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Forward-Looking Statements

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

A Message
from the President

A healthy business performance amid a difficult operating environment



Hirofumi Ueno, President & CEO

The pace of Japan's economy has continued to be sluggish in this fiscal year amid the ongoing strengthening of corporate business performances and an improvement in the employment environment. In the United States, meanwhile, the period was dominated by fears that the effects of the subprime loan crisis would damage its real economy.

Long-term interest rates, which had previously been following an upward trend on a worldwide scale, turned downward as a result of the panic that gripped the financial markets in the wake of the emergence of the U.S. subprime loan crisis.

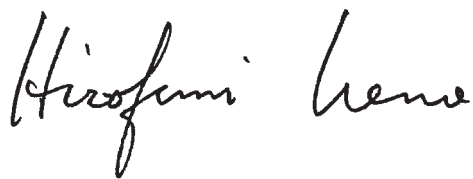
Stock prices appear to need more time to recover fully in spite of the FRB's consecutive moves to lower interest rates and the consequent adoption of an easy money supply stance by most of the world's central banks.

In the Bank's interim accounts settlement (on a non-consolidated basis) for the first half of fiscal 2007, we registered ordinary profit of ¥150.6 billion despite impairment losses originating from subprime loan-related investments, among others. On this basis, we revised upward our ¥337 billion start-of-term ordinary profit target for the fiscal 2007 full term to ¥352 billion. Thus, notwithstanding the severe operating environment, the Bank's business performance for the reporting six-month period was reasonably satisfactory.

As of the end of September 2007, the Bank's capital ratio on a non-consolidated basis stood at 12.56%, and the Tier I ratio stood at 7.28%, in accordance with the Basel II capital standard. Both these figures give convincing proof of the healthy state of the Bank's financial position.

Our management staff and employees work together to find optimal solutions to the issues of the Medium-Term Management Plan. Recognizing that the steady application of these efforts is the only way to receive high praise, not only from clients and cooperatives members in the JA Bank but also from investors, we have resolved to work energetically towards raising customer satisfaction to an even higher level. We look forward to receiving your continued support and encouragement of our efforts.

February 2008



Hirofumi Ueno
President & CEO

Recent Trends in Japan's Agriculture, Forestry and Fisheries

Agricultural Situation

With the long-term goal of modernizing and rationalizing the nation's agricultural sector, in June 2006 the new legislation was passed aimed at raising the priority on the provision of financial support to secure core farmers. On the basis of this legislation, new measures (took effect in 2007) have been introduced covering a wide spectrum of agricultural produce. In their first year of implementation, these measures focused on the most notable requirement of the agricultural industry—nurturing and supporting core farmers who would keep Japan's agricultural production going into the future. To ensure sufficient financial support for this, we requested the authorities to revise the legislation in some essential respects on behalf of the whole JA Group, and certain improvements were duly forthcoming.

The discussions held by the WTO, which are aimed at establishing new rules for trade liberalization in the fields of agriculture, non-agriculture, services and other areas during 2007, are currently in progress, focusing on modality (i.e., criteria for reducing protective measures that will apply to all nations), including figures for tariff reductions. Free Trade Agreement (FTA) and Economic Partnership Agreement (EPA) are talks in which reductions and eliminations of tariffs or serviced trade barriers are discussed between two countries or regions. These talks were held and agreements have already been finalized between Japan and five other countries, and signed with three countries and reached with one regional organization. Negotiations are still ongoing with six other countries and regions. Particularly noteworthy are the negotiations with Australia, whose agricultural exports are expected to have a major impact on Japan's farming sector, and we at the Norinchukin Bank

are following the progress of these talks with particularly close interest.

