

Financial Statements for the 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 Fiscal 2007 (for the fiscal year ended March 31, 2008)

(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 2007	2,639,764	0.6	363,195	(2.6)	276,880	7.8
Fiscal 2006	2,621,450	48.9	373,242	17.4	256,837	(4.6)

	Net Assets Net Income Ratio		Total Assets Ordinary Profits Ratio		Total Income Ordinary Profits Ratio	
		%		%		%
Fiscal 2007	7.2		0.5		13.7	
Fiscal 2006	6.1		0.5		14.2	

(Ref) Equity in Earnings of Affiliates for Fiscal 2007 519 millions of Yen for Fiscal 2006 819 millions of Yen

(2) Consolidated Financial Conditions

*Consolidated BIS Capital Adequacy Ratio as of March 31, 2008 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	%	%
Fiscal 2007	61,085,505	3,229,901	5.2	12.47
Fiscal 2006	68,242,099	4,445,888	6.5	12.84

(Ref) Net Assets - Minority Interests for Fiscal 2007 3,223,944 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).

(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 2007	(2,157,384)	1,691,897	311,964	180,738
Fiscal 2006	(3,401,783)	2,747,991	310,577	334,260

(4) Changes in the Scope of Consolidation (Specified Subsidiaries) in the fiscal year : 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, 13, and 44 in Consolidated Balance Sheets
 Note No. 5 in Consolidated Statements of Operations

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

(1) Non-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 2007	2,625,735	0.7	352,703	(3.5)	272,073	7.1
Fiscal 2006	2,605,749	49.3	365,687	17.4	253,886	(5.1)

(2) Non-consolidated Financial Conditions

*Non-Consolidated BIS Capital Adequacy Ratio as of March 31, 2008 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	%	%
Fiscal 2007	61,191,721	3,202,479	5.2	12.55
Fiscal 2006	68,487,228	4,423,024	6.4	12.84

(Ref) Net Assets for Fiscal 2007 3,202,479 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).

3. Forecasted Non-consolidated Financial Results for Fiscal 2008 (for the fiscal year ended March 31, 2009)

(Percentage represents change from the previous year)

	Ordinary Profits	
	Millions of Yen	%
Fiscal 2008	350,000	(0.7)

The above forecast is 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 forecasted figures. Please note that we assume no obligation or responsibility for the above-mentioned forecasted results.

The YEAR in Review

The Bank's total assets at the end of the fiscal year were ¥61,191 billion, down ¥7,295 billion from the previous fiscal year-end.

On the procurement side, deposits amounted to ¥38,813 billion and the balance of debentures was ¥4,822 billion.

On the asset side, the loan balance was ¥9,795 billion and the securities balance was ¥36,262 billion.

Although the Bank recorded revaluation losses caused by the turmoil in the global financial market including U.S. sub-prime loan issues, it was able to maintain ordinary profits of ¥352 billion and net income of ¥ 272 billion for the fiscal year through profits from alternative assets resulting and disposition of securities by its continuous efforts in promoting globally diversified investments for enhancement of its profitability in the declining trends of U.S. interest rate. The Bank's gross operating profits were ¥ 440 billion and net operating profits (before reversal of reserve for possible loan losses) were ¥ 335 billion.

The Bank's shares in the consolidated financial statements are extremely high. Consolidated total assets at the end of the fiscal year were ¥61,085 billion, down ¥ 7,156 billion. Consolidated ordinary profits were ¥363 billion and consolidated net income was ¥276 billion.

(Note) All the amounts shown in this document are rounded down.

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)

	Fiscal 2007 (preliminary)	Fiscal 2006	Change
BIS Capital Adequacy Ratio (%)	12.55	12.84	(0.29)
Tier I Ratio (%)	9.37	6.97	2.40
Total capital	40,409	47,852	(7,443)
Total tier I capital	30,198	25,968	4,230
Total capital requirements	25,758	29,799	(4,040)
Risk Adjusted Assets	321,979	372,491	(50,511)

○ Consolidated BIS Capital Adequacy Ratio

(100Millions of Yen)

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

	Fiscal 2007 (preliminary)	Fiscal 2006	Change
BIS Capital Adequacy Ratio (%)	12.47	12.84	(0.37)
Tier I Ratio (%)	9.39	7.01	2.38
Total capital	40,388	47,942	(7,554)
Total tier I capital	30,408	26,184	4,224
Total capital requirements	25,906	29,856	(3,949)
Risk Adjusted Assets	323,828	373,200	(49,371)

Current issues to be addressed by the Bank and the Bank's future policies

1. Understanding of the Conditions

Japanese economy continues its moderate growth, the pace is slowing due to the effect of deceleration in the US economy and turmoil in the global financial market.

Meanwhile, as Japanese economy and society matures, demographic changes, widening of regional income gap, and an increasing public interest in Corporate Social Responsibility (CSR) have been observed. The Bank is fully aware that Japan is experiencing its largest ever change in its history in all aspects of economy and society due to such environmental changes coupled with the development of globalization in Japan.

With growing interest in food safety & security and multifunctionality of agriculture, the Bank realizes that the agriculture, forestry and fisheries industries in Japan are now pressed to make structural reforms to cope with longstanding factors such as increase in import goods, low prices, shortage of core-farmers, and changes in population composition in rural areas as well as recent issues such as increase in cost resulting from surging oil and grain prices and the “core-farmers” focused agricultural policy which is in its implementation phase.

In Japanese financial market, the competition among banks including regional banks has intensified mainly because mega banks have strengthened their strategies on customer retention in retail market after the formation of Japan Post Bank Co., Ltd. It is becoming to look like a war of attrition or a contest of endurance.

With the implementation of requirements such as BIS II regulations (Basel II) and Internal Control Reporting System (J-SOX), the required level of performance to be met by banks has become more sophisticated. The Bank as well as JA and Shinnoren realize that their pressing issue is to prepare a system to meet those requirements which are prerequisite to banks.

2. Basic Concepts

In the midst of environmental changes such as changes in the composition of clients and cooperative members and increasing competition in the retail financial market, the Bank will contribute to achieve the objectives of the JA Bank as a whole by fulfilling its basic missions.

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

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

In parallel with this, the Bank is endeavoring to nurture an organizational culture appropriate for a global financial institution that operates under the Financial Holding Company (FHC)

status in the U.S. financial market. As a prerequisite for the Bank's business model, the Bank rigorously adopts measures to upgrade its management and control systems including strengthening its compliance system.

3. Management Issues

The followings are the Bank's Management Issues which were established based on Understanding of the Conditions and Basic Concepts described above.

(1) The Bank will achieve its objectives by implementing retail business strategies based on "JA Bank Medium-Term Strategy". In addition, the Bank will promote developments of management control system, business and clerical work operating system, distribution channel, human resource development, public relations system and begin a full-scale study on the establishment of optimal regional-basis operating system for implementing retail businesses in an effective and efficient manner. Along with these activities, the Bank will take measures to reform the business activities and organization of the Fishery Cooperative Banking Business.

