# Consolidated Balance Sheets

*The Norinchukin Bank and Subsidiaries*
*As of March 31, 2008 and 2007*

| | Millions of Yen | | Millions of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **• Assets** | | | |
| Cash and Due from Banks (Notes 29 and 31) | **¥ 1,096,901** | ¥ 866,303 | **$ 10,947** |
| Call Loans and Bills Bought | **1,851,020** | 835,715 | **18,473** |
| Receivables under Resale Agreements | **258,135** | — | **2,576** |
| Receivables under Securities Borrowing Transactions | **1,108,779** | 563,282 | **11,066** |
| Monetary Claims Bought | **770,387** | 828,790 | **7,689** |
| Trading Assets (Notes 3 and 31) | **48,033** | 52,550 | **479** |
| Money Held in Trust (Note 32) | **7,964,516** | 7,797,745 | **79,486** |
| Securities (Notes 4, 9, 21 and 31) | **36,242,079** | 43,730,249 | **361,697** |
| Loans and Bills Discounted (Notes 5, 9 and 20) | **9,853,902** | 12,854,680 | **98,342** |
| Foreign Exchange Assets (Note 6) | **7,119** | 3,176 | **71** |
| Other Assets (Notes 7 and 9) | **1,452,979** | 543,988 | **14,501** |
| Tangible Fixed Assets (Note 8) | **136,254** | 155,601 | **1,360** |
| Intangible Fixed Assets | **18,417** | 7,953 | **184** |
| Deferred Tax Assets (Note 18) | **153,135** | 2,626 | **1,528** |
| Customers' Liabilities for Acceptances and Guarantees (Note 19) | **317,809** | 242,446 | **3,172** |
| Reserve for Possible Loan Losses | **(140,511)** | (204,380) | **(1,402)** |
| Reserve for Possible Investment Losses | **(53,455)** | (38,628) | **(533)** |
| Total Assets | **¥61,085,505** | ¥68,242,099 | **$609,636** |
| | | | |
| **• Liabilities and Net Assets** | | | |
| **Liabilities** | | | |
| Deposits (Note 10) | **¥38,804,362** | ¥41,243,492 | **$387,269** |
| Negotiable Certificates of Deposit | **538,019** | 2,375,026 | **5,369** |
| Debentures (Note 11) | **4,821,975** | 4,471,156 | **48,124** |
| Bonds (Note 12) | **337,695** | 357,097 | **3,370** |
| Call Money and Bills Sold (Note 9) | **758,000** | 1,068,632 | **7,565** |
| Payables under Repurchase Agreements (Note 9) | **4,461,811** | 7,438,847 | **44,529** |
| Payables under Securities Lending Transactions (Note 9) | **496,637** | 1,345,025 | **4,957** |
| Trading Liabilities (Note 13) | **15,248** | 19,662 | **152** |
| Borrowed Money (Note 14) | **998,700** | 1,131,532 | **9,967** |
| Foreign Exchange Liabilities (Note 15) | **2** | 0 | **0** |
| Short-term Entrusted Funds | **4,401,193** | 2,868,967 | **43,924** |
| Other Liabilities (Note 16) | **1,876,213** | 489,920 | **18,725** |
| Reserve for Bonus Payments | **5,826** | 5,031 | **58** |
| Reserve for Employees' Retirement Benefits (Note 17) | **832** | 1,849 | **8** |
| Reserve for Directors' Retirement Benefits | **791** | — | **8** |
| Deferred Tax Liabilities (Note 18) | **1,031** | 712,110 | **10** |
| Deferred Tax Liabilities for Land Revaluation | **19,452** | 25,411 | **194** |
| Acceptances and Guarantees (Note 19) | **317,809** | 242,446 | **3,172** |
| Total Liabilities | **57,855,604** | 63,796,211 | **577,401** |
| | | | |
| **Net Assets** | | | |
| Paid-in Capital (Note 22) | **2,016,033** | 1,484,017 | **20,120** |
| Capital Surplus | **25,020** | 25,020 | **250** |
| Retained Earnings | **1,457,413** | 1,249,484 | **14,545** |
| Total Owner's Equity | **3,498,467** | 2,758,523 | **34,915** |
| Net Unrealized Gains (Losses) on Other Securities, net of taxes | **(296,711)** | 1,658,980 | **(2,961)** |
| Net Deferred Losses on Hedging Instruments, net of taxes | **(12,003)** | (24,762) | **(120)** |
| Revaluation Reserve for Land, net of taxes | **34,208** | 47,451 | **341** |
| Foreign Currency Transaction Adjustments | **(16)** | 0 | **(0)** |
| Total Valuation and Translation Adjustments | **(274,523)** | 1,681,669 | **(2,740)** |
| Minority Interests | **5,956** | 5,696 | **60** |
| Total Net Assets | **3,229,901** | 4,445,888 | **32,235** |
| Total Liabilities and Net Assets | **¥61,085,505** | ¥68,242,099 | **$609,636** |

