Obligations (CLO)	1,908	30
Asset-Backed Securities CDOs (ABS-CDO)	217	9
Collateralized Bond Obligations (CBO)	69	—
Others	70	18

(Billions of yen)

Classification	As of March 31, 2008	
	Amount of exposure	Deductions from capital
Total amount of securitization exposure	6,042	23
Individuals		
Asset-Backed Securities (ABS)	1,841	—
Residential Mortgage-Backed Securities (RMBS)	847	1
Real estate		
Commercial Mortgage-Backed Securities (CMBS)	751	—
Corporates		
Subtotal of CDOs (CLO, ABS-CDO, CBO)	2,515	0
Collateralized Loan Obligations (CLO)	1,997	—
Asset-Backed Securities CDOs (ABS-CDO)	412	0
Collateralized Bond Obligations (CBO)	105	—
Others	86	21

Note: "Deduction from capital" is equity exposure deducted from capital under Article 224 of the Notification Regarding Capital Adequacy.

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

(Billions of yen)

Classification	As of March 31, 2009		As of March 31, 2008	
	Amount of exposure	Regulatory Required Capital	Amount of exposure	Regulatory Required Capital
Amount of securitization exposure	**6,171**	**194**	6,042	112
Risk weight: 20% or less	**5,418**	**43**	5,441	48
Risk weight: exceeding 20% to 50% or less	**292**	**8**	249	7
Risk weight: exceeding 50% to 100% or less	**197**	**13**	266	18
Risk weight: exceeding 100% to 250% or less	**128**	**22**	48	9
Risk weight: exceeding 250% to less than 1,250%	**55**	**26**	13	6
Deductions from capital	**79**	**79**	23	23

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

Not applicable

7. Market Risk (Consolidated)

Methods for Computation of Market Risk Amount and Appropriate Valuation Method

The Bank utilizes an internal models approach to measure "general market risk in a trading account." The Bank applies 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, for which the internal models approach is applied to measure general market risk, are limited to products and transactions with abundant liquidity, such as 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 profiles of the products handled and assumes a holding period of 10 business days.

Computation of the Market Risk Amount by the Internal Models Approach

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

The model covers general market risk within a trading account. The scope is the same on a consolidated and non-consolidated basis. 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.

■ Descriptions of the Internal Models Approach

(1) Applied Method: Variance-covariance matrix

(2) Holding period: 10 business days

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

■ VaR

(Millions of yen)

	Fiscal 2008	Fiscal 2007
Base date of computation	**2009. 3. 31**	2008. 3. 31
VaR (For the most recent 60 business days)		
Base date of computation	**333**	170
Maximum	**531**	532
Minimum	**138**	137
Average	**258**	252

■ Amounts of Market Risk

(Millions of yen)

		Fiscal 2008	Fiscal 2007
For the portion computed with the internal models approach (B)+(E)	(A)	**776**	859
Value at Risk (MAX (C, D))	(B)	**776**	859
Amount on base date of computation	(C)	**333**	170
Amount determined by multiplying (F) by the average for the most recent 60 business days	(D)	**776**	859
Additional amount at the time of measuring individual risk	(E)	**0**	0
(Multiplier)	(F)	**3.0**	3.4
(Times exceeding VaR in back testing)	(G)	**2**	5

Note: With regard to validation of the Bank's internal model, the amount of risk calculated by the model is compared with the volatilities in actual profit and loss on a daily basis (known as back testing). When discrepancies between the model's estimates and actual results due to the designs of the model go beyond a certain level, the Bank scrutinizes the relevant model factors and revises the model if necessary.

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 other securities 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 Regarding Capital Adequacy. However, for internal management purposes, the Bank conducts comprehensive risk management within its economic capital management framework, as described in the section, "Norinchukin Risk Management."

■ Equities Classified as Other Securities

Risk management of equities classified as other securities is managed under a framework of overall market risk management (including interest rate risk and foreign currency exchange risk). That framework mainly consists of the economic capital management framework. Further details can 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 valued at cost, determined by the moving average method. Exposure to equity and other investments classified in other securities is valued at the market value prevailing on the date of the closing of accounts, in the case of equities with quoted market values (with book values mainly determined by the moving average method). Equities without market values are valued at cost, determined by the 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 Approach

The Bank applies the PD/LGD approach to calculation of risk-weighted assets for equity exposures, and the simple risk-weight method and internal model method for calculation under the market-based approach.

Amounts on the Balance Sheet and Market Value

(Billions of yen)

Classification	As of March 31, 2009		As of March 31, 2008	
	Amounts on the balance sheet	Market value	Amounts on the balance sheet	Market value
Equity exposure	**477**	**477**	825	825
Exposure to publicly traded equity	**331**	**331**	650	650
Exposure to privately held equity	**145**	**145**	175	175

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 2008			Fiscal 2007		
	Gains from sale of equities, etc.	**Losses from sales of equities, etc.**	**Write-offs of equities, etc.**	Gains from sale of equities, etc.	Losses from sales of equities, etc.	Write-offs of equities, etc.
Equity exposure	**37**	**79**	**30**	53	0	72

Note: Amounts reflect relevant figures posted in the consolidated income statements.

Amount of Valuation Gains (Losses)

(Billions of yen)

Item	**As of March 31, 2009**	As of March 31, 2008
Amount of valuation gain (loss) recognized on the balance sheet and not recognized in the statements of operations	**9**	174

Notes: 1. Exposure is to equity shares issued by both domestic and overseas companies.
2. 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.

Unrealized Gains (Losses) Not Recognized on Consolidated Balance Sheets or Consolidated Statements of Income

Not applicable

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, 2009**	As of March 31, 2008
Amount included in supplementary capital under the stipulations of the Notification Regarding Capital Adequacy, Article 6-1-1	**—**	—

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, 2009**	As of March 31, 2008
	Amounts on the balance sheets	**Amounts on the balance sheets**
Equity exposure subject to treatment under the Notification Regarding Capital Adequacy, Appendix Article 13	**322**	495
Corporate	**310**	480
Bank	**6**	9
Sovereign	**5**	5

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. 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 and include equities, bonds and credit assets, which are the Bank's primary investment assets. Risk management policies are stipulated for each category of the asset classes. An outline is provided in the section "Norinchukin Risk Management." In addition to direct investment, the Bank allocates investments to funds. Relevant procedures are described in "Policies and Procedures for Management of Fund Investments." Risk is managed by applying methods appropriate for various asset categories. When these assets are entrusted with managers, the Bank performs through due-diligence, including on operating systems, risk management systems, compliance framework, management philosophy and strategies as well as past performance of the managers to be chosen, before making decisions for manager 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 continuous basis to assess whether to continue or replace individual managers.