(2) Based on the careful examination of returns on capital and risks that are a source of profits, the Bank will secure stable earnings by taking risks appropriately from a global perspective and in a diversified manner through managing overall asset allocation spanning from market investment to lending. In addition, the Bank will provide appropriate financial services to agriculture, forestry and fisheries industries related fields.

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

List of Group Companies

(As of March 31, 2008)

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, Chuochi 1-chome, Meguro-ku, Tokyo 152-0001, Japan	Mortgage Loans	August 10, 1979	¥10,500 million 91.16/0.0
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	¥9,000 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
Private Equity Funds Research and Investments Co., Ltd.	7-9, Nihonbashi 1-chome, Chuo-ku, Tokyo 103-0027, Japan	Evaluation and investment management of private equity fund	October 19, 2007	¥1,000 million 25.00/5.0
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
Daiichi 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

(Notes)

1. The Group share ownership percentage is the percentage of shares owned by members of the Norinchukin Bank Group, excluding ownership by the concerned company itself.
2. Nochu Information System Co., Ltd. and The JA Bank Computer System Co., Ltd. merged on April 1, 2008. Surviving company is Nochu Information System Co., Ltd.
3. Kyodo Leasing Co., Ltd. and Mitsui Leasing and Development, Ltd. established joint holding company "JA MITSUI LEASING, LTD." on April 1, 2008, and became a wholly owned subsidiary.

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 5 companies

Names of principal companies:

Kyodo Leasing Co., Ltd.

Due to establishment, Private Equity Funds Research and Investments Co., Ltd. was newly accounted for under the equity method in the fiscal year.

Due to establishment of joint holding company and share exchange transaction with Mitsui Leasing and Development, Ltd., Kyodo Leasing Co., Ltd. and Kyodo Auto Leasing Co., Ltd. will be excluded from the affiliates in fiscal 2008.

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

Name of the company:

Daiichi 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 Fiscal Year of Consolidated Subsidiaries

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

Closing date: March 31, 2008 Number of subsidiaries: 9

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

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

Assets and liabilities of acquired subsidiaries were valued 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 were presented based on the appropriation of retained earnings resolved in the consolidated financial year.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of Yen)

	Fiscal 2007 (As of March 31, 2008) (A)	Fiscal 2006 (As of March 31, 2007) (B)	Change (A) — (B)
(Assets)			
Loans and Bills Discounted	9,853,902	12,854,680	(3,000,777)
Foreign Exchange Assets	7,119	3,176	3,943
Securities	36,242,079	43,730,249	(7,488,169)
Money Held in Trust	7,964,516	7,797,745	166,770
Trading Assets	48,033	52,550	(4,516)
Monetary Claims Bought	770,387	828,790	(58,402)
Call Loans and Bills Bought	1,851,020	835,715	1,015,304
Receivables under Resale Agreements	258,135	-	258,135
Receivables under Securities Borrowing Transactions	1,108,779	563,282	545,497
Cash and Due from Banks	1,096,901	866,303	230,598
Other Assets	1,452,979	543,988	908,991
Tangible Fixed Assets	136,254	155,601	(19,347)
Buildings	47,284	50,691	(3,406)
Land	75,489	97,009	(21,520)
Construction in Progress	6,225	743	5,481
Other Tangible Fixed Assets	7,254	7,156	97
Intangible Fixed Assets	18,417	7,953	10,464
Software	1,892	3,769	(1,877)
Other Intangible Fixed Assets	16,524	4,183	12,341
Deferred Tax Assets	153,135	2,626	150,509
Customers' Liabilities for Acceptances and Guarantees	317,809	242,446	75,363
Reserve for Possible Loan Losses	(140,511)	(204,380)	63,868
Reserve for Possible Investment Losses	(53,455)	(38,628)	(14,827)
Total Assets	61,085,505	68,242,099	(7,156,593)
(Liabilities)			
Deposits	38,804,362	41,243,492	(2,439,130)
Negotiable Certificates of Deposit	538,019	2,375,026	(1,837,007)
Debentures	4,821,975	4,471,156	350,819
Bonds	337,695	357,097	(19,402)
Trading Liabilities	15,248	19,662	(4,414)
Borrowed Money	998,700	1,131,532	(132,832)
Call Money and Bills Sold	758,000	1,068,632	(310,632)
Payables under Repurchase Agreements	4,461,811	7,438,847	(2,977,035)
Payables under Securities Lending Transactions	496,637	1,345,025	(848,387)
Foreign Exchange Liabilities	2	0	1
Short-term Entrusted Funds	4,401,193	2,868,967	1,532,226
Other Liabilities	1,876,213	489,920	1,386,292
Reserve for Bonus Payments	5,826	5,031	794
Reserve for Employees' Retirement Benefits	832	1,849	(1,017)
Reserve for Directors' Retirement Benefits	791	-	791
Deferred Tax Liabilities	1,031	712,110	(711,078)
Deferred Tax Liabilities for Land Revaluation	19,452	25,411	(5,958)
Acceptances and Guarantees	317,809	242,446	75,363
Total Liabilities	57,855,604	63,796,211	(5,940,606)
(Net Assets)			
Paid-in Capital	2,016,033	1,484,017	532,016
Capital Surplus	25,020	25,020	-
Retained Earnings	1,457,413	1,249,484	207,928
Total Owners' Equity	3,498,467	2,758,523	739,944
Net Unrealized Gains (Losses) on Other Securities, net of taxes	(296,711)	1,658,980	(1,955,691)
Net Deferred Losses on Hedging Instruments, net of taxes	(12,003)	(24,762)	12,758
Revaluation Reserve for Land, net of taxes	34,208	47,451	(13,243)
Foreign Currency Transaction Adjustments	(16)	0	(16)
Total Valuation and Translation Adjustments	(274,523)	1,681,669	(1,956,192)
Minority Interests	5,956	5,696	260
Total Net Assets	3,229,901	4,445,888	(1,215,987)
Total Liabilities and Net Assets	61,085,505	68,242,099	(7,156,593)

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 consolidated balance sheets on a trade date basis.

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

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 market prices are valued at the market prices prevailing at the end of the fiscal year (the cost of securities sold is determined by the moving average method). Other securities with no available market prices 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
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Equipment:	5 years to 15 years
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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 Statements of Operations is immaterial.

The salvage values of the tangible fixed assets acquired before April 1, 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. Assets and liabilities denominated in foreign currencies, and accounts of overseas branches are translated into Japanese yen primarily using the exchange rates in effect at the consolidated balance 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.

9. 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, 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. 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 ¥61,106 million for the fiscal year ended March 31, 2008.

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

10. Reserve for Possible Investment Losses 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.

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

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

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

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

13. 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, Reserve 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 fiscal year ended March 31, 2008 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 fiscal year.

As a result, General and Administrative Expenses and Other Ordinary Expenses increased by ¥222 million and ¥347 million respectively, and Ordinary Profits and Income before Income Taxes and Minority Interests both decreased by ¥570 million compared with the corresponding amounts under the previously applied method.

14. 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.

15. 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 the 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 March 31, 2008 were ¥15,715 million (before deducting the tax effect) and ¥209 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 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.

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 from the hedged item is recognized. A certain Bank's consolidated subsidiaries apply the accrual method of hedge accounting, as specifically permitted for certain interest rate swaps.