Japan's Forestry Resources

The Japanese forestry industry continues to suffer from a long-term trend toward lower prices for its lumber products. As a result, Japan's small logging operators are finding it very difficult to run their businesses at a profit. However, signs of recovery by Japan's forestry industry are already appearing, as the country now has enormous timber resources, and overseas supplies of timber are hardly managing to keep up with demand. In addition, the government is promoting the amalgamation of forestry operators into larger enterprises and taking various other steps to expand the scale of forest management and logging operations. These measures are prompted both by concern for the environment (to conserve forests for their role as carbon sinks, as well as to prevent landslides), and by the need to secure a stable supply of timber.

The State of the Fisheries Industry

From its peak of around 12.82 million tons in 1984, the amount of marine products caught and processed by Japan's fisheries industry has declined to roughly 5.67 million tons as of 2006. In fact, the nation's self-sufficiency rate in terms of marine food products has been in decline for even longer, having fallen from 113% in 1964 to approximately 59% in 2006. In the background to these developments lies an ongoing depletion of fishery resources in the seas surrounding Japan, combined with other obstacles to maintaining the level of seafood catches, including the rising cost of marine engine fuel, the declining number of persons choosing to follow the fisherman's trade, and the continuing superannuation of much of

the country's fishing fleet, owing to a lack of funds for renewal.

On the basis of these trends, the Fisheries Agency in March 2007 announced its new Basic Fisheries Plan. Particularly notable in this plan are various measures to encourage the rationalization of the fishing process. From fiscal 2007, these include financial support for the owners of small, economically inefficient fishing boats to retire from the business, while on the other hand assistance will be provided to help foster the growth of fishing fleet-operating companies whose catches will be cost-competitive with imported marine products. Financial support will also be given to fishermen wishing to replace their superannuated boats with new ones. In these ways, the agency is aiming to achieve structural reform in the fishing industry. From fiscal 2008, it will be commencing a service targeted at individual fishing boat owners and multiple-boat operating companies, aimed at improving their management systems for greater earnings stability.

The principal goal of these measures is to alleviate the impact of violent earnings fluctuations on the management of the nation's fisheries industry. The principal method chosen to achieve this goal is to improve the efficiency and stability of the management of the current fishery operator by targeting for support those fishing industry organizations that have adopted an active and planned approach to management improvement. The support will be aimed at realizing a more efficient and stable management style. These measures are intended to make it easier for fishery operators to obtain the funds needed to improve their management systems from financial institutions, and at the same time to facilitate the search for persons willing to carry on these businesses into the next generation and beyond.

Principal Developments in the First-Half of the Fiscal Year

As a national level financial institution for Agricultural, Forestry and Fisheries cooperatives in Japan, the Bank provides active support from multiple perspectives for banking operations conducted by JA and JF. We also work closely with Japan forestry cooperatives to develop the nation's forestry industry and support necessary afforestation and forestry management programs.

It goes without saying that the management and employees of the Norinchukin Bank work constantly to ensure improvement in stability of earnings, financial health, management probity and rigorous internal control, as befits one of Japan's leading institutional investors.

Initiatives to Strengthen the Financial Services Provided by the JA Bank

Based on the JA Bank Medium-Term Management Strategy for the three-year period from fiscal 2007 through fiscal 2009, covering comprehensive strategies for both management and operational issues, at the Bank we are working to expand our customer base, provide more finely-tailored financial services, and realize the unified operation of JA, Shinnoren, and the Bank itself.

Under the aforementioned Medium-Term Management Strategy, we will be working to raise the efficiency of management and operational methods. We will also aim to provide services that meet the needs of clients and JA members, including financial services for core farmers, assistance for existing farmers in drawing up wills in which they bequeath their farms to their designated heirs, and providing support services to elderly farmers and others drawing pensions. In the retail banking field, a tie-up with the Mitsubishi UFJ Financial Group has allowed the JA Bank Group to offer IC-embedded ATM cards and credit cards with more attractive features.

Initiatives in Financial Services for Core Farmers

Within the Japanese agricultural industry and the government's agricultural policy, it is becoming increasingly important to develop core farmers. Acting as the main bank for core farmers, the JA Bank is actively involved in initiatives to revitalize

farming in every region of the country. As of the end of September 2007, the number of JA Bank Finance Leaders who coordinate funding and other financial services for core farmers had risen to 1,560.

