

Financial Statements for the First Half of Fiscal 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 : Kazuo Yoshida, General Manager of Financial Planning & Control Division

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

1. Consolidated Financial Results for the First Half of Fiscal 2007 (for the period ended September 30, 2007)

(1) Consolidated Results of Operations

	Ordinary Income	Ordinary Profits	Net Income
	Millions of Yen	Millions of Yen	Millions of Yen
1H Fiscal 2007	1,319,516	154,682	143,575
Fiscal 2006	2,621,450	373,242	256,837

	Net Assets Net Income Ratio	Total Assets Ordinary Profits Ratio	Total Income Ordinary Profits Ratio
	%	%	%
1H Fiscal 2007	6.7	0.4	11.7
Fiscal 2006	6.1	0.5	14.2

(Ref) Equity in Earnings of Affiliates for 1H Fiscal 2007 514 millions of Yen for Fiscal 2006 819 millions of Yen

(2) Consolidated Financial Conditions

*Consolidated **BIS** Capital Adequacy Ratio as of September 30, 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	%	%
1H Fiscal 2007	66,198,912	4,120,387	6.2	12.55
Fiscal 2006	68,242,099	4,445,888	6.5	12.84

(Ref) Net Assets - Minority Interests for 1H Fiscal 2007 4,114,420 millions of Yen for Fiscal 2006 4,440,192 millions of Yen

(Note 1) "Net Assets Ratio" is computed by dividing (Net Assets — Minority Interests) by the Total Assets.

(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.

(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 period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
1H Fiscal 2007	(3,795,696)	3,647,353	(82,219)	103,697
Fiscal 2006	(3,401,783)	2,747,991	310,577	334,260

(4) Changes in the Scope of Consolidation (Subsidiaries and Affiliates) during the period : No

(5) Changes in Accounting Principles, Methods or Presentations of Consolidated Financial Statements

① Changes due to revisions of Accounting Standards : Yes

② Changes other than ① above : Yes

(Note) Please refer to the following notes for details.

Notes No. 6, 14, and 41 in Consolidated Balance Sheets

Note No. 7 in Consolidated Statements of Operations

2. Non-consolidated Financial Results for the First Half of Fiscal 2007 (for the period ended September 30, 2007)

(1) Non-consolidated Results of Operations

	Ordinary Income	Ordinary Profits	Net Income
	Millions of Yen	Millions of Yen	Millions of Yen
1H Fiscal 2007	1,312,408	150,662	141,411
Fiscal 2006	2,605,749	365,687	253,886

(2) Non-consolidated Financial Conditions

*Non-Consolidated BIS Capital Adequacy Ratio as of September 30, 2007 is preliminary.

	Total Assets	Total Net Assets	Net Assets Ratio (Note 1)	Non-Consolidated BIS Capital Adequacy Ratio (Note 2)
	Millions of Yen	Millions of Yen	%	%
1H Fiscal 2007	66,383,746	4,095,243	6.1	12.56
Fiscal 2006	68,487,228	4,423,024	6.4	12.84

(Ref) Net Assets for 1H Fiscal 2007 4,095,243 millions of Yen for Fiscal 2006 4,423,024 millions of Yen

(Note 1) "Net Assets Ratio" is computed by dividing the Net Assets by the Total Assets.

(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.

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

(Percentage represents change from the previous year)

	Ordinary Profits
	Millions of Yen %
Fiscal 2007	352,000 (3.7)

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. Please note that we assume no obligation or responsibility for the above-mentioned projected results.

The First Half of FY 2007 in Review

The Bank's total assets at the end of the period were ¥66,383 billion, down ¥2,103 billion from the previous fiscal year-end.

On the procurement side, deposits amounted to ¥40,646 billion and the balance of debentures was ¥4,659 billion.

On the asset side, the loan balance was ¥12,289 billion and the securities balance was ¥41,568 billion.

Although the Bank was partially affected by the U.S. subprime loan issues, it was able to maintain ordinary profits of ¥150 billion and net income of ¥ 141 billion for the first half of the fiscal year through profits from efficient alternative assets resulting from its continuous efforts in promoting globally diversified investments for enhancement of its profitability. The Bank's gross operating profits were ¥ 171 billion and net operating profits (before reversal of reserve for possible loan losses) were ¥ 115 billion.

The Bank's shares in the consolidated financial statements are extremely high. Consolidated total assets at the end of the period were ¥66,198 billion, down ¥ 2,043 billion. Consolidated ordinary profits were ¥154 billion and consolidated net income was ¥143 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)

	1H Fiscal 2007 (preliminary)	Fiscal 2006	Change
BIS Capital Adequacy Ratio (%)	12.56	12.84	(0.28)
Tier I Ratio (%)	7.28	6.97	0.31
Total capital	47,117	47,852	(735)
Total tier I capital	27,315	25,968	1,347
Total capital requirements	30,000	29,799	201
Risk Adjusted Assets	375,009	372,491	2,517

○ Consolidated BIS Capital Adequacy Ratio (100Millions of Yen)

(Amounts less than 100 million yen and digits after decimal point presented are rounded down)

	1H Fiscal 2007 (preliminary)	Fiscal 2006	Change
BIS Capital Adequacy Ratio (%)	12.55	12.84	(0.29)
Tier I Ratio (%)	7.32	7.01	0.31
Total capital	47,210	47,942	(731)
Total tier I capital	27,542	26,184	1,358
Total capital requirements	30,078	29,856	222
Risk Adjusted Assets	375,983	373,200	2,783

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. 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 businesses, 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.

2. Management Issues to Be Addressed in Fiscal 2007

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

- (1) An enhancement of presence in Japanese financial market by structuring and steadily implementing the 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 a 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 September 30, 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 & Maintenance	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, Japan	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, Borrowing of Subordinated Loans, etc	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.

Principles of Consolidated Financial Statements

1 Scope of Consolidation

- (1) Consolidated subsidiaries 9 companies

Names of principal companies:

The Norinchukin Trust & Banking Co., Ltd

Kyodo Housing Loan 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, Retained Earnings and Net Deferred Losses on Hedging Instruments, net of taxes.