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

# Consolidated Statements of Operations

*The Norinchukin Bank and Subsidiaries*
*For the fiscal years ended March 31, 2008 and 2007*

| | Millions of Yen | | Millions of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **• Income** | | | |
| Interest Income: | **¥1,941,088** | ¥2,053,869 | **$19,372** |
| Interest on Loans and Bills Discounted | **151,179** | 128,914 | **1,509** |
| Interest and Dividends on Securities | **1,720,157** | 1,863,028 | **17,167** |
| Interest on Call Loans and Bills Bought | **12,545** | 5,300 | **125** |
| Interest on Receivables under Resale Agreements | **4,350** | 3,993 | **43** |
| Interest on Receivables under Securities Borrowing Transactions | **3,462** | 755 | **35** |
| Interest on Due from Banks | **38,006** | 34,034 | **379** |
| Other Interest Income | **11,386** | 17,841 | **114** |
| Fees and Commissions | **19,251** | 24,928 | **192** |
| Trading Income (Note 23) | **1,044** | 223 | **10** |
| Other Operating Income (Note 24) | **313,617** | 95,098 | **3,130** |
| Other Income (Note 25) | **428,822** | 465,843 | **4,280** |
| Total Income | **2,703,825** | 2,639,963 | **26,984** |
| **• Expenses** | | | |
| Interest Expenses: | **1,732,433** | 1,791,742 | **17,290** |
| Interest on Deposits | **369,999** | 326,342 | **3,693** |
| Interest on Negotiable Certificates of Deposit | **58,634** | 95,262 | **585** |
| Interest on Debentures | **44,084** | 32,108 | **440** |
| Interest on Borrowings | **20,096** | 14,362 | **201** |
| Interest on Call Money and Bills Sold | **6,045** | 3,293 | **60** |
| Interest on Payables under Repurchase Agreements | **241,053** | 401,178 | **2,406** |
| Interest on Payables under Securities Lending Transactions | **4,548** | 4,209 | **45** |
| Interest on Bonds | **15,188** | 8,293 | **152** |
| Other Interest Expenses | **972,781** | 906,691 | **9,708** |
| Fees and Commissions | **10,616** | 12,083 | **106** |
| Trading Expenses (Note 26) | **201** | 313 | **2** |
| Other Operating Expenses (Note 27) | **304,967** | 273,630 | **3,044** |
| General and Administrative Expenses | **113,144** | 111,015 | **1,129** |
| Other Expenses (Note 28) | **117,177** | 62,038 | **1,169** |
| Total Expenses | **2,278,540** | 2,250,823 | **22,740** |
| **Income before Income Taxes and Minority Interests** | **425,284** | 389,140 | **4,244** |
| Income Taxes | | | |
| Current | **137,263** | 75,361 | **1,370** |
| Deferred | **10,675** | 56,349 | **106** |
| Minority Interests in Net Income | **464** | 591 | **5** |
| **Net Income** | **¥ 276,880** | ¥ 256,837 | **$ 2,763** |

| | Yen | | U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Net Income per Share | **¥49.49** | ¥55.37 | **$0.49** |

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

# Consolidated Statements of Capital Surplus and Retained Earnings

*The Norinchukin Bank and Subsidiaries*
*For the fiscal years ended March 31, 2008 and 2007*

| | Millions of Yen | | Millions of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **• Capital Surplus** | | | |
| Balance at the Beginning of the Fiscal Year | **¥ 25,020** | ¥ 25,020 | **$ 250** |
| Balance at the End of the Fiscal Year | **25,020** | 25,020 | **250** |
| **• Retained Earnings** | | | |
| Balance at the Beginning of the Fiscal Year | **1,249,484** | 1,057,616 | **12,470** |
| Additions: | | | |
| Net Income for the Fiscal Year | **276,880** | 256,837 | **2,763** |
| Transfer from Revaluation Reserve for Land, net of taxes | **13,220** | 522 | **132** |
| Deductions: | | | |
| Dividends | **82,171** | 65,492 | **820** |
| Balance at the End of the Fiscal Year | **¥1,457,413** | ¥1,249,484 | **$14,545** |

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

# Consolidated Statements of Cash Flows

*The Norinchukin Bank and Subsidiaries*
*For the fiscal years ended March 31, 2008 and 2007*

