

May 29, 2007

Financial Disclosure as of March 31, 2007

Name : **The Norinchukin Bank**

(URL <http://www.nochubank.or.jp/>)

Name of the President: Hirofumi Ueno, President & Chief Executive Officer

The Person Responsible for Inquiries: Kunihiro Handa, General Manager of Financial Planning & Control Division

* These materials 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 (Article 81).

(Note) Amounts less than one million yen and digits after decimal point presented are rounded down.

Consolidated Financial Results for Fiscal 2006 (for the year ended March 31, 2007)

1. Consolidated Results of Operations

(Percentage represents change from the previous year)

	Ordinary Income		Ordinary Profits		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Fiscal 2006	2,621,450	48.9	373,242	17.4	256,837	(4.6)
Fiscal 2005	1,760,142	51.1	317,677	48.3	269,376	92.4

	Net Assets Net Income Ratio		Total Assets Ordinary Profits Ratio		Total Income Ordinary Profits Ratio	
		%		%		%
Fiscal 2006	6.1		0.5		14.2	
Fiscal 2005	7.8		0.4		18.0	

(Ref) Equity in Earnings of Affiliates for Fiscal 2006 819 Millions of Yen for Fiscal 2005 198 Millions of Yen

2. Consolidated Financial Conditions

*Consolidated Capital Adequacy Ratio as of March 31, 2007 is preliminary.

	Total Assets	Total Net Assets	Net Assets Ratio (Note 1)	Consolidated BIS Capital Adequacy Ratio (Note 2)
	Millions of Yen	Millions of Yen	%	%
As of March 31, 2007	68,242,099	4,445,888	6.5	12.84
As of March 31, 2006	70,818,853	3,962,212	5.5	12.14

(Ref) Net Assets - Minority Interests as of March 31, 2007 4,440,192 Millions of Yen as of March 31, 2006 - Millions of Yen

(Note 1) "Net Assets Ratio" is computed by dividing (Net Assets - Minority Interests) by the Total Assets. (All the amounts are the results at the end of the fiscal year.) Furthermore, Net Assets as of fiscal year ended March 31, 2006 was equal to the total of "Shareholders' Equity", the Net Assets Ratio was computed by dividing the corresponding amount by the Total Assets at the end of the fiscal year.

(Note 2) The calculation of the Norinchukin 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 formula was applied in calculating the Norinchukin Bank's consolidated capital adequacy ratio for fiscal year ended March 31, 2006.

3. Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of the Fiscal Year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Fiscal 2006	(3,401,783)	2,747,991	310,577	334,260
Fiscal 2005	8,360,615	(8,779,941)	402,967	677,476

4. Change in the Scope of Consolidation (Subsidiaries and Affiliates) during the fiscal year

- 1 Addition (Norinchukin Finance (Cayman) Limited)
- 1 Exclusion (former Kyodo Credit Service Co., Ltd.)

Norinchukin Finance (Cayman) Limited was newly established during the fiscal year ended March 31, 2007 and was included in the scope of consolidation. Kyodo Credit Service Co., Ltd. was excluded from the scope of consolidation since it was dissolved and merged with Mitsubishi UFJ NICOS Co., Ltd. (former UFJ NICOS Co., Ltd.).

(Reference) Brief Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for Fiscal 2006 (for the year ended March 31, 2007)

(1) Non-consolidated Results of Operations

(Percentage represents change from the preivous year)

	Ordinary Income		Ordinary Profits		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Fiscal 2006	2,605,749	49.3	365,687	17.4	253,886	(5.1)
Fiscal 2005	1,744,205	51.7	311,305	48.7	267,685	90.5

(2) Non-consolidated Financial Conditions

*Non-Consolidated Capital Adequacy Ratio as of March 31, 2007 is preliminary.

	Total Assets	Total Net Assets	Net Assets Ratio (Note 1)	Non-Consolidated Capital Adequacy Ratio (BIS standards) (Note2)
	Millions of Yen	Millions of Yen	%	%
As of March 31, 2007	68,487,228	4,423,024	6.4	12.84
As of March 31, 2006	70,764,183	3,947,798	5.5	12.10

(Ref) Net Assets as of March 31, 2007 4,423,024 Millions of Yen as of March 31, 2006 - Millions of Yen

(Note 1) "Net Assets Ratio" is computed by dividing Net Assets by the Total Assets. (All the amounts are the results at the end of the fiscal year.) Furthermore, Net Assets as of fiscal year ended March 31, 2006 was equal to the total of "Shareholders' Equity", the Net Assets Ratio was computed by dividing the corresponding amount by the Total Assets at the end of the fiscal year.

(Note 2) The calculation of the Norinchukin 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 formula was applied in calculating the Norinchukin Bank's non-consolidated capital adequacy ratio for fiscal year ended March 31, 2006.

2. Projected Non-consolidated Financial Results for Fiscal 2007 (for the year ended March 31, 2008)

(Percentage represents change from the preivous year)

	Ordinary Profits	
	Millions of Yen	%
Fiscal 2007	337,000	(7.8)

The above projections are based on the information available at the time of the release date of this material and on the assumption that there are unknown factors which may impact the Bank's business outcomes in the future. As a result, actual figures may vary greatly from the projected figures.

Year in Review

The Bank's total assets at the end of the fiscal year were at ¥68,487 billion, down ¥2,276 billion from the previous fiscal year-end.

On the procurement side, deposits amounted to ¥41,253 billion, reflecting the procurement of funding trends at the JA, fishery cooperatives and Shinnoren levels. Also, the balance of debentures totaled ¥4,471 billion.

On the asset side, the loan balance was ¥12,804 billion and the securities balance was ¥43,750 billion.

The Bank has been promoting efficient asset allocation both regionally and globally, and enhancement of profitability, as a result the Bank's interest and dividend income shows ordinary profits of ¥365 billion and net income of ¥253 billion.

The Bank's shares in the consolidated financial statement are becoming extremely high. Consolidated total assets at the end of fiscal year were at ¥68,242 billion, down ¥2,576 billion. Consolidated ordinary profits was at ¥373 billion and consolidated net income was at ¥256 billion.

Capital Adequacy Ratio

○ Non-Consolidated BIS Capital Adequacy Ratio (¥100Millions of Yen) (Amounts less than 100 million yen and digits after decimal point presented are rounded down)

	FY 2006 ended March 31, 2007 (preliminary)	FY 2005 ended March 31, 2006
BIS Capital Adequacy Ratio (%)	12.84	12.10
Tier I Ratio (%)	6.97	7.06
Total capital	47,852	42,286
Total tier I capital	25,968	24,681
Total capital requirements	29,799	27,952
Risk Adjusted Assets	372,491	349,409

○ Consolidated BIS Capital Adequacy Ratio (¥100Millions of Yen) (Amounts less than 100 million yen and digits after decimal point presented are rounded down)

	FY 2006 ended March 31, 2007 (preliminary)	FY 2005 ended March 31, 2006
BIS Capital Adequacy Ratio (%)	12.84	12.14
Tier I Ratio (%)	7.01	7.13
Total capital	47,942	42,358
Total tier I capital	26,184	24,881
Total capital requirements	29,856	27,904
Risk Adjusted Assets	373,200	348,805

(Note) The calculation of the Norinchukin Bank's Consolidated and 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 formula was applied in calculating the Norinchukin Bank's consolidated capital adequacy ratio for fiscal year ended March 31, 2006.

Business Challenge and Basic Policy Directions

In Feb 2007, the Bank established the “Medium-term Business Strategy” covering the period of fiscal 2007 through 2009.

The primary idea of the Medium-term Business Strategy is to strengthen the unity of the cooperative organizational structure formed at three levels (Municipal Level: JA, Prefectural Level: Shinnoren, and National Level: Norinchukin Bank) for the sake of sustainable growth of the Bank and the cooperative credit system in the competitive management environment. Based on this idea, the medium-term strategy has been created with a full awareness of the Bank's role as a leader in promoting cooperative credit businesses and as a participant in global banking business by taking on the same path as JA Bank medium-term strategy.

1. Background

The Japanese economy is expanding continually due to the steady growth of the world economy and the recovery of the Japanese corporations after radical reforms through corporate streamlining. Although economic growth may come to a standstill, it will only be temporary as growth is expected in the future.

With the advent of the maturation of Japanese economy and society, the Bank is now facing various changes such as alteration in population structure, widening of regional gaps, and growing interest in Corporate Social Responsibility (CSR). In addition to understanding such regional changes in the environment and further development in globalization, the Bank recognizes the importance in keeping in mind that the Japanese economy and society are currently facing the greatest changes.

Since there is a tendency indicating an increase in interest towards the Japanese agriculture, forestry, and fisheries industry due to the growing concern in food safety and interest in multilateral functions of foods, the Bank realizes that a radical reform is demanded and the time has come for an agricultural policy to be implemented focusing on core farmers in addition to other factors such as an increase in imports, price slump, lack in number of core farmers, and changes in population structures of rural areas.

In the Japanese financial market, profits of financial institutions which completed dispositions of non-performing loans are expanding rapidly; Japanese banks, especially

mega-banks, are now taking more aggressive approaches in their management by expanding and strengthening Financial Group through integration of various functions and globalization. Additionally faced with the privatization of the postal saving system (Yucho), increase in the competition of regional retail financing market in Japan can be easily foreseen.

On the other hand, standards required by banks and financial institutions in Japan are becoming more sophisticated through the implementations of the Basel II and the Internal Control Report System (Japanese SOX). JA and Shinnoren, as well as the Bank must be prepared for the regulations, which is a prerequisite in banking operations.

2. Basic Policy Directions

In the midst of the changes in the financial market such as diversification of the Bank's shareholders and clients, and increase in competitiveness in Retail business, the Bank, as a member of the cooperative credit system, will fulfill its duty to support in attaining the goal of the cooperative group as a whole.

Especially as a unity of the financial group which is formed in three levels (Municipal Level: JA, Prefectural Level: Shinnoren, and National Level: Norinchukin Bank), the Bank will implement a growth strategy for the cooperative credit system as a whole to maintain the stable position of the cooperative credit system in the Japanese financial market by achieving credibility from the Bank's shareholders and clients.

The Bank will take economical, social and environmental actions while it continues to maintain the overall businesses relating to agriculture, forestry, and fisheries and the cooperative credit system. The bank will further develop a business model which is an established framework of two management goals concerning Retail businesses and Investment businesses.

Moreover, the Bank will enhance and sophisticate its governance structure including the compliance to establish the organizational climate suitable to a global bank holding FHC qualification.

3. Management Issues to Be Addressed in Fiscal 2007

During fiscal 2007, ending March 31, 2008, the Bank will focus attention on the following key management issues.

- (1)** An enhancement of presence in Japanese financial market by structuring and steadily implementing a growth strategy for the cooperative credit system

More specifically, the Bank will carry out the JA Bank medium-term strategy and attaining their management targets, and will play stronger role as the national headquarter and the prefectural headquarter in some prefectures where the integration process is still ongoing. Moreover, the Bank will take strong initiatives to

implement the action plans of the Prefectural Credit Federations of Fishery Cooperatives (Shingyoren) and related organizations.

- (2) With a watchful eye on risk taking, which is the source of earnings for banking institutions, and return on capital, the Bank will work toward substantially expanding and bringing stability to its earnings structure by engaging in a diverse range of risk-taking activities from a global perspective.
- (3) With an understanding of Basic philosophy and mission of the Bank and a recognition of Corporate Responsibility as a global institutional investor, the Bank will work to strengthen its corporate governance and to sophisticate its internal control compliance frame-works. The Bank will also perform its financial management in consideration of the balance of profit, risk and capital, as well as with the establishment of policies designed to maintain and train diverse and talented personnel. Furthermore, the Bank will take one step forward in “Selection and Concentration” of resources while conducting its overall businesses.