3 The first half of the fiscal year of Consolidated Subsidiaries

- (1) The number of consolidated subsidiaries and their closing date of the first half of the fiscal year are as follows:

Closing date: September 30, 2007 Number of subsidiaries: 9

- (2) Consolidated subsidiaries were consolidated based on their financial statements as of their end of the period.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Yen)

	First Half of Fiscal 2007 (As of September 30, 2007)	Fiscal 2006 (As of March 31, 2007)	Change (A) — (B)
	(A)	(B)	
(Assets)			
Loans and Bills Discounted	12,349,632	12,854,680	(505,047)
Foreign Exchange Assets	4,598	3,176	1,422
Securities	41,547,014	43,730,249	(2,183,234)
Money Held in Trust	6,242,523	7,797,745	(1,555,221)
Trading Assets	51,631	52,550	(918)
Monetary Claims Bought	826,839	828,790	(1,950)
Call Loans and Bills Bought	1,424,249	835,715	588,533
Receivables under Resale Agreements	680,215	-	680,215
Receivables under Securities Borrowing Transactions	713,643	563,282	150,361
Cash and Due from Banks	1,454,087	866,303	587,784
Other Assets	602,118	543,988	58,130
Tangible Fixed Assets	139,190	155,601	(16,410)
Intangible Fixed Assets	12,417	7,953	4,464
Deferred Tax Assets	2,818	2,626	191
Customers' Liabilities for Acceptances and Guarantees	288,173	242,446	45,727
Reserve for Possible Loan Losses	(140,244)	(204,380)	64,136
Reserve for Possible Investment Losses	-	(38,628)	38,628
Total Assets	66,198,912	68,242,099	(2,043,187)
(Liabilities)			
Deposits	40,637,435	41,243,492	(606,057)
Negotiable Certificates of Deposit	1,298,078	2,375,026	(1,076,948)
Debentures	4,659,454	4,471,156	188,298
Bonds	364,988	357,097	7,891
Trading Liabilities	14,219	19,662	(5,443)
Borrowed Money	1,136,531	1,131,532	4,999
Call Money and Bills Sold	794,348	1,068,632	(274,283)
Payables under Repurchase Agreements	6,177,155	7,438,847	(1,261,691)
Payables under Securities Lending Transactions	791,353	1,345,025	(553,671)
Foreign Exchange Liabilities	1	0	0
Short-term Entrusted Funds	4,031,430	2,868,967	1,162,462
Other Liabilities	1,267,761	489,920	777,841
Reserve for Bonus Payments	5,782	5,031	750
Reserve for Employees' Retirement Benefits	781	1,849	(1,068)
Reserve for Directors' Retirement Benefits	643	-	643
Deferred Tax Liabilities	590,579	712,110	(121,530)
Deferred Tax Liabilities for Land Revaluation	19,802	25,411	(5,608)
Acceptances and Guarantees	288,173	242,446	45,727
Total Liabilities	62,078,524	63,796,211	(1,717,686)
(Net Assets)			
Paid-in Capital	1,484,017	1,484,017	-
Capital Surplus	25,020	25,020	-
Retained Earnings	1,323,334	1,249,484	73,849
Total Owners' Equity	2,832,372	2,758,523	73,849
Net Unrealized Gains on Other Securities, net of taxes	1,269,036	1,658,980	(389,943)
Net Deferred Losses on Hedging Instruments, net of taxes	(21,968)	(24,762)	2,794
Revaluation Reserve for Land, net of taxes	34,981	47,451	(12,469)
Foreign Currency Transaction Adjustments	(2)	0	(2)
Total Valuation and Translation Adjustments	1,282,047	1,681,669	(399,621)
Minority Interests	5,967	5,696	271
Total Net Assets	4,120,387	4,445,888	(325,500)
Total Liabilities and Net Assets	66,198,912	68,242,099	(2,043,187)

Notes to Consolidated Balance Sheets

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

2. Transactions for trading purposes are those seeking gains arising from short-term market movements or from the differences between markets, interest rates or foreign exchange rates. Such transactions are reported as Trading Assets or Trading Liabilities in the 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 the period. Derivatives held for trading purposes, such as swaps, futures and options, are valued on the assumption that they were settled at the end of the period.

3. Held-to maturity debt securities are valued at amortized cost, as determined by the moving average method. Investments in affiliates that are not accounted for under the equity method 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 end of the period (the cost of securities sold is determined by the moving average method). Other securities with no available 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-taxes, 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 tangible fixed assets of the Bank is calculated using the declining-balance method, however, depreciation on buildings acquired on or after April 1, 1998 (excluding annex facilities of buildings) is calculated using the straight-line method, and the applicable share of estimated annual depreciation cost for the period is recorded based on the following range of useful lives.

Buildings: 15 years to 50 years

Equipment: 5 years to 20 years

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

In accordance with the revision of the Corporate Tax Law of 2007, depreciation of the tangible fixed assets acquired on or after April 1, 2007 is calculated by the procedure stipulated in the revised law. The effect of this adoption on the Consolidated Statement of Operations is immaterial.

The salvage values of the tangible fixed assets acquired before March 31, 2007 that have been depreciated to their final depreciable limit are depreciated using the straight-line method over 5 fiscal years. The effect of this adoption on the Consolidated Balance Sheets is immaterial.

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

8. All debenture issuance costs are capitalized and amortized as 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 sheets 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 sheets date.

10. Reserve for possible loan losses of the Bank is computed as follows:

Reserve for loans to debtors who are legally or substantially bankrupt under the Bankruptcy Law, Special Liquidation under the Company Law or other similar laws is provided based on the remaining book value of the loans after the direct write-off described below and the deduction of the amount expected to be collected through the disposal of collateral or the execution of guarantees. 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.

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.

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 difficulties is provided based on the expected amount of losses taking into account the political, economic and other conditions in each country.

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

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 ¥65,524 million for the end of the period.

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. Reserve for possible investment losses represents an amount determined to be necessary to cover the estimated loss from the investments, taking into account the financial condition and other factors of the issuer of the securities.

12. Reserve for bonus payments represents estimated costs of payment of employees' bonuses attributable to the first-half of the fiscal year.

13. Reserve for employees' retirement benefits, which is provided for the payment of employees' retirement benefits, is recorded as the required amount accrued at the end of the period, based on the estimated present value of projected benefit obligations and the estimated plan assets at the end of the fiscal year.

Unrecognized actuarial differences are amortized over a certain period of time (10 years) using the declining-balance

method beginning in the fiscal year after the difference had been incurred.