| | Millions of Yen | | Millions of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **Cash Flows from Operating Activities:** | | | |
| Income before Income Taxes and Minority Interests | **¥ 425,284** | ¥ 389,140 | **$ 4,244** |
| Depreciation | **8,109** | 18,961 | **81** |
| Losses on Impairment of Fixed Assets | **1,103** | 172 | **11** |
| Amortization of Goodwill | **(55)** | (14) | **(1)** |
| Equity in Earnings of Affiliates | **(519)** | (819) | **(5)** |
| Net Decrease in Reserve for Possible Loan Losses | **(63,868)** | (24,925) | **(637)** |
| Net Increase in Reserve for Possible Investment Losses | **14,827** | 38,628 | **148** |
| Net Increase in Reserve for Bonus Payments | **794** | 68 | **8** |
| Net Decrease in Reserve for Employees' Retirement Benefits | **(1,017)** | (5,928) | **(10)** |
| Net Increase in Reserve for Directors' Retirement Benefits | **600** | — | **6** |
| Interest Income | **(1,941,088)** | (2,053,869) | **(19,372)** |
| Interest Expenses | **1,732,433** | 1,791,782 | **17,290** |
| Losses (Gains) on Securities | **(20,791)** | 130,445 | **(208)** |
| Gains on Money Held in Trust | **(11,575)** | (83,598) | **(116)** |
| Foreign Exchange Losses (Gains) | **3,388,081** | (738,457) | **33,813** |
| Losses on Disposals of Fixed Assets | **32** | 1,188 | **0** |
| Losses on Stocks of Subsidiaries through a Merger (Impact on the Scope of Consolidation) | **—** | 878 | **—** |
| Net Decrease in Trading Assets | **4,516** | 16,759 | **45** |
| Net Decrease in Trading Liabilities | **(4,414)** | (13,225) | **(44)** |
| Net Decrease (Increase) in Loans and Bills Discounted | **3,000,777** | (886,842) | **29,948** |
| Net Increase (Decrease) in Deposits | **(2,439,130)** | 768,101 | **(24,343)** |
| Net Increase (Decrease) in Negotiable Certificates of Deposit | **(1,837,007)** | 1,362,805 | **(18,333)** |
| Net Increase (Decrease) in Debentures | **350,819** | (316,357) | **3,501** |
| Net Increase in Borrowed Money (Excluding Subordinated Borrowed Money) | **5,000** | 32,774 | **50** |
| Net Decrease (Increase) in Interest-bearing Due from Banks | **(383,784)** | 117,683 | **(3,830)** |
| Net Decrease (Increase) in Call Loans and Bills Bought and Other | **(1,215,036)** | 743,540 | **(12,126)** |
| Net Decrease (Increase) in Receivables under Securities Borrowing Transactions | **(545,497)** | 312,050 | **(5,444)** |
| Net Decrease in Call Money and Bills Sold and Other | **(3,287,667)** | (4,135,239) | **(32,811)** |
| Net Increase in Short-term Entrusted Funds | **1,532,226** | 1,286,039 | **15,292** |
| Net Decrease in Payables under Securities Lending Transactions | **(848,387)** | (2,214,972) | **(8,467)** |
| Net Decrease (Increase) in Foreign Exchanges Assets | **(3,943)** | 16,953 | **(39)** |
| Net Increase in Foreign Exchanges Liabilities | **1** | 0 | **0** |
| Interest Received | **1,957,856** | 1,992,445 | **19,539** |
| Interest Paid | **(1,712,230)** | (1,740,349) | **(17,088)** |
| Other, Net | **(187,385)** | (125,542) | **(1,870)** |
| Subtotal | **(2,080,936)** | (3,319,725) | **(20,768)** |
| Income Taxes Paid | **(76,447)** | (82,058) | **(763)** |
| Net Cash Used in Operating Activities | **(2,157,384)** | (3,401,783) | **(21,531)** |

| | Millions of Yen | | Millions of U.S. Dollars (Note 1) |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **Cash Flows from Investing Activities:** | | | |
| Purchases of Securities | **(8,847,073)** | (12,010,610) | **(88,294)** |
| Proceeds from Sales of Securities | **7,240,315** | 8,963,869 | **72,259** |
| Proceeds from Redemption of Securities | **3,714,911** | 5,836,332 | **37,075** |
| Increase in Money Held in Trust | **(3,019,593)** | (3,397,816) | **(30,136)** |
| Decrease in Money Held in Trust | **2,615,657** | 3,366,793 | **26,104** |
| Purchases of Tangible Fixed Assets | **(4,771)** | (4,746) | **(48)** |
| Purchases of Intangible Fixed Assets | **(9,638)** | (4,583) | **(96)** |
| Proceeds from Sales of Tangible Fixed Assets | **2,177** | 719 | **22** |
| Proceeds from Sales of Intangible Fixed Assets | **—** | 0 | **—** |
| Purchases of Stocks of Subsidiaries (No Impact on the Scope of Consolidation) | **(86)** | (24) | **(1)** |
| Decrease in Stocks of Subsidiaries through a Merger (Impact on the Scope of Consolidation) | **—** | (1,943) | **—** |
| Net Cash Provided by Investing Activities | **1,691,897** | 2,747,991 | **16,885** |
| **Cash Flows from Financing Activities:** | | | |
| Proceeds from Issuance of Subordinated Borrowed Money | **383,800** | — | **3,830** |
| Repayment of Subordinated Borrowings | **(521,632)** | — | **(5,206)** |
| Proceeds from Issuance of Subordinated Bonds | **—** | 357,097 | **—** |
| Proceeds from Issuance of Stock | **532,016** | 19,000 | **5,310** |
| Dividends Paid | **(82,171)** | (65,492) | **(820)** |
| Dividends Paid to Minority Interests | **(47)** | (28) | **(0)** |
| Net Cash Provided by Financing Activities | **311,964** | 310,577 | **3,114** |
| **Effect of Exchange Rate Changes on Cash and Cash Equivalents** | **—** | 0 | **—** |
| **Net Decrease in Cash and Cash Equivalents** | **(153,521)** | (343,215) | **(1,532)** |
| **Cash and Cash Equivalents at the Beginning of the Fiscal Year** | **334,260** | 677,476 | **3,336** |
| **Cash and Cash Equivalents at the End of the Fiscal Year** (Note 29) | **¥ 180,738** | ¥ 334,260 | **$ 1,804** |