List of Group Companies

As of March 31, 2007)

Company Name	Address	Nature of Business	Date of Establishment	Capital Bank Ownership/Group Ownership (%)
The Norinchukin Trust & Banking Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Trust & Banking	August 17, 1995	¥20,000 million 100.0/0.0
Kyodo Seminar Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Training	May 25, 1981	¥20 million 100.0/0.0
Nochu Information System Co., Ltd.	5-3 Musashino 3-chome, Akishima-City, Tokyo 196-0021, Japan	System Development & Management	May 29, 1981	¥50 million 100.0/0.0
Norinchukin Research Institute Co., Ltd.	8-3, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-003, Japan	Research	March 25, 1986	¥300 million 100.0/0.0
Nochu Business Support Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Operations for Property Accumulation Savings Various Operations Talent Provider on behalf of The Norinchukin Bank	August 18, 1998	¥100 million 100.0/0.0
Kyodo Housing Loan Co., Ltd.	15-3, Chuocho 1-chome, Meguro-ku, Tokyo 152-0001	Mortgage Loans	August 10, 1979	¥10,500 million 90.60/0.0
The JA Bank Computer System Co., Ltd.	East Net Building, 1-1, Toyo 7-chome, Kohto-ku Tokyo 135-0016, Japan	System Development & Maintenance for JA Bank Group	March 25, 2002	¥100 million 60.0/0.0
Norinchukin-Zenkyoren Asset Management Co., Ltd.	7-12, Marunouchi, 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan	Asset management & Investment Advice	September 28, 1993	¥1,920 million 50.91/0.0
Kyodo Leasing Co., Ltd.	9-17, Kanda Surugadai 2-chome, Chiyoda-ku, Tokyo 101-0062, Japan	Leasing	March 24, 1972	¥6,500 million 39.0/0.0
Kyodo Auto Leasing Co., Ltd.	9-17, Kanda Surugadai 2-chome, Chiyoda-ku, Tokyo 101-0062, Japan	Auto Leasing	September 13, 2005	¥300 million 0.0/100.0
The Cooperative Servicing Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Management of Non-Performing Loans	April 11, 2001	¥500 million 37.96/0.0
The Agribusiness Investment & Consultation Co., Ltd.	1-12, Uchikanda 1-chome, Chiyoda-ku, Tokyo 101-0047, Japan	Investment consultation to the Agricultural Companies	October 24, 2002	¥4,070 million 19.97/0.0
Daichi Life Norinchukin Building Management Co., Ltd.	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-8420, Japan	Building Maintenance	April 1, 1993	¥10 million 27.0/0.0
Norinchukin Finance (Cayman) Limited	M&C Corporate Services Limited PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands	Issuances of Subordinated Bonds & loaning Subordinated Loans	August 30, 2006	US \$50,000 100.0/0.0

(Note) The Group share ownership percentage is the percentage of shares owned by members of the Norinchukin Bank Group, excluding ownership by the concerned company itself.

(Note) The address of each company is provided based on the information as of May 1, 2007.

Principles of Consolidated Financial Statements (For the year ended March 31, 2007)

1 Scope of Consolidation

- (1) Consolidated subsidiaries 9 companies

Names of principal companies:

The Norinchukin Trust & Banking Co., Ltd
Norinchukin Business Support Co., Ltd

Norinchukin Finance (Cayman) Limited was newly established during the fiscal year ended March 31, 2007 and was included in the scope of consolidation. Kyodo Credit Service Co., Ltd. was excluded from the scope of consolidation since it was dissolved and merged with Mitsubishi UFJ NICOS Co., Ltd. (formerly called UFJ NICOS Co., Ltd.).

- (2) Unconsolidated subsidiaries 0 companies

2 Application of the Equity Method

- (1) Affiliates which were accounted for under the equity method 4 companies

Names of principal companies:

Kyodo Leasing Co., Ltd.

- (2) Affiliates which were not accounted for under the equity method 1 company

Name of the company:

Daichi Life Norinchukin Building Management Co., Ltd.

The equity method was not applied to the affiliate, since the impact of the affiliate on the consolidated financial statements was not material in terms of Net Income and Retained Earnings.

3 The Fiscal Year of Consolidated Subsidiaries

The number of consolidated subsidiaries and their closing date of fiscal year are as follows:

Closing date: March 31, 2007 Number of subsidiaries: 9 companies

4 Valuation of Assets and Liabilities of the Consolidated Subsidiaries in Acquisition

Assets and liabilities of acquired subsidiaries were evaluated at fair value at the time of the acquisition.

5 Amortization of the Goodwill

Goodwill is charged to income when incurred.

6 Appropriations of Retained Earnings

The Consolidated Statements of Capital Surplus and Retained Earnings was presented based on the appropriation of retained earnings resolved during the consolidated financial year.

Consolidated Balance Sheets

(Millions of Yen)

	Fiscal 2006 (As of March 31, 2007) (A)	Fiscal 2005 (As of March 31, 2006) (B)	Change (A) - (B)
(Assets)			
Loans and Bills Discounted	12,854,680	11,963,996	890,683
Foreign Exchange Assets	3,176	20,129	(16,953)
Securities	43,730,249	45,586,152	(1,855,902)
Money Held in Trust	7,797,745	7,551,691	246,054
Trading Assets	52,550	69,309	(16,759)
Monetary Claims Bought	828,790	755,291	73,498
Call Loans and Bills Bought	835,715	1,051,567	(215,851)
Receivables under Resale Agreements	-	601,187	(601,187)
Receivables under Securities Borrowing Transactions	563,282	875,332	(312,050)
Cash and Due from Banks	866,303	1,328,936	(462,633)
Other Assets	543,988	847,400	(303,412)
Premises and Equipment	-	165,210	(165,210)
Tangible Fixed Assets	155,601	-	155,601
Buildings	50,691	-	50,691
Land	97,009	-	97,009
Construction in Progress	743	-	743
Other Tangible Fixed Assets	7,156	-	7,156
Intangible Fixed Assets	7,953	-	7,953
Software	3,769	-	3,769
Other Intangible Fixed Assets	4,183	-	4,183
Deferred Debenture Discounts	-	132	(132)
Deferred Tax Assets	2,626	2,780	(153)
Customers' Liabilities for Acceptances and Guarantees	242,446	229,484	12,961
Reserve for Possible Loan Losses	(204,380)	(229,748)	25,368
Reserve for Possible Investment Losses	(38,628)	-	(38,628)
Total Assets	68,242,099	70,818,853	(2,576,753)

(Millions of Yen)

	Fiscal 2006 (As of March 31, 2007) (A)	Fiscal 2005 (As of March 31, 2006) (B)	Change (A) - (B)
(Liabilities)			
Deposits	41,243,492	40,475,329	768,163
Negotiable Certificates of Deposit	2,375,026	1,012,220	1,362,805
Debentures	4,471,156	4,787,514	(316,357)
Bonds	357,097	-	357,097
Trading Liabilities	19,662	32,888	(13,225)
Borrowed Money	1,131,532	1,101,537	29,994
Call Money and Bills Sold	1,068,632	5,043,340	(3,974,708)
Payables under Repurchase Agreements	7,438,847	7,599,379	(160,531)
Payables under Securities Lending Transactions	1,345,025	3,559,998	(2,214,972)
Foreign Exchange Liabilities	0	0	0
Short-term Entrusted Funds	2,868,967	1,582,927	1,286,039
Other Liabilities	489,920	851,734	(361,813)
Reserve for Bonus Payments	5,031	5,052	(20)
Reserve for Employees' Retirement Benefits	1,849	7,983	(6,133)
Deferred Tax Liabilities	712,110	535,587	176,522
Deferred Tax Liabilities for Land Revaluation	25,411	25,647	(236)
Acceptances and Guarantees	242,446	229,484	12,961
Total Liabilities	63,796,211	66,850,625	(3,054,413)
(Minority Interests)			
Minority Interests	-	6,015	(6,015)
(Shareholders' Equity)			
Paid-in Capital	-	1,465,017	(1,465,017)
Capital Surplus	-	25,020	(25,020)
Retained Earnings	-	1,057,616	(1,057,616)
Revaluation Reserve for Land, net of taxes	-	47,974	(47,974)
Net Unrealized Gains on Other Securities, net of taxes	-	1,366,583	(1,366,583)
Total Shareholders' Equity	-	3,962,212	(3,962,212)
Total Liabilities, Minority Interests and Shareholders' Equity	-	70,818,853	(70,818,853)
(Net Assets)			
Paid-in Capital	1,484,017	-	1,484,017
Capital Surplus	25,020	-	25,020
Retained Earnings	1,249,484	-	1,249,484
Total Owners' Equity	2,758,523	-	2,758,523
Net Unrealized Gains on Other Securities, net of taxes	1,658,980	-	1,658,980
Net Deferred Losses on Hedging Instruments, net of taxes	(24,762)	-	(24,762)
Revaluation Reserve for Land, net of taxes	47,451	-	47,451
Foreign Currency Transaction Adjustments	0	-	0
Total Valuation and Translation Adjustments	1,681,669	-	1,681,669
Minority Interests	5,696	-	5,696
Total Net Assets	4,445,888	-	4,445,888
Total of Liabilities and Net Assets	68,242,099	-	68,242,099

Notes to Consolidated Balance Sheets For the year Ended March 31, 2007

1. Amounts less than one million yen are rounded down.
2. Trading transactions are those seeking gains arising from short-term market movements or from the differences between markets, interest rates or foreign exchange rates. Such transactions are reported as Trading Assets or Trading Liabilities in the consolidated balance sheets on a trade date basis.
Securities, monetary claims and certain other instruments held for trading purposes are valued at the market price prevailing at the end of each fiscal year. Derivatives held for trading purposes, such as swaps, futures and options, are valued based on the assumption that they were settled at the end of each fiscal year.
3. Held-to-maturity debt securities are valued at amortized cost, as determined by the moving average method. Other securities that have a market price are valued at the market price prevailing at the end of each fiscal year (the cost of securities sold is determined by the moving average method). Other securities without a market price are valued at cost determined by the moving average method or are valued at amortized cost. The net unrealized gains or losses on other securities, net-of-tax basis, are reported separately in Net Assets.
4. Securities included in Money Held in Trust are valued using the same methods described in 2 and 3 above.
5. Derivative transactions (other than transactions for trading purposes) are recorded at fair value.
6. Depreciation of fixed assets of the Bank is calculated using the declining-balance method. However, depreciation on buildings acquired on and after April 1, 1998 (excluding annex facilities of buildings) is calculated using the straight-line method. The useful lives of fixed assets are as follows:

Buildings:	15~50 years
Equipment:	4~15 years

Depreciation of fixed assets of the consolidated subsidiaries is primarily calculated using the declining-balance method over their estimated economic useful lives.
7. Depreciation of intangible fixed assets of the Bank is calculated using the straight-line method. The costs of computer software developed or obtained for internal use are capitalized and amortized over an estimated useful life of 5 years.
8. All the debenture issuance costs are charged to income when incurred.
9. Assets and liabilities denominated in foreign currencies, and financial statements of overseas branches are translated into Japanese yen primarily using the exchange rates in effect at the consolidated balance sheet date. Assets and liabilities of the consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen using the respective exchange rates in effect at the balance sheet date.
10. The Reserve for Possible Loan Losses of the Bank is computed as follows:
The Reserve for loans to debtors who are legally or substantially in bankrupt under the Bankruptcy Law, Special Liquidation under the Company Law or other similar laws is provided based on the remaining book value of the loans after the direct write-off described below and the deduction of the amount expected to be collected through the disposal

of collateral or the execution of guarantees. The reserve for loans to debtors who are not currently bankrupt, but are likely to become bankrupt, is determined after taking into account a comprehensively evaluated repayment ability of debtors after deducting the amount expected to be collected through the disposal of collateral or the execution of guarantees.