In January 2007 we introduced the Agri-Super Fund, which is offered to farmers adopting a policy of diversifying their cultivation across a variety of agricultural produce, with the aim of minimizing risk and maximizing income stability. At the same time, we also introduced a new loan product—the JA Agricultural Equipment and Greenhouse Loan—to finance the purchase of farming equipment and facilities. These loans (which are offered under different interest conditions, etc. in each prefecture of Japan) have proved popular over large parts of the country.

We are promoting the direct supply of funds to farmers through our Agribusiness Loan, which we began offering in April 2005 to agricultural companies, as well as funds secured using livestock as collateral, which we commenced in November 2006 through collaboration among the Bank, the National Federation of Agricultural Cooperative Associations, and Kyoei Mutual Fire & Marine Insurance Co. These loans, targeted at livestock breeders, utilize the trust method, in which the livestock (such as cattle and pigs) comprise the collateral.

In addition, we contribute to maintaining the financial stability of agricultural business operators through investments made by the Agribusiness Investment & Consultation Co., Ltd., an affiliate of the Bank.

The JA Bank Agri-Support Business

The JA Bank Agri-Support Business was established in fiscal 2007 to enable the JA Bank to fulfill its social mission of helping individual Japanese farmers and entire farming communities successfully negotiate the current period of dramatic change.

As the organization directly charged with responsibility for implementation of the support operations, we have established the JA Bank Agri-Eco Support Fund, a limited-liability intermediary body composed of investors in the JA Bank system, whose directors include Hiroshi Okuda, a director (and former chairman) of Toyota Motor Corporation. The Board of Directors of the Fund also includes experts from a variety of industrial fields without any connection to the agricultural cooperatives, who help ensure fair and transparent management based on a wide range of opinions. For the next three years, the scale of the fund balance is estimated at around ¥10 billion.

The principal business activities of the JA Bank Agri-Eco Support Fund are: (1) providing support for core farmers; (2) offering assistance in activities that contribute to agriculture and to regional communities; (3) promoting activities to improve the understanding of and increase interest in agriculture. The Fund's main initiatives in fiscal 2007 were providing financial support to core farmers to enable them to pay the interest on loans they have taken out, and a campaign started up through collaboration with news media organizations aimed at disseminating understanding of regional farm produce and unique local dishes utilizing them, as a way of revitalizing farming activity on a regional basis. In fiscal 2008, the Fund will be operating an investment fund in support of agricultural corporations taking up the challenge of entering new business lines, and will be commencing the JA Bank Partnership Initiative, whose main theme will be helping children to understand how food is

produced by farmers, and teaching them about the need to protect the natural environment and the operation of the nation's financial system.

ATM Agreement Signed among the JA Bank and the JF Marine Bank, Japan Post Bank, and Seven Bank

On May 7, 2007, the JA Bank and the JF Marine Bank concluded an agreement with Japan Post Bank (at that time still known as Japan Post) enabling deposits to be made via the ATMs of both sides by customers of both organizations. A similar agreement was concluded on the 16th of the same month with Seven Bank.

These tieups will enable customers of the JA Bank and the JF Marine Bank to use ATM cards, at branches of Japan Post Bank and Seven Bank, not only to withdraw cash and check their account balances but also to deposit money via the ATMs.

Measures to Secure Public Trust in the JA Bank

Since the lifting of unconditional guarantees on bank deposits, the JA Bank—in accordance with the basic policies set down with the unanimous consent of its members—has been monitoring their credit status (i.e. each JA) to maintain a constant and firm grasp of the state of its financial position, with the goal of maintaining good financial health and keeping the public's trust. In line with these efforts, we have been giving advice on management improvement to each JA whose financial position has not been in line with the standards laid down.