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

# Notes to the Consolidated Financial Statements

*The Norinchukin Bank and Subsidiaries*

## 1. Basis of Presentation

The consolidated financial statements have been prepared based on the accounting records maintained by The Norinchukin Bank ("the Bank") and its consolidated subsidiaries in accordance with the provisions set forth in The Norinchukin Bank Law and in conformity with accounting principles and practices generally accepted in Japan, that are different in certain respects from the application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements filed with the Ministry of Agriculture, Forestry and Fisheries of Japan have been reclassified for the convenience of readers.

The consolidated financial statements are intended only to present the consolidated financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in Japan.

Amounts in U.S. dollars are included solely for the convenience of readers. The exchange rate of ¥100.20=U.S.$1, the approximate rate of exchange prevailing on March 31, 2008, has been used for translation purposes. The inclusion of such amounts is not intended to imply that Japanese yen amounts have been, or could be, readily converted, realized or settled in U.S. dollars at the aforementioned rate or at any other rate.

The yen figures disclosed in the consolidated financial statements are expressed in millions of yen and have been rounded down. Consequently, differences may exist between the sum of rounded figures and the totals listed in the annual report.

## 2. Summary of Significant Accounting Policies

### Accounting Changes

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.

Prior to March 31, 2007, taking into consideration mutually complemental relationship of the cash flows as well as functional characteristic, the operating assets were grouped into the head office, domestic branches and overseas branches, for which the operating results were separately measured on a periodical basis, while idle assets (including assets held for sale) were grouped by asset. Effective April 1, 2007, the Bank changed the grouping of the operating assets to aggregate the head office, domestic branches and overseas branches as one unit, while the grouping of the idle assets remains unchanged. This change was in line with revisions of the branch policies reflecting the newly established JA Bank Medium-Term Management Strategy (1. successive abolition of retail businesses related to funding and investing at domestic branches and integration of those businesses to the head office or "block offices," 2. the revisions in the functions of each branch offices and the commencement of the above mentioned integration and abolition, and 3. integrated operation of investments and loans with overseas office). There has been no impact on the net income from this change.

Inflation-indexed bonds whose principal is guaranteed were previously measured at fair value, and not at amortized cost. The Unrealized Gains or Losses (after deducting tax effects) were recorded directly in Stockholders' Equity. However due to the announcement of "Accounting for Other Compound Financial Instruments (Compound Financial Instruments Other than Those with Option to Increase Paid-in Capital)" (The Accounting Standards Board of Japan Guidance No. 12 issued on March 30, 2006), the Bank applied this standard effective the fiscal year 2006 and valued the bond at fair value, with the Unrealized Gains or Losses (after deducting tax effects) credited directly in Net Assets. The cost is calculated at amortized cost assuming the book value at the beginning of the fiscal year as the new acquisition cost. Due to this change in accounting standards, Net Unrealized Gains on Other Securities, net of taxes, has decreased by ¥27,323 million, Deferred Tax Liabilities has decreased by ¥12,362 million, and Income before Income Taxes and Minority Interests has increased by ¥39,685 million compared to those using the previous standard.

According to the revision to the appendix form of the "The Norinchukin Bank Law Enforcement Regulations" (Cabinet Office, the Ministry of Agriculture, Forestry and Fisheries No. 16, 2001) by the "Ordinance to Amend Part of The Norinchukin Bank Law Enforcement Regulations" (Cabinet Office, the Ministry of Agriculture, Forestry and Fisheries Ordinance No. 7, April 28, 2006) effective from the fiscal year which ended on and after March 31, 2007, presentation of some financial statements line items has been changed. "Net Assets," which used to be "Shareholders' Equity," now includes Owner's Equity, Valuation and Translation Adjustments, and Minority Interests as sub-classifications. Deferred gains and losses of hedging instruments, which used to be recorded as "Other Assets" (or "Other Liabilities"), is recorded as Net Deferred Losses on Hedging Instruments (the differences arising from offsetting Gains/Losses), net of taxes, directly in Net Assets. Minority Interests, which used to be presented between "Liabilities" and "Shareholders' Equity," is included in "Net Assets."

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

The amount of Guaranteed Obligations for Corporate Bonds acquired through private offering (as in Article 2-3 Securities and Exchange Law) among those classified as Corporate Bonds in the "Securities" was ¥26,530 million.