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

(Billions of yen)

Classification	As of March 31, 2009		As of March 31, 2008	
	Exposure	(For reference) Weighted-average risk weight	Exposure	(For reference) Weighted-average risk weight
Look-through approach	**13,072**	**69%**	17,608	64%
Majority approach	**541**	**337%**	861	365%
Mandate approach	**—**	**—**	—	—
Market-based approach	**1,258**	**235%**	2,873	184%
Others (simple approach)	**274**	**448%**	381	459%
Total	**15,147**	**98%**	21,725	94%

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. (For reference) Weighted-average risk weight = {Total risk-weighted assets + (Expected losses + Deductions from capital) / 8%} / EAD

10. 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.)

Overview of Risk Management and Procedures for Interest-Rate Risk

As described in the section of "Norinchukin Risk Management," in its economic capital management, the core concept of the Bank's risk management framework, the principal business model is the globally diversified investments. Accordingly, the Bank manages risk by taking into account correlation among or within asset classes, principally bonds, equities, credit assets, and diversification effects among asset classes.

In managing "interest-rate risk," the Bank analyzes interest-rate risk by performing scenario analysis on 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. The Bank manages interest-rate risk in the banking book through a framework to properly capture the impact from interest-rate risk arising from various factors.

Combining this type of interest-rate risk management with the management of other major risks, the Bank has established checkpoints for application of its Internal Capital Adequacy Assessment Process (ICAAP). By conducting sets of stress testing and implementing other measures, the Bank always ensures the proper operation of risk management at all times, from the point of view of the assessment of capital adequacy as well.

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

As mentioned in the previous section, the core of the Bank's risk management activities is economic capital management. The Bank measures the risk of its securities portfolio on a daily basis. In the banking book, the Bank's internal rule applies one year holding period and five year historical observation period as criteria for interest-rate risk volatility measurements. The Bank calculates the declines in economic value on a monthly basis by taking the first and 99th percentile risk measure. Note that in principle, these measurements 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, 2009	As of March 31, 2008
Interest-rate risk	**1,125**	1,290
Yen interest-rate risk	**6**	(62)
U.S. dollar interest-rate risk	**1,014**	1,214
Euro interest-rate risk	**97**	114
Interest-rate risk in other currencies	**6**	23

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.

1. Capital Structure (Non-Consolidated)

(1) 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, 2009 and 2008, was computed according to Basel II.

As of March 31

Items			Millions of yen		Millions of U.S. dollars
			2009	2008	**2009**
Tier I capital	Capital stock		**3,421,370**	2,016,033	**34,823**
	Included as non-cumulative, perpetual preferred stock		**24,999**	24,999	**254**
	Deposit for subscription to preferred stock		**—**	—	**—**
	Capital surplus		**25,020**	25,020	**254**
	Earned surplus		**788,617**	1,353,122	**8,026**
	Less: Amount corresponding to the decrease in capital due to merger of subsidiaries		**—**	—	**—**
	Less: Treasury stock		**—**	—	**—**
	Deposit for subscription to treasury stock		**—**	—	**—**
	Unrealized loss on other securities		**(1,871,867)**	(296,521)	**(19,052)**
	Foreign currency transaction adjustment		**(19)**	(16)	**(0)**
	Stock aquisition rights		**—**	—	**—**
	Less: Amount corresponding to operating rights		**—**	—	**—**
	Less: Goodwill and others		**—**	—	**—**
	Less: Amount corresponding to the increase in capital due to securitization transactions		**—**	—	**—**
	Less: Amount equivalent to 50% expected losses in excess of qualifying allowance		**62,479**	77,767	**635**
	Subtotal	(A)	**2,300,641**	3,019,870	**23,416**
	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		**—**	—	**—**
	45% of unrealized gains on land		**23,231**	24,147	**236**
	General reserve for possible loan losses		**43**	17	**0**
	Qualifying subordinated debt		**1,746,775**	1,301,395	**17,778**
	Included as perpetual subordinated bonds and loans		**1,476,057**	963,700	**15,023**
	Included as dated subordinated bonds, loans, and preferred stock		**270,718**	337,695	**2,755**
	Subtotal		**1,770,051**	1,325,560	**18,015**
	Tier II capital included as qualifying capital	(B)	**1,770,051**	1,325,560	**18,015**
Tier III capital	Short-term subordinated debt		**—**	—	**—**
	Including amount added to capital	(C)	**—**	—	**—**
Deductions	Deductions	(D)	**327,154**	304,516	**3,329**
Total Capital	(A)+(B)+(C)-(D)	(E)	**3,743,538**	4,040,915	**38,102**
Risk-weighted assets	Risk-weighted assets for credit risk	(F)	**22,421,771**	29,096,583	**228,211**
	Including on-balance sheet		**20,951,361**	27,112,682	**213,245**
	Including off-balance sheet		**1,470,409**	1,983,900	**14,966**
	Assets equivalent to market risk	(G)	**730,398**	2,076,684	**7,434**
	(For reference: actual market risk volume)	(H)	**58,431**	166,134	**594**
	Amount corresponding to operational risk (J)/8%	(I)	**764,948**	1,024,690	**7,785**
	(For reference: amount corresponding to operational risk)	(J)	**61,195**	81,975	**622**
	Total risk-weighted assets (F)+(G)+(I)	(K)	**23,917,117**	32,197,957	**243,431**
Basel II Capital Adequacy Ratio (Basel capital adequacy standards) = (E)/(K) × 100%			**15.65%**	12.55%	**15.65%**
Tier I ratio = (A)/(K) × 100%			**9.61%**	9.37%	**9.61%**
Non-Consolidated required capital			**1,913,369**	2,575,836	**19,474**

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. Regarding the calculation of capital adequacy ratio, certain procedures were performed by Ernst & Young ShinNihon LLC pursuant to "Treatment of Inspection of Capital Ratio Calculation Framework Based on Agree-upon Procedures" (JICPA Industry Committee Report No. 30). It does not constitute a part of the audit on financial statements by law, but a review on agree-upon procedures on internal control of capital adequacy calculation. Accordingly, Ernst & Young ShinNihon LLC does not address any opinion as a result of the review.

3. 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.

4. Those are items of Deductions: (1) the total amount of the value corresponding to intentional holdings of capital investments issued by other financial institutions, (2) 50% of the expected losses on exposure to corporate, sovereign and bank, and expected losses on retail exposure over the value of qualified reserves, (3) expected losses on equity exposure, and (4) securitization exposure subject to deduction from capital. (Notification Regarding Capital Adequacy, Article 20)

5. In computing risk-weighted assets for credit risk, the Bank has applied a scaling factor of 1.06 to the amount 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.