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	¥149 million
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20. Investments in Affiliates	¥18,771 million
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21. Accumulated Depreciation Deducted from Tangible Fixed Assets	¥91,757 million
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22. Accumulated Amount of Tax Basis Adjustments Deducted from Tangible Fixed Assets	¥7,201 million
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23. 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.

24. Loans and Bills Discounted include Loans to Borrowers under Bankruptcy Proceedings of ¥1,234 million and Delinquent Loans of ¥144,763 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 "Non-accrual Loans") since the loans are determined to be uncollectible considering the period of time past due and other reasons, as stipulated in Article 96-1-3, 4 of Corporate Tax Law (Law No.97, 1965).

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

25. Loans and Bills Discounted include Past Due for Three Months or More of ¥706 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 ¥54,332 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 ¥201,036 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 ¥15,761 million.

29. Assets pledged as collateral consist of the followings:

Assets Pledged

Securities	¥4,988,116 million
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Liabilities related to the above pledged assets are as follows:

Call Money	¥525,000 million
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Payables under Repurchase Agreements	¥4,203,675 million
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Payables under Securities Lending Transactions	¥276,693 million
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In addition, Loans and Bills Discounted of ¥3,999,307 million and Securities of ¥4,316,722 million were pledged as collateral for settlement of exchange and derivative transactions or as margin for futures transactions.

Margin for future transactions of ¥2,050 million and guarantee deposits of ¥5,531 million are 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 was 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
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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)
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31. Borrowed Money includes subordinated borrowings of ¥963,700 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. Bonds include subordinated bonds of ¥337,695 million.

33. 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 ¥26,191 million.

34. Net Assets per Share for the end of the fiscal year was ¥368.80 (Minority Interests, the total dividends and total face value of Lower Dividend Rate Stocks and Preferred Stocks, residuary assets for Preferred Stocks and the total Special Dividends 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.)

35. Information relating to Fair Value and Unrealized Gains or Losses of Securities is provided as 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. 39.)

Trading Securities

(Millions of Yen)

	Consolidated balance sheets amount	Unrealized Gain recognized as Income
Trading Securities	32,239	470

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

(Millions of Yen)

	Acquisition Cost	Fair Value	Net Unrealized Gain/Loss	Gain	Loss
Japanese Government Bonds	14,142	14,217	74	74	0
Total	14,142	14,217	74	74	0

(Notes)

1. Fair Value is stated based on the closing market price at the consolidated balance sheets date.
2. “Gain” and “Loss” of “Net Unrealized Gain/Loss” is gross valuation of the difference between the acquisition cost and the fair value.

Other Securities held at Fair Value

(Millions of Yen)

	Acquisition Cost	Consolidated balance sheets amount	Net Unrealized Gain/Loss	Gain	Loss
Stocks	389,043	539,397	150,353	189,863	39,509
Bonds	9,223,420	9,125,061	(98,359)	66,803	165,162
Japanese Government Bonds	8,903,343	8,802,241	(101,102)	63,200	164,302
Municipal Government Bonds	12,629	12,803	173	173	—
Corporate Bonds	307,447	310,016	2,569	3,429	860
Other	25,805,910	25,210,091	(595,818)	651,469	1,247,288
Total	35,418,374	34,874,550	(543,823)	908,136	1,451,960

(Notes)

1. Consolidated balance sheets amount is stated based on the closing market prices at the consolidated balance sheets date.

2. “Gain” and “Loss” of “Net Unrealized Gain/Loss” is gross valuation of the difference between the acquisition cost and the fair value.

3. Certain other securities which have readily determinable fair values are revalued to their fair value, and the difference between the acquisition cost and the fair value is treated as a realized loss for the fiscal year ended March 31, 2008 (“revaluation loss”), if the fair value (primarily the closing market prices at the consolidated balance sheets date) has significantly deteriorated from the acquisition cost (including amortized cost), and unless a recovery in the fair value is deemed probable.

The amount of revaluation loss for the fiscal year was ¥194,249 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

36. The Bank and its consolidated subsidiaries sold no held-to-maturity debt securities in the fiscal year ended March 31, 2008.

37. Other securities sold in the fiscal year ended March 31, 2008 are as follows:

(Millions of Yen)			
	Sales Proceeds	Gains on Sales	Losses on Sales
Other Securities	7,310,329	314,453	60,674

38. Securities not stated at fair value of components and consolidated balance sheets amount are as follows:

(Millions of Yen)	
	Consolidated balance sheets amount
Other Securities	1,372,284
Unlisted Stocks	244,080
Foreign Bonds	459,935
Other	668,269

39. The maturities of other securities with stated maturities and held-to-maturities debt securities are as follows:

(Millions of Yen)

	1 Year or Less	Over 1 Year to 5 Years	Over 5 Years to 10 Years	Over 10 Years
Bonds	235,583	1,174,849	1,486,916	6,387,806
Japanese Government Bonds	205,283	838,758	1,400,682	6,371,659
Municipal Government Bonds	6,159	4,417	2,227	634
Corporate Bonds	24,140	331,673	84,006	15,512
Other	180,351	5,045,736	4,865,537	4,314,729
Total	415,935	6,220,585	6,352,453	10,702,536

40. Details of Money Held in Trust are as follows:

(Millions of Yen)

	Consolidated balance sheets amount	Unrealized Gain Recognized as Income
Money Held in Trust for Trading purpose	114,601	797

The Bank and its consolidated subsidiaries held no held-to-maturity money held in trust at the end of the fiscal year.

(Millions of Yen)

	Acquisition Cost	Consolidated balance sheets amount	Net Unrealized Gain/Loss	Gain	Loss
Other Money Held in Trust	7,736,770	7,849,914	113,144	185,229	72,084

(Notes)

1. Consolidated balance sheets amount is stated based on the quoted market prices at the consolidated balance sheets date.
2. "Gain" and "Loss" of "Net Unrealized Gain/Loss" is gross valuation of the difference between the acquisition cost and the fair value.

41. The Bank held no securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) in 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 ¥473,687 million and securities held without re-pledge of ¥ 1,663,517 million at the end of the fiscal year ended March 31, 2008, respectively. No securities were re-loaned at the end of the fiscal year ended March 31, 2008.

42. 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 was ¥3,041,062 million at

the end of the fiscal year ended March 31, 2008. The amount, which the Bank and its consolidated subsidiaries could cancel at any time without penalty, was ¥2,005,832 million at the end of the fiscal year ended March 31, 2008.

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.

43. Projected pension benefit obligations, etc. as of March 31, 2008 is analyzed as follows:

Projected Benefit Obligations	¥(82,464) million
<u>Plan Assets (in fair value)</u>	<u>¥83,624 million</u>
(Unfunded) Overfunded Retirement Benefit Obligations	¥1,159 million
<u>Unrecognized Actuarial Differences</u>	<u>¥4,360 million</u>
Net Amounts Reported in the Consolidated Balance Sheets	¥5,519 million
Prepaid Pension Costs	¥6,352 million
Reserve for Employees' Retirement Benefits	¥(832) million

44. 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 ending on or after the effective date of Financial Instruments and Exchange Law. The Bank has adopted the revised standards and guidance from the fiscal year ended March 31, 2008.