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

### (1) Principles of Consolidation

Scope of Consolidation

Subsidiaries

Subsidiaries are, in general, the companies in which the Bank 1) holds, directly and/or indirectly, more than 50% of the voting shares; 2) holds, directly and/or indirectly, 40% or more of the voting shares and, at the same time, exercises effective control over the decision-making body by directing business policy and deciding on financial and operating policies; or 3) holds more than 50% of the voting shares together with those entities that would vote or agree to vote with the Bank due to their close relationship with the Bank through sharing of personnel, provision of finance and technology and other relationships and, at the same time, has effective control over the decision-making body, unless evidence exists which shows that the Bank does not have such control.

The number of subsidiaries as of March 31, 2008 and 2007 was 9 and 9, all of which were consolidated.

The major consolidated subsidiaries are as follows:

The Norinchukin Trust & Banking Co., Ltd.

Kyodo Housing Loan Co., Ltd.

The date of the fiscal year-end of all Consolidated Subsidiaries is March 31.

Affiliates

Affiliates are, in general, the companies, other than subsidiaries, in which the Bank 1) holds, directly and/or indirectly, 20% or more of the voting shares; 2) holds, directly and/or indirectly, 15% or more of the voting shares and also is able to influence the decision-making body through sharing of personnel, provision of finance and technology, and other relationships; or 3) holds more than 20% of the voting shares together with those entities that would vote or agree to vote with the Bank due to their close relationship with the Bank through sharing of personnel, provision of finance and technology and other relationships and, at the same time, is able to influence the decision-making body in a material degree, unless evidence exists which shows that the Bank does not have such influence.

The number of affiliates as of March 31, 2008 and 2007 was 6 and 5, 5 and 4 of which were accounted for under the equity method, while the remaining immaterial affiliate is carried at cost. The major affiliate accounted for under the equity method is as follows:

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.

Any difference between the fair value of net assets acquired and acquisition cost is charged or credited to income in the year of acquisition.

### (2) Transactions for Trading Purposes

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.

Gains and losses arising from transactions for trading purposes are recorded on a trade date basis.

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

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

### (3) Financial Instruments

### (a) Securities

Held-to-maturity debt securities are valued at amortized 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 without a market price are valued at cost as determined by the moving average method or are valued at amortized cost. Investments in affiliates that are not accounted for under the equity method are valued at cost, as determined by the moving average method. Securities included in Money Held in Trust are valued using the same methods described above.

The net unrealized gains or losses on other securities and other money held in trust are reported separately in Net Assets, on a net-of-tax basis.

### (b) Derivatives

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

### (c) Hedge Accounting

① Hedge of Interest Rate Risk

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

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

The unamortized balance of Deferred Hedge Losses and Deferred Hedge Gains under a macro hedging methodology, before deducting the tax effect, as of March 31, 2008 were ¥15,715 million ($157 million) and ¥209 million ($2 million), respectively.

② Hedge of Foreign Exchange Rate Risk

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

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

③ Internal Derivative Transactions

Internal derivative transactions between trading accounts and banking accounts (or inter-division transactions), which are designated as hedges, are not eliminated. The related gains and losses are recognized in the consolidated statements of operations or are deferred in the consolidated balance 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 deferred method or the accrual method of hedge accounting, as specifically permitted for certain interest rate swaps. Under the deferred method, the recognition of income or expenses associated with a hedging instrument is deferred to the period when the income or expense arising on the hedged item is recognized. A certain Bank's consolidated subsidiaries apply the accrual method of hedge acounting, as specifically permitted for certain interest rate swaps.

### (4) Tangible Fixed Assets

① Depreciation

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

The useful lives of Tangible fixed assets are as follows:

Buildings: 15 years to 50 years

Equipment: 5 years to 15 years

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

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

The salvage values of the tangible fixed assets acquired before April 1, 2007 that have been depreciated to their final depreciable limit are depreciated using the straight-line method over five fiscal years. The effect of this adoption on the Consolidated Balance Sheets is immaterial.

② Land Revaluation

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

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

### (5) Software

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

### (6) Debentures

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

### (7) Foreign Currency Translation

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

### (8) Reserve for Possible Loan Losses

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

a. Reserve for loans to debtors who are legally or substantially in bankrupt under the Bankruptcy Law, Special Liquidation under the Company Law or other similar laws is provided based on the remaining book value of the loans after the direct write-off described below and the deduction of the amount expected to be collected through the disposal of collateral or the execution of guarantees. 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 ($610 million) and ¥67,123 million for the fiscal years ended March 31, 2008 and 2007, respectively.

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

c. Reserve for loans to debtors with "Restructured Loans" (see Note 5) is provided based on the Discounted Cash Flow Method if the loan balance exceeds a specific amount and the future cash flows of the principal and interest of the loan can be reasonably estimated. Under the Discounted Cash Flow Method, the reserve is measured as the difference between the book value of the loan and its present value of expected future cash flows, discounted by the contractual interest rate before the terms of the loan were restructured.