The reserve for loans to debtors with “Restructured Loans” (see 27. below) 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.

The reserve for loans other than those indicated above, is provided primarily at the amount calculated using the default rates which the Bank has calculated based on actual defaults experienced in the past. The specific reserve for loans to certain countries with financial problems is provided based on the expected amount of losses taking into account the political, economic and other conditions in each country.

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

With respect to loans to borrowers who are legally or substantially in bankruptcy 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 ¥67,123 million for the fiscal year ended March 31, 2007.

The reserve for possible loan losses for receivables of the Bank’s consolidated subsidiaries is provided at the amount determined as necessary using the past default ratio. The reserve for possible loan losses for problem receivables of the Bank’s consolidated subsidiaries is provided by taking into account their recoverability and an estimate of uncollectible amount.

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

12. The Reserve for Bonus Payments represents estimated costs of payment of employees’ bonuses attributable to each fiscal year.

13. The Reserve for Employees’ Retirement Benefits, which is provided for the payment of employees’ retirement benefits, is recorded based on the estimated present value of projected benefit obligations in excess of the fair value of the plan assets taking into account adjustments for unrecognized prior year service cost and unrecognized actuarial differences at the end of each fiscal year.

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

14. Finance leases where the ownership of assets is not transferred to the lessee accounted for by the same accounting method as for operating leases. Rental expenses and lease expenses under operating leases are charged to income when incurred.

15. The Bank applies the deferred method of hedge accounting to the hedge transactions to manage interest rate risk associate with various financial assets and liabilities, which is described in “Accounting and Auditing Treatment relating to the Adoption of ‘Accounting for Financial Instruments’ for Banks”, issued by the Japanese Institute of Certified Public Accountants (“JICPA”), (JICPA Industry Audit Committee Report No. 24). Hedge effectiveness of a fair value hedge is assessed by identified groups of hedged items, such as loans and deposits, and the corresponding groups of hedging instruments, such as interest rate swaps within the same maturity buckets. Hedge effectiveness of a cash flow hedge is assessed based on the correlation of the interest rate risk indicators of the hedged items and that of the hedging instruments.

Deferred Hedge Gains or Losses were recorded in the consolidated balance sheets as a result of applying the hedge accounting methodology described in “Tentative Accounting and Auditing Treatment relating to the Adoption of ‘Accounting for Financial Instruments’ for Banks” (JICPA Industry Audit Committee Report No. 15), to the macro hedges under which the Bank used derivatives to manage the overall interest rate risk arising on various financial assets and liabilities, such as loans and deposits. Such Deferred Hedge Gains or Losses are amortized into Interest Income or Interest Expense over 7 years, the average remaining maturity, as calculated, based on the maturity and notional amount of the hedging instruments, beginning in the fiscal year ended March 31, 2004.

The unamortized balance of Deferred Hedge Losses and Deferred Hedge Gains under the macro hedges as of March 31, 2007 were ¥32,080 million (before deducting the tax effect) and ¥562 million (before deducting the tax effect), respectively.

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

The fair value method of hedge accounting is applied to the portfolio hedges of foreign exchange risks associated with securities denominated in foreign currencies (other than debt securities), provided that (1) the securities denominated in foreign currencies are identified as hedged items in advance, and (2) foreign currency amounts of spot and forward liabilities do not exceed those of the acquisition costs of the foreign currency securities designated as hedged items exist.

17. Internal derivative transactions between trading accounts and banking accounts (or inter-division transactions), which are designated as hedges, are not eliminated. The related gains and losses are recognized in the consolidated statements of operations or are deferred in the consolidated balance sheets in accordance with the hedge accounting rules, because the internal interest rate swap and currency swap transactions, that are designated as hedging instruments, are traded in a non discretionary manner and are appropriately and ultimately covered by third party transactions, which are conducted in accordance with the standards stipulated in the JICPA Industry Audit Committee Report No.24 and No.25. For certain other assets or liabilities, the Bank applies the deferral method or the accrual method of hedge accounting, as specifically permitted for certain interest rate swaps. Under the deferral method, the recognition of income or expenses associated with a hedging instrument is deferred to the period when the income or expense arising on the hedged item is recognized. The Bank’s consolidated subsidiaries do not adopt hedge accounting.

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

19. Total Monetary Credits to directors, Supervisory committee and the auditors of the Bank	¥171 million
20. Investments in Affiliates	¥15,423 million
21. Accumulated Depreciation Deducted from Tangible Fixed Assets	¥96,404 million
22. Accumulated Losses on Impairment of Tangible Fixed Assets	¥23,553 million
23. Accumulated Amount of Tax Basis Adjustments Deducted from Tangible Fixed Assets	¥7,700 million

24. In addition to the fixed assets recorded on the consolidated balance sheets, some computers, network system equipments, and automobiles are being used under finance leases where the ownership of assets is not transferred to the lessee.

25. Loans and Bills Discounted include Loans to Borrowers under Bankruptcy Proceedings of ¥7,375 million and Delinquent Loans of ¥165,464 million.

Loans to Borrowers under Bankruptcy Proceedings are loans whose interests accruals are suspended (excluding the parts written-off for possible loan losses, hereinafter referred to as “Nonaccrual Loans”) since the loans are determined to be uncollectible considering they have been past due for a certain period of time and other reasons, and meet the definition stipulated in Article 96-1-3, 4 of Corporate Tax Law (Law No.97, 1965).

Delinquent Loans are also Nonaccrual Loans other than loans to borrowers under bankruptcy proceedings or loans whereby interest payments are deferred in order to support the borrowers’ rehabilitation.

26. Loans and Bills Discounted include Loans Past Due for Three Months or More of ¥904 million.

“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.”

27. Loans and Bills Discounted include Restructured Loans of ¥116,594 million.

“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.

28. The total amount of Loans to Borrowers under Bankruptcy Proceedings, Delinquent Loans, Loans Past Due for Three Months or More and Restructured Loans was ¥290,338 million.

The amounts of loans indicated in 25. to 28. above are amounts before deducting the reserves for possible loan losses.

29. Bills Discounted are treated as finance transactions based on JICPA Industry Audit Committee Report No.24. Based on the Report, the Bank has the right to appropriate freely deposited banker’s acceptance, commercial notes, documentary bills, and purchased foreign exchanges through sales or collateralization. The face value of the total bills discounted was ¥20,652 million.

30. Assets pledged as collateral comprise of the following:

Assets Pledged

Securities	¥ 8,843,827 million
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Liabilities related to the above pledged assets are as follows:

Call Money	¥470,000 million
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Payables under Repurchase Agreements	¥7,438,847 million
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Payables under Securities Lending Transactions	¥1,000,840 million
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In addition, as of March 31, 2007, Loans and Bills Discounted totaling ¥5,945,709 million and Securities totaling ¥4,056,291 million were pledged as collateral for settlement of exchange and derivative transactions or as margins of futures markets.

Initial margins of futures markets totaling ¥1,885 million, guarantee deposits totaling ¥5,568 million and collateral pledged for derivative transactions totaling ¥14,863 million were included in Other Assets.

31. In accordance with the Law Concerning the Revaluation of Land, effective as of March 31, 1998, land used for business purposes has been revaluated. Unrealized gains arising on revaluation, net of deferred tax, are disclosed as Revaluation Reserve for Land, net of taxes and included in Net Assets on the consolidated balance sheets. The related deferred tax liability is recorded as Deferred Tax Liabilities for Land Revaluation.

Date of Revaluation

March 31, 1998

Revaluation Method

Reasonably calculated in accordance with the Appraisal methods stipulated in Article 2-5 of the enforcement ordinance for the Law Concerning the Revaluation of Land (No.119 effective as of March 31, 1998)

32. Borrowed Money include subordinated borrowings of ¥1,101,532 million which have a special agreement that call for the fulfillment of the payment obligations of such borrowing to be subordinated to other general liabilities of the borrowers.

33. Bonds include subordinated bonds of ¥357,097 million.

34. The amount of Guaranteed Obligations for Corporate Bonds acquired through private offering (as in Article 23 Securities and Exchange Law) among those classified as Corporate Bonds in the "Securities" was ¥26,530 million.

Acceptance and Guarantee and Customer's Liabilities for Acceptance and Guarantee" relating to corresponding Guaranteed Obligations are written-off in order to comply with the revision of the appendix frm of the "The Norinchukin Bank Law Enforcement Regulations" (Cabinet Office, the Ministry of Agriculture, Forestry and Fisheries No.16, 2001) by the "Ordinance to Amend Part of The Norinchukin Bank Law Enforcement Regulations" (Cabinet Office, the Ministry of Agriculture, Forestry and Fisheries Ordinance No.3, May 22, 2007) effective from the fiscal year which began on or after April 1, 2006.

35. Net Assets per Share for the fiscal year ended March 31, 2007 was ¥783.57 (The total dividend for Lower Dividend Rate Stock and Preferred Stock is deducted from the numerator and the aggregate number of these stocks is deducted from the denominator in the calculation of net assets per share.)

Net Assets per Share for this fiscal year ended March 31, 2007 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, effective from the fiscal year which ended on and after March 31, 2007.

36. Information relating to Fair Value and Unrealized Gains or Losses of Securities is as provided below. The Securities include "Securities", trading securities and short-term corporate bonds from "Trading Assets", and certificates of deposit included in "Cash and Due from the Bank". (This applies to the disclosures up to 40.)

Trading Securities (Millions of Yen)

	Carrying Value	Unrealized Gain Recognized as Income
Trading Securities	32,084	86

Held-to-maturity Debt Securities that have a Fair Value (Millions of Yen)

	Carrying Value	Fair Value	Net Unrealized		
			Gain/Loss	Gain	Loss
Japanese Government Bonds	18,211	18,182	(28)	12	41
Total	18,211	18,182	(28)	12	41

Other Securities held at Fair Value (Millions of Yen)

	Acquisition Cost	Carrying Value	Net Unrealized		
			Gain/Loss	Gain	Loss
Stocks	420,867	775,406	354,539	381,784	27,244
Bonds	12,266,644	12,266,733	88	71,889	71,801
Japanese Government Bonds	11,854,155	11,851,923	(2,231)	68,376	70,608
Municipal Government Bonds	63,504	63,766	261	298	36
Corporate Bonds	348,984	351,043	2,058	3,215	1,156
Other	28,434,525	30,172,092	1,737,567	1,822,385	84,818
Total	41,122,036	43,214,232	2,092,195	2,276,059	183,863

"Net Unrealized Gains on Other Securities, net of taxes" includes ¥1,441,161 million which is calculated from the above net unrealized gain or loss as follows:

Net Unrealized Gain or Loss ¥2,092,195 million

Less: Deferred Tax Liabilities ¥651,247 million

Less: Related a Minority Interests ¥(0) million

The Bank's equity in Unrealized Gains or Losses of Other Securities owned by affiliates accounted for by the equity method ¥213 million

Amounts included in Net Unrealized Gains on Other Securities, net of taxes ¥1,441,161 million

37. The Bank and its consolidated subsidiaries did not sell any held-to-maturity debt securities during the fiscal year ended March 31, 2007.