Consolidated Statements of Operations

(Millions of Yen)

	Fiscal 2007 (Year ended March 31, 2008) (A)	Fiscal 2006 (Year ended March 31, 2007) (B)	Change (A) — (B)
Ordinary Income	2,639,764	2,621,450	18,314
Interest Income	1,941,088	2,053,869	(112,781)
Interest on Loans and Bills Discounted	151,179	128,914	22,264
Interest and Dividends on Securities	1,720,157	1,863,028	(142,871)
Interest on Call Loans and Bills Bought	12,545	5,300	7,244
Interest on Receivables under Resale Agreements	4,350	3,993	357
Interest on Receivables under Securities Borrowing Transactions	3,462	755	2,707
Interest on Due from Banks	38,006	34,034	3,971
Other Interest Income	11,386	17,841	(6,455)
Fees and Commissions	19,251	24,928	(5,676)
Trading Income	1,044	223	820
Other Operating Income	313,617	95,098	218,519
Other Ordinary Income	364,761	447,329	(82,567)
Ordinary Expenses	2,276,568	2,248,207	28,361
Interest Expenses	1,732,433	1,791,742	(59,308)
Interest on Deposits	369,999	326,342	43,657
Interest on Negotiable Certificates of Deposit	58,634	95,262	(36,628)
Interest on Debentures	44,084	32,108	11,976
Interest on Borrowings	20,096	14,362	5,734
Interest on Call Money and Bills Sold	6,045	3,293	2,752
Interest on Payables under Repurchase Agreements	241,053	401,178	(160,125)
Interest on Payables under Securities Lending Transactions	4,548	4,209	338
Interest on Bonds	15,188	8,293	6,895
Other Interest Expenses	972,781	906,691	66,090
Fees and Commissions	10,616	12,083	(1,467)
Trading Expenses	201	313	(111)
Other Operating Expenses	304,967	273,630	31,337
General and Administrative Expenses	113,144	111,015	2,129
Other Ordinary Expenses	115,205	59,422	55,782
Ordinary Profits	363,195	373,242	(10,046)
Extraordinary Profits	64,060	18,513	45,547
Gains on Disposition of Fixed Assets	835	76	759
Reversal of Reserve for Possible Loan Losses	58,482	12,764	45,717
Recoveries of Written-off Claims	4,719	5,661	(941)
Other Extraordinary Profits	22	10	12
Extraordinary Losses	1,972	2,615	(643)
Losses on Disposition of Fixed Assets	868	1,261	(393)
Losses on Impairment of Fixed Assets	1,103	172	931
Other Extraordinary Losses	-	1,181	(1,181)
Income before Income Taxes and Minority Interests	425,284	389,140	36,144
Income Taxes - Current	137,263	75,361	61,902
Income Taxes - Deferred	10,675	56,349	(45,673)
Minority Interests in Net Income	464	591	(126)
Net Income	276,880	256,837	20,042

Notes to Consolidated Statements of Operations

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

2. Net Income per Share for the fiscal year was ¥49.07 (The total dividends for Lower Dividend Rate Stocks and Preferred Stocks and total Special Dividends are deducted from the numerator, and the aggregate number of Lower Dividend Rate Stocks and Preferred Stocks are deducted from the denominator in the calculation of net income 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 in the fiscal year, gains or losses resulting from any change in the fair value of securities and monetary claims from the end of the previous fiscal year and gains or losses of derivatives resulting from any change in the fair value, which is determined assuming they were settled at the end of the fiscal year, from the end of the previous fiscal year.

4. "Other Ordinary Expenses" includes the losses on revaluation of stocks and other securities of ¥72,686 million and reserve for possible investment losses of ¥14,827 million.

5. The following Losses on Impairment of Fixed Assets were recognized in the fiscal year.

(Millions of yen)			
Purpose of Use	Type	Area	Impairment Losses
Operating assets	Land and Buildings	Fukushima prf, others	867
Idle assets	Land and Buildings	Akita prf, others	236

As for operating assets, the Bank aggregate the head office and all branches as one unit, taking into consideration mutually complementary relationship of the cash flows. Idle assets (including assets held for sale) were assessed individually by asset.

For the operating assets and idle assets held for sale upon closure of branches, the Bank reduced the book values to their recoverable amounts and recognized the relevant losses as Losses on Impairment of Fixed Assets, which were included in Extraordinary Losses in the fiscal year.

The recoverable amounts are the net realizable value, which is calculated based on the appraisal value and other.

For the consolidated subsidiaries, assets of each individual subsidiary are grouped as one unit. Consolidated subsidiaries record no impairment losses on fixed assets.

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

integration and abolition, and 3. integrated operation of investments and loans with overseas office). There has been no impact on the net income from this change.

Consolidated Statements of Capital Surplus and Retained Earnings

(Millions of Yen)

	Fiscal 2007 (Year ended March 31, 2008) (A)	Fiscal 2006 (Year ended March 31, 2007) (B)	Change (A) — (B)
(Capital Surplus)			
Balance at the Beginning of the Fiscal Year	25,020	25,020	-
Additions	-	-	-
Deductions	-	-	-
Balance at the End of the Fiscal Year	25,020	25,020	-
(Retained Earnings)			
Balance at the Beginning of the Fiscal Year	1,249,484	1,057,616	191,867
Additions:	290,100	257,360	32,740
Net Income for the Fiscal Year	276,880	256,837	20,042
Transfer from Revaluation Reserve for Land, net of taxes	13,220	522	12,697
Deductions:	82,171	65,492	16,679
Dividends	82,171	65,492	16,679
Balance at the End of the Fiscal Year	1,457,413	1,249,484	207,928

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

Consolidated Statements of Cash Flows

(Millions of Yen)