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

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

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

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

### (9) Reserve for Possible Investment Losses

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

### (10) Reserve for Bonus Payments

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

### (11) Reserve for Employees' Retirement Benefits

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

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

### (12) Reserve for Directors' Retirement Benefits

With regard to directors' retirement benefits which were previously expensed as incurred, in accordance with "Auditing Treatment relating to Reserve defined under the Special Tax measurement Law, Reserves defined under the Special Law and Reserve for Directors and Corporate Auditor Retirement Benefits" (JICPA Auditing and Assurance Practice Committee Report No. 42, April 13, 2007) effective from the fiscal year 2007, the Bank and certain subsidiaries have adopted the report from the period to recognize reserve for directors' retirement benefits for the payments of retirement 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 ($2 million) and ¥347 million ($3 million) respectively, and ordinary profit and income before income taxes and minority interests both decreased by ¥570 million ($6 million) compared with the corresponding amounts under the previously applied method.

### (13) Accounting for Finance Leases

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 leases expenses under operating leases are charged to income when incurred.

### (14) Consumption Taxes

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

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

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

### (16) Net Income per Share

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

The total dividends for Lower Dividend Rate Stocks and Preferred Stocks and total Special Dividends are deducted from the numerator, and the aggregate number of Lower Dividend Rate Stocks and Preferred Stocks are deducted from the denominator in the calculation of net income per share.

## 3. Trading Assets

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| Trading Securities | **¥32,239** | ¥31,084 | **$322** |
| Derivatives of Trading Securities | **48** | — | **0** |
| Derivatives of Securities Related to Trading Transactions | **—** | 66 | **—** |
| Trading-related Financial Derivatives | **15,745** | 20,398 | **157** |
| Other Trading Account Assets | **—** | 999 | **—** |
| Total | **¥48,033** | ¥52,550 | **$479** |

## 4. Securities

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| Japanese Government Bonds | **¥ 8,816,383** | ¥11,870,135 | **$ 87,988** |
| Municipal Government Bonds | **13,439** | 64,454 | **134** |
| Corporate Bonds | **455,332** | 486,773 | **4,544** |
| Stocks | **783,477** | 1,038,442 | **7,819** |
| Other | **26,173,446** | 30,270,443 | **261,212** |
| Foreign Bonds | **14,385,372** | 14,995,316 | **143,567** |
| Foreign Stocks | **66,947** | 21,439 | **668** |
| Other | **11,721,126** | 15,253,687 | **116,977** |
| Total | **¥36,242,079** | ¥43,730,249 | **$361,697** |

The maturity profile of securities is as follows:

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| As of March 31, 2008 | 1 Year or Less | Over 1 Year to 5 Years | Over 5 Years to 10 Years | Over 10 Years | With no maturity date |
| Bonds | **¥235,583** | **¥1,174,849** | **¥1,486,916** | **¥ 6,387,806** | **¥ —** |
| Japanese Government Bonds | **205,283** | **838,758** | **1,400,682** | **6,371,659** | **—** |
| Municipal Government Bonds | **6,159** | **4,417** | **2,227** | **634** | **—** |
| Corporate Bonds | **24,140** | **331,673** | **84,006** | **15,512** | **—** |
| Stocks | **—** | **—** | **—** | **—** | **783,477** |
| Other | **165,918** | **5,041,271** | **4,865,537** | **4,314,729** | **11,785,988** |
| Foreign Bonds | **165,918** | **5,039,230** | **4,865,508** | **4,314,714** | **—** |
| Foreign Stocks | **—** | **—** | **—** | **—** | **66,947** |
| Other | **—** | **2,040** | **29** | **15** | **11,719,041** |
| Total | **¥401,502** | **¥6,216,121** | **¥6,352,453** | **¥10,702,536** | **¥12,569,466** |

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| As of March 31, 2007 | 1 Year or Less | Over 1 Year to 5 Years | Over 5 Years to 10 Years | Over 10 Years | With no maturity date |
| Bonds | ¥320,783 | ¥2,261,747 | ¥2,659,112 | ¥ 7,179,719 | ¥ — |
| Japanese Government Bonds | 230,722 | 1,991,134 | 2,487,363 | 7,160,914 | — |
| Municipal Government Bonds | 51,345 | 10,271 | 2,153 | 683 | — |
| Corporate Bonds | 38,715 | 260,341 | 169,594 | 18,121 | — |
| Stocks | — | — | — | — | 1,038,442 |
| Other | 115,867 | 3,556,261 | 6,570,125 | 4,753,096 | 15,275,092 |
| Foreign Bonds | 115,867 | 3,556,226 | 6,570,125 | 4,753,096 | — |
| Foreign Stocks | — | — | — | — | 21,439 |
| Other | — | 34 | — | — | 15,253,653 |
| Total | ¥436,651 | ¥5,818,009 | ¥9,229,237 | ¥11,932,815 | ¥16,313,535 |