2. Items for Capital Adequacy (Non-Consolidated)

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

Regulatory Required Capital

(Billions of yen)

Items	As of March 31, 2009		As of March 31, 2008	
	EAD	Regulatory Required Capital	EAD	Regulatory Required EAD
Amount of regulatory required capital for credit risk	**75,645**	**2,233**	73,492	2,704
Exposure subject to Internal Ratings-Based Approach	**75,628**	**2,231**	73,482	2,703
Corporate exposure (excluding Specialized Lending)	**6,245**	**453**	7,158	412
Corporate exposure (Specialized Lending)	**763**	**109**	742	71
Sovereign exposure	**32,968**	**0**	19,226	0
Bank exposure	**12,280**	**103**	14,290	111
Retail exposure	**6**	**2**	5	0
Retail exposure secured by residential properties	**—**	**—**	—	—
Qualifying revolving retail exposure	**—**	**—**	—	—
Other retail exposure	**6**	**2**	5	0
Securitization exposure	**6,168**	**193**	6,039	112
Equity portfolios	**528**	**70**	869	127
Equity portfolios subject to PD/LGD approaches	**130**	**22**	97	12
Equity portfolios subject to simple risk-weighted method	**41**	**13**	91	30
Equities under the internal models approach	**9**	**4**	162	40
Grandfathered equity exposure	**347**	**29**	518	43
Exposure subject to risk-weighted asset calculation for investment fund	**16,105**	**1,263**	24,619	1,839
Other debt purchased	**58**	**1**	83	2
Other exposures	**502**	**32**	447	24
Exposure subject to Standardized Approach	**16**	**1**	10	0
Overdrafts	**0**	**0**	0	0
Prepaid expenses	**6**	**0**	6	0
Suspense payments	**10**	**0**	3	0
Other	**—**	**—**	—	—
Amount of regulatory required capital for market risk	**/**	**58**	/	166
Standardized Approach	**/**	**57**	/	165
Interest rate risk category	**/**	**—**	/	—
Equity risk category	**/**	**—**	/	—
Foreign exchange risk category	**/**	**57**	/	165
Commodity risk category	**/**	**—**	/	—
Option transactions	**/**	**—**	/	—
Internal models Approach	**/**	**0**	/	0
Amount of regulatory required capital for operational risk	**/**	**61**	/	81
Offsets on consolidation	**/**	**2,352**	/	2,952

Notes: 1. Regulatory required capital for credit risk = 8% of risk-weighted assets for credit risk + Expected losses + Deductions from capital

2. "Risk-weighted asset calculation for investment fund" is risk-weighted assets as calculated according to the method specified in Notification Regarding Capital Adequacy, Article 144.

3. Article 13 of the Notification Regarding Capital Adequacy contains a grandfathering provision for computing the amount of risk assets related to equity exposures that meet specified criteria.

4. 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 2008, ended March 31, 2009

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	13,215	14,977	5	3,919	32,118	244
Asia except Japan	74	32	0	1,815	1,922	—
Europe	74	2,501	1	1,919	4,497	5
The Americas	274	8,064	2	6,523	14,865	1
Other areas	23	17	0	0	42	—
Total	13,663	25,592	9	14,179	53,445	252

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)
Manufacturing	2,340	282	1	0	2,623	50	5
Agriculture	44	0	—	0	44	5	1
Forestry	41	—	—	—	41	1	0
Fishing	36	—	—	—	36	26	2
Mining	18	1	—	0	19	—	—
Construction	161	17	—	0	179	5	1
Utility	147	48	0	0	196	—	—
Information/telecommunications	108	32	—	0	141	6	—
Transportation	706	69	3	0	778	10	—
Wholesaling, retailing	1,664	54	0	0	1,719	24	0
Finance and insurance	1,464	4,186	4	13,656	19,312	5	0
Real estate	463	160	—	0	624	87	1
Services	1,364	54	0	1	1,420	27	4
Municipalities	337	35	—	—	373	—	—
Other	4,762	20,651	—	519	25,933	0	0
Total	13,663	25,592	9	14,179	53,445	252	17

Note: "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	**9,861**	**5,128**	**0**	**12,068**	**27,059**
Over 1 year to 3 years	**1,541**	**3,686**	**3**	**50**	**5,281**
Over 3 years to 5 years	**1,389**	**4,890**	**0**	**6**	**6,287**
Over 5 years to 7 years	**470**	**1,763**	**1**	**4**	**2,238**
Over 7 years	**327**	**9,653**	**3**	**—**	**9,985**
No term to maturity	**72**	**471**	**—**	**2,049**	**2,593**
Total	**13,663**	**25,592**	**9**	**14,179**	**53,445**

Notes: 1. The amount of credit exposure at the end of the period does not substantially differ from the average-risk position during fiscal 2008.
2. Within credit risk exposure, credit risk exposure subject to the Standardized Approach was ¥16.9 billion.
3. Default exposure is classified in the Bank's self-assessment as being under "Debtor Under Requirement of Control."

For Fiscal 2007, ended March 31, 2008

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	12,472	9,404	88	4,906	26,872	214
Asia except Japan	70	27	9	1,528	1,635	—
Europe	113	3,224	485	3,148	6,972	1
The Americas	289	5,827	273	2,165	8,556	—
Other areas	30	19	3	0	54	—
Total	12,977	18,504	860	11,749	44,091	216

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)
Manufacturing	2,243	431	1	0	2,676	45	3
Agriculture	44	0	—	0	44	6	0
Forestry	44	—	—	0	44	1	0
Fishing	39	—	—	0	39	29	0
Mining	15	1	—	0	16	—	—
Construction	161	12	—	0	173	1	—
Utility	146	56	0	0	202	—	—
Information/telecommunications	103	36	—	0	139	0	—
Transportation	668	95	2	0	767	12	—
Wholesaling, retailing	1,668	78	1	0	1,747	26	0
Finance and insurance	1,552	5,416	854	10,628	18,452	4	—
Real estate	535	211	0	0	746	39	—
Services	1,319	57	0	1	1,378	48	2
Municipalities	424	44	—	0	468	—	—
Other	4,009	12,063	0	1,119	17,192	0	—
Total	12,977	18,504	860	11,749	44,091	216	6

Note: "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	9,448	452	146	9,688	19,735
Over 1 year to 3 years	1,659	2,468	708	—	4,837
Over 3 years to 5 years	1,155	2,991	0	57	4,205
Over 5 years to 7 years	337	1,218	0	3	1,560
Over 7 years	358	10,604	3	661	11,627
No term to maturity	17	769	—	1,337	2,124
Total	12,977	18,504	860	11,749	44,091