38. Other securities sold during the fiscal year ended March 31, 2007 were as follows: (Millions of Yen)

	Sales Proceeds	Gains on Sales	Losses on Sales
Other Securities	8,963,828	48,950	234,273

39. Carrying Values of Securities without a Fair Value were as follows: (Millions of Yen)

	Carrying Value
Other Securities	532,237
Unlisted Stocks (excluding Over-the-counter Stocks)	263,036
Foreign Securities	7,288
Other	261,912

40. The maturities of other securities with stated maturities and held-to maturity debt securities were as follows:

(Millions of Yen)

	1 Year or Less	Over 1 Year ~ 5 Years	Over 5 Years ~ 10 Years	Over 10 Years
Bonds	320,783	2,261,747	2,659,112	7,179,719
Japanese Government Bonds	230,722	1,991,134	2,487,363	7,160,914
Municipal Government Bonds	51,345	10,271	2,153	683
Corporate Bonds	38,715	260,341	169,594	18,121
Other	144,999	3,561,560	6,570,125	4,753,096
Total	465,783	5,823,308	9,229,237	11,932,815

41. Money Held in Trust for Trading Purposes and Other Money Held in Trust (Money Held in Trust other than trading purpose or held to maturity) (Millions of Yen)

	Carrying Value	Unrealized Gain Recognized as Income
Money Held in Trust for Trading Purpose	101,137	1,117

The Bank and its subsidiaries held no held-to-maturity monetary trust during the fiscal year ended March 31, 2007.

(Millions of Yen)

	Acquisition Cost	Carrying Value	Net Unrealized		
			Gain/Loss	Gain	Loss
Other Money Held in Trust	7,380,708	7,696,608	315,899	330,115	14,216

"Net Unrealized Gains on Other Securities, net of taxes" includes ¥217,786 million which is calculated from the above net unrealized gain or loss as follows:

Net Unrealized Gain or Loss ¥315,899 million

Less: Deferred Tax Liabilities 98,130 million

The Bank's equity in Unrealized Gains or Losses of Other Securities owned by affiliates accounted for by the equity method ¥17 million

Amounts included in Net Unrealized Gains on Other Securities, net of taxes ¥217,786 million

42. The Bank and its consolidated subsidiaries held no securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) during the fiscal year ended March 31, 2007.

Securities borrowed under unsecured borrowing agreements (Saiken Taishaku Torihiki) and securities purchased

under resale agreements and cash-collateralized borrowing agreements, which can be sold or re-pledged by the Bank, include securities re-pledged out totaling ¥343,336 million and securities held without repledge totaling ¥ 1,104,163 million as of March 31, 2007, respectively. No securities were re-loaned as of March 31, 2007.

43. Commitments related to overdrafts and loans represent agreements to extend overdrafts or loans up to a pre-agreed amount at the customer's request as long as no violation of the conditions stipulated in the commitment agreement exists. The amount of undrawn commitments in relation to such agreements is ¥3,057,746 million as of March 31, 2007. The amount, which the Bank and its consolidated subsidiaries could cancel at any time without penalty, is ¥1,949,931 million as of March 31, 2007.

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.

44. Projected pension benefit obligations, etc. as of March 31, 2007 is analyzed as follows:

	(Millions of Yen)
Projected Benefit Obligations	(80,270)
<u>Plan Assets (in fair value)</u>	<u>102,437</u>
(Unfunded) Overfunded Retirement Benefit Obligations	22,166
<u>Unrecognized Actuarial Differences</u>	<u>(21,427)</u>
Net Amounts Reported in the Balance Sheets	739
Prepaid Pension Cost	2,588
Reserve for Employees' Retirement Benefits	(1,849)

45. Inflation-indexed bonds whose principles are guaranteed were previously measured at fair value, and not at the amortized cost method. Its Unrealized Gains or Losses (after deducting tax effects) was recorded directly in Stockholders' Equity. However due to the announcement of "Accounting Procedures for Other Compound Instruments (Compound Instruments without Parts Which Might Possibly Increase Paid-in Capital)" (No. 12 of Corporate Accounting Standards issued on March 31, 2006), the Bank applies corresponding standards effective the fiscal year 2006 and values them at fair value and records the Unrealized Gains or Losses (after deducting tax effects) directly in Net Assets. The cost is calculated at amortized cost assuming the book value at the beginning of the fiscal year as new acquisition cost. Due to this change in accounting standard, Net Unrealized Gains on Other Securities, net of taxes has decreased by ¥27,323 million, Deferred Tax Liabilities has decreased by ¥12,362 million, and Income before Income Taxes and Others has increased by ¥39,685 million compared to those using the previous standard.

46. Presentation of some financial statements line items has been changed in order to comply with the revision the appendix form of the "The Norinchukin Bank Law Enforcement Regulations" (Cabinet Office, the Ministry of Agriculture, Forestry and Fisheries No.16, 2001) by the "Ordinance to Amend Part of The Norinchukin Bank Law Enforcement Regulations" (Cabinet Office, the Ministry of Agriculture, Forestry and Fisheries Ordinance No.7, April 28,

2006) effective from the fiscal year which ended on and after March 31, 2007.

- (1) “Net Assets” which used to be “Shareholders’ Equity” and now includes Owner’s Equity, Valuation and Translation Adjustments, and Minority Interests as sub-classification.

The amount corresponding to “Shareholders’ Equity” under the previous presentation is ¥4,464,954 million as of March 31, 2007.

- (2) Deferred gains and losses of hedging instruments, which used to be recorded as “Other Assets” (or “Other Liabilities”), is recorded as Net Deferred Losses on Hedging Instruments, net of taxes (the differences arising from offsetting Gains/Losses) after deducting tax effects directly in Net Assets.
- (3) “Minority Interests” which used to be presented between “Shareholders’ Equity” and “Liabilities” is included in “Net Assets”.
- (4) “Premises and Equipments” are reclassified into “Tangible Fixed Assets”, “Intangible Fixed Assets”, and “Other Assets”.
 - ① “Land, Buildings and other Properties”, which used to be included in “Premises and Equipments”, is now classified into “Buildings”, “Land”, and “Other Tangible Fixed Assets” as the category of “Tangible Fixed Assets”. “Construction in Progress” included in “Premises and Equipments” is presented as a separate line item in Fixed Assets. Premium and guarantees, which used to be included in “Premises and Equipments”, are presented as “Other Intangible Fixed Assets” in “Intangible Assets” and “Other Assets”, respectively.
 - ② Computer Software, which used to be included in “Other Assets”, is included in “Software” in the “Intangible Fixed Assets”.

Consolidated Statement of Operations

(Millions of Yen)

	Fiscal 2006 (Year ended March 31, 2007)	Fiscal 2005 (Year ended March 31, 2006)	Change
	(A)	(B)	(A) - (B)
Ordinary Income	2,621,450	1,760,142	861,307
Interest Income	2,053,869	1,406,295	647,574
Interest on Loans and Bills Discounted	128,914	109,422	19,492
Interest and Dividends on Securities	1,863,028	1,240,014	623,014
Interest on Call Loans and Bills Bought	5,300	1,403	3,897
Interest on Receivables under Resale Agreements	3,993	72	3,920
Interest on Receivables under Securities Borrowing Transactions	755	19	735
Interest on Due from Banks	34,034	41,539	(7,504)
Other Interest Income	17,841	13,822	4,018
Fees and Commissions	24,928	24,551	377
Trading Income	223	427	(203)
Other Operating Income	95,098	116,538	(21,440)
Other Ordinary Income	447,329	212,329	234,999
Ordinary Expenses	2,248,207	1,442,465	805,742
Interest Expenses	1,791,742	1,200,977	590,765
Interest on Deposits	326,342	176,563	149,778
Interest on Negotiable Certificates of Deposit	95,262	15,172	80,090
Interest on Debentures	32,108	25,884	6,224
Interest on Borrowings	14,362	7,876	6,485
Interest on Call Money and Bills Sold	3,293	1,505	1,787
Interest on Payables under Repurchase Agreements	401,178	194,025	207,152
Interest on Payables under Securities Lending Transactions	4,209	244	3,964
Interest on Bonds	8,293	-	8,293
Other Interest Expenses	906,691	779,703	126,987
Fees and Commissions	12,083	10,082	2,000
Trading Expenses	313	280	32
Other Operating Expenses	273,630	100,791	172,839
General and Administrative Expenses	111,015	116,367	(5,351)
Other Ordinary Expenses	59,422	13,966	45,455
Ordinary Profits	373,242	317,677	55,565
Extraordinary Profits	18,513	51,062	(32,549)
Gains on Dispositions of Fixed Assets	76	3,473	(3,396)
Reversal of Reserve for Possible Loan Losses	12,764	42,422	(29,657)
Recoveries of Written-off Claims	5,661	4,676	984
Other Extraordinary Profits	10	490	(479)
Extraordinary Losses	2,615	2,552	62
Losses on Dispositions of Fixed Assets	1,261	926	335
Losses on Impairment of Fixed Assets	172	1,596	(1,424)
Other Extraordinary Losses	1,181	29	1,151
Income before Income Taxes and Others	389,140	366,187	22,952
Income Taxes - Current	75,361	63,636	11,725
Income Taxes - Deferred	56,349	32,653	23,695
Minority Interests	591	520	70
Net Income	256,837	269,376	(12,538)

Notes to Consolidated Statement of Operations for the fiscal year ended March 31, 2007

1. Amounts less than one million yen are rounded down.
2. Net Income per Share for the fiscal year ended March 31, 2007 was ¥55.37. (The total dividend for Lower Dividend Rate Stock and Preferred Stock is deducted from the numerator and the aggregate number of these stock is deducted from the denominator in the calculation of net income per share.)
3. Gains and losses arising from transactions for trading purposes are recorded on a trade date basis. “Trading Income” and “Trading Expenses” include interest received and paid during the fiscal year, gains or losses resulting from any change in the fair value of securities and monetary claims from the end of the previous fiscal year and gains or losses resulting from any change in the fair value, which is determined assuming they were settled at the end of the fiscal year, of derivatives from the end of the previous fiscal year.
4. “Other Ordinary Expenses” includes the transfer to reserve for possible investment losses of ¥38,628 million.
5. “Other Extraordinary Losses” includes gains or losses on stock of subsidiaries through merger (with an impact on the scope of consolidation) of ¥878 million.

Consolidated Statements of Capital Surplus and Retained Earnings

(Millions of Yen)

	Fiscal 2006 (Year ended March 31, 2007) (A)	Fiscal 2005 (Year ended March 31, 2006) (B)	Change (A) - (B)
(Capital Surplus)			
Balance at the Beginning of the Year	25,020	25,020	-
Additions	-	-	-
Deductions	-	-	-
Balance at the End of the Year	25,020	25,020	-
(Retained Earnings)			
Balance at the Beginning of the Year	1,057,616	833,818	223,798
Additions:	257,360	273,738	(16,378)
Net Income for the Year	256,837	269,376	(12,538)
Transfer from Revaluation Reserve for Land, net of taxes	522	4,362	(3,839)
Deductions:	65,492	49,940	15,551
Dividends	65,492	49,940	15,551
Balance at the End of the Year	1,249,484	1,057,616	191,867

(Note) Amounts less than one million yen are rounded down.