14. With regard to directors' retirements benefits which were previously expensed as incurred, in accordance with "Auditing Treatment relating to Reserve defined under the Special Tax measurement Law, Reserves defined under the Special Law and Reserve for Directors and Corporate Auditor Retirement Benefits" (JICPA Auditing and Assurance Practice Committee report No.42, April 13, 2007) effective from the fiscal year 2007, the Bank and certain subsidiaries have adopted the report from the period to recognize reserve for directors' retirement benefits for the payments of retirements benefits for directors and corporate auditors, as the required amount accrued at the end of the period.

As a result, general and administrative expenses and other ordinary expenses increased by ¥112 million and ¥346 million respectively, and ordinary profit and income before income taxes and minority interests both decreased by ¥459 million compared with the corresponding amounts under the previously applied method.

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

16. The Bank applies the deferred method of hedge accounting to the hedge transactions to manage interest rate risk associated with various financial assets and liabilities, which is described in "Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks", issued by the Japanese Institute of Certified Public Accountants ("JICPA"), (JICPA Industry Audit Committee Report No. 24). Hedge effectiveness of a fair value hedge is assessed by identified groups of hedged items, such as loans and deposits, and the corresponding groups of hedging instruments, such as interest rate swaps within the same maturity bucket. 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 hedging instruments.

Deferred Hedge Gains or Losses were recorded in the consolidated balance sheets for the period 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 from various financial assets and liabilities, such as loans and deposits. Such deferred hedge gains or losses are amortized into interest income or interest expense over 7 years, the average remaining maturity, as calculated based on the maturity and notional amount of the hedging instruments, beginning in the fiscal year ended March 31, 2004.

The unamortized balance of deferred hedge losses and deferred hedge gains under the macro hedges as of September 30, 2007 were ¥23,908 million (before deducting the tax effect) and ¥309 million (before deducting the tax effect), respectively.

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

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.

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

24. Accumulated Amount of Tax Basis Adjustments Deducted from Tangible Fixed Assets ¥7,700 million

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.

12

“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 ¥58,180 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 ¥216,101 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 acceptances, commercial notes, documentary bills, and purchased foreign exchange through sales or collateralization. The face value of the total bills discounted was ¥18,323 million.

30. Assets pledged as collateral consist of the followings:

Assets Pledged

Securities	¥6,425,458 million
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Liabilities related to the above pledged assets are as follows:

Call Money	¥470,000 million
Payables under Repurchase Agreements	¥5,504,419 million
Payables under Securities Lending Transactions	¥452,305 million

In addition, Loans and Bills Discounted of ¥6,216,854 million and Securities of ¥3,537,124 million were pledged as collateral for settlement of exchange and derivative transactions or as margin for futures transactions.

Margin for future transactions of ¥1,719 million and guarantee deposits of ¥5,462 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 from 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 includes subordinated borrowings of ¥1,101,532 million which have a special agreement that requires the fulfillment of the payment obligations of such borrowing to be subordinated to other general liabilities.

33. Bonds include subordinated bonds of ¥364,988 million.

34. The amount of Guaranteed Obligations for Corporate Bonds acquired through private offerings (as in Article 2-3 Financial Instruments and Exchange Law) among those classified as Corporate Bonds in “Securities” was ¥26,898 million.

35. Net Assets per Share for the end of the period was ¥714.30 (The dividend for Preferred Stock and the total face value for Lower Dividend Rate Stocks and Preferred Stocks are deducted from the numerator and the aggregate number of Lower Dividend Rate Stocks and Preferred Stocks is deducted from the denominator in the calculation of net assets per share.)

36. Information relating to Fair Value and Unrealized Gains or Losses of Securities is as provided below. The Securities include negotiable certificates of deposit in “Cash and Due from the Bank” in addition to “Japanese Government Bonds”, “Municipal Government Bonds”, “Corporate Bonds”, “Stocks”, “Other” (This applies to the disclosure item No. 37.)

Held-to-maturity Debt Securities that have a Fair Value

(Millions of Yen)

	Carrying Value As of Sep 2007	Fair Value	Net Unrealized Gain/Loss
Japanese Government Bonds	16,682	16,682	0
Total	16,682	16,682	0

Other Securities held at Fair Value

(Millions of Yen)

	Acquisition Cost	Carrying Value As of Sep 2007	Net Unrealized Gain/Loss
Stocks	420,734	700,974	280,240
Bonds	10,590,666	10,579,658	(11,008)
Japanese Government Bonds	10,222,931	10,209,716	(13,215)
Municipal Government Bonds	30,775	30,945	170
Corporate Bonds	336,959	338,996	2,036
Other	28,385,729	29,778,497	1,392,768
Total	39,397,130	41,059,130	1,662,000

“Net Unrealized Gains on Other Securities, net of taxes includes ¥1,144,677 million which is calculated from the above net unrealized gain or loss as follows:

Net Unrealized Gain or Loss	¥ 1,662,000 million
Less: Deferred Tax Liabilities	¥ (517,350) million
Less: Related Minority Interests	¥ (5) million
Add: The Bank's equity in Unrealized Gains or Losses of Other Securities owned by affiliates accounted for by the equity method	¥ 32 million

Amounts included in Net Unrealized Gains on Other Securities, net of taxes ¥ 1,144,677 million

Certain other securities which have readily determinable fair values are revalued to their fair value, and the difference between the acquisition cost and the fair value is treated as a realized loss for the period (“revaluation loss”), if the fair value (primarily the closing market price at the end of the period) has significantly deteriorated

compared with the acquisition cost (including amortized cost), and unless a recovery in the fair value is deemed probable.

The amount of revaluation loss for the period was ¥38,480 million.

The criteria for determining whether a security's fair value has "significantly deteriorated" are outlined as follows.

Securities whose fair values are 50% or less of their acquisition costs

Securities whose fair values are more than 50% and 70% or less of their acquisition costs for a certain period

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

	Carrying Value As of Sep 2007
Other Securities	507,976
Unlisted Stocks	208,420
Foreign Bonds	10,728
Other	288,827

38. Details of money held in trust are as follows:

The Bank held no held-to-maturity money held in trust at the end of the period.