Notes: 1. The amount of credit exposure at the end of the period does not substantially differ from the average-risk position during fiscal 2007.
2. Within credit risk exposure, credit risk exposure subject to the Standardized Approach was ¥10.3 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, 2009	As of March 31, 2008	Increase/(decrease)
General reserve for possible loan losses	**47**	40	**7**
Specific reserve for possible loan losses	**100**	86	**13**
Japan	**98**	84	**14**
Asia except Japan	**—**	—	**—**
Europe	**1**	1	**(0)**
The Americas	**0**	—	**0**
Other areas	**—**	—	**—**
Specified reserve for loans to countries with financial problems	**—**	0	**(0)**
Total	**147**	126	**21**

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, 2009	As of March 31, 2008	Increase/(decrease)
General reserve for possible loan losses	**47**	40	**7**
Specific reserve for possible loan losses	**100**	86	**13**
Manufacturing	**12**	9	**3**
Agriculture	**2**	3	**(0)**
Forestry	**0**	0	**(0)**
Fishing	**13**	15	**(1)**
Mining	**—**	—	**—**
Construction	**0**	0	**0**
Utility	**—**	—	**—**
Information/telecommunications	**3**	0	**2**
Transportation	**6**	8	**(2)**
Wholesaling, retailing	**15**	17	**(1)**
Finance and insurance	**1**	0	**1**
Real estate	**35**	15	**19**
Services	**7**	14	**(6)**
Municipalities	**—**	—	**—**
Other	**—**	0	**(0)**
Others	**—**	—	**—**
Specified reserve for loans to countries with financial problems	**—**	0	**(0)**
Total	**147**	126	**21**

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

a. Corporate, Sovereign and Bank Exposure

Fiscal 2008 (Ended March 31, 2009)

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Corporate Exposure	4.70%	44.88%	91%	6,245	5,527	717
1-1 to 4	0.18%	44.99%	38%	4,598	3,968	629
5 to 7	2.74%	44.49%	130%	1,001	945	55
8-1 to 8-2	19.53%	44.70%	355%	482	454	27
Subtotal	2.14%	44.89%	78%	6,082	5,369	713
8-3 to 10-2	100.00%	44.71%	560%	163	158	4
Sovereign Exposure	0.00%	45.00%	0%	32,968	27,817	5,151
1-1 to 4	0.00%	45.00%	0%	32,968	27,817	5,151
5 to 7	7.78%	45.00%	211%	0	0	—
8-1 to 8-2	—	—	—	—	—	—
Subtotal	0.00%	45.00%	0%	32,968	27,817	5,151
8-3 to 10-2	—	—	—	—	—	—
Bank Exposure	0.06%	25.50%	11%	12,280	6,304	5,975
1-1 to 4	0.05%	25.48%	10%	12,255	6,287	5,967
5 to 7	2.66%	42.40%	153%	17	10	7
8-1 to 8-2	7.07%	20.73%	103%	7	6	0
Subtotal	0.06%	25.50%	10%	12,279	6,304	5,975
8-3 to 10-2	100.00%	45.00%	563%	0	0	0
Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach	1.80%	90.00%	220%	130	123	7
1-1 to 4	0.17%	90.00%	141%	96	96	—
5 to 7	4.75%	90.00%	424%	33	25	7
8-1 to 8-2	19.91%	90.00%	783%	0	0	—
Subtotal	1.42%	90.00%	216%	129	122	7
8-3 to 10-2	100.00%	90.00%	1,125%	0	0	—

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. "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).

Fiscal 2007 (Ended March 31, 2008)

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD		
					EAD (on-balance sheet)	EAD (off-balance sheet)
Corporate Exposure	3.81%	39.03%	72%	7,158	5,211	1,947
1-1 to 4	0.15%	37.33%	28%	5,475	3,680	1,794
5 to 7	1.65%	44.48%	109%	1,090	983	107
8-1 to 8-2	19.20%	44.62%	353%	427	385	41
Subtotal	1.55%	38.89%	61%	6,993	5,050	1,943
8-3 to 10-2	100.00%	44.70%	560%	164	161	3
Sovereign Exposure	0.00%	46.15%	0%	19,226	18,131	1,094
1-1 to 4	0.00%	46.15%	0%	19,225	18,131	1,094
5 to 7	7.78%	45.00%	218%	0	0	—
8-1 to 8-2	—	—	—	—	—	—
Subtotal	0.00%	46.15%	0%	19,226	18,131	1,094
8-3 to 10-2	—	—	—	—	—	—
Bank Exposure	0.05%	25.74%	10%	14,290	6,736	7,554
1-1 to 4	0.04%	25.71%	9%	14,262	6,716	7,546
5 to 7	2.50%	45.00%	157%	16	10	6
8-1 to 8-2	7.07%	27.86%	142%	10	10	0
Subtotal	0.04%	25.73%	10%	14,290	6,736	7,554
8-3 to 10-2	100.00%	45.00%	563%	0	0	0
Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach	0.80%	90.00%	158%	97	97	—
1-1 to 4	0.16%	90.00%	145%	92	92	—
5 to 7	2.06%	90.00%	304%	3	3	—
8-1 to 8-2	19.91%	90.00%	783%	0	0	—
Subtotal	0.28%	90.00%	153%	96	96	—
8-3 to 10-2	100.00%	90.00%	1,125%	0	0	—

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. "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 2008 (Ended March 31, 2009)

Details on PD, LGD, RW and EAD Assets

(Billions of yen)

Type of exposure	Weighted-average PD	Weighted-average LGD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Retail exposure secured by residential properties	4.72%	41.97%	84.82%	78.39%	80%	330	330	—
Not default Not delinquent	0.41%	42.01%	/	/	31%	301	301	—
Not default Delinquent	22.31%	41.26%	/	/	348%	18	18	—
Not default Subtotal	1.68%	41.97%	/	/	49%	320	320	—
Default	100.00%	/	84.82%	78.39%	1,060%	10	10	—
Qualifying revolving retail exposure	—	—	—	—	—	—	—	—
Not default Not delinquent	—	—	/	/	—	—	—	—
Not default Delinquent	—	—	/	/	—	—	—	—
Not default Subtotal	—	—	/	/	—	—	—	—
Default	—	/	—	—	—	—	—	—
Other retail exposure	20.47%	78.48%	103.04%	94.78%	322%	9	4	5
Not default Not delinquent	1.44%	78.32%	/	/	88%	7	2	4
Not default Delinquent	22.23%	82.40%	/	/	397%	0	0	0
Not default Subtotal	2.26%	78.48%	/	/	100%	7	2	4
Default	100.00%	/	103.04%	94.78%	1,288%	1	1	0
Total	5.17%	43.01%	87.57%	80.86%	87%	340	335	5
Not default Not delinquent	0.43%	42.90%	/	/	32%	309	304	4
Not default Delinquent	22.31%	41.94%	/	/	349%	18	18	0
Not default Subtotal	1.70%	42.85%	/	/	50%	328	323	4
Default	100.00%	/	87.57%	80.86%	1,095%	12	11	0

Notes: 1. Purchased retail receivables in investment funds have been included in the amount subject to quantitative disclosure.
2. "Not default Delinquent" is not falling under a default definition in the Notification Regarding Capital Adequacy, but past-due.
3. 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).
4. For defaulted exposure, the risk weights have been computed taking account of the unexpected losses on default (LGD default) and the expected losses on default (EL default).
5. As of March 31, 2009, the Bank held no Qualifying revolving retail exposure for which net withdrawals of commitments had occurred.