	Fiscal 2007 (Year ended March 31, 2008) (A)	Fiscal 2006 (Year ended March 31, 2007) (B)	Change (A) - (B)
I Cash Flows from Operating Activities:			
Income before Income Taxes and Minority Interests	425,284	389,140	36,144
Depreciation	8,109	18,961	(10,851)
Losses on Impairment of Fixed Assets	1,103	172	931
Amortization of Goodwill	(55)	(14)	(40)
Equity in Earnings of Affiliates	(519)	(819)	300
Net Increase (Decrease) in Reserve for Possible Loan Losses	(63,868)	(24,925)	(38,942)
Net Increase (Decrease) in Reserve for Possible Investment Losses	14,827	38,628	(23,801)
Net Increase (Decrease) in Reserve for Bonus Payments	794	68	725
Net Increase (Decrease) in Reserve for Employees' Retirement Benefits	(1,017)	(5,928)	4,911
Net Increase (Decrease) in Reserve for Directors' Retirement Benefits	600	-	600
Interest Income	(1,941,088)	(2,053,869)	112,781
Interest Expenses	1,732,433	1,791,782	(59,349)
Losses (Gains) on Securities	(20,791)	130,445	(151,236)
Losses (Gains) on Money Held in Trust	(11,575)	(83,598)	72,023
Foreign Exchange Losses (Gains)	3,388,081	(738,457)	4,126,538
Losses (Gains) on Disposition of Fixed Assets	32	1,188	(1,156)
Losses on Stocks of Subsidiaries through a Merger (Impact on the Scope of Consolidation)	-	878	(878)
Net Decrease (Increase) in Trading Assets	4,516	16,759	(12,243)
Net Increase (Decrease) in Trading Liabilities	(4,414)	(13,225)	8,811
Net Decrease (Increase) in Loans and Bills Discounted	3,000,777	(886,842)	3,887,619
Net Increase (Decrease) in Deposits	(2,439,130)	768,101	(3,207,231)
Net Increase (Decrease) in Negotiable Certificates of Deposit	(1,837,007)	1,362,805	(3,199,813)
Net Increase (Decrease) in Debentures	350,819	(316,357)	667,177
Net Increase (Decrease) in Borrowed Money (Excluding Subordinated Borrowed Money)	5,000	32,774	(27,774)
Net Decrease (Increase) in Interest-bearing Due from Banks	(383,784)	117,683	(501,467)
Net Decrease (Increase) in Call Loans and Bills Bought and Other	(1,215,036)	743,540	(1,958,577)
Net Decrease (Increase) in Receivable under Securities Borrowing Transactions	(545,497)	312,050	(857,547)
Net Increase (Decrease) in Call Money and Bills Sold and Other	(3,287,667)	(4,135,239)	847,571
Net Increase (Decrease) in Short-term Entrusted Funds	1,532,226	1,286,039	246,186
Net Increase (Decrease) in Payables under Securities Lending Transactions	(848,387)	(2,214,972)	1,366,585
Net Decrease (Increase) in Foreign Exchange Assets	(3,943)	16,953	(20,897)
Net Increase (Decrease) in Foreign Exchange Liabilities	1	0	1
Interest Received	1,957,856	1,992,445	(34,589)
Interest Paid	(1,712,230)	(1,740,349)	28,119
Other, Net	(187,385)	(125,542)	(61,842)
Subtotal	(2,080,936)	(3,319,725)	1,238,788
Income Taxes Paid	(76,447)	(82,058)	5,610
Net Cash (Used in) Provided by Operating Activities	(2,157,384)	(3,401,783)	1,244,399
II Cash Flows from Investing Activities:			
Purchases of Securities	(8,847,073)	(12,010,610)	3,163,536
Proceeds from Sales of Securities	7,240,315	8,963,869	(1,723,553)
Proceeds from Redemption of Securities	3,714,911	5,836,332	(2,121,421)
Increase in Money Held in Trust	(3,019,593)	(3,397,816)	378,222
Decrease in Money Held in Trust	2,615,657	3,366,793	(751,135)
Purchases of Tangible Fixed Assets	(4,771)	(4,746)	(25)
Purchases of Intangible Fixed Assets	(9,638)	(4,583)	(5,054)
Proceeds from Sales of Tangible Fixed Assets	2,177	719	1,457
Proceeds from Sales of Intangible Fixed Assets	-	0	(0)
Purchases of Stock of Subsidiaries (No Impact on the Scope of Consolidation)	(86)	(24)	(62)
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	1,691,897	2,747,991	(1,056,093)
III Cash Flows from Financing Activities:			
Proceeds from Issuance of Subordinated Borrowings	383,800	-	383,800
Repayment of Subordinated Borrowings	(521,632)	-	(521,632)
Proceeds from Issuance of Subordinated Bonds	-	357,097	(357,097)
Proceeds from Issuance of Stock	532,016	19,000	513,015
Dividends Paid	(82,171)	(65,492)	(16,679)
Dividends Paid to Minority Interests	(47)	(28)	(18)
Net Cash (Used in) Provided Financing Activities	311,964	310,577	1,387
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	0	(0)
V Net (Decrease) Increase in Cash and Cash Equivalents	(153,521)	(343,215)	189,693
VI Cash and Cash Equivalents at the Beginning of the Fiscal Year	334,260	677,476	(343,215)
VII Cash and Cash Equivalents at the End of the Fiscal Year	180,738	334,260	(153,521)

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 fiscal year is as follows:

Cash and Due from Banks	¥1,096,901 million
Less: Interest-bearing Due from Banks	¥(916,162)million
Cash and Cash Equivalents at the End of the Fiscal Year	¥180,738 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

Fiscal 2006 (Year ended March 31, 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 (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

Fiscal 2007 (Year ended March 31, 2008)

(Millions of Yen)

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

(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, Reserve 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 fiscal year ended March 31, 2008 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 fiscal year.

As a result, Ordinary Expenses increased by ¥570 million, and Ordinary Profits decreased by ¥570 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
Fiscal 2006 (Year ended March 31, 2007)	1,971,761	2,621,450	75.2%
Fiscal 2007 (Year ended March 31, 2008)	1,971,619	2,639,764	74.6%

(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 Financial Statements

Non-consolidated Balance Sheets

(Millions of Yen)

	Fiscal 2007 (As of March 31, 2008) (A)	Fiscal 2006 (As of March 31, 2007) (B)	Change (A) — (B)
(Assets)			
Loans and Bills Discounted	9,795,662	12,804,474	(3,008,812)
Loans on Deeds	7,765,093	10,544,531	(2,779,437)
Loans on Bills	199,749	203,150	(3,401)
Overdrafts	1,815,057	2,036,139	(221,082)
Bills Discounted	15,761	20,652	(4,890)
Foreign Exchange Assets	7,119	3,176	3,943
Due from Foreign Banks	7,119	3,176	3,943
Securities	36,262,384	43,750,573	(7,488,188)
Japanese Government Bonds	8,802,241	11,851,923	(3,049,682)
Municipal Government Bonds	13,439	64,454	(51,015)
Corporate Bonds	455,332	486,773	(31,440)
Stocks	823,001	1,077,914	(254,913)
Other Securities	26,168,369	30,269,506	(4,101,137)
Money Held in Trust	7,963,664	7,797,702	165,961
Trading Assets	48,033	52,550	(4,516)
Trading Securities	32,239	31,084	1,155
Derivatives of Trading Securities	48	—	48
Derivatives of Securities Related to Trading Transactions	—	66	(66)
Trading-related Financial Derivatives	15,745	20,398	(4,653)
Other Trading Account Assets	—	999	(999)
Monetary Claims Bought	770,387	828,790	(58,402)
Call Loans	1,833,020	823,715	1,009,304
Receivables under Resale Agreements	258,135	—	258,135
Receivables under Securities Borrowing Transactions	1,108,779	563,282	545,497
Cash and Due from Banks	1,095,094	864,474	230,619
Cash	145,137	118,335	26,802
Due from Banks	949,956	746,139	203,817
Other Assets	1,445,050	535,923	909,126
Domestic Exchange Settlement Account, Debit	109	276	(166)
Prepaid Expenses	1,168	3,944	(2,775)
Accrued Income	198,339	243,128	(44,788)
Initial Margins of Future Markets	2,050	1,885	164
Valuation Margins of Future Markets	103	71	32
Derivatives Other Than for Trading	1,000,420	107,284	893,136
Others	242,857	179,332	63,525
Tangible Fixed Assets	134,502	154,024	(19,522)
Buildings	46,590	50,123	(3,532)
Land	74,669	96,189	(21,520)
Construction in Progress	6,225	743	5,481
Other Tangible Fixed Assets	7,016	6,967	49
Intangible Fixed Assets	17,164	6,641	10,523
Software	649	2,465	(1,815)
Other Intangible Fixed Assets	16,514	4,175	12,339
Deferred Tax Assets	150,750	—	150,750
Customers' Liabilities for Acceptances and Guarantees	492,389	542,436	(50,046)
Reserve for Possible Loan Losses	(136,922)	(201,908)	64,986
Reserve for Possible Investment Losses	(53,494)	(38,628)	(14,866)
Total Assets	61,191,721	68,487,228	(7,295,507)