The JA Bank has long been providing each JA with advice regarding the design and operation of efficient lending, the disposal of nonperforming loans, and methods of minimizing market risk with regard to securities holdings. In addition, since April 2007, we have also been advising them on how to conform with the Basel II standard.

Management Integration among the JA Bank

In June 1998, the Bank drew up its basic policy on mergers among the JA Bank, based on separate talks held with the Prefectural Banking Federations of individual prefectures interested in merging with the Bank. Thus far, a partial takeover has been effected by the Bank of the operations of the banking federations of nine prefectures—Miyagi, Akita, Yamagata, Fukushima, Tochigi, Toyama, Okayama, Nagasaki, and Kumamoto.

In October 2005, Miyagi Shinnoren transferred its entire operations to the Bank, and this action was subsequently followed by four other Shinnoren (i.e. Okayama, Nagasaki, Akita, and Tochigi). Thus, in these prefectures, the overall system has been simplified from three levels to two—the Bank and JA. In the latter half of fiscal 2007, Yamagata and Toyama Shinnoren transferred their entire operations to the Bank in January 2008, and top priority is currently being given to preparing for this.

With regard to the simplification of the JA Bank, we are taking carefully into account the unique situations of each prefecture, so as to achieve greater efficiency. From here onward, we will be devoting our full efforts to creating a JA Bank that enjoys the trust and fulfills the expectations of our clients and members. We intend to work steadily to enhance support for JA and improve the efficiency of our operating system.

Progress Made in JASTEM System

With the transference of the last four prefectural JA Bank in May 2006, JASTEM, which is the core computer system used by the JA Bank, came into use in all 47 of Japan's prefectures. The system handles total deposits of approximately ¥80 trillion from around 45 million customers. JASTEM allows the JA Bank to offer its

customers the same service across the length and breadth of Japan.

Since the start of its operation in all of the nation's prefectures, we have been directing our efforts toward ensuring the system's stable operation under all circumstances. At the same time, we are devoting time and effort to implementing specific measures to raise service quality. We are also promoting the standardization of operating procedures to achieve cost reductions and higher system efficiency. Our efforts to standardize operational methods employed by the JA Bank and make them more efficient continue unabated.

Given that the system will have to be replaced at some point in the future, a next-generation JASTEM is under development with the aim of achieving an optimum balance of cost-effectiveness, quality, security, multifunctionality, and customer convenience.

Measures to Reorganize the Operations, Structure and Management Systems of the JF Group

At a general meeting of the National Federation of Fishery Cooperative Association (Zengyoren) held in June 2007, a special resolution was adopted to make concentrated efforts—particularly during the FY2007-2009 period—to improve the management of JF that are suffering from poor business results, and to promote the merger of JF into larger and more efficient units. In this way, Zengyoren aims to reorganize the operations, structure, and management methods of JF as a whole. To enable this reorganization to become reality, Zengyoren has set up a dedicated unit to provide advice and supervision to JF all over the country, and standardized nationwide criteria have been laid down for observance by all JF, while actual supervisory activities are implemented at the prefectural level.

The JF Marine Bank Basic Policy has been amended to allow the expansion of the system's support activities on a nationwide scale. A special contribution is to be made to the JF Marine Bank Support Association (ultimate target of ¥15 billion; of the ¥10 billion to be donated from the Bank by the end of fiscal 2007, the ¥9.5 billion provided by the Bank was completed by September 2007), as a means of widening and strengthening the safety net for JF in financial trouble. Through close liaison with the nationwide network of JF under Zengyoren and the regulatory authorities, the management and staff of the JF Marine Bank are working to realize this plan.

Developments among Organizations Involved with Forestry Cooperatives

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

From fiscal 2007, the Forestry Agency has clearly positioned (1) & (2) above as part of its policies, and from fiscal 2008, the Agency plans to step up its efforts to persuade absentee owners of forest tracts (those not domiciled in a nearby village) to engage in forest management activities (i.e. controlled tree-felling). The Bank will redouble its efforts to support forestry cooperatives so that they can enforce their business base by themselves.