Fiscal 2007 (Ended March 31, 2008)

Details on PD, LGD, RW and EAD Assets

(Billions of yen)

Type of exposure		Weighted-average PD	Weighted-average LGD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Retail exposure secured by residential properties		3.75%	42.80%	84.48%	79.07%	69%	372	372	—
	Not default Not delinquent	0.40%	42.83%	/	/	31%	347	347	—
	Not default Delinquent	23.18%	42.04%	/	/	360%	16	16	—
	Not default Subtotal	1.40%	42.80%	/	/	45%	363	363	—
	Default	100.00%	/	84.48%	79.07%	1,056%	8	8	—
Qualifying revolving retail exposure		—	—	—	—	—	—	—	—
	Not default Not delinquent	—	—	/	/	—	—	—	—
	Not default Delinquent	—	—	/	/	—	—	—	—
	Not default Subtotal	—	—	/	/	—	—	—	—
	Default	—	/	—	—	—	—	—	—
Other retail exposure		8.89%	50.28%	55.15%	51.42%	106%	34	29	5
	Not default Not delinquent	1.49%	50.38%	/	/	56%	30	25	5
	Not default Delinquent	18.47%	48.30%	/	/	214%	1	1	0
	Not default Subtotal	2.34%	50.28%	/	/	64%	32	27	5
	Default	100.00%	/	55.15%	51.42%	689%	2	2	0
Total		4.19%	43.44%	78.36%	73.30%	73%	407	401	5
	Not default Not delinquent	0.49%	43.45%	/	/	33%	378	373	5
	Not default Delinquent	22.75%	42.62%	/	/	346%	17	17	0
	Not default Subtotal	1.48%	43.41%	/	/	47%	396	390	5
	Default	100.00%	/	78.36%	73.30%	979%	11	10	0

Notes: 1. Purchased retail receivables in investment funds have been included in the amount subject to quantitative disclosure.

2. "Not default Delinquent" is not falling under a default definition in the Notification Regarding Capital Adequacy, but past-due.

3. 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).

4. For defaulted exposure, the risk weights have been computed taking account of the unexpected losses on default (LGD default) and the expected losses on default (EL default).

5. As of March 31, 2008, 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 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, 2009	As of March 31, 2008	Increase/(decrease)
Corporate exposure	**23**	6	**16**
Sovereign exposure	**—**	—	**—**
Bank exposure	**—**	—	**—**
Equity exposure subject to PD/LGD approach	**0**	0	**0**
Retail exposure secured by residential properties	**—**	—	**—**
Qualifying revolving retail exposure	**—**	—	**—**
Other retail exposure	**0**	0	**0**

Note: 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, 2009		As of March 31, 2008		As of March 31, 2007	
	Estimated losses	Actual losses	Estimated losses	Actual losses	Estimated losses	Actual losses
Corporate exposure	**45**	**23**	28	6	27	18
Sovereign exposure	**1**	**—**	1	—	1	—
Bank exposure	**0**	**—**	0	—	0	—
Equity exposure subject to PD/LGD approach	**0**	**0**	1	0	0	0
Retail exposure secured by residential properties	**—**	**—**	—	—	—	—
Qualifying revolving retail exposure	**—**	**—**	—	—	—	—
Other retail exposure	**0**	**0**	0	0	0	0

Notes: 1. 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. Estimated losses of each year are amount of expected losses.

Year-on-year comparison of actual losses and factor analysis of difference between estimated losses and actual losses

For fiscal 2008 (ended March 31, 2009) the actual loss amount increased year-on-year due to an increase in losses due to defaults of corporate borrowers.

Actual loss amounts have basically maintained at lower levels than the estimated losses at the beginning of the term, for the three fiscal years stated above.

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, 2009	As of March 31, 2008
Specialized Lending exposure subject to supervisory slotting criteria	**763**	917
Specialized Lending, excluding High-Volatility Commercial Real Estate (HVCRE)	**591**	742
Risk weight of 50%	**55**	117
Risk weight of 70%	**280**	419
Risk weight of 90%	**150**	151
Risk weight of 115%	**5**	12
Risk weight of 250%	**24**	0
Risk weight of 0% (default)	**75**	41
High-Volatility Commercial Real Estate (HVCRE)	**171**	174
Risk weight of 70%	**66**	41
Risk weight of 95%	**3**	69
Risk weight of 120%	**10**	10
Risk weight of 140%	**10**	42
Risk weight of 250%	**81**	11
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, 2009	As of March 31, 2008
Equity exposure subject to the simple risk-weighted method of the market-based approach by RW	**41**	92
Risk weight of 300%	**—**	—
Risk weight of 400%	**41**	92

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 RISK WEIGHT

Amount of Exposure Subject to Standardized Approach

(Billions of yen)

Classification	As of March 31, 2009		As of March 31, 2008	
	Exposure	Refer to ECAI	Exposure	Refer to ECAI
Exposure subject to Standardized Approach	**16**	**—**	10	—
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%	**16**	**—**	10	—
Risk weight of 150%	**—**	**—**	—	—
Amount deducted from capital	**—**	**—**	—	—
Others	**—**	**—**	—	—

4. Methods of Credit Risk Mitigation Techniques (Non-Consolidated)

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

(Billions of yen)

Classification	As of March 31, 2009	As of March 31, 2008
Foundation Internal Ratings-Based Approach	**4,769**	6,557
Eligible financial collateral	**4,620**	6,263
Corporate exposure	**15**	926
Sovereign exposure	**—**	—
Bank exposure	**4,604**	5,337
Other eligible IRB collateral	**—**	—
Corporate exposure	**—**	—
Sovereign exposure	**—**	—
Bank exposure	**—**	—
Guarantees, credit derivatives	**148**	293
Corporate exposure	**135**	260
Sovereign exposure	**13**	33
Bank exposure	**—**	—
Retail exposure secured by residential properties	**—**	—
Qualifying revolving retail exposure	**—**	—
Other retail exposure	**—**	—
Standardized Approach	**—**	—
Eligible financial collateral	**—**	—
Guarantees, Credit Derivatives	**—**	—

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.