	Acquisition Cost	Carrying Value As of Sep 2007	Net Unrealized Gain/Loss
Other Money Held in Trust	5,922,251	6,102,864	180,613

"Net Unrealized Gains on Other Securities, net of taxes includes ¥ 124,339 million which is calculated from the above net unrealized gain or loss as follows:

Net Unrealized Gain or Loss	¥ 180,613 million
Less: Deferred Tax Liabilities	¥ 56,261 million
	¥ 124,352 million

Add: The Bank's equity in Unrealized Gains or Losses of Other Securities owned by affiliates accounted for by the equity method	¥ (13) million
Amounts included in Net Unrealized Gains on Other Securities, net of taxes	¥ 124,339 million

39. The Bank held no securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) during the first half of the fiscal year.

Securities borrowed under unsecured borrowing agreements (Saiken Taishaku Torihiki) and securities purchased under resale agreements and cash-collateralized borrowing agreements, which can be sold or re-pledged by the Bank, include securities re-pledged out of ¥1,010,303 million and securities held without re-pledge of ¥1,548,189 million as of September 30, 2007, respectively. No securities were re-loaned as of September 30, 2007.

40. 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 ¥3,440,760 million as of

September 30, 2007. The amount, which the Bank and its consolidated subsidiaries could cancel at any time without penalty, is ¥2,161,327 million as of September 30, 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.

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

42. At the Supervisory Committee meeting on May 29, 2007, the Bank resolved that it would seek a capital increase by issuing of ¥527,661 million in lower dividend rate stocks on March 25, 2008.

Simultaneously, the Bank resolved that it would seek a capital increase by borrowing of ¥399,400 million in perpetual subordinated loans on March 10, 2008. The Bank plans to determine the term of the borrowing, including interest rate at the board of directors meeting in December 2007.

Also, the Bank resolved to undertake the early redemption of previously issued non-perpetual subordinated loans with a remaining maturity of less than 5 years of ¥521,632 million by the end of the fiscal year.

Consolidated Statements of Operations

(Millions of Yen)

	First Half of Fiscal 2007 (Six Months ended September 30, 2007)	Fiscal 2006 (Year ended March 31, 2007)
Ordinary Income	1,319,516	2,621,450
Interest Income	1,037,203	2,053,869
Interest on Loans and Bills Discounted	76,318	128,914
Interest and Dividends on Securities	929,683	1,863,028
Fees and Commissions	9,382	24,928
Trading Income	80	223
Other Operating Income	57,356	95,098
Other Ordinary Income	215,492	447,329
Ordinary Expenses	1,164,834	2,248,207
Interest Expenses	932,582	1,791,742
Interest on Deposits	185,790	326,342
Fees and Commissions	5,817	12,083
Trading Expenses	307	313
Other Operating Expenses	121,167	273,630
General and Administrative Expenses	59,378	111,015
Other Ordinary Expenses	45,580	59,422
Ordinary Profits	154,682	373,242
Extraordinary Profits	65,324	18,513
Extraordinary Losses	890	2,615
Income before Income Taxes and Minority Interests	219,116	389,140
Income Taxes - Current	28,058	75,361
Income Taxes - Deferred	47,174	56,349
Minority Interests in Net Income	308	591
Net Income	143,575	256,837

Notes to Consolidated Statements of Operations

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

2. Net Income per Share for the period is ¥33.64. (The total dividend for Lower Dividend Rate Stock and Preferred Stock is deducted from the numerator and the aggregate number of these stocks is deducted from the denominator in the calculation of net income per share.)

3. 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 period, gains or losses resulting from any change in the fair value of securities and monetary claims from the end of the previous fiscal year and gains or losses of derivatives resulting from any change in the fair value, which is determined assuming they were settled at the end of the period, from the end of the previous fiscal year.

4. "Other Ordinary Incomes" includes gains on money held in trust of ¥194,100 million.

5. "Other Ordinary Expenses" includes the write-off of loans of ¥2,697 million and losses on revaluation of stocks and other securities of ¥25,118 million

6. "Extraordinary Profits" includes the reversal of reserve for possible loan losses of ¥63,481 million.

7. The office-unit grouping method and the asset-unit grouping method are used to categorize the Bank's tangible assets for the purpose of impaired assets accounting. Under the former method had been used to categorize the operating assets into head office, domestic branches and overseas branches, for which the operating results were separately measured on a periodical basis, while taking into consideration the cash flow's mutually complementary relationship and functional characteristic. While the asset-unit grouping method, which categorize idle assets based on asset type, remain unchanged, the office-unit grouping method was revised by which head office, domestic branches and overseas branches are regarded as one unit in accordance with revisions in the branches' policies based on the establishment of the JA Bank Medium-Term Management Strategy (1. successive abolition of retail businesses that procure and manage assets at domestic branches or intensification of the assets to the head office and block offices, 2. the revisions in the functions of each branch offices and the onset of the integration and abolition due to the result of 1, and 3. operation of investments and loans together with overseas office). There has been no impact on gains or losses due to the change.

Consolidated Statements of Capital Surplus and Retained Earnings

(Millions of Yen)

	First Half of Fiscal 2007 (Six Months ended September 30, 2007)	Fiscal 2006 (Year ended March 31, 2007)
(Capital Surplus)		
Balance at the Beginning of the Fiscal Year	25,020	25,020
Additions	-	-
Deductions	-	-
Balance at the End of the Period	25,020	25,020
(Retained Earnings)		
Balance at the Beginning of the Fiscal Year	1,249,484	1,057,616
Additions:	156,021	257,360
Net Income for the Period	143,575	256,837
Transfer from Revaluation Reserve for Land, net of taxes	12,446	522
Deductions:	82,171	65,492
Dividends	82,171	65,492
Balance at the End of the Period	1,323,334	1,249,484

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

Consolidated Statements of Cash Flows

(Millions of Yen)