Consolidated Statements of Cash Flows

(Millions of Yen)

	Fiscal 2006 (Year ended March 31, 2007) (A)	Fiscal 2005 (Year ended March 31, 2006) (B)	Change (A) - (B)
I Cash Flows from Operating Activities:			
Income before Income Taxes and Others	389,140	366,187	22,952
Depreciation of Premises and Equipment	-	6,701	(6,701)
Depreciation Expense	18,961	-	18,961
Losses on Impairment of Fixed Assets	172	1,596	(1,424)
Amortization of Goodwill	(14)	385	(400)
Equity in Earnings of Affiliates	(819)	(198)	(620)
Net Increase (Decrease) in Reserve for Possible Loan Losses	(24,925)	(89,060)	64,135
Net Increase (Decrease) in Reserve for Possible Investment Losses	38,628	-	38,628
Net Increase (Decrease) in Reserve for Bonus Payments	68	282	(213)
Net Increase (Decrease) in Reserve for Employees' Retirement Benefits	(5,928)	(951)	(4,977)
Interest and Dividend Income	(2,053,869)	(1,406,295)	(647,574)
Interest Expense	1,791,782	1,200,977	590,805
Losses (Gains) on Securities	130,445	349	130,095
Losses (Gains) on Money Held in Trust	(83,598)	(60,091)	(23,506)
Foreign Exchange Losses (Gains)	(738,457)	(1,867,922)	1,129,465
Losses (Gains) on Disposition of Premises and Equipment	-	(2,547)	2,547
Losses (Gains) on Disposition of Fixed Assets	1,188	-	1,188
Losses on Stocks of Subsidiaries through a Merger (Impact on the Scope of Consolidation)	878	-	878
Net Decrease (Increase) in Trading Assets	16,759	314,392	(297,632)
Net Increase (Decrease) in Trading Liabilities	(13,225)	(19,341)	6,116
Net Decrease (Increase) in Loans and Bills Discounted	(886,842)	3,728,223	(4,615,066)
Net Increase (Decrease) in Deposits	768,101	19,261	748,840
Net Increase (Decrease) in Negotiable Certificates of Deposit	1,362,805	589,221	773,583
Net Increase (Decrease) in Debenture	(316,357)	83,152	(399,510)
Net Increase (Decrease) in Borrowings (Excluding Subordinated Borrowings)	32,774	(0)	32,775
Net Decrease (Increase) in Interest-bearing Due from Banks	117,683	1,039,887	(922,204)
Net Decrease (Increase) in Call Loans and Bills Purchased and Other	743,540	(1,140,734)	1,884,275
Net Decrease (Increase) in Collateral Deposited under Securities Borrowed	312,050	(856,011)	1,168,061
Net Increase (Decrease) in Call Money and Bills Sold and Other	(4,135,239)	4,880,467	(9,015,706)
Net Increase (Decrease) in Short-term Entrusted Funds	1,286,039	(26,364)	1,312,404
Net Increase (Decrease) in Collateral Received under Securities Loaned	(2,214,972)	1,424,162	(3,639,135)
Net Decrease (Increase) in Foreign Exchange Assets	16,953	(11,301)	28,255
Net Increase (Decrease) in Foreign Exchange Liabilities	0	(55)	56
Interest Received	1,992,445	1,379,403	613,041
Interest Paid	(1,740,349)	(1,168,880)	(571,468)
Other, Net	(125,542)	22,707	(148,250)
Subtotal	(3,319,725)	8,407,599	(11,727,325)
Income Taxes	(82,058)	(46,983)	(35,074)
Net Cash Provided by (Used In) Operating Activities	(3,401,783)	8,360,615	(11,762,399)
II Cash Flows from Investing Activities:			
Purchases of Securities	(12,010,610)	(13,642,925)	1,632,315
Proceeds from Sales of Securities	8,963,869	4,350,801	4,613,067
Proceeds from Redemption of Securities	5,836,332	3,341,382	2,494,950
Increase in Money Held in Trust	(3,397,816)	(4,905,132)	1,507,315
Decrease in Money Held in Trust	3,366,793	2,073,390	1,293,403
Purchases of Premises and Equipment	-	(8,708)	8,708
Purchases of Tangible Fixed Assets	(4,746)	-	(4,746)
Purchases of Intangible Fixed Assets	(4,583)	-	(4,583)
Proceeds from Sales of Premises and Equipment	-	11,441	(11,441)
Proceeds from Sales of Tangible Fixed Assets	719	-	719
Proceeds from Sales of Intangible Fixed Assets	0	-	0
Purchases of Stock of Subsidiaries (No Impact on the Scope of Consolidation)	(24)	(191)	167
Decrease in Stock of Subsidiaries through a Merger (Impact on the Scope of Consolidation)	(1,943)	-	(1,943)
Net Cash Provided by (Used in) Investing Activities	2,747,991	(8,779,941)	11,527,932
III Cash Flows from Financing Activities:			
Proceeds from Issuance of Subordinated Borrowings	-	212,900	(212,900)
Net Increase (Decrease) in Subordinated Corporate Bonds	357,097	-	357,097
Proceeds from Issuance of Stock	19,000	240,017	(221,017)
Dividends Paid	(65,492)	(49,940)	(15,551)
Dividends Paid to Minority Interests	(28)	(9)	(18)
Net Cash Provided by (Used in) Financing Activities	310,577	402,967	(92,390)
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents	0	-	0
V Net Increase (Decrease) in Cash and Cash Equivalents	(343,215)	(16,357)	(326,858)
VI Cash and Cash Equivalents at the Beginning of the Fiscal Year	677,476	693,833	(16,357)
VII Cash and Cash Equivalents at the End of the Fiscal Year	334,260	677,476	(343,215)

Notes to Consolidated Statements of Cash Flows for the fiscal year ended March 31, 2007

1. Amounts less than one million yen are rounded down.
2. "Cash and Cash Equivalents" in consolidated statements of cash flows represent cash and non-interest bearing due from bank in "Cash and Due from Banks" of consolidated balance sheets.
3. 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:

Cash and Due from Banks	¥866,303 million
<u>Less: Interest-bearing Due from Banks</u>	<u>(¥532, 042 million)</u>
Cash and Cash Equivalents at the End of the fiscal Year	¥334,260 million

4. Presentations in consolidated statements of cash flows starting from the fiscal year ended March 31, 2007 have been changed in order to comply with the revision of the appendix form of the "The Norinchukin Bank Law Enforcement Regulations" (Cabinet Office, the Ministry of Agriculture, Forestry and Fisheries No.16, 2001) on April 28, 2006 which came into effect from the consolidated fiscal year starting on April 1, 2006.

Due to the change in presenting "Tangible Fixed Assets" and "Intangible Fixed Assets" in consolidated balance sheets, the former "Gains or Losses on Disposition of Premises and Equipments" is presented as "Gains or Losses on Disposition of Fixed Assets".

In addition, former "Purchases of Premises and Equipments" is presented as "Purchases of Fixed Assets", and "Proceeds from Sales of Premises and Equipments" is presented as "Proceeds from the Sales of Fixed Assets".

Segment Information

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.

Segment Information By Geographic Areas

Fiscal year ended March 31, 2006

(Millions of Yen)

	Japan	The Americas	Europe	Asia	Total	Elimination and Corporate Assets	Consolidated
I. Ordinary Income							
(1) Ordinary Income from Third-parties	1,689,900	22,740	32,439	15,062	1,760,142	-	1,760,142
(2) Inter-segment Ordinary Income	17,939	152,946	189,616	152,410	512,912	(512,912)	-
Total	1,707,839	175,686	222,055	167,473	2,273,054	(512,912)	1,760,142
Ordinary Expenses	1,401,527	167,189	219,593	167,067	1,955,377	(512,912)	1,442,465
Ordinary Profits (Ordinary Losses)	306,312	8,496	2,462	405	317,677	-	317,677
II. Assets	76,553,179	6,642,232	5,885,329	4,241,807	93,322,549	(22,503,695)	70,818,853

Fiscal year ended March 31, 2007

(Millions of Yen)

	Japan	The Americas	Europe	Asia	Total	Elimination and Corporate Assets	Consolidated
I. Ordinary Income							
(1) Ordinary Income from Third-parties	2,543,252	32,620	25,158	20,418	2,621,450	-	2,621,450
(2) Inter-segment Ordinary Income	27,781	418,613	214,266	173,318	833,980	(833,980)	-
Total	2,571,033	451,234	239,425	193,737	3,455,430	(833,980)	2,621,450
Ordinary Expenses	2,210,645	440,603	237,098	193,839	3,082,188	(833,980)	2,248,207
Ordinary Profits (Ordinary Losses)	360,388	10,630	2,326	(102)	373,242	-	373,242
II. Assets	73,240,523	8,245,865	5,059,130	3,820,960	90,366,480	(22,124,380)	68,242,099

(Note 1) The Bank reported "Ordinary Income" and "Ordinary Profits" that corresponds to Sales and Operating Profit for non-financial companies, for the Bank's head office, branches and the consolidated subsidiaries according to the classification of geographic areas. The geographic classification was effected by geographical proximity, similarities in economic activities and inter-relationships among these activities.

(Note 2) "The Americas" includes the United States of America and Cayman Islands. "Europe" includes the United Kingdom and "Asia" includes the Republic of Singapore.

Ordinary Income from International Operations

(Millions of Yen)

	Ordinary Income from International Operations	Consolidated Ordinary Income	Ratio of Ordinary Income from International Operations over Consolidated Ordinary Income
Fiscal year ended March 31, 2006	1,372,462	1,760,142	77.9%
Fiscal year ended March 31, 2007	1,971,761	2,621,450	75.2%

(Note 1) "Ordinary Income from International Operations" is shown in place of Overseas Sales for non-financial companies.

Note: 2. "Ordinary Income from International Operations" comprises of foreign currency transactions, yen-denominated trade bills, yen-denominated transactions with non-Japanese residents, transactions in the offshore market in Japan, transactions by overseas branches of the parent and transactions by overseas consolidated subsidiaries (excluding Inter-segment Ordinary Income between consolidated entities). The composition of this substantial volume of transactions is not broken down by counter-party. Therefore, segment information by geographic areas has not been presented.

Non-consolidated Balance Sheet

(Millions of Yen)

	Fiscal 2006 (As of March 31, 2007) (A)	Fiscal 2005 (As of March 31, 2006) (B)	Change (A) - (B)
(Assets)			
Loans and Bills Discounted	12,804,474	11,948,782	855,692
Loans on Deeds	10,544,531	9,671,041	873,489
Loans on Bills	203,150	206,710	(3,560)
Overdrafts	2,036,139	2,045,549	(9,409)
Bills Discounted	20,652	25,481	(4,828)
Foreign Exchange Assets	3,176	20,129	(16,953)
Foreign Bills Bought	-	0	(0)
Due from Foreign Banks	3,176	20,129	(16,953)
Securities	43,750,573	45,607,473	(1,856,900)
Japanese Government Bonds	11,851,923	13,860,943	(2,009,019)
Municipal Government Bonds	64,454	107,083	(42,629)
Corporate Bonds	486,773	623,409	(136,635)
Stocks	1,077,914	1,235,994	(158,079)
Other Securities	30,269,506	29,780,042	489,464
Money Held in Trust	7,797,702	7,551,681	246,021
Trading Assets	52,550	69,309	(16,759)
Trading Securities	31,084	14,210	16,874
Derivatives of Trading Securities	-	9	(9)
Derivatives of Securities Related to Trading Transactions	66	10	55
Trading-related Financial Derivatives	20,398	34,080	(13,681)
Other Trading Account Assets	999	20,998	(19,998)
Monetary Claims Bought	828,790	755,291	73,498
Bills Bought	-	318,400	(318,400)
Call Loans	823,715	731,167	92,548
Receivables under Resale Agreements	-	601,187	(601,187)
Receivables under Securities Borrowing Transactions	563,282	875,332	(312,050)
Cash and Due from Banks	864,474	1,286,457	(421,982)
Cash	118,335	104,978	13,356
Due from Banks	746,139	1,181,478	(435,339)
Other Assets	-	832,861	(832,861)
Domestic Exchange Settlement Account, Debit	-	320	(320)
Prepaid Expenses	-	3,062	(3,062)
Accrued Income	-	234,539	(234,539)
Initial Margins of Future Markets	-	1,146	(1,146)
Derivatives Other Than for Trading	-	71,497	(71,497)
Deferred Hedge Losses	-	97,813	(97,813)
Others	-	424,482	(424,482)
Other Assets	535,923	-	535,923
Domestic Exchange Settlement Account, Debit	276	-	276
Prepaid Expenses	3,944	-	3,944
Accrued Income	243,128	-	243,128
Initial Margins of Future Markets	1,885	-	1,885
Valuation Margins of Future Markets	71	-	71
Derivatives Other Than for Trading	107,284	-	107,284
Others	179,332	-	179,332
Premises and Equipment	-	163,183	(163,183)
Land and Buildings	-	158,073	(158,073)
Premium and Guarantee	-	5,110	(5,110)
Tangible Fixed Assets	154,024	-	154,024
Buildings	50,123	-	50,123
Land	96,189	-	96,189
Construction in Progress	743	-	743
Other Fixed Assets	6,967	-	6,967
Intangible Fixed Assets	6,641	-	6,641
Software	2,465	-	2,465
Other Intangible Fixed Assets	4,175	-	4,175
Deferred Debenture Discounts	-	132	(132)
Deferred Debenture Discounts	-	132	(132)
Customers' Liabilities for Acceptances and Guarantees	542,436	229,288	313,148
Reserve for Possible Loan Losses	(201,908)	(226,493)	24,584
Reserve for Possible Investment Losses	(38,628)	-	(38,628)
Total Assets	68,487,228	70,764,183	(2,276,955)