(Millions of Yen)

	Fiscal 2007 (As of March 31, 2008) (A)	Fiscal 2006 (As of March 31, 2007) (B)	Change (A) — (B)
(Liabilities)			
Deposits	38,813,327	41,253,617	(2,440,290)
Time Deposits	33,611,664	33,749,010	(137,346)
Deposits at Notice	30,373	27,702	2,671
Ordinary Deposits	1,010,319	1,369,915	(359,596)
Current Deposits	119,364	108,204	11,159
Other Deposits	4,041,606	5,998,784	(1,957,178)
Negotiable Certificates of Deposit	538,019	2,375,026	(1,837,007)
Debentures	4,822,176	4,471,357	350,819
Debentures Issued	4,822,176	4,471,357	350,819
Trading Liabilities	15,248	19,662	(4,414)
Derivatives of Trading Securities	96	—	96
Derivatives of Securities Related to Trading Transactions	3	94	(90)
Trading-related Financial Derivatives	15,147	19,568	(4,421)
Borrowed Money	1,301,922	1,459,295	(157,373)
Borrowings	1,301,922	1,459,295	(157,373)
Call Money	758,000	1,068,632	(310,632)
Payables under Repurchase Agreements	4,461,811	7,438,847	(2,977,035)
Payables under Securities Lending Transactions	496,637	1,345,025	(848,387)
Foreign Exchange Liabilities	2	0	1
Foreign Bills Payable	2	0	1
Short-term Entrusted Funds	4,401,193	2,868,967	1,532,226
Other Liabilities	1,863,773	478,953	1,384,819
Domestic Exchange Settlement Account, Credit	154	154	0
Accrued Expenses	172,388	148,317	24,070
Income Taxes Payable	117,308	56,746	60,562
Unearned Income	2,563	2,849	(286)
Employees' Deposits	8,087	10,466	(2,379)
Derivatives Other Than for Trading	142,255	139,920	2,335
Account Payables for Securities Purchased	645,730	5,413	640,317
Payables under Financial Derivatives Transactions	685,500	12,906	672,593
Others	89,784	102,180	(12,395)
Reserve for Bonus Payments	4,746	4,193	553
Reserve for Employees' Retirement Benefits	—	1,080	(1,080)
Reserve for Directors' Retirement Benefits	539	—	539
Deferred Tax Liabilities	—	711,696	(711,696)
Deferred Tax Liabilities for Land Revaluation	19,452	25,411	(5,958)
Acceptances and Guarantees	492,389	542,436	(50,046)
Total Liabilities	57,989,241	64,064,204	(6,074,962)
(Net Assets)			
Paid-in Capital	2,016,033	1,484,017	532,016
Common Stock	1,991,033	1,459,017	532,016
(including Lower Dividend Rate Stock)	1,565,316	1,033,300	532,016
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	1,435,601	1,232,478	203,122
Legal Reserves	374,966	324,066	50,900
Voluntary Reserves	1,060,635	908,412	152,222
Special Reserves	342,451	291,551	50,900
General Reserves	360,013	300,013	60,000
Reserves 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	353,401	310,462	42,939
Net Income	272,073	253,886	18,187
Total Owners' Equity	3,476,655	2,741,516	735,138
Net Unrealized Gains (Losses) on Other Securities, net of taxes	(296,521)	1,658,745	(1,955,266)
Net Deferred Losses on Hedging Instruments, net of taxes	(11,861)	(24,689)	12,827
Revaluation Reserve for Land, net of taxes	34,208	47,451	(13,243)
Total Valuation and Translation Adjustments	(274,175)	1,681,507	(1,955,682)
Total Net Assets	3,202,479	4,423,024	(1,220,544)
Total Liabilities and Net Assets	61,191,721	68,487,228	(7,295,507)

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 non-consolidated balance sheets on a trade date basis.
Securities, monetary claims and certain other instruments held for trading purposes are valued at the market prices prevailing at the end of the fiscal year. Derivatives held for trading purposes, such as swaps, futures and options, are valued on the assumption that they were settled at the non-consolidated balance sheets date.
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 market prices are valued at the market prices prevailing at the end of the fiscal year (the cost of securities sold is determined by the moving average method). Other securities with no available market prices 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 in the fiscal year ended March 31, 2008.
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 15 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 Statements of Operations is immaterial.
The salvage values of the tangible fixed assets acquired before April 1, 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 accounts 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 29. 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, 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. 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 ¥58,263 million for the fiscal year ended March 31, 2008.

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 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 fiscal year, based on the estimated present value of projected benefit obligations (“PBO”) and the estimated plan assets at the end of the fiscal year. In the case that plan assets exceed the amounts of the PBO adjusted by unrecognized actuarial differences, the excess portion is recorded as prepaid pension costs in Others of “Other Assets”.

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

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 fiscal year ended March 31, 2008 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 fiscal year.

As a result, General and Administrative Expenses and Other Ordinary Expenses increased by ¥211 million and ¥327 million respectively, and Ordinary Profits and Income before Income Taxes both decreased by ¥539 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 non-consolidated 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 March 31, 2008 were ¥15,715 million (before deducting the tax effect) and ¥209 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 non-consolidated 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.

20. Investments in Subsidiaries and Affiliates	¥61,670 million
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21. Total Receivables Due from Subsidiaries and Affiliates	¥592,399 million
Loans	¥249,900 million
Customers' Liabilities for Acceptances and Guarantees	¥338,247 million
Others	¥4,252 million

22. Total Payable Due to Subsidiaries and Affiliates	¥368,525 million
Borrowings	¥338,222 million
Deposits	¥11,981 million
Others	¥18,321 million

23. Accumulated Depreciation Deducted from Tangible Fixed Assets	¥90,990 million
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24. Accumulated Losses on Impairment of Tangible Fixed Assets	¥21,140 million
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25. Accumulated Amount of Tax Basis Adjustments Deducted from Tangible Fixed Assets	¥7,201 million
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26. In addition to the fixed assets recorded on the non-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.

27. Loans and Bills Discounted include Loans to Borrowers under Bankruptcy Proceedings of ¥1,088 million and Delinquent Loans of ¥135,853 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 “Non-accrual Loans”) since the loans are determined to be uncollectible considering the period of time past due and other reasons, as stipulated in Article 96-1-3, 4 of Corporate Tax Law (Law No.97, 1965).