	First Half of Fiscal 2007 (4/1/2007~9/30/2007)	Fiscal 2006 (4/1/2006~3/31/2007)
I Cash Flows from Operating Activities:		
Income before Income Taxes and Minority Interests	219,116	389,140
Depreciation	4,212	18,961
Losses on Impairment of Fixed Assets	831	172
Amortization of Goodwill	-	(14)
Equity in Earnings of Affiliates	(514)	(819)
Net Increase (Decrease) in Reserve for Possible Loan Losses	(64,136)	(24,925)
Net Increase (Decrease) in Reserve for Possible Investment Losses	(38,628)	38,628
Net Increase (Decrease) in Reserve for Bonus Payments	750	68
Net Increase (Decrease) in Reserve for Employees' Retirement Benefits	(1,068)	(5,928)
Net Increase (Decrease) in Reserve for Directors' Retirement Benefits	453	-
Interest Income	(1,037,203)	(2,053,869)
Interest Expense	932,582	1,791,782
Losses (Gains) on Securities	51,171	130,445
Losses (Gains) on Money Held in Trust	(61,607)	(83,598)
Foreign Exchange Losses (Gains)	159,746	(738,457)
Losses (Gains) on Disposal of Fixed Assets	(565)	1,188
Losses on Stocks of Subsidiaries through a Merger (Impact on the Scope of Consolidation)	-	878
Net Decrease (Increase) in Trading Assets	918	16,759
Net Increase (Decrease) in Trading Liabilities	(5,443)	(13,225)
Net Decrease (Increase) in Loans and Bills Discounted	505,047	(886,842)
Net Increase (Decrease) in Deposits	(606,057)	768,101
Net Increase (Decrease) in Negotiable Certificates of Deposit	(1,076,948)	1,362,805
Net Increase (Decrease) in Debentures	188,298	(316,357)
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowed Money)	5,000	32,774
Net Decrease (Increase) in Interest-bearing Due from Banks	(818,238)	117,683
Net Decrease (Increase) in Call Loans and Bills Bought and Other	(1,266,798)	743,540
Net Decrease (Increase) in Receivable under Securities Borrowing Transactions	(150,361)	312,050
Net Increase (Decrease) in Call Money and Bills Sold and Other	(1,535,974)	(4,135,239)
Net Increase (Decrease) in Short-term Entrusted Funds	1,162,462	1,286,039
Net Increase (Decrease) in Payables under Securities Lending Transactions	(553,671)	(2,214,972)
Net Decrease (Increase) in Foreign Exchange Assets	(1,422)	16,953
Net Increase (Decrease) in Foreign Exchange Liabilities	0	0
Interest Received	1,015,187	1,992,445
Interest Paid	(806,776)	(1,740,349)
Other, Net	50,339	(125,542)
Subtotal	(3,729,297)	(3,319,725)
Income Taxes Paid	(66,399)	(82,058)
Net Cash (Used in) Provided by Operating Activities	(3,795,696)	(3,401,783)
II Cash Flows from Investing Activities:		
Purchases of Securities	(4,076,798)	(12,010,610)
Proceeds from Sales of Securities	4,595,546	8,963,869
Proceeds from Redemption of Securities	1,664,066	5,836,332
Increase in Money Held in Trust	(635,110)	(3,397,816)
Decrease in Money Held in Trust	2,106,981	3,366,793
Purchases of Tangible Fixed Assets	(1,655)	(4,746)
Purchases of Intangible Fixed Assets	(5,677)	(4,583)
Proceeds from Sales of Tangible Fixed Assets	-	719
Proceeds from Sales of Intangible Fixed Assets	0	0
Purchases of Stock of Subsidiaries (No Impact on the Scope of Consolidation)	-	(24)
Decrease in Stock of Subsidiaries through a Merger (Impact on the Scope of Consolidation)	-	(1,943)
Net Cash Provided by (Used in) Investing Activities	3,647,353	2,747,991
III Cash Flows from Financing Activities:		
Proceeds from Issuance of Subordinated Bonds	-	357,097
Proceeds from Issuance of Stock	-	19,000
Dividends Paid	(82,171)	(65,492)
Dividends Paid to Minority Interests	(47)	(28)
Net Cash (Used in) Provided Financing Activities	(82,219)	310,577
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	0
V Net (Decrease) Increase in Cash and Cash Equivalents	(230,563)	(343,215)
VI Cash and Cash Equivalents at the Beginning of the Fiscal Year	334,260	677,476
VII Cash and Cash Equivalents at the End of the Period	103,697	334,260

Notes to Consolidated Statements of Cash Flows

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

2. “Cash and Cash equivalents” in the consolidated statements of cash flows represents cash and non-interest bearing due from bank in “Cash and Due from Banks” of the consolidated balance sheets.

3. The reconciliation of “Cash and Due from Banks” in the consolidated balance sheets to “Cash and Cash Equivalents” at the end of the period is as follows:

Cash and Due from Banks	¥1,454,087 million
Less: Interest-bearing Due from Banks	¥(1,350,390)million
Cash and Cash Equivalents at the end of the period	¥103,697 million

Segment Information

1 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.

2 Segment Information By Geographic Areas

First Half of Fiscal 2007(Six Months ended September 30, 2007)

(Millions of Yen)

	Japan	Americas	Europe	Asia	Total	Elimination and Corporate Assets	Consolidated
I Ordinary Income							
(1) Ordinary Income from Third-parties	1,269,549	12,522	20,533	16,911	1,319,516	—	1,319,516
(2) Inter-segment Ordinary Income	28,583	173,454	125,999	93,158	421,194	(421,194)	—
Total	1,298,132	185,976	146,532	110,070	1,740,711	(421,194)	1,319,516
Ordinary Expenses	1,150,654	180,029	145,501	109,843	1,586,028	(421,194)	1,164,834
Ordinary Profits	147,477	5,946	1,031	226	154,682	—	154,682

Fiscal 2006 (Year ended March 30, 2007)

(Millions of Yen)

	Japan	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	360,388	10,630	2,326	(102)	373,242	—	373,242

(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 is effected by geographical proximity, similarities in economic activities and inter-relationships among these activities.

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

(Note 3) With regard to directors' retirements benefits which were previously expensed as incurred, in accordance with "Auditing Treatment relating to Reserve defined under the Special Tax measurement Law, Reserves defined under the Special Law and Reserve for Directors and Corporate Auditor Retirement Benefits" (JICPA Auditing and Assurance Practice Committee report No.42, April 13, 2007) effective from the fiscal year 2007, the Bank and certain subsidiaries have adopted the report from the period to recognize reserve for directors' retirement benefits for the payments of retirements benefits for directors and corporate auditors, as the required amount accrued at the end of the period. As a result, ordinary expenses increased by ¥459 million, and ordinary profit decreased by ¥459 million compared with the corresponding amounts under the previously applied method.