(Millions of Yen)

	Fiscal 2006 (As of March 31, 2007) (A)	Fiscal 2005 (As of March 31, 2006) (B)	Change (A) - (B)
(Liabilities)			
Deposits	41,253,617	40,483,426	770,191
Time Deposits	33,749,010	33,576,700	172,309
Deposits at Notice	27,702	49,832	(22,129)
Ordinary Deposits	1,369,915	1,541,095	(171,180)
Current Deposits	108,204	112,885	(4,680)
Other Deposits	5,998,784	5,202,911	795,872
Negotiable Certificates of Deposit	2,375,026	1,012,220	1,362,805
Debentures	4,471,357	4,787,716	(316,359)
Debentures Issued	4,471,357	4,787,716	(316,359)
Trading Liabilities	19,662	32,888	(13,225)
Derivatives of Securities Related to Trading Transactions	94	7	86
Trading-related Financial Derivatives	19,568	32,881	(13,312)
Borrowed Money	1,459,295	1,101,532	357,763
Borrowings	1,459,295	1,101,532	357,763
Bills Sold	-	4,411,600	(4,411,600)
Call Money	1,068,632	631,740	436,892
Payables under Repurchase Agreements	7,438,847	7,599,379	(160,531)
Payables under Securities Lending Transactions	1,345,025	3,559,998	(2,214,972)
Foreign Exchange Liabilities	0	0	0
Foreign Bills Payable	0	0	0
Short-term Entrusted Funds	2,868,967	1,582,927	1,286,039
Other Liabilities	-	811,346	(811,346)
Domestic Exchange Settlement Account, Credit	-	130	(130)
Accrued Expenses	-	97,831	(97,831)
Income Taxes Payable	-	62,992	(62,992)
Unearned Income	-	2,785	(2,785)
Employees' Deposits	-	10,606	(10,606)
Valuation Margins of Future Markets	-	2,440	(2,440)
Derivatives Other Than for Trading	-	508,774	(508,774)
Deferred Hedge Gains	-	38,228	(38,228)
Others	-	87,555	(87,555)
Other Liabilities	478,953	-	478,953
Domestic Exchange Settlement Account, Credit	154	-	154
Accrued Expenses	148,317	-	148,317
Income Taxes Payable	56,746	-	56,746
Unearned Income	2,849	-	2,849
Employees' Deposits	10,466	-	10,466
Derivatives Other Than for Trading	139,920	-	139,920
Others	120,500	-	120,500
Reserve for Bonus Payments	4,193	4,194	(1)
Reserve for Employees' Retirement Benefits	1,080	7,228	(6,147)
Deferred Tax Liabilities	711,696	535,251	176,445
Deferred Tax Liabilities for Land Revaluation	25,411	25,647	(236)
Acceptances and Guarantees	542,436	229,288	313,148
Total Liabilities	64,064,204	66,816,385	(2,752,181)

(Millions of Yen)

	Fiscal 2006 (As of March 31, 2007) (A)	Fiscal 2005 (As of March 31, 2006) (B)	Change (A) - (B)
(Shareholder's Equity)			
Paid-in Capital	-	1,465,017	(1,465,017)
Common Stock	-	1,440,017	(1,440,017)
(including Lower Dividend Rate Stock)	-	1,014,300	(1,014,300)
Preferred Stock	-	24,999	(24,999)
Capital Surplus	-	25,020	(25,020)
Capital Surplus Reserve	-	24,999	(24,999)
Other Capital Surplus	-	20	(20)
Reserves for Revaluation	-	20	(20)
Retained Earnings	-	1,043,561	(1,043,561)
Legal Reserve	-	269,566	(269,566)
Voluntary Reserves	-	461,525	(461,525)
Special Reserves	-	237,051	(237,051)
General Reserves	-	220,013	(220,013)
Reserves for Tax Basis Adjustments of Premises and Equipment	-	4,453	(4,453)
Others	-	7	(7)
Unappropriated Retained Earnings	-	312,469	(312,469)
Net Income	-	267,685	(267,685)
Revaluation Reserve for Land, net of taxes	-	47,974	(47,974)
Net Unrealized Gains on Other Securities, net of taxes	-	1,366,224	(1,366,224)
Total Shareholders' Equity	-	3,947,798	(3,947,798)
Total Liabilities and Shareholders' Equity	-	70,764,183	(70,764,183)
(Net Assets)			
Paid-in Capital	1,484,017	-	1,484,017
Common Stock	1,459,017	-	1,459,017
(including Lower Dividend Rate Stock)	1,033,300	-	1,033,300
Preferred Stock	24,999	-	24,999
Capital Surplus	25,020	-	25,020
Capital Surplus Reserve	24,999	-	24,999
Other Capital Surplus	20	-	20
Reserve for Revaluation	20	-	20
Retained Earnings	1,232,478	-	1,232,478
Legal Reserves	324,066	-	324,066
Voluntary Reserves	908,412	-	908,412
Special Reserves	291,551	-	291,551
General Reserves	300,013	-	300,013
Reserves for Tax Basis Adjustments of Fixed Assets	5,003	-	5,003
Special Reserve for Tax Basis Adjustments of Fixed Assets	1,375	-	1,375
Others	7	-	7
Unappropriated Retained Earnings	310,462	-	310,462
Net Income	253,886	-	253,886
Total Owners' Equity	2,741,516	-	2,741,516
Net Unrealized Gains on Other Securities, net of taxes	1,658,745	-	1,658,745
Net Deferred Losses on Hedging Instruments, net of taxes	(24,689)	-	(24,689)
Revaluation Reserve for Land, net of taxes	47,451	-	47,451
Total Valuation and Translation Adjustments	1,681,507	-	1,681,507
Total Net Assets	4,423,024	-	4,423,024
Total of Liabilities and Net Assets	68,487,228	-	68,487,228

Notes to Non-Consolidated Balance Sheets For the year Ended March 31, 2007

1. Amounts less than one million yen are rounded down.

2. Trading transactions are those seeking gains arising from short-term market movements or from the differences between markets, interest rates or foreign exchange rates. Such transactions are reported as Trading Assets or Trading Liabilities in the consolidated balance sheets on a trade date basis.

Securities, monetary claims and certain other instruments held for trading purposes are valued at the market price prevailing at the end of each fiscal year. Derivatives held for trading purposes, such as swaps, futures and options, are valued based on the assumption that they were settled at the end of each fiscal year.

3. Stocks of subsidiaries (as defined in Article 56-2 of The Norinchukin Bank Law for rules on subsidiaries) are valued at cost, as determined by the moving average method. Other securities that have a market price are valued at the market price prevailing at the time of the end of each fiscal year (the cost of securities sold is determined by the moving average method). Other securities without a market price are valued at cost as determined by the moving average method or are valued at amortized cost. The net unrealized gains or losses on other securities, net-of-tax basis, are reported separately in Net Assets.

The Bank held no held-to-maturity debt securities during the fiscal year ended March 31, 2007.

4. Securities included in Money Held in Trust are valued using the same methods described in 2 and 3 above.

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

6. Depreciation of fixed assets of the Bank is calculated using the declining-balance method. However, depreciation on buildings acquired on and after April 1, 1998 (excluding annex facilities of buildings) is calculated using the straight-line method. The useful lives of fixed assets are as follows:

Buildings: 15~50 years

Equipment: 4~15 years

7. Depreciation of intangible fixed assets of the Bank is calculated using the straight-line method. The costs of computer software developed or obtained for internal use are capitalized and amortized over an estimated useful life of 5 years.

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

9. Assets and liabilities denominated in foreign currencies, and financial statements of overseas branches are translated into Japanese yen primarily using the exchange rates in effect at the balance sheet date except for stocks of subsidiaries denominated in foreign currencies which are translated into Japanese yen using the respective exchange rates at the time of their acquisition.

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

The Reserve for loans to debtors who are legally or substantially in bankrupt under the Bankruptcy Law, Special Liquidation under the Company Law or other similar laws is provided based on the remaining book value of the

loans after the direct write-off described below and the deduction of the amount expected to be collected through the disposal of collateral or the execution of guarantees. The reserve for loans to debtors who are not currently bankrupt, but are likely to become bankrupt, is determined after taking into account a comprehensively evaluated repayment ability of debtors after deducting the amount expected to be collected through the disposal of collateral or the execution of guarantees.

The reserve for loans to debtors with “Restructured Loans” (see 28. below) 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.

The reserve for loans other than those indicated above, is provided primarily at the amount calculated using the default rates which the Bank has calculated based on actual defaults experienced in the past. The specific reserve for loans to certain countries with financial problems is provided based on the expected amount of losses taking into account the political, economic and other conditions in each country.

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

With respect to loans to borrowers who are legally or substantially in bankruptcy 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 ¥64,071 million for the fiscal year ended March 31, 2007.

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

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

13. The Reserve for Employees' Retirement Benefits, which is provided for the payment of employees' retirement benefits, is recorded based on the estimated present value of projected benefit obligations in excess of the fair value of the plan assets taking into account adjustments for unrecognized prior year service cost and unrecognized actuarial differences at the end of each fiscal year.

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

14. Finance leases where the ownership of assets is not transferred to the lessee accounted for by the same accounting method as for operating leases. Rental expenses and lease expenses under operating leases are charged to income when incurred.

15. The Bank applies the deferred method of hedge accounting to the hedge transactions to manage interest rate risk associate with various financial assets and liabilities, which is described in “Accounting and Auditing Treatment relating to the Adoption of ‘Accounting for Financial Instruments’ for Banks”, issued by the Japanese Institute of

Certified Public Accountants (“JICPA”), (JICPA Industry Audit Committee Report No. 24). Hedge effectiveness of a fair value hedge is assessed by identified groups of hedged items, such as loans and deposits, and the corresponding groups of hedging instruments, such as interest rate swaps within the same maturity buckets. Hedge effectiveness of a cash flow hedge is assessed based on the correlation of the interest rate risk indicators of the hedged items and that of the hedging instruments.