5. 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, 2009	As of March 31, 2008
Total gross replacement costs (limited to items with a value of greater than zero)	(A)	**124**	994
Total gross add-ons	(B)	**354**	517
Gross credit exposure	(C) = (A)+(B)	**479**	1,512
Including, foreign exchange related		**356**	1,450
Including, interest rate related		**110**	54
Including, equity related		**3**	3
Including, credit derivatives		**9**	3
Amount of credit exposure before taking into account credit risk mitigation techniques due to collateral	(D)	**321**	180
Reduction in credit exposure due to netting contracts	(E) = (C)–(D)	**157**	1,331
Amount of collateral		**—**	0
Including eligible financial collateral		**—**	0
Amount of credit exposure after taking into account credit risk mitigation techniques due to collateral		**157**	1,331

Notes: 1. Derivatives transactions included in risk-weighted assets calculation for investment funds are not included.
2. Under the stipulations of the Notification Regarding Capital Adequacy, Article 56-1, the amount of credit exposure not computed has not been included.

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

(Billions of yen)

Classification	As of March 31, 2009	As of March 31, 2008
To buy protection	**—**	—
Including credit default swaps	**—**	—
To sell protection	**91**	79
Including credit default swaps	**91**	79
Notional principal amount of credit derivatives taking into consideration the effect of credit risk mitigation techniques	**—**	—

Notes: 1. Credit derivatives included in risk-weighted assets for investment funds have not been taken into consideration.
2. 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. Securitization Exposure (Non-Consolidated)

Detail of Securitization Exposure Held as Originator

(Billions of yen)

Classification	As of March 31, 2009	As of March 31, 2008
Total amount of underlying assets	**—**	—
Amounts of securitization exposure	**—**	—
Increase in capital due to securitization transactions	**—**	—
Deducted from capital	**—**	—
Amounts of securitized exposure	**—**	—
Gains (losses) on sales of securitization transactions	**—**	—

As of March 31, 2009, 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, 2009		As of March 31, 2008	
	Amount of exposure	Deductions from capital	Amount of exposure	Deductions from capital
Total amount of securitization exposure	**6,170**	**79**	6,040	23
Individuals				
Asset-Backed Securities (ABS)	**2,649**	**18**	1,841	—
Residential Mortgage-Backed Securities (RMBS)	**652**	**1**	847	1
Real estate				
Commercial Mortgage-Backed Securities (CMBS)	**602**	**1**	749	—
Corporates				
Subtotal of CDOs (CLO, ABS-CDO, CBO)	**2,194**	**40**	2,515	0
Collateralized Loan Obligations (CLO)	**1,908**	**30**	1,997	—
Asset-Backed Securities CDOs (ABS-CDO)	**217**	**9**	412	0
Collateralized Bond Obligations (CBO)	**69**	**—**	105	—
Others	**70**	**18**	86	21

Note: "Deduction from capital" is equity exposure deducted from capital under Article 224 of the Notification Regarding Capital Adequacy.

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

(Billions of yen)

Classification	As of March 31, 2009		As of March 31, 2008	
	Amount of exposure	Regulatory Required Capital	Amount of exposure	Regulatory Required Capital
Amount of securitization exposure	**6,170**	**193**	6,040	112
Risk weight: 20% or less	**5,418**	**43**	5,441	48
Risk weight: exceeding 20% to 50% or less	**290**	**8**	247	6
Risk weight: exceeding 50% to 100% or less	**197**	**13**	266	18
Risk weight: exceeding 100% to 250% or less	**128**	**22**	48	9
Risk weight: exceeding 250% to less than 1,250%	**55**	**26**	13	6
Deductions from capital	**79**	**79**	23	23

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

Not applicable

7. Market Risk (Non-Consolidated)

Computation of the Market Risk Amount Using the Internal Models Approach

■ VaR

(Millions of yen)

	Fiscal 2008	Fiscal 2007
Base date of computation	**2009. 3. 31**	2008. 3. 31
VaR (For the most recent 60 business days)		
Base date of computation	**333**	170
Maximum	**531**	532
Minimum	**138**	137
Average	**258**	252

■ Amounts of Market Risk

(Millions of yen)

		Fiscal 2008	Fiscal 2007
For the portion computed with the internal models approach (B)+(E)	(A)	**776**	859
Value at Risk (MAX (C, D))	(B)	**776**	859
Amount on base date of computation	(C)	**333**	170
Amount determined by multiplying (F) by the average for the most recent 60 business days	(D)	**776**	859
Additional amount at the time of measuring individual risk	(E)	**0**	0
(Multiplier)	(F)	**3.0**	3.4
(Times exceeding VaR in back testing)	(G)	**2**	5

8. Items for Equity Exposure (Non-Consolidated)

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

Amounts on the Balance Sheet and Market Value

(Billions of yen)

Classification	As of March 31, 2009		As of March 31, 2008	
	Amounts on the balance sheet	Market value	Amounts on the balance sheet	Market value
Equity exposure	**520**	**520**	866	866
Exposure to publicly traded equity	**331**	**331**	650	650
Exposure to privately held equity	**188**	**188**	215	215

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 2008			Fiscal 2007		
	Gains from sale of equities, etc.	Losses from sales of equities, etc.	Write-offs of equities, etc.	Gains from sale of equities, etc.	Losses from sales of equities, etc.	Write-offs of equities, etc.
Equity exposure	**37**	**79**	**30**	53	0	72

Note: Amounts reflect relevant figures posted in the income statements.

Amount of Valuation Gains (Losses)

(Billions of yen)

Item	As of March 31, 2009	As of March 31, 2008
Amount of valuation gain (loss) recognized on the balance sheet and not recognized in the statements of operations	**9**	170

Notes: 1. Exposure is to equity shares issued by both domestic and overseas companies.

2. 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.

Unrealized Gains (Losses) Not Recognized on Non-Consolidated Balance Sheets or Non-Consolidated Statements of Income

Not applicable

Amount Included in Supplementary Capital (Tier II) Under Stipulations of the Notification Regarding Capital Adequacy, Article 18-1-1

(Billions of yen)

Item	As of March 31, 2009	As of March 31, 2008
Amount included in supplementary capital under the stipulations of the Notification Regarding Capital Adequacy, Article 18-1-1	**—**	—

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, 2009	As of March 31, 2008
	Amounts on the balance sheets	**Amounts on the balance sheets**
Equity exposure subject to treatment under the Notification Regarding Capital Adequacy, Appendix Article 13	**347**	518
Corporate	**314**	483
Bank	**26**	29
Sovereign	**5**	5

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. 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, 2009		As of March 31, 2008	
	Exposure	(For reference) Weighted-average risk weight	Exposure	(For reference) Weighted-average risk weight
Look-through approach	**13,071**	**69%**	17,607	64%
Majority approach	**541**	**337%**	861	365%
Mandate approach	**—**	**—**	—	—
Market-based approach	**1,258**	**235%**	2,873	184%
Others (simple approach)	**274**	**448%**	381	458%
Total	**15,146**	**98%**	21,724	93%

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. (For reference) Weighted-average risk weight = {Total risk-weighted assets + (Expected losses + Deductions from capital) / 8%} / EAD

10. 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 Core Business Accounts (The Banking Accounts)

(Billions of yen)

Classification	As of March 31, 2009	As of March 31, 2008
Interest-rate risk	**1,125**	1,290
Yen interest-rate risk	**6**	(62)
U.S. dollar interest-rate risk	**1,014**	1,214
Euro interest-rate risk	**97**	114
Interest-rate risk in other currencies	**6**	23

Note: 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.