Achievements of the Forest Rejuvenation Fund

To provide support for activities directed at revitalizing private forestlands threatened with deterioration and to help forests fulfill their roles that would be beneficial to the public interest, the Bank established its Norinchukin 80th Anniversary Forest Rejuvenation Fund (Public Trust) in March 2005. Over the last two years, the fund has loaned a total of approximately ¥200 million to nine organizations. The fund's activities are not limited to providing financing; it also publicizes on a nationwide scale the achievements of forest rejuvenation projects that have been selected for financial assistance, and promotes them as models to be followed. After the initial clearing and reforestation stage, the Fund sends specialists in woodland ecology and forestry management, and provides continuous support up to the completion of each project.

Report on Progress Made in Strengthening of the Bank's Compliance System

The Norinchukin Bank positions the rigorous practice of compliance in its day-to-day operations as one of its top-priority management issues, and to this end, we are working to further strengthen our compliance system.

During the April-September fiscal 2007 first-half period, against the background of the upcoming enactment of the Financial Instruments and Exchange Law in September of the same year, as well as the growing demand from society at large for more effective protection of customers, the Bank implemented an active policy of strengthening its management for customer protection.

We will continue to respond to shifts in social trends and the changing business environment in such a way as to maintain the trust of our

customers and shareholders. To do this, we will ensure that all members of the Bank's management and staff practice thorough legal compliance—based uncompromisingly on the principle of self-responsibility. We will practice a transparent management style in which great importance is placed on disclosure of corporate information and on management accountability. To make this possible, an unwavering commitment to compliance is of paramount importance.

Rationalizing our Branch Network

To operate the Bank's network of branches in Japan both more effectively and more efficiently, we are following a policy of dividing up the country into regional blocs and concentrating lending activities for each bloc in a small number of loan centers. The policy also involves a reduction in the total number of our outlets, with many offices being closed down and their operational areas taken over by other branches nearby.

For example, our Nagano Branch was closed down in July 2007 (operations being taken over by our head office in Otemachi, Tokyo). In the same month, our Shizuoka Branch was closed, with operations being transferred to our Nagoya Branch.

In July 2008, our Mito Branch will be closed (operations will be transferred to our head office in Otemachi); our Wakayama Office will be closed (operations to be taken over by our Osaka Branch), while our Okayama Branch will take over the operations of Hiroshima Branch and Yamaguchi Branch as the operations in those branches have been suspended.

Norinchukin to Join Japanese Bankers Association

The Japanese government's regulatory stance

toward the financial sector has changed tremendously after the Japanese Financial Big Bang. In addition, the introduction of the Basel II, as well as the recent trend toward adopting strong internal control systems, has meant that the functions required of institutions providing financial services have become much more sophisticated, requiring a great deal of specialist expertise.

In these circumstances, the Bank clearly needs to strengthen its capabilities in the collection and evaluation of information, and to this end we became a full member of the Japanese Bankers Association in July 2007. This membership gives us access to a wider range of information channels, enabling us to perform an even more useful role for the JA and JF Cooperative Banking Business.

Management Integration of Kyodo Leasing and Mitsui Leasing & Development

Kyodo Leasing Co., Ltd., an affiliated company of the Bank, has built up a firm relationship with the JA Group, and enjoys a wide customer base in the JA Group and agricultural industry. In May 2007, a basic agreement was reached to hold talks between Kyodo Leasing and Mitsui Leasing & Development, Ltd., an affiliate of Mitsui & Co., Ltd., with a view to a merger. All parties concerned are currently preparing to establish a joint holding company to be created through stock transfer, with the scheduled date of establishment having been set on April 1, 2008.

This planned merger between affiliates of companies in completely different industrial sectors will enable the new leasing company to make more extensive use of the former companies' respective areas of specialist expertise across a wider spectrum of customer sectors, and will allow it to satisfy customer needs more fully.