Deferred Hedge Gains or Losses were recorded in the balance sheets as a result of applying the hedge accounting methodology described in “Tentative Accounting and Auditing Treatment relating to the Adoption of ‘Accounting for Financial Instruments’ for Banks” (JICPA Industry Audit Committee Report No. 15), to the macro hedges under which the Bank used derivatives to manage the overall interest rate risk arising on various financial assets and liabilities, such as loans and deposits. Such Deferred Hedge Gains or Losses are amortized into Interest Income or Interest Expense over 7 years, the average remaining maturity, as calculated, based on the maturity and notional amount of the hedging instruments, beginning in the fiscal year ended March 31, 2004.

The unamortized balance of Deferred Hedge Losses and Deferred Hedge Gains under the macro hedges as of March 31, 2007 were ¥32,080 million (before deducting the tax effect) and ¥562 million (before deducting the tax effect), respectively.

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

The fair value method of hedge accounting is applied to the portfolio hedges of foreign exchange risks associated with securities denominated in foreign currencies (other than debt securities), provided that (1) the securities denominated in foreign currencies are identified as hedged items in advance, and (2) foreign currency amounts of spot and forward liabilities do not exceed those of the acquisition costs of the foreign currency securities designated as hedged items exist.

17. 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 statements of operations or are deferred in the balance sheets in accordance with the hedge accounting rules, because the internal interest rate swap and currency swap transactions, that are designated as hedging instruments, are traded in a non discretionary manner and are appropriately and ultimately covered by third party transactions, which are conducted in accordance with the standards stipulated in the JICPA Industry Audit Committee Report No.24 and No.25. For certain other assets or liabilities, the Bank applies the deferral method or the accrual method of hedge accounting, as specifically permitted for certain interest rate swaps. Under the deferral method, the recognition of income or expenses associated with a hedging instrument is deferred to the period when the income or expense arising on the hedged item is recognized.

18. Consumption tax and local consumption tax incurred on taxable transactions are excluded from these transaction amounts. Consumption tax related to fixed assets which is not subject to tax exemption will be

appropriated to Other Assets and amortized over 5 years using the straight-line method.

19. Investments in Subsidiaries and Affiliates	¥56,112 million
20. Total Receivables Due from Subsidiaries and Affiliates	¥636,157 million
Loans	¥267,200 million
Customers' Liabilities for Acceptances and Guarantees	¥357,788 million
Securities	¥10,000 million
Others	¥1,169 million
21. Total Payable Due to Subsidiaries and Affiliates	¥383,792 million
Borrowings	¥357,763 million
Deposits	¥14,137 million
Others	¥11,891 million
22. Accumulated Depreciation Deducted from Tangible Fixed Assets	¥95,755 million
23. Accumulated Losses on Impairment of Tangible Fixed Assets	¥23,438 million
24. Accumulated Amount of Tax Basis Adjustments Deducted from Tangible Fixed Assets	¥7,700 million

25. In addition to the fixed assets recorded on the balance sheets, some computers, network system equipments, and automobiles are being used under finance leases where the ownership of assets is not transferred to the lessee.

26. Loans and Bills Discounted include Loans to Borrowers under Bankruptcy Proceedings of ¥7,104 million and Delinquent Loans of ¥161,382 million.

Loans to Borrowers under Bankruptcy Proceedings are loans whose interest accruals are suspended (excluding the parts written-off for possible loan losses, hereinafter referred to as "Nonaccrual Loans") since the loans are determined to be uncollectible considering past due for a certain period of time and other reasons, and which are applicable to the reasons stipulated in Article 96-1-3, 4 of Corporate Tax Law (Law No.97, 1965).

Delinquent Loans are also Nonaccrual Loans other than loans to borrowers under bankruptcy proceedings or loans whereby payments of interests are deferred in order to support the borrowers' rehabilitation.

27. The Bank held no Loans Past Due for Three Months or More as of March 31, 2007.

"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."

28. Loans and Bills Discounted include Restructured of ¥109,821 million.

"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.

29. The total amount of Loans to Borrowers under Bankruptcy Proceedings, Delinquent Loans, Loans Past Due for Three Months or More and Restructured Loans was ¥278,309 million.

The amounts of loans indicated in 25. to 29. above are amounts before deducting the reserves for possible loan losses

30. Bills Discounted are treated as finance transactions based on JICPA Industry Audit Committee Report No.24. Based on the Report, the Bank has the right to appropriate freely deposited banker's acceptance, commercial notes, documentary bills, and purchased foreign exchanges through sales or collateralization. The face value of the total bills discounted was ¥20,652 million.

31. Assets pledged as collateral comprise the followings:

Assets Pledged

Securities	¥ 8,825,615 million
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Liabilities related to the above pledged assets are as follows:

Call Money	¥470,000 million
Payables under Repurchase Agreements	¥7,438,847 million
Payables under Securities Lending Transactions	¥1,000,840 million

In addition, as of March 31, 2007, Loans and Bills Discounted totaling ¥5,945,709 million and Securities totaling ¥4,056,291 million were pledged as collateral for settlement of exchange and derivative transactions or as margins of futures markets.

Guarantee deposits totaling ¥4,965 million and collateral pledged for derivative transactions totaling ¥14,863 million were included in Other Assets.

32. In accordance with the Law Concerning the Revaluation of Land, effective as of March 31, 1998, land used for business purposes has been revaluated. 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 balance sheets. The related deferred tax liability is recorded as Deferred Tax Liabilities for Land Revaluation.

Date of Revaluation	March 31, 1998
Revaluation Method	Reasonably calculated in accordance with the Appraisal methods stipulated in Article 2-5 of the enforcement ordinance for the Law Concerning the Revaluation of Land (No.119 effective as of March 31, 1998)

33. Borrowed Money include subordinated borrowings of ¥1,459,295 million which have a special agreement that call for the fulfillment of the payment obligations of such borrowing to be subordinated to other general liabilities.

34. The amount of Guaranteed Obligations for Corporate Bonds acquired through private offering (as in Article 2-3 Securities and Exchange Law) among those classified as Corporate Bonds in the "Securities" was ¥26,530 million. Acceptance and Guarantee and Customer's Liabilities for Acceptance and Guarantee" relating to corresponding Guaranteed Obligations are written-off in order to comply with the revision of the appendix form of the "The Norinchukin Bank Law Enforcement Regulations" (Cabinet Office, the Ministry of Agriculture, Forestry and Fisheries No.16, 2001) by the "Ordinance to Amend Part of The Norinchukin Bank Law Enforcement Regulations" (Cabinet Office, the Ministry of Agriculture, Forestry and Fisheries Ordinance No.3, May 22, 2007) effective from the

fiscal year which began on or after April 1, 2006.

35. Net Assets per Share for the fiscal year ended March 31, 2007 was ¥779.53 (The total dividend for Lower Dividend Rate Stock and Preferred Stock is deducted from the numerator and the aggregate number of these stocks is deducted from the denominator in the calculation of net assets per share.)

Net Assets per Share for this fiscal year ended March 31, 2007 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, effective from the fiscal year which ended on and after March 31, 2007.

36. The Norinchukin Bank holds no surplus defined in Article 109-1 of the Norinchukin Bank Law.

37. Information relating to Fair Value and Unrealized Gains or Losses of Securities is as provided below. The Securities include "Trading Securities", and short-term corporate bonds from "Other Trading Account Assets", and certificates of deposit in "Cash and Due from the Bank" in addition to "Japanese Government Bonds", "Municipal Government Bonds", "Corporate Bonds", "Stocks", "Other Securities"(This applies to the disclosures up to 41.)

Trading Securities

(Millions of Yen)

	Carrying Value	Unrealized Gain Recognized as Income
Trading Securities	32,084	86

The Norinchukin Bank holds no held-to-maturity debt securities that have a Fair Value.

The Norinchukin Bank holds no stock of subsidiaries that have a Fair Value.

Other Securities held at Fair Value

(Millions of Yen)

	Acquisition Cost	Carrying Value	Net Unrealized Gain/Loss		
				Gain	Loss
Stocks	420,867	775,406	354,539	381,784	27,244
Bonds	12,266,644	12,266,733	88	71,889	71,801
Japanese Government Bonds	11,854,155	11,851,923	(2,231)	68,376	70,608
Municipal Government Bonds	63,504	63,766	261	298	36
Corporate Bonds	348,984	351,043	2,058	3,215	1,156
Other	28,433,590	30,171,150	1,737,560	1,822,368	84,808
Total	41,121,101	43,213,290	2,092,188	2,276,042	183,853

"Net Unrealized Gains on Other Securities, net of taxes" includes ¥1,440,944 million which is calculated by deducting deferred tax liabilities of ¥651,244 million from the Net Unrealized Gain/Loss described above.

38. The Bank sold no held-to-maturity debt securities during the fiscal year ended March 31, 2007.

39. Other securities sold during the fiscal year ended March 31, 2007 were are as follows:

(Millions of Yen)

	Sales Proceeds	Gains on Sales	Losses on Sales
Other Securities	8,963,721	48,950	234,272

40. Carrying Values of Securities without a Fair Value were as follows:

(Millions of Yen)

	Carrying Value
Stocks of Subsidiaries	56,112
Stocks of Subsidiaries and Group Corporations	42,911
Stocks of Affiliated Corporations	13,200
Other Securities	515,602
Unlisted Stocks (excluding Over-the-counter Stocks)	246,401
Foreign Securities	7,288
Other	261,911

41. The maturities of other securities with stated maturities was as follows:

(Millions of Yen)

	1 Year or Less	Over 1 Year ~ 5 Years	Over 5 Years ~ 10 Years	Over 10 Years
Bonds	315,781	2,248,538	2,659,112	7,179,719
Japanese Government Bonds	225,720	1,977,925	2,487,363	7,160,914
Municipal Government Bonds	51,345	10,271	2,153	683
Corporate Bonds	38,715	260,341	169,594	18,121
Other	144,999	3,561,526	6,570,125	4,753,096
Total	460,781	5,810,064	9,229,237	11,932,815

42. Money Held in Trust for Trading Purposes and Other Money Held in Trust (Money Held in Trust other than that for trading purpose or held to maturity)

(Millions of Yen)

	Carrying Value	Unrealized Gain Recognized as Income
Money Held in Trust for Trading Purpose	101,137	1,117

The Bank held no held-to-maturity monetary trust during the fiscal year ended March 31, 2007.

(Millions of Yen)

	Acquisition Cost	Carrying Value	Net Unrealized		
			Gain	Gain	Loss
Other Money Held in Trust	7,380,665	7,696,565	315,899	330,115	14,216

The amount of ¥217,769 million which was computed by deducting differed tax liabilities of ¥98,130 million from the Net Unrealized Gain described in above is included in “Net Unrealized Gains on Other Securities, net of taxes”.

43. The Bank held no securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) during the fiscal year ended March 31, 2007.

Securities borrowed under unsecured borrowing agreements (Saiken Taishaku Torihiki) and securities purchased under resale agreements and cash-collateralized borrowing agreements, which can be sold or re-pledged by the Bank, include securities re-pledged out totaling ¥343,336 million and securities held without repledge totaling ¥1,104,163 million as of March 31, 2007, respectively. No securities were re-loaned as of March 31, 2007.

44. Commitments related to overdrafts and loans represent agreements to extend overdrafts or loans up to a pre-agreed amount at the customer's request as long as no violation of the conditions stipulated in the commitment agreement exists. The amount of undrawn commitments in relation to such agreements is ¥3,205,997 million as of March 31, 2007. The amount, which the Bank could cancel at any time without penalty, is ¥2,098,194 million as of March 31, 2007.

The amount of undrawn commitments does not necessarily affect the future cash flow of the Bank because the majority of such agreements are terminated without being exercised. Most of these agreements have provisions which stipulate that the Bank 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 is 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.