Status of Capital and Shareholders

Members and Share Ownership (As of March 31, 2009)

(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	946	881,161,590
Federations of Agricultural Cooperatives	118	2,916,389,320
Forestry Cooperatives	700	19,584,580
Forestry Production Cooperatives	11	14,650
Federations of Forestry Cooperatives	47	22,942,240
Fishery Cooperatives	1,108	59,869,591
Fishery Production Cooperatives	29	235,140
Federations of Fishery Cooperatives	89	324,995,149
Marine Products Processing Cooperatives	45	660,000
Federations of Marine Products Processing Cooperatives	6	693,750
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	16,158,600
Fishery Mutual Relief Insurance Associations	20	132,000
Federation of Fishery Mutual Relief Insurance Associations	1	292,800
Land Improvement Districts	808	2,883,540
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	4,093	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	125	4,158,150,000
Federations of Agricultural Cooperatives	37	24,946,250,000
Fishery Cooperatives	4	66,520,000
Federations of Fishery Cooperatives	30	535,610,000
Total	196	29,706,530,000

(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	4	5,577,700
Other Corporations	19	23,426,340
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
November 26, 2007	15,900	1,499,917	Allotment
February 28, 2008	12,900	1,512,817	Allotment
March 25, 2008	503,216	2,016,033	Allotment
December 29, 2008	24,800	2,040,833	Allotment
March 31, 2009	1,380,537	3,421,370	Allotment

Organizational Diagram (As of July 21, 2009)

- 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
      - Secretariat
      - Office of the Corporate Auditors
      - Coordination Div.
        - CSR Promotion Dept.
      - Public & Investor Relations Div.
      - Compliance Div.
      - Legal Div.
      - Internal Audit Div.
      - Personnel Div.
        - Career Development Dept.
      - Corporate Planning Div.
        - Business Development Dept.
        - Branch Strategy & Management Dept.
        - Subsidiaries & Affiliates Management Dept.
      - Financial Planning & Control Div.
        - 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 Monitoring & Consulting Div.
      - JA Bank System Planning & Promotion Div.
        - Core-Farmers Finance & Planning Dept.
      - JA Bank System Infrastructure Development Div.
      - JF Marine Bank Management Div.
        - Monitoring & Advisory Dept.
      - Personal Asset Management Div.
      - Credit & Alternative Portfolio Planning Div.
      - Agriculture, Forestry, Fishery & Ecology Business Div.
        - Ecology & Food Business Promotion Dept.
        - Agriculture, Forestry & Fishery Finance 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.
      - Corporate Business Div. I
      - Corporate Business Div. II
      - Corporate Business Div. III
      - Corporate Business Div. IV
      - Corporate Business Div. V
      - Cooperative Finance & Administration (Kanto Area) Div.
        - Mito Office
        - Nagano Office
      - Head Office Business Service Div.
      - Otemachi Business Service Div.
      - Foreign Business Operation & Management Div.
  - Auditors
  - Board of Auditors

[Branches]

- Sapporo Branch
- Aomori Branch
- Morioka Branch
- Sendai Branch
- Akita Branch
- Yamagata Branch
- Fukushima Branch
- Utsunomiya Branch
- Maebashi Office
- Kofu Office
- Toyama Branch
  - Niigata Office
  - Kanazawa Office
- Nagoya Branch
  - Shizuoka Office
- Osaka Branch
  - Wakayama Office
- Matsue Branch
- Tottori Office
- Okayama Branch
  - Hiroshima Office
  - Yamaguchi Office
- Takamatsu Branch
  - Tokushima Office
  - Matsuyama Office
  - Kochi Office
- 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, 2009)

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

Yoshio Kono
President & Chief Executive Officer

Junichi Mukaichi
Deputy President & Co-Chief Executive Officer

Masataka Miyazono
Senior Managing Director

Hiroshi Matsumoto
Senior Managing Director

Shuzo Furuya
Senior Managing Director

Norihiro Takahashi
Managing Director

Kazuo Yoshida
Managing Director

SUPERVISORY COMMITTEE

Mamoru Moteki
Kiyoshi Ishii
Ichio Kuramitsu
Shigeyoshi Hirano
Ikuhiro Hattori
Kiichi Sugawara
Masahiko Sawada
Masashi Mochizuki
Shigeyasu Nakao
Akio Mishima
Hisami Sunada
Yoshinori Ando
Motonori Baba
Hakusaburo Tezen
Mikio Wakatsuki
Hideaki Kubori
Yoshio Kono
Junichi Mukaichi

BOARD OF DIRECTORS

President & Chief Executive Officer
Yoshio Kono

Deputy President & Co-Chief Executive Officer
Junichi Mukaichi

Senior Managing Directors
Masataka Miyazono
Hiroshi Matsumoto
Shuzo Furuya

Managing Directors
Atsushi Takaoka
Kazumi Torii
Norihiro Takahashi
Kazuo Yoshida
Takahiro Ishida
Hideaki Iida
Naoki Oshikubo
Yusuke Ikegami

BOARD OF AUDITORS

Masaaki Tanaka
Kozo Konishi
Takeshi Iwabuchi
Yasuhiko Kishi
Tatsuhiko Tanaka

History

Milestones in the Bank's 85-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
• 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 permanently subordinated loans
• The consolidation of Shinnoren with the Bank begins

2003 • JF Marine Bank implements fundamental policies

2004 • Norinchukin Securities Co., Ltd., liquidated

2005 • Increase in capital of ¥225 billion in common stock and perpetual subordinated loans of ¥212 billion

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 lower dividend rate 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)
• JA Bank Agri-Support business established (June)
• Final integration of Tochigi Shinnoren (October)
• Capital increase through issue of lower dividend rate stock (¥15.9 billion) (November)

2008 • Final integration of Yamagata Shinnoren and Toyama Shinnoren (January)
• Capital increase through issue of lower dividend rate stock (¥12.9 billion) (February)
• Capital increase through issue of lower dividend rate stock (¥503.2 billion), and permanently subordinated loan (March)
• Final integration of Fukushima Shinnoren (October)
• Capital increase through issue of lower dividend rate stock (¥24.8 billion) (December)