3 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
First Half of Fiscal 2007(Six Months ended September 30, 2007)	965,237	1,319,516	73.1%
Fiscal 2006 (Year ended March 30, 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 Sheets

(Millions of Yen)

	First Half of Fiscal 2007 (As of September 30, 2007) (A)	Fiscal 2006 (As of March 31, 2007) (B)	Change (A) — (B)
(Assets)			
Loans and Bills Discounted	12,289,763	12,804,474	(514,711)
Foreign Exchange Assets	4,598	3,176	1,422
Securities	41,568,610	43,750,573	(2,181,962)
Money Held in Trust	6,241,591	7,797,702	(1,556,111)
Trading Assets	51,631	52,550	(918)
Monetary Claims Bought	826,839	828,790	(1,950)
Call Loans	1,407,249	823,715	583,533
Receivables under Resale Agreements	680,215	—	680,215
Receivables under Securities Borrowing Transactions	713,643	563,282	150,361
Cash and Due from Banks	1,453,349	864,474	588,874
Other Assets	597,171	535,923	61,247
Tangible Fixed Assets	137,459	154,024	(16,565)
Intangible Fixed Assets	11,195	6,641	4,554
Customers' Liabilities for Acceptances and Guarantees	538,214	542,436	(4,222)
Reserve for Possible Loan Losses	(137,764)	(201,908)	64,144
Reserve for Possible Investment Losses	(23)	(38,628)	38,604
Total Assets	66,383,746	68,487,228	(2,103,482)
(Liabilities)			
Deposits	40,646,256	41,253,617	(607,361)
Negotiable Certificates of Deposit	1,298,078	2,375,026	(1,076,948)
Debentures	4,659,654	4,471,357	188,297
Trading Liabilities	14,219	19,662	(5,443)
Borrowed Money	1,467,161	1,459,295	7,866
Call Money	794,348	1,068,632	(274,283)
Payables under Repurchase Agreements	6,177,155	7,438,847	(1,261,691)
Payables under Securities Lending Transactions	791,353	1,345,025	(553,671)
Foreign Exchange Liabilities	1	0	0
Short-term Entrusted Funds	4,031,430	2,868,967	1,162,462
Other Liabilities	1,255,538	478,953	776,585
Reserve for Bonus Payments	4,636	4,193	443
Reserve for Employees' Retirement Benefits	—	1,080	(1,080)
Reserve for Directors' Retirement Benefits	433	—	433
Deferred Tax Liabilities	590,216	711,696	(121,480)
Deferred Tax Liabilities for Land Revaluation	19,802	25,411	(5,608)
Acceptances and Guarantees	538,214	542,436	(4,222)
Total Liabilities	62,288,503	64,064,204	(1,775,700)
(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	—
Retained Earnings	1,304,165	1,232,478	71,686
Legal Reserves	374,966	324,066	50,900
Voluntary Reserves	929,199	908,412	20,786
Special Reserves	342,451	291,551	50,900
General Reserves	360,013	300,013	60,000
Reserve for Tax Basis Adjustments of Fixed Assets	4,761	5,003	(242)
Special Reserve for Tax Basis Adjustments of Fixed Assets	—	1,375	(1,375)
Others	7	7	—
Unappropriated Retained Earnings at the end of period	221,965	310,462	(88,496)
Total Owners' Equity	2,813,203	2,741,516	71,686
Net Unrealized Gains on Other Securities, net of taxes	1,269,007	1,658,745	(389,738)
Net Deferred Losses on Hedging Instruments, net of taxes	(21,949)	(24,689)	2,740
Revaluation Reserve for Land, net of taxes	34,981	47,451	(12,469)
Total Valuation and Translation Adjustments	1,282,039	1,681,507	(399,467)
Total Net Assets	4,095,243	4,423,024	(327,781)
Total Liabilities and Net Assets	66,383,746	68,487,228	(2,103,482)

Notes to Non-Consolidated Balance Sheets

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

2. Transactions for trading purposes are those seeking gains arising from short-term market movements or from the differences between markets, interest rates or foreign exchange rates. Such transactions are reported as Trading Assets or Trading Liabilities in the 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 the period. Derivatives held for trading purposes, such as swaps, futures and options, are valued on the assumption that they were settled at the end of the period.

3. Stocks of subsidiaries (as defined in Article 56-2 of The Norinchukin Bank Law for rules on subsidiaries) are valued at cost determined by the moving average method. Other securities that have a market price are valued at the market price prevailing at the end of the period (the cost of securities sold is determined by the moving average method). Other securities with no available market price are valued at cost determined by the moving average method or at amortized cost. The net unrealized gains or losses on other securities, net-of-taxes, are reported separately in "Net Assets".

The Bank held no held-to-maturity debt securities during the first half of the fiscal year.

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 tangible fixed assets of the Bank is calculated using the declining-balance method, however, depreciation on buildings acquired on or after April 1, 1998 (excluding annex facilities of buildings) is calculated using the straight-line method, and the applicable share of estimated annual depreciation cost for the period is recorded based on the following range of useful lives.

Buildings: 15 years to 50 years

Equipment: 5 years to 20 years

In accordance with the revision of the Corporate Tax Law of 2007, depreciation of the tangible fixed assets acquired on or after April 1, 2007 is calculated by the procedure stipulated in the revised law. The effect of this adoption on the Non-consolidated Statement of Operations is immaterial.

The salvage values of the tangible fixed assets acquired before March 31, 2007 that have been depreciated to their final depreciable limit are depreciated using the straight-line method over 5 fiscal years. The effect of this adoption on the Non-consolidated Balance Sheets is immaterial.

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

8. All debenture issuance costs are capitalized and amortized as 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 sheets 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. Reserve for possible loan losses of the Bank is computed as follows:

Reserve for loans to debtors who are legally or substantially bankrupt under the Bankruptcy Law, Special Liquidation under the Company Law or other similar laws is provided based on the remaining book value of the loans after the direct write-off described below and the deduction of the amount expected to be collected through the disposal of collateral or the execution of guarantees. 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.

Reserve for loans to debtors with “Restructured Loans” (see 26. 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.

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 difficulties is provided based on the expected amount of losses taking into account the political, economic and other conditions in each country.

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

With respect to loans to borrowers who are legally or substantially bankrupt and that are secured by collateral or guarantees, the remaining book value of the loan, after the deduction of the amount of collateral or the execution of guarantees, is directly written off. Direct write-offs were ¥62,452 million for the end of the period.

11. Reserve for possible investment losses represents an amount determined to be necessary to cover the estimated loss from the investments, taking into account the financial condition and other factors of the issuer of the securities.

12. Reserve for bonus payments represents estimated costs of payment of employees' bonuses attributable to the first half of the fiscal year.