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

28. Loans and Bills Discounted included Past Due for Three Months or More of are nothing.

“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.”

29. Loans and Bills Discounted include Restructured Loans of ¥49,139 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.

30. The total amount of Loans to Borrowers under Bankruptcy Proceedings, Delinquent Loans, Loans Past Due for Three Months or More and Restructured Loans was ¥186,080 million.

The amounts of loans indicated in 27. to 30. above are amounts before deducting the reserves for possible loan losses.

31. 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 ¥15,761 million.

32. Assets pledged as collateral consist of the followings:

Assets Pledged

Securities	¥ 4,988,116 million
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Liabilities related to the above pledged assets are as follows:

Call Money	¥525,000 million
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Payables under Repurchase Agreements	¥4,203,675 million
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Payables under Securities Lending Transactions	¥276,693 million
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In addition, Loans and Bills Discounted of ¥3,999,307 million and Securities of ¥4,302,580 million were pledged as collateral for settlement of exchange and derivative transactions or as margin for futures transactions.

Guarantee deposits of ¥5,111 million are included in Other Assets.

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

34. Borrowed Money includes subordinated borrowings of ¥1,301,922 million which have a special agreement that requires the fulfillment of the payment obligations of such borrowing to be subordinated to other general liabilities.

35. 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 ¥26,191 million.

36. Net Assets per Share for the end of the fiscal year was ¥364.25 (The total dividends and total face value of Lower Dividend Rate Stocks and Preferred Stocks, residuary assets for Preferred Stocks and the total Special Dividends 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.)

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

38. Information relating to Fair Value and Unrealized Gains or Losses of Securities is provided as 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. 42.)

Trading Securities (Millions of Yen)		
	Non-consolidated balance sheets amount	Unrealized Gain recognized as Income
Trading Securities	32,239	470

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

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

Other Securities held at Fair Value (Millions of Yen)					
	Acquisition Cost	Non-consolidated balance sheets amount	Net Unrealized Gain/Loss	Gain	Loss
Stocks	389,043	539,397	150,353	189,863	39,509
Bonds	9,223,420	9,125,061	(98,359)	66,803	165,162
Japanese Government Bonds	8,903,343	8,802,241	(101,102)	63,200	164,302
Municipal Government Bonds	12,629	12,803	173	173	—
Corporate Bonds	307,447	310,016	2,569	3,429	860
Other	25,800,766	25,205,009	(595,756)	651,460	1,247,217
Total	35,413,230	34,869,468	(543,761)	908,127	1,451,889

(Notes)

1. Non-consolidated balance sheets amount is stated based on the closing market prices at the non-consolidated balance sheets date.

2. "Gain" and "Loss" of "Net Unrealized Gain/Loss" is gross valuation of the difference between the acquisition cost and the fair value.

3. Certain other securities which have readily determinable fair values are revalued to their fair value, and the difference between the acquisition cost and the fair value is treated as a realized loss for the fiscal year ended March 31, 2008 ("revaluation loss"), if the fair value (primarily the closing market prices at the non-consolidated balance sheets date) has significantly deteriorated from the acquisition cost (including amortized cost), and unless a recovery in the fair value is deemed probable.

The amount of revaluation loss for the fiscal year was ¥194,249 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

39. The Bank sold no held-to-maturity debt securities in the fiscal year ended March 31, 2008.

40. Other securities sold in the fiscal year ended March 31, 2008 are as follows:

(Millions of Yen)			
	Sales Proceeds	Gains on Sales	Losses on Sales
Other Securities	7,310,229	314,453	60,673

41. Securities not stated at fair value of components and non-consolidated balance sheets amount are as follows:

(Millions of Yen)	
	Non-consolidated balance sheets amount
Stocks of Subsidiaries	61,670
Stocks of Subsidiaries and Group Corporations	42,998
Stocks of Affiliated Corporations	18,671
Other Securities	1,350,143
Unlisted Stocks	221,940
Foreign Bonds	459,935
Other	668,268

42. The maturities of other securities with stated maturities are as follows:

(Millions of Yen)				
	1 Year or Less	Over 1 Year to 5 Years	Over 5 Years to 10 Years	Over 10 Years
Bonds	230,580	1,165,710	1,486,916	6,387,806
Japanese Government Bonds	200,280	829,619	1,400,682	6,371,659
Municipal Government Bonds	6,159	4,417	2,227	634
Corporate Bonds	24,140	331,673	84,006	15,512
Other	180,351	5,041,711	4,865,508	4,314,714
Total	410,931	6,207,422	6,352,424	10,702,521

43. Details of Money Held in Trust are as follows:

	(Millions of Yen)	
	Non-consolidated balance sheets amount	Unrealized Gain Recognized as Income
Money Held in Trust for Trading purpose	114,601	797

The Bank held no held-to-maturity Money Held in Trust at the end of the fiscal year.

	(Millions of Yen)				
	Acquisition Cost	Non-consolidated balance sheets amount	Net Unrealized Gain/Loss	Gain	Loss
Other Money Held in Trust	7,735,918	7,849,063	113,144	185,229	72,084

(Notes)

1. Non-consolidated balance sheets amount is stated based on the quoted market prices at the non-consolidated balance sheets date.
2. "Gain" and "Loss" of "Net Unrealized Gain/Loss" is gross valuation of the difference between the acquisition cost and the fair value.

44. The Bank held no securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) in 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 ¥473,687 million and securities held without re-pledge of ¥ 1,663,517 million at the end of the fiscal year ended March 31, 2008, respectively. No securities were re-loaned at the end of the fiscal year ended March 31, 2008.

45. 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 was ¥3,244,362 million at the end of the fiscal year ended March 31, 2008. The amount, which the Bank can cancel at any time without penalty, was ¥2,209,132 million at the end of the fiscal year ended March 31, 2008.

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.

46. The major components of Deferred Tax Assets and Deferred Tax Liabilities at the end of the fiscal year are as follows:

Deferred Tax Assets	
Reserve for Possible Loan Losses	¥26,943 million
Write-off of Loans	¥8,533 million
Losses on Revaluation of Other Securities	¥48,448 million
Reserve for Employees' Retirement Benefits	¥5,088 million
Depreciation of Fixed Assets	¥1,035 million
Net Unrealized Losses on Securities	¥134,699 million
Deferred Losses on Hedging Instruments	¥31,818 million
Others	<u>¥66,957 million</u>
Subtotal	¥323,525 million
Valuation Allowance	<u>¥(78,806) million</u>
Total Deferred Tax Assets	¥244,719 million
Deferred Tax Liabilities	
Gain from Contribution of Securities to Employee Retirement Benefit Trust	¥(5,577) million
Deferred Gains on Hedging Instruments	¥(26,452) million
Others	<u>¥(61,940) million</u>
Total Deferred Tax Liabilities	<u>¥(93,969) million</u>
Net Deferred Tax Assets	¥150,750 million

47. 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 ending on or after the effective date of Financial Instruments and Exchange Law. The Bank has adopted the revised standards and guidance from the fiscal year ended March 31, 2008.