2009 • Final integration of Kumamoto Shinnoren (January)
• Capital increase through issue of lower dividend rate stock (¥1,380.5 billion), and permanently subordinated loan (March)

List of Group Companies

As of March 31, 2009

Company Name	Address	Nature of Business	Date of Establishment	Capital (Millions of yen) Percentage of Voting Rights (%)
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
Kyodo Seminar Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Training	May 25, 1981	20 100.0
Norinchukin Research Institute Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Research	March 25, 1986	300 100.0
Nochu Business Support Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Various Operations, Talent Provider on behalf of The Norinchukin Bank	August 18, 1998	100 100.0
Kyodo Housing Loan Co., Ltd.	15-3, Chuocho 1-chome, Meguro-ku, Tokyo 152-0001, Japan	Mortgage Loans	August 10, 1979	10,500 91.52
Nochu Information System Co., Ltd.	5-3, Musashino 3-chome, Akishima-City, Tokyo 196-0021, Japan	System Development & Maintenance	May 29, 1981	100 90.0
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
Ant Capital Partners Co., Ltd.	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan	Private Equity Investments & Fund Management	October 23, 2000	3,086 38.0
The Cooperative Servicing Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Management and Collection of Non-Performing Loans	April 11, 2001	500 37.96
Private Equity Fund Research and Investments Co., Ltd.	7-9, Nihonbashi 1-chome, Chuo-ku, Tokyo 103-0027, Japan	Private Equity Fund Ratings, Investment Management	October 19, 2007	1,000 30.0 (5.00)
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
Mitsubishi UFJ NICOS Co., Ltd.	14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo 101-8960, Japan	Credit Card Business	June 7, 1951	109,312 15.01
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
Norinchukin Finance (Cayman) Limited	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	Issue of Subordinated Bonds, Borrowing of Subordinated Loans	August 30, 2006	$50,000 100.0

Notes: 1. Figure in parentheses () in the voting rights column indicate voting rights held indirectly via subsidiaries.
2. Nochu Information System Co., Ltd. which is a consolidated subsidiary and The JA Bank Computer System Co., Ltd. which was a consolidated subsidiary merged in April, 2008. Surviving company is Nochu Information System Co., Ltd.
3. Due to establishment of joint holding company and share exchange transaction with Mitsui Leasing and Development, Ltd., Kyodo Leasing Co., Ltd. and Kyodo Auto Leasing Co., Ltd. were excluded from the affiliates in April 2008.
4. Due to acquisition of its share in August, 2008, Mitsubishi UFJ NICOS Co., Ltd. was newly accounted for by the equity method.
5. Due to acquisition of its share in November, 2008, Ant Capital Partners Co., Ltd. was newly accounted for by the equity method.

Global Network (As of August 1, 2009)

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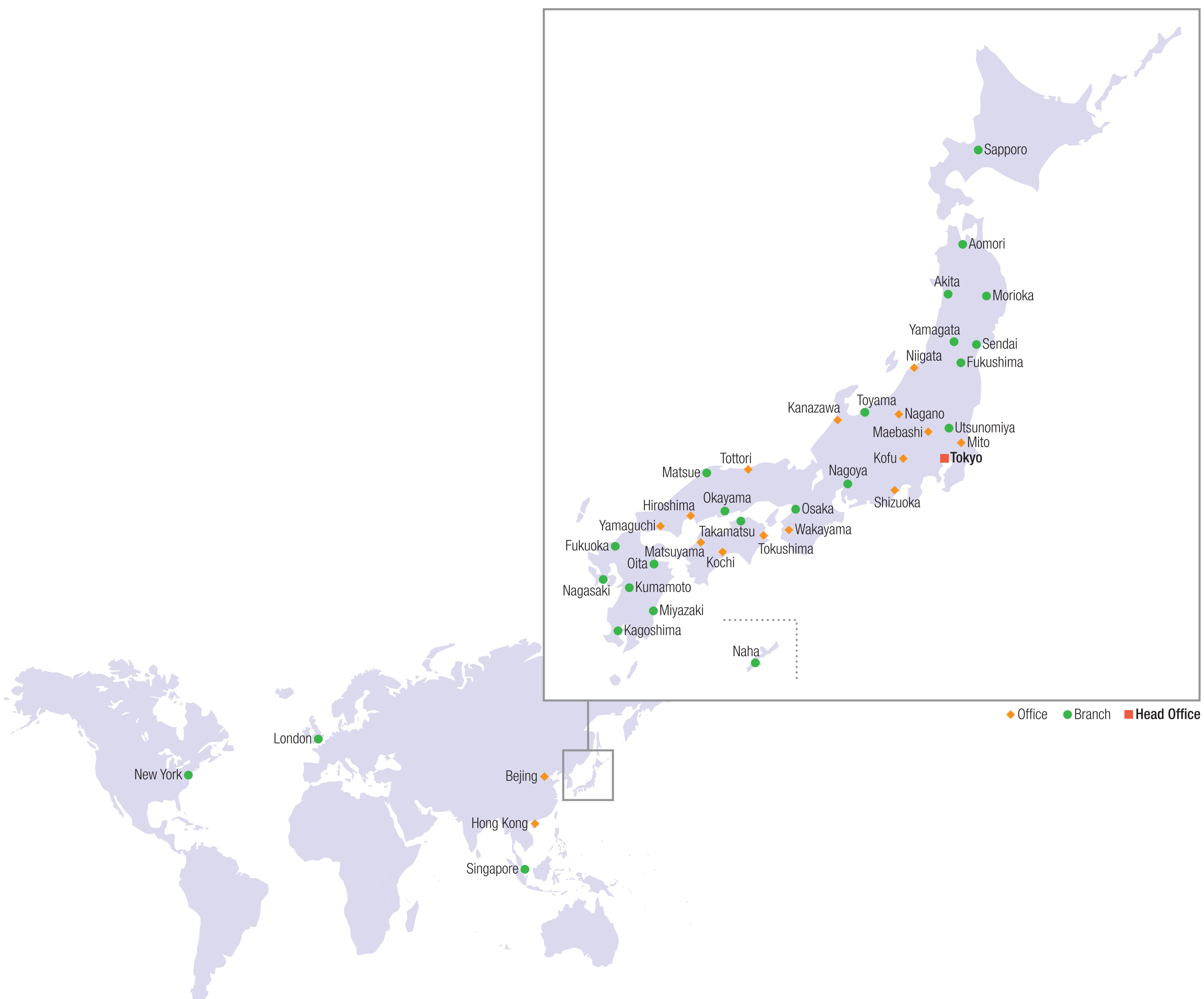

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