13. Reserve for employees' retirement benefits, which is provided for the payment of employees' retirement benefits, is recorded as the required amount accrued at the end of the period, based on the estimated present value of projected benefit obligations and the estimated plan assets at the end of the fiscal year.

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

14. With regard to directors' retirements benefits which were previously expensed as incurred, in accordance with “Auditing Treatment relating to Reserve defined under the Special Tax measurement Law, Reserves defined under the Special Law and Reserve for Directors and Corporate Auditor Retirement Benefits” (JICPA Auditing and

Assurance Practice Committee report No.42, April 13, 2007) effective from the fiscal year 2007, the Bank has adopted the report from the period to recognize reserve for directors' retirement benefits for the payments of retirements benefits for directors and corporate auditors, as the required amount accrued at the end of the period.

As a result, general and administrative expenses and other ordinary expenses increased by ¥106 million and ¥327 million respectively, and ordinary profit and income before income taxes both decreased by ¥433 million compared with the corresponding amounts under the previously applied method.

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

16. The Bank applies the deferred method of hedge accounting to hedge transactions to manage interest rate risk associated with various financial assets and liabilities, which is described in "Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks", issued by the Japanese Institute of Certified Public Accountants ("JICPA"), (JICPA Industry Audit Committee Report No. 24). Hedge effectiveness of a fair value hedge is assessed by identified groups of hedged items, such as loans and deposits, and the corresponding groups of hedging instruments, such as interest rate swaps within the same maturity bucket. 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 method described in "Tentative Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks" (JICPA Industry Audit Committee Report No. 15), to the macro hedges under which the Bank used derivatives to manage the overall interest rate risk arising from various financial assets and liabilities, such as loans and deposits. Such deferred hedge gains or losses are amortized into interest income or interest expense over 7 years, the average remaining maturity, as calculated based on the maturity and notional amount of the hedging instruments, beginning in the fiscal year ended March 31, 2004.

The unamortized balances of deferred hedge losses and deferred hedge gains under the macro hedges as of September 30, 2007 were ¥23,908 million (before deducting the tax effect) and ¥309 million (before deducting the tax effect), respectively.

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

The 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.

18. 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 from the hedged item is recognized.

19. 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.

20. Investments in Subsidiaries and Affiliates	¥56,112 million
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21. Accumulated Depreciation Deducted from Tangible Fixed Assets	¥91,809 million
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22. Accumulated Losses on Impairment of Tangible Fixed Assets	¥24,269 million
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23. Accumulated Amount of Tax Basis Adjustments Deducted from Tangible Fixed Assets	¥7,700 million
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24. Loans and Bills Discounted include Loans to Borrowers under Bankruptcy Proceedings of ¥6,768 million and Delinquent Loans of ¥146,813 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 the period of time past due and other reasons, as stipulated in Article 96-1-3, 4 of Corporate Tax Law (Law No.97, 1965).

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.

25. Loans and Bills Discounted include Past Due for Three Months or More of ¥1 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.”

26. Loans and Bills Discounted include Restructured Loans of ¥51,504 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.

27. The total amount of Loans to Borrowers under Bankruptcy Proceedings, Delinquent Loans, Loans Past Due for Three Months or More and Restructured Loans was ¥205,088 million.

The amounts of loans indicated in 24. to 27. above are amounts before deducting the reserves for possible loan losses.

28. 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 acceptances, commercial notes, documentary bills, and purchased foreign exchange through sales or collateralization. The face value of the total bills discounted was ¥18,323 million.

29. Assets pledged as collateral consist of the followings:

Assets Pledged

Securities	¥ 6,408,776 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	¥5,504,419 million
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Payables under Securities Lending Transactions	¥452,305 million
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In addition, Loans and Bills Discounted of ¥6,216,854 million and Securities of ¥3,537,124 million were pledged as collateral for settlement of exchange and derivative transactions or as margin for futures transactions.

Margin for future transactions of ¥1,719 million and guarantee deposits of ¥4,981 million were included in Other Assets.

30. 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 from 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)

31. Borrowed Money includes subordinated borrowings of ¥1,467,161 million which have a special agreement that requires the fulfillment of the payment obligations of such borrowing to be subordinated to other general liabilities.

32. The amount of Guaranteed Obligations for Corporate Bonds acquired through private offerings (as in Article 2-3 Financial Instruments and Exchange Law) among those classified as Corporate Bonds in "Securities" was ¥26,898 million.

33. Net Assets per Share for the end of the period was ¥709.86 (The dividend for Preferred Stock and the total face value for Lower Dividend Rate Stocks and Preferred Stocks are deducted from the numerator and the aggregate number of Lower Dividend Rate Stocks and Preferred Stocks is deducted from the denominator in the calculation of net assets per share.)

34. Information relating to Fair Value and Unrealized Gains or Losses of Securities is as provided below. The Securities include negotiable certificates of deposit in "Cash and Due from the Bank" in addition to "Japanese Government Bonds", "Municipal Government Bonds", "Corporate Bonds", "Stocks", "Other" (This applies to the disclosure item No. 35.)

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

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

Other Securities held at Fair Value

(Millions of Yen)

	Acquisition Cost	Carrying Value As of Sep 2007	Net Unrealized Gain/Loss
Stocks	420,734	700,974	280,240
Bonds	10,590,666	10,579,658	(11,008)
Japanese Government Bonds	10,222,931	10,209,716	(13,215)
Municipal Government Bonds	30,775	30,945	170
Corporate Bonds	336,959	338,996	2,036
Other	28,384,784	29,777,527	1,392,742
Total	39,396,185	41,058,160	1,661,974

"Net Unrealized Gains on Other Securities, net of taxes" includes ¥1,144,634 million which is calculated by deducting deferred tax liabilities of ¥517,340 million from the Net Unrealized Gain/Loss described above.

Certain other securities which have readily determinable fair values are revalued to their fair value, and the difference between the acquisition cost and the fair value is treated as a realized loss for the period ("revaluation loss"), if the fair value (primarily the closing market price at the end of the period) has significantly deteriorated compared with the acquisition cost (including amortized cost), and unless a recovery in the fair value is deemed probable.

The amount of revaluation loss for the period was ¥38,480 million.