| As of March 31, 2008 | Millions of U.S. Dollars 1 Year or Less | Over 1 Year to 5 Years | Over 5 Years to 10 Years | Over 10 Years | With no maturity date |
|---|---|---|---|---|---|
| Bonds | **$2,351** | **$11,725** | **$14,839** | **$ 63,751** | **$ —** |
| Japanese Government Bonds | **2,049** | **8,371** | **13,979** | **63,589** | **—** |
| Municipal Government Bonds | **61** | **44** | **22** | **7** | **—** |
| Corporate Bonds | **241** | **3,310** | **838** | **155** | **—** |
| Stocks | **—** | **—** | **—** | **—** | **7,819** |
| Other | **1,656** | **50,312** | **48,558** | **43,061** | **117,625** |
| Foreign Bonds | **1,656** | **50,292** | **48,558** | **43,061** | **—** |
| Foreign Stocks | **—** | **—** | **—** | **—** | **668** |
| Other | **—** | **20** | **0** | **0** | **116,957** |
| Total | **$4,007** | **$62,037** | **$63,397** | **$106,812** | **$125,444** |

## 5. Loans and Bills Discounted

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| Loans on Deeds | **¥7,941,634** | ¥10,727,937 | **$79,258** |
| Loans on Bills | **199,749** | 203,150 | **1,993** |
| Overdrafts | **1,696,757** | 1,902,939 | **16,934** |
| Bills Discounted | **15,761** | 20,652 | **157** |
| Total | **¥9,853,902** | ¥12,854,680 | **$98,342** |

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| Loans to Borrowers under Bankruptcy Proceedings | **¥ 1,234** | ¥ 7,375 | **$ 12** |
| Delinquent Loans | **144,763** | 165,464 | **1,445** |
| Loans Past Due for Three Months or More | **706** | 904 | **7** |
| Restructured Loans | **54,332** | 116,594 | **542** |
| Total | **¥201,036** | ¥290,338 | **$2,006** |

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

*(2) "Delinquent Loans" are also Non-accrual Loans other than loans to borrowers under bankruptcy proceedings or loans whereby interest payments are deferred in order to support the borrowers' rehabilitation.*

*(3) "Loans Past Due for Three Months or More" are loans whose principal or interest is past-due for three months or more, other than "Loans to Borrowers under Bankruptcy Proceedings" and "Delinquent Loans."*

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

## 6. Foreign Exchange Assets

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| Foreign Bills Bought | **¥ —** | ¥ — | **$—** |
| Due from Foreign Banks | **7,119** | 3,176 | **71** |
| Total | **¥7,119** | ¥3,176 | **$71** |

## 7. Other Assets

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| Prepaid Expenses | **¥ 715** | ¥ 3,360 | **$ 7** |
| Accrued Income | **200,119** | 244,852 | **1,997** |
| Financial Derivatives | **1,000,420** | 107,284 | **9,985** |
| Other | **251,723** | 188,491 | **2,512** |
| Total | **¥1,452,979** | ¥543,988 | **$14,501** |

## 8. Tangible Fixed Assets

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| Land | **¥ 75,489** | ¥ 97,009 | **$ 753** |
| Buildings | **47,284** | 50,691 | **472** |
| Equipment | **7,254** | 7,156 | **73** |
| Other | **6,225** | 743 | **62** |
| Total Net Book Value | **136,254** | 155,601 | **1,360** |
| Accumulated Depreciation Deducted | **¥ 91,757** | ¥ 96,404 | **$ 916** |

## 9. Assets Pledged

Assets pledged as collateral comprise the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| Securities | **¥4,988,116** | ¥8,843,827 | **$49,782** |

Liabilities related to the above pledged assets are as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| Call Money and Bills Sold | **¥ 525,000** | ¥ 470,000 | **$ 5,240** |
| Payables under Repurchase Agreements | **4,203,675** | 7,438,847 | **41,953** |
| Payables under Securities Lending Transactions | **276,693** | 1,000,840 | **2,761** |

In addition, as of March 31, 2008 and 2007, Securities of ¥4,316,722 million ($43,081 million) and ¥4,056,291 million, respectively, and Loans and Bills Discounted of ¥3,999,307 million ($39,913 million) and ¥5,945,709 million, respectively, were pledged as collateral for settlement of exchange and derivative transactions or as margins of futures markets.

As of March 31, 2008 and 2007, guarantee deposits of ¥5,531 million ($55 million) and ¥5,568 million, and margins of futures transactions of ¥2,050 million ($20 million) and ¥1,885 million were included in Other Assets, respectively.