Flow of Funds in JA and JF Cooperative Banking Business

Flow of Funds in JA Cooperative Banking Business

The aggregate balance of deposits with JA increased during the first half of fiscal 2007, reaching ¥81,232.3 billion as of the end of September 2007, up 2.2% over the end of the previous first-half period. This is largely attributable to a steady increase in deposits by individual customers as a result of the Bank responding to their financial needs.

The aggregate balance of total JA loans, as of the end of September 2007, stood at ¥21,497.1 billion, for a year-on-year increase of 1.6%. Home mortgage consultation sessions and sales campaigns focusing on home mortgages played an important role in increasing loans to individual customers.

The aggregate balance of securities, as of the

end of September 2007, stood at ¥4,512.3 billion, representing a year-on-year decline of 2.6%.

The aggregate balance of deposits with Shinnoren was on a rising trend as a result of the firm trend displayed by JA deposits, and it amounted to ¥51,010.8 billion as of the end of September 2007, for a year-on-year increase of 2.2%.

Shinnoren loans at the end of September 2007 stood at ¥5,200.7 billion, up by 0.2% over the previous first-half period-end, largely as a result of an increase in loans to business corporations.

The securities holdings of Shinnoren (including money held in trust) at the end of September 2007 amounted to ¥16,965.8 billion, down 0.5% year-on-year.

Trends of Balances of Deposits and Loans

(Billions of yen)

	As of March 31, 2006	As of September 30, 2006	As of March 31, 2007	As of September 30, 2007
JA Deposits	¥78,865.3	¥79,515.5	¥80,189.0	¥81,232.3
JA Loans	20,747.2	21,154.6	21,216.5	21,497.1
Shinnoren Deposits	49,011.1	49,914.2	50,038.8	51,010.8
Shinnoren Loans	5,001.8	5,192.9	5,152.9	5,200.7

Flow of Funds in JF Cooperative Banking Business

The aggregate balance of JF deposits stood at ¥2,236.9 billion at the end of September 2007, representing a year-on-year decline of 1.2%. This is mainly attributable to poor fish catches as well as a decrease in deposits by local government bodies etc.

Owing to the severity of the fishery industry's operating environment and the weak investment

demand in this industry, JF loans, as of the end of September 2007, amounted to ¥769.2 billion, down 3.1% year-on-year.

The above-quoted figures for deposits and loans comprise the aggregate balances held nationwide by the JF level and by the prefectural banking federation of fishery cooperatives (Shingyoren) level (This figure excludes funds deposited with Shingyoren by JF, and loans made to JF by Shingyoren).

Financial Highlights (Consolidated & Non-Consolidated)

Financial Results for the First Half of Fiscal 2007 (Consolidated)

The Norinchukin Bank's financial results on a consolidated basis as of September 30, 2007 (the end of the first half of the current term) include the business results of nine consolidated subsidiaries and of four other affiliates accounted for using the equity method. There was no change in the scope of consolidation from the preceding fiscal year-end.

The Bank's performance in the first-half period of fiscal 2007 can be summarized as follows.

• Balance of Assets and Liabilities

Total assets declined ¥2,043.1 billion from the preceding year-end, to ¥66,198.9 billion.

The balance of deposits decreased ¥606.0 billion to ¥40,637.4 billion, reflecting the flow of funds in JA and JF Cooperative Banking Business and from the markets. The Bank's balance of debentures grew ¥188.2 billion to ¥4,659.4 billion from the previous fiscal year-end.

The balance of loans and bills discounted fell ¥505.0 billion to ¥12,349.6 billion, while the balance of securities declined ¥2,183.2 billion to ¥41,547.0 billion. The balance of trading assets decreased ¥900 million to ¥51.6 billion.

• Income

Total income in the fiscal first-half period totaled ¥1,384.8 billion, comprising interest on loans and bills discounted in the amount of ¥76.3 billion, interests and dividends on securities in the amount of ¥929.6 billion, etc.