The criteria for determining whether a security's fair value has "significantly deteriorated" are outlined as follows:

Securities whose fair values are 50% or less of their acquisition costs

Securities whose fair values are more than 50% and 70% or less of their acquisition costs for a certain period

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

	Carrying Value As of Sep 2007
Stocks of Subsidiaries	56,112
Stocks of Subsidiaries and Group Corporations	42,911
Stocks of Affiliated Corporations	13,200
Other Securities	491,112
Unlisted Stocks	191,557
Foreign Bonds	10,728
Other	288,826

36. Details of money held in trust are as follows:

The Bank held no held-to-maturity money held in trust at the end of the period.

(Millions of Yen)			
	Acquisition Cost	Carrying Value As of Sep 2007	Net Unrealized Gain/Loss
Other Money Held in Trust	5,921,320	6,101,934	180,613

The amount of ¥124,352 million which was computed by deducting differed tax liabilities of ¥56,261 million from the Net Unrealized Gain/Loss described in above is included in “Net Unrealized Gains on Other Securities, net of taxes”.

37. The Bank held no securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) during the first half of the fiscal year.

Securities borrowed under unsecured borrowing agreements (Saiken Taishaku Torihiki) and securities purchased under resale agreements and cash-collateralized borrowing agreements, which can be sold or re-pledged by the Bank, include securities re-pledged out of ¥1,010,303 million and securities held without re-pledge of ¥ 1,548,189 million as of September 30, 2007, respectively. No securities were re-loaned as of September 30, 2007.

38. 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 ¥3,650,460 million as of September 30, 2007. The amount, which the Bank can cancel at any time without penalty, is ¥2,371,027 million as of September 30, 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.

39. The major components of Deferred Tax Assets and Deferred Tax Liabilities as of September 30, 2007 were as follows:

Deferred Tax Assets	
Reserve for Possible Loan Losses	¥28,636 million
Write-off of Loans	¥9,559 million
Losses on Revaluation of Securities	¥12,327 million
Reserve for Employees' Retirement Benefits	¥5,785 million
Depreciation of Fixed Assets	¥1,053 million
Net Unrealized Losses on Securities	¥26,271 million
Others	<u>¥36,502 million</u>
Subtotal	¥120,135 million
Valuation Allowance	<u>¥(44,582) million</u>
Total Deferred Tax Assets	¥75,552million

Deferred Tax Liabilities

Gain from Contribution of Securities to Employee Retirement Benefit Trust	¥(5,577) million
Gain from Revaluation of Securities	¥(573,610) million
Net Unrealized Gains on Securities	¥(16,340) million
Others	<u>¥(70,240) million</u>
Total Deferred Tax Liabilities	¥(665,769) million
Net Deferred Tax Liabilities	<u>¥(590,216) million</u>

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

41. At the Supervisory Committee meeting on May 29, 2007, the Bank resolved that it would seek a capital increase by issuing of ¥527,661 million in lower dividend rate stocks on March 25, 2008.

Simultaneously, the Bank resolved that it would seek a capital increase by borrowing of ¥399,400 million in perpetual subordinated loans on March 10, 2008. The Bank plans to determine the term of the borrowing, including interest rate at the board of directors meeting in December 2007.

Also, the Bank resolved to undertake the early redemption of previously issued non-perpetual subordinated loans with a remaining maturity of less than 5 years of ¥521,632 million by the end of the fiscal year.

Non-consolidated Statements of Operations

(Millions of Yen)

	First Half of Fiscal 2007 (Six Months ended September 30, 2007)	Fiscal 2006 (Year ended March 31, 2007)
Ordinary Income	1,312,408	2,605,749
Interest Income	1,034,929	2,049,045
Interest on Loans and Bills Discounted	73,957	124,033
Interest and Dividends on Securities	929,801	1,863,103
Fees and Commissions	6,237	16,931
Trading Income	80	223
Other Operating Income	56,281	93,138
Other Ordinary Income	214,878	446,410
Ordinary Expenses	1,161,746	2,240,062
Interest Expenses	932,615	1,791,695
Interest on Deposits	185,805	326,357
Fees and Commissions	6,634	14,205
Trading Expenses	307	313
Other Operating Expenses	121,194	272,038
General and Administrative Expenses	55,437	102,663
Other Ordinary Expenses	45,556	59,146
Ordinary Profits	150,662	365,687
Extraordinary Profits	65,617	18,719
Extraordinary Losses	887	1,314
Income before Income Taxes	215,392	383,092
Income Taxes - Current	26,554	73,090
Income Taxes - Deferred	47,427	56,114
Net Income	141,411	253,886
Balance at the Beginning of the Fiscal Year	68,107	56,052
Transfer from Land Revaluation Reserve	12,446	522
Balance at the End of the Period	221,965	310,462

Notes to Non-Consolidated Statements of Operations

1. Amounts less than one million yen are rounded down.
2. Net Income per Share for the period is ¥33.13. (The dividend for Preferred Stock is deducted from the numerator and the aggregate number of Lower Dividend Rate Stock and Preferred 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 period, gains or losses resulting from any change in the fair value of securities and monetary claims from the end of the previous fiscal year and gains or losses of derivatives resulting from any change in the fair value, which is determined assuming they were settled at the end of the period, from the end of the previous fiscal year.
4. "Other Ordinary Incomes" includes gains on money held in trust of ¥194,099 million.
5. "Other Ordinary Expenses" includes the write-off of loans of ¥2,697 million and losses on revaluation of stocks and other securities of ¥25,118 million.
6. "Extraordinary Profits" includes the reversal of reserve for possible loan losses of ¥63,775 million.
7. The office-unit grouping method and the asset-unit grouping method are used to categorize the Bank's tangible assets for the purpose of impaired assets accounting. Under the former method had been used to categorize the operating assets into head office, domestic branches and overseas branches, for which the operating results were separately measured on a periodical basis, while taking into consideration the cash flow's mutually complementary relationship and functional characteristic. While the asset-unit grouping method, which categorize idle assets based on asset type, remain unchanged, the office-unit grouping method was revised by which head office, domestic branches and overseas branches are regarded as one unit in accordance with revisions in the branches' policies based on the establishment of the JA Bank Medium-Term Management Strategy (1. successive abolition of retail businesses that procure and manage assets at domestic branches or intensification of the assets to the head office and block offices, 2. the revisions in the functions of each branch offices and the onset of the integration and abolition due to the result of 1, and 3. operation of investments and loans together with overseas office). There has been no impact on gains or losses due to the change.