Non-consolidated Statements of Operations

	(Millions of Yen)		
	Fiscal 2007 (Year ended March 31, 2008) (A)	Fiscal 2006 (Year ended March 31, 2007) (B)	Change (A) — (B)
Ordinary Income	2,625,735	2,605,749	19,985
Interest Income	1,936,357	2,049,045	(112,688)
Interest on Loans and Bills Discounted	146,507	124,033	22,473
Interest and Dividends on Securities	1,720,183	1,863,103	(142,920)
Interest on Bills Bought	—	10	(10)
Interest on Call Loans	12,462	5,276	7,186
Interest on Receivables under Resale Agreements	4,350	3,993	357
Interest on Receivables under Securities Borrowing Transactions	3,462	755	2,707
Interest on Due from Banks	38,005	34,032	3,972
Other Interest Income	11,386	17,841	(6,455)
Fees and Commissions	12,936	16,931	(3,994)
Exchange Fees	1,015	1,083	(67)
Other Commissions Receivable	11,920	15,847	(3,926)
Trading Income	1,044	223	820
Income from Trading Securities and Derivatives	804	194	609
Income from Securities and Derivatives Related to Trading Transactions	225	—	225
Other Trading Income	14	28	(14)
Other Operating Income	311,388	93,138	218,249
Gains on Sales of Foreign Exchanges	—	1,641	(1,641)
Gains on Sales of Bonds	263,578	21,207	242,371
Gains on Redemption of Bonds	—	415	(415)
Gains on Financial Derivatives	—	21,255	(21,255)
Other Operating Income	47,809	48,619	(809)
Other Ordinary Income	364,007	446,410	(82,402)
Gains on Sales of Stocks and Other Securities	53,325	32,490	20,835
Gains on Money Held in Trust	309,146	411,616	(102,469)
Others	1,535	2,303	(767)
Ordinary Expenses	2,273,031	2,240,062	32,969
Interest Expenses	1,732,370	1,791,695	(59,324)
Interest on Deposits	370,030	326,357	43,672
Interest on Negotiable Certificates of Deposit	58,634	95,262	(36,628)
Interest on Debentures	44,086	32,110	11,976
Interest on Borrowings	35,203	22,599	12,603
Interest on Bills Sold	—	126	(126)
Interest on Call Money	6,044	3,166	2,878
Interest on Payables under Repurchase Agreements	241,053	401,178	(160,125)
Interest on Payables under Securities Lending Transactions	4,548	4,209	338
Interest on Interest Rate Swap	409,206	422,245	(13,038)
Other Interest Expenses	563,561	484,437	79,123
Fees and Commissions	15,052	14,205	847
Exchange Fees	564	614	(49)
Other Commissions	14,488	13,590	897
Trading Expenses	201	313	(111)
Expenses on Securities and Derivatives Related to Trading Transactions	—	3	(3)
Expenses on Trading-related Financial Derivatives	201	309	(108)
Other Operating Expenses	305,010	272,038	32,972
Amortization of Debenture Issuance Costs	691	553	137
Losses on Foreign Exchange Transactions	1,208	—	1,208
Losses on Sales of Bonds	86,652	225,405	(138,753)
Losses on Revaluation of Bonds	168,763	—	168,763
Expenses on Financial Derivatives	10,175	—	10,175
Other Operating Expenses	37,519	46,078	(8,559)
General and Administrative Expenses	105,244	102,663	2,580
Other Ordinary Expenses	115,152	59,146	56,005
Transfer to Reserve for Possible Investment Losses	14,866	38,628	(23,762)
Write-off of Loans	3,377	2,128	1,248
Losses on Sales of Stocks and Other Securities	31	8,866	(8,834)
Losses on Revaluation of Stocks and Other Securities	72,686	523	72,162
Losses on Money Held in Trust	8,060	4,947	3,113
Others	16,130	4,051	12,079
Ordinary Profits	352,703	365,687	(12,984)
Extraordinary Profits	65,665	18,719	46,946
Gains on Disposition of Fixed Assets	835	76	759
Reversal of Reserve for Possible Loan Losses	60,088	12,977	47,110
Recoveries from Written-off Claims	4,719	5,657	(937)
Other Extraordinary Profits	21	7	14
Extraordinary Losses	1,965	1,314	650
Losses on Disposition of Fixed Assets	861	1,257	(396)
Losses on Impairment of Fixed Assets	1,103	56	1,047
Income before Income Taxes	416,403	383,092	33,311
Income Taxes - Current	134,522	73,090	61,432
Income Taxes - Deferred	9,807	56,114	(46,307)
Net Income	272,073	253,886	18,187
Unappropriated Retained Earnings Brought Forward	68,107	56,052	12,054
Transfer from Land Revaluation Reserve	13,220	522	12,697
Unappropriated Retained Earnings at the End of the Year	353,401	310,462	42,939

Notes to Non-Consolidated Statements of Operations

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 Income/Expenses	5,841	16,559
Fees and Commissions	535	6,301
Other Operating and Other Ordinary Income/Expenses	614	34,674
Trading Income/Expenses	—	—

3. Net Income per Share for the fiscal year was ¥48.36 (The total dividends for Lower Dividend Rate Stocks and Preferred Stocks and total Special Dividends are deducted from the numerator, and the aggregate number of Lower Dividend Rate Stocks and Preferred Stocks are deducted from the denominator in the calculation of net income 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 in the fiscal year, gains or losses resulting from any change in the fair value of securities and monetary claims from the end of the previous fiscal year and gains or losses of derivatives resulting from any change in the fair value, which is determined assuming they were settled at the end of the fiscal year, from the end of the previous fiscal year.

5. The following Losses on Impairment of Fixed Assets were recognized in the fiscal year.

(Millions of yen)

Purpose of Use	Type	Area	Impairment Losses
Operating assets	Land and Buildings	Fukushima prf, others	867
Idle assets	Land and Buildings	Akita prf, others	236

As for operating assets, the Bank aggregate the head office and all branches as one unit, taking into consideration mutually complementary relationship of the cash flows. Idle assets (including assets held for sale) were assessed individually by asset.

For the operating assets and idle assets held for sale upon closure of branches, the Bank reduced the book values to their recoverable amounts and recognized the relevant losses as Losses on Impairment of Fixed Assets, which were included in Extraordinary Losses in the fiscal year.

The recoverable amounts are the net realizable value, which is calculated based on the appraisal value and other.

In the previous years, taking into consideration mutually complementary relationship of the cash flows as well as functional characteristic, the operating assets were grouped into the head office, domestic branches and overseas branches, for which the operating results were separately measured on a periodical basis, while idle assets (including assets held for sale) were grouped by asset. While the grouping of the idle assets remains unchanged, the grouping of the operating assets has been changed

to aggregate the head office, domestic branches and overseas branches as one unit. This change was in line with revisions of the branch policies reflecting the newly established JA Bank Medium-Term Management Strategy (1. successive abolition of retail businesses related to funding and investing at domestic branches and integration of those businesses to the head office or “block offices”, 2. the revisions in the functions of each branch offices and the commencement of the above mentioned integration and abolition, and 3. integrated operation of investments and loans with overseas office). There has been no impact on the net income from this change.