Total expenses reached ¥1,165.7 billion. As a result, net income for the first-half period amounted to ¥ 143.5 billion.

• Capital Adequacy Ratio

As of September 30, 2007, the Bank's capital adequacy ratio (under the Basel II standard) stood at 12.55%.

Key Management Indicators (Consolidated)

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

	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007 (First-half)	Fiscal 2007 (First-half)
Total Income	¥ 1,141.3	¥ 1,176.5	¥ 1,811.2	¥ 2,639.9	¥ 1,384.8	\$ 12,000
Total Expenses	953.6	981.8	1,445.0	2,250.8	1,165.7	10,101
Net Income	144.6	139.9	269.3	256.8	143.5	1,244
Total Net Assets (Note 2)	2,523.8	2,901.5	3,962.2	4,445.8	4,120.3	35,705
Total Assets	61,833.0	61,978.6	70,818.8	68,242.0	66,198.9	573,647
Capital Adequacy Ratio (%, BIS) (Note 3)	12.94	11.73	12.14	12.84	12.55	

Notes: 1. U.S. dollars have been converted at the rate of ¥115.40 to U.S.\$1, the effective rate of exchange at September 30, 2007.

2. 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.

3. The calculation of the Capital Adequacy Ratio (Basel II) is based on the formula found in Notification No. 4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of Management of Norinchukin Bank) issued in 2006, which came into effect from the fiscal year ended March 31, 2007. The former standards were applied in calculating the Capital Adequacy Ratio prior to the fiscal year ended March 31, 2007.

Financial Results for the First Half of Fiscal 2007 (Non-Consolidated)

• Overview of Business Performance

Balance of Assets and Liabilities

Total assets declined ¥2,103.4 billion from the preceding term-end, to ¥66,383.7 billion.

With regard to fund-raising, the balance of deposits stood at ¥40,646.2 billion, and the balance of debentures totaled ¥4,659.6 billion.

The balance of loans and bills discounted came to ¥12,289.7 billion, and the balance of securities stood at ¥41,568.6 billion.

Income

Income was affected in part by the negative impact on financial markets of the subprime loan crisis in the U.S. However, thanks to our continued efforts to disperse our investments globally and realize a favorable performance of investments in alternative assets, net income came to ¥141.4 billion.

Capital Adequacy Ratio

As of September 30 2007, the capital adequacy ratio (under the Basel II standard) stood at 12.56% at the end of the first-half period.

• Principal Business Indicators

Deposits

The balance of deposits decreased ¥607.3 billion from the previous term-end, to ¥40,646.2 billion.

Debentures

Through an issuance of interest-bearing bonds, the balance of debentures increased ¥188.2 billion during the term under review, to ¥4,659.6 billion.

Loans and Bills Discounted

The balance of loans and bills discounted decreased ¥514.7 billion to ¥12,289.7 billion.

Finance for Cooperative Organizations

The balance of loans and bills discounted totaled ¥645.8 billion at the end of the first half of the current fiscal year, a decrease of ¥191.3 billion from the previous fiscal year-end. Of this total, loans and bills discounted to agricultural organizations totaled ¥115.9 billion, down ¥111.2 billion from the previous fiscal year-end. Loans and bills discounted to fishery organizations totaled ¥40.2 billion, and those to forestry organizations came to ¥12.8 billion. Loans and bills discounted to other members as well as companies engaged in the agriculture, forestry and fishery businesses amounted to ¥476.8 billion.

Corporate Finance

The balance of corporate finance declined ¥73.3 billion to ¥3,512.1 billion.

Other Loans

Loans and bills discounted to other borrowers—including the central government—decreased ¥249.9 billion to ¥8,131.7 billion.

Securities

The securities balance at the end of the first half of the current term stood at ¥41,568.6 billion, down ¥2,181.9 billion from the previous year-end. Net unrealized gains on other securities and other money held in trust came to ¥1,842.6 billion (before deducting the tax effect).