45. Pension Assets (excluding unrecognized difference from computations) relating the Retirement Benefit Trust which is reconciled with either Reserve for Employees' Retirement Benefit at the year ended March 31, 2007 or Prepaid Pension Expense and Reserve for Employees' Retirement Benefit from the previous year, or added to Prepaid Pension Expense are as follows :

	Termination Allowance	Qualified Pension	Total
Reserve for Employees' Retirement Benefits (Before Deducting Pension Assets for the Retirement Benefit Trust)	¥(50,006) million	—	¥(50,006) million
Prepaid Pension Cost (Before Adding Pension Assets for Retirement Benefit Trust)	—	¥2,588 million	¥2,588 million
Pension Assets in the Retirement Benefit Trust <u>(Excluding Unrecognized Differences from Computations)</u>	¥48,925 million	—	¥48,925million
Reserve for Employees' Retirement Benefits After Deducting Pension Assets for the Retirement Benefit Trust)	¥(1,080) million	¥2,588 million	¥1,508 million

Funding status of employees' retirement benefits as of March 31, 2007 is analyzed as follows:

Projected Benefit Obligations	¥(79,500) million
<u>Plan Assets (in fair value)</u>	<u>¥102,437 million</u>
(Unfunded) Overfunded Retirement Benefit Obligations	¥22,936 million
Unrecognized Transition Differences	-
Unrecognized Actuarial Differences	¥(21,427) million

<u>Unrecognized Prior Service Cost (Deduction)</u>	<u>-</u>
Net Amounts Reported in the Balance Sheets	¥1,508 million
Prepaid Pension Cost	¥2,588 million
Reserve for Employees' Retirement Benefits	¥(1,080)million

46. Inflation-indexed bonds whose principles are guaranteed were previously measured at fair value, and not at amortized cost method. Its Unrealized Gains or Losses (after deducting tax effects) was recorded directly in Stockholders' Equity. However due to the announcement of "Accounting Procedures for Other Compound Instruments (Compound Instruments without Parts Which Might Possibly Increase Paid-in Capital)" (No. 12 of Corporate Accounting Standards issued on March 31, 2006), the Bank applies corresponding standards effective the fiscal year 2006 and values them at fair value and records the Unrealized Gains or Losses (after deducting tax effects) directly in Net Assets. The cost is calculated at amortized cost assuming the book value at the beginning of the fiscal year as new acquisition cost. Due to this change in accounting standard, Net Unrealized Gains on Other Securities, net of taxes has decreased by ¥27,323 million, Deferred Tax Liabilities has decreased by ¥12,362 million, and Income before Income Taxes and Others has increased by ¥39,685 million compared to those using the previous standard.

47 The major components of Deferred Tax Assets and Deferred Tax Liabilities as of March 31, 2007 were as follows

Deferred Tax Assets

Reserve for Possible Loan Losses	¥48,024 million
Write-off of Loans	¥9,068 million
Losses on Revaluation of Securities	¥19,914 million
Reserve for Employees' Retirement Benefits	¥6,520 million
Depreciation of Fixed Assets	¥1,118 million
Net Unrealized Losses on Securities	¥11,170 million
<u>Others</u>	<u>¥32,505 million</u>
Subtotal	¥128,323 million
<u>Valuation Allowance</u>	<u>¥(44,827) million</u>
Total Deferred Tax Assets	¥83,496million

Deferred Tax Liabilities

Gain from Contribution of Securities to Employee Retirement Benefit Trust	¥(5,577) million
Net Unrealized Gains on Securities	¥(749,389) million
Others	¥(40,226) million
<u>Total Deferred Tax Liabilities</u>	<u>¥(795,192) million</u>
Net Deferred Tax Liabilities	¥(711,696) million

48. Presentation of some financial statements line items has been changed in order to comply with the revision the appendix form of the "The Norinchukin Bank Law Enforcement Regulations" (Cabinet Office, the Ministry of Agriculture, Forestry and Fisheries No.16, 2001) by the "Ordinance to Amend Part of The Norinchukin Bank Law Enforcement Regulations" (Cabinet Office, the Ministry of Agriculture, Forestry and Fisheries Ordinance No. 7, April 28, 2006) effective from the fiscal year which ended on and after March 31, 2007.

- (1) "Net Assets" which used to be "Shareholders' Equity" and now includes Owner's Equity, Valuation and Translation Adjustments as sub-classification.

The amount corresponding to “Shareholders’ Equity” under the previous presentation is ¥4,447,713 million as of March 31, 2007.

- (2) “Retained Earnings”, which used to be broken down into “Voluntary Reserves” and “Unappropriated Retained Earnings”, will now be represented as “Other Retained Earning” and broken down into “Special Reserves”, “General Reserves”, “Reserve for Tax Basis Adjustments of Fixed Assets”, “Special Reserve for Tax Basis Adjustments of Fixed Assets”, “Others”, and “Unappropriated Retained Earnings”.
- (3) Net deferred gains or losses of hedging instruments used to be recorded in “Other Assets”(or “Other Liabilities”) is recorded as Net Deferred Hedge Gains or Losses on Hedging Instruments, net of taxes (the difference arising from offsetting Gains/Losses) after deducting tax effects directly in Net Assets.
- (4) “Premises and Equipments” are reclassified into “Tangible Fixed Assets”, “Intangible Fixed Assets”, and “Other Assets”.
 - ① “Land, Buildings and other Properties”, which used to be included in “Premises and Equipments”, is now classified into “Buildings”, “Land”, and “Other Tangible Fixed Assets” as the category of “Tangible Fixed Assets”. “Construction in Progress” included in “Premises and Equipments” is presented as a separate line item in Fixed Assets. Premium and guarantees, which used to be included in “Premises and Equipments”, are presented as “Other Intangible Fixed Assets” in “Intangible Assets” and “Other Assets”, respectively.
 - ② Computer Software, which used to be included in “Other Assets”, is included in “Software” in the “Intangible Fixed Assets”.

Non-consolidated Statements of Operations

(Millions of Yen)

	Fiscal 2006 (Year ended March 31, 2007) (A)	Fiscal 2005 (Year ended March 31, 2006) (B)	Change (A) - (B)
Ordinary Income	2,605,749	1,744,205	861,543
Interest Income	2,049,045	1,401,036	648,008
Interest on Loans and Bills Discounted	124,033	104,120	19,913
Interest and Dividends on Securities	1,863,103	1,240,061	623,041
Interest on Bills Bought	10	5	4
Interest on Call Loans	5,276	1,397	3,878
Interest on Receivables under Resale Agreements	3,993	72	3,920
Interest on Receivables under Securities Borrowing Transactions	755	19	735
Interest on Due from Banks with Banks	34,032	41,535	(7,503)
Other Interest Income	17,841	13,822	4,018
Fees and Commissions	16,931	15,578	1,352
Exchange Fees	1,083	1,167	(83)
Other Commissions Receivable	15,847	14,411	1,435
Trading Income	223	427	(203)
Income from Trading Securities and Derivatives	194	-	194
Income from Trading-related Financial Derivatives	-	331	(331)
Other Trading Income	28	96	(67)
Other Operating Income	93,138	114,792	(21,653)
Gains on Sales of Foreign Exchanges	1,641	-	1,641
Gains on Sales of Bonds	21,207	46,497	(25,289)
Gains on Redemption of Bonds	415	402	12
Gains on Financial Derivatives	21,255	26,809	(5,554)
Other Operating Income	48,619	41,082	7,537
Other Ordinary Income	446,410	212,370	234,039
Gains on Sales of Stocks and Other Securities	32,490	10,479	22,011
Gains on Money Held in Trust	411,616	198,982	212,633
Others	2,303	2,909	(606)
Ordinary Expenses	2,240,062	1,432,900	807,161
Interest Expenses	1,791,695	1,200,978	590,716
Interest on Deposits	326,357	176,566	149,791
Interest on Negotiable Certificates of Deposit	15,262	15,172	80,090
Interest on Debentures	32,110	25,884	6,225
Interest on Borrowings	22,599	7,875	14,724
Interest on Bills Sold	126	157	(31)
Interest on Call Money	3,166	1,347	1,818
Interest on Payables under Securities Lending Transactions	401,178	194,025	207,152
Interest on Payables under Securities Lending Transactions	4,209	244	3,964
Interest on Interest Rate Swap	422,245	275,145	147,099
Other Interest Expenses	484,437	504,558	(20,120)
Fees and Commissions	14,205	10,458	3,746
Exchange Fees	614	569	45
Other Commissions	13,590	9,889	3,701
Trading Losses	313	280	32
Expenses on Trading Securities and Derivatives	-	162	(162)
Expenses on Securities and Derivatives Related to Trading Transactions	3	118	(114)
Expenses on Trading-related Financial Derivatives	309	-	309
Other Operating Expenses	272,038	100,732	171,306
Amortization of Debenture Issuance Costs	553	521	32
Losses on Foreign Exchange Transactions	-	2,407	(2,407)
Losses on Sales of Bonds	225,405	51,513	173,892
Other Operating Expenses	46,078	46,290	(212)
General and Administrative Expenses	102,663	107,261	(4,597)
Other Ordinary Expenses	59,146	13,189	45,957
Transfer to Reserve for Possible Investment Losses	38,628	-	38,628
Write-off of Loans	2,128	1,144	984
Losses on Sales of Stocks and Other Securities	8,866	54	8,811
Losses on Revaluation of Stocks and Other Securities	523	646	(123)
Losses on Money Held in Trust	4,947	7,513	(2,566)
Others	4,051	3,830	221
Ordinary Profits	365,687	311,305	54,381
Extraordinary Profits	18,719	51,989	(33,270)
Gains on Dispositions of Fixed Assets	76	3,473	(3,397)
Reversal of Reserve for Possible Loan Losses	12,977	43,844	(30,866)
Recoveries from Written-off Claims	5,657	4,666	991
Other Extraordinary Profits	7	5	1
Extraordinary Losses	1,314	2,358	(1,043)
Losses on Dispositions of Fixed Assets	1,257	881	376
Losses on Impairment of Fixed Assets	56	1,476	(1,419)
Income before Income Taxes and Others	383,092	360,937	22,154
Income Taxes - Current	73,090	61,099	11,990
Income Taxes - Deferred	56,114	32,152	23,962
Net Income	253,886	267,685	(13,798)
Balance at the Beginning of the Year	56,052	40,422	15,630
Transfer from Land Revaluation Reserve	522	4,362	(3,839)
Balance at the End of the Year	310,462	312,469	(2,007)

Notes to Non-Consolidated Statement of Operations for the fiscal year ended March 31, 2007

1. Amounts less than one million yen are rounded down.

2. Income and Expenses related to the transactions with subsidiaries and affiliates were as follows:

(Millions of yen)

	Total Income	Total Expenses
Interest and Dividend Income	2,582	8,437
Fees and Commissions	468	4,170
Other Operating and Other Ordinary Income/Expenses	658	28,888
Trading Income/Expenses	—	—

3. Net Income per Share for the fiscal year ended March 31, 2007 is ¥54.68. (The total dividend for Lower Dividend Rate Stock and Preferred Stock is deducted from the numerator and the aggregate number of these stock is deducted from the denominator in the calculation of net income per share.)

4. Gains and losses arising from transactions for trading purposes are recorded on a trade date basis. “Trading Income” and “Trading Expenses” include interest received and paid during the fiscal year, gains or losses resulting from any change in the fair value of securities and monetary claims from the end of the previous fiscal year and gains or losses resulting from any change in the fair value, which is determined assuming they were settled at the end of the fiscal year, of derivatives from the end of the previous fiscal year.