Trading Accounts

A separate trading account has been established for transactions involving trading securities for short-term transactions, certificates of deposit (CDs), commercial paper (CP) and derivatives aimed at securing short-term trading gains, and the trading account is clearly separated from the banking account. The balance of assets Trading totaled ¥51.6 billion, and Trading liabilities came to ¥14.2 billion.

Key Management Indicators (Non-Consolidated) (Billions of yen/Millions of U.S. Dollars (Note 1))

	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007 (First-half)	Fiscal 2007 (First-half)
Total Income	¥ 1,116.8	¥ 1,163.8	¥ 1,796.1	¥ 2,624.4	¥ 1,378.0	\$ 11,941
Total Expenses	934.9	971.2	1,435.2	2,241.3	1,162.6	10,075
Net Income	141.8	140.4	267.6	253.8	141.4	1,225
Paid-in Capital	1,224.9	1,224.9	1,465.0	1,484.0	1,484.0	12,860
Total Number of Shares						
Outstanding (Thousand)	12,032,818	12,032,818	14,455,969	14,645,969	14,645,969	
Net Assets (Note 2)	¥ 2,510.2	¥ 2,889.0	¥ 3,947.7	¥ 4,423.0	¥ 4,095.2	\$ 35,487
Total Assets	61,656.1	61,947.2	70,764.1	68,487.2	66,383.7	575,249
Deposits	40,981.8	40,462.6	40,483.4	41,253.6	40,646.2	352,221
Debentures	5,216.8	4,704.4	4,787.7	4,471.3	4,659.6	40,378
Loans and Bills						
Discounted	17,798.2	15,700.4	11,948.7	12,804.4	12,289.7	106,497
Securities	33,553.0	37,427.2	45,607.4	43,750.5	41,568.6	360,213
Employees	2,747	2,730	2,778	2,744	2,868	
Capital Adequacy Ratio (%, BIS) (Note 3)	12.87	11.68	12.10	12.84	12.56	

Notes: 1. U.S. dollars have been converted at the rate of ¥115.40 to U.S.\$1, the effective rate of exchange at September 30, 2007.

2. 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.

3. The calculation of the Capital Adequacy Ratio (Basel II) is based on the formula found in Notification No. 4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of Management of Norinchukin Bank) issued in 2006, which came into effect from the fiscal year ended March 31, 2007. The former standards were applied in calculating the Capital Adequacy Ratio prior to the fiscal year ended March 31, 2007.

Credit Costs in First Half of Fiscal 2007 (On a Non-Consolidated Basis)

	(Billions of Yen)
Loan write-offs	¥ 2.6
Provisions to specific reserve for possible loan losses	(13.2)
Provisions to general reserve for possible loan losses	(50.5)
Provisions to reserve for specified overseas debts	(0.0)
Other	0.1
Total credit costs	¥(60.9)

The Norinchukin Bank's Debtor Classification and Reserves for Possible Loan Losses (As of September 30, 2007)

(On a Non-Consolidated Basis)

Self-Assessments					(Billions of Yen)		
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 91.9	Bankrupt or De facto bankrupt 7.9	Loans to borrowers under bankruptcy proceedings 6.7
Doubtful debtors	Portion deemed to be recoverable through collateral or guarantees		Provision ratio: 94.9%			Doubtful 147.1	Delinquent loans 146.8
Substandard debtors	Special attention	Provision ratio of the uncovered portion: 26.8%			General reserve for possible loan losses 45.5 (Note 1)	Special attention 51.7	Loans with principal or interest payments three months or more in arrears 0.0
	(Claims on debtors under requirement of control) Other substandard debtors	Claims on substandard debtors other than "Special Attention"				Standard loans 12,644.9	Restructured loans 51.5
Standard debtors							

Notes: 1. The expected default ratios for computing the provisions to the general reserve for possible loan losses are 0.23% for standard debtors, 3.02% for substandard debtors (excluding claims under requirement of control), and 14.80% 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.