## 10. Deposits

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| Time Deposits | **¥33,606,664** | ¥33,744,510 | **$335,396** |
| Deposits at Notice | **30,373** | 27,702 | **303** |
| Ordinary Deposits | **1,007,262** | 1,366,694 | **10,052** |
| Current Deposits | **118,597** | 105,800 | **1,184** |
| Other Deposits | **4,041,464** | 5,998,784 | **40,334** |
| Total | **¥38,804,362** | ¥41,243,492 | **$387,269** |

## 11. Debentures

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| One-year Discount Debentures | **¥ —** | ¥ — | **$ —** |
| Long-term Coupon Debentures | **4,821,975** | 4,471,156 | **48,124** |
| Total | **¥4,821,975** | ¥4,471,156 | **$48,124** |

## 12. Bonds

Bonds include subordinated bonds of ¥337,695 million ($3,370million) and ¥357,097 million as of March 31, 2008 and 2007, respectively.

## 13. Trading Liabilities

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| Derivatives of Trading Securities | **¥ 96** | ¥ — | **$ 1** |
| Derivatives of Securities Related to Trading Transactions | **3** | 94 | **0** |
| Trading-related Financial Derivatives | **15,147** | 19,568 | **151** |
| Total | **¥15,248** | ¥19,662 | **$152** |

## 14. Borrowed Money

Borrowed Money include subordinated loans of ¥963,700 million ($9,618 million) and ¥1,101,532 million as of March 31, 2008 and 2007, respectively.

## 15. Foreign Exchange Liabilities

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| Foreign Bills Sold | **¥—** | ¥— | **$—** |
| Foreign Bills Payable | **2** | 0 | **0** |
| Due to Foreign Banks | **—** | — | **—** |
| Total | **¥ 2** | ¥ 0 | **$ 0** |

## 16. Other Liabilities

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| Accrued Expenses | **¥ 162,917** | ¥145,422 | **$ 1,626** |
| Income Taxes Payable | **118,924** | 58,091 | **1,187** |
| Unearned Income | **2,582** | 2,860 | **26** |
| Derivatives Other Than for Trading | **142,255** | 139,920 | **1,420** |
| Other | **1,449,532** | 143,625 | **14,466** |
| Total | **¥1,876,213** | ¥489,920 | **$18,725** |

## 17. Retirement Benefit Plans

The Bank funds a defined benefit pension plan and, in addition, has a lump-sum payment pension plan. Additional retirement benefits are paid to employees in certain cases. To fund the lump-sum payment pension plan, the Bank has established a retirement benefit trust.

The reserve for retirement benefits as of March 31, 2008 and 2007, are as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| Projected Benefit Obligations | **¥(82,464)** | ¥ (80,270) | **$(823)** |
| Plan Assets | **83,624** | 102,437 | **835** |
| Unfunded Retirement Benefit Obligations | **1,159** | 22,166 | **12** |
| Unrecognized Actuarial Differences | **4,360** | (21,427) | **43** |
| Net Amonts Reported in the Balance Sheets | **5,519** | 739 | **55** |
| Prepaid Pension Cost | **6,352** | 2,588 | **63** |
| Reserve for Employees' Retirement Benefits | **¥ (832)** | ¥ (1,849) | **$ (8)** |

*Note: Certain consolidated subsidiaries adopt the simplified method to calculate projected benefit obligations.*

Assumptions used in the above calculation are as follows:

| | **2008** | 2007 |
|---|---|---|
| Discount Rate | **2.0%** | 2.0% |
| Expected Rate of Return on Plan Assets | **3.0%** | 3.0% |
| Method of Attributing the Projected Benefits to Periods of Service | **Straight-line Basis** | Straight-line Basis |
| Amortization of Unrecognized Actuarial Differences | **10 years** | 10 years |

## 18. Accounting for Income Taxes

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| Deferred Tax Assets: | | | |
| Reserve for Possible Loan Losses | **¥ 28,341** | ¥ 49,201 | **$ 283** |
| Write-off of Loans | **8,533** | 9,068 | **85** |
| Losses on Revaluation of Securities | **48,448** | 19,914 | **484** |
| Reserve for Employees' Retirement Benefits | **5,396** | 6,816 | **54** |
| Depreciation Expense | **1,122** | 1,213 | **11** |
| Unrealized Losses on Other Securities | **134,699** | — | **1,344** |
| Deferred Losses on Hedging Instruments | **31,818** | 25,957 | **318** |
| Other | **67,552** | 33,159 | **674** |
| Subtotal | **325,912** | 145,330 | **3,253** |
| Valuation Allowance | **(78,806)** | (44,827) | **(787)** |
| Total Deferred Tax Assets | **247,105** | 100,503 | **2,466** |
| Deferred Tax Liabilities: | | | |
| Gain from Contribution of Securities to Employee Retirement Benefit Trust | **(5,577)** | (5,577) | **(56)** |
| Unrealized Gains on Other Securities | **—** | (749,392) | **—** |
| Deferred Gains on Hedging Instruments | **(26,452)** | (14,786) | **(264)** |
| Other | **(62,972)** | (40,230) | **(628)** |
| Total Deferred Tax Liabilities | **(95,001)** | (809,987) | **(948)** |
| Net Deferred Tax Assets (Liabilities) | **¥152,104** | ¥(709,483) | **$1,518** |

## 19. Acceptances and Guarantees

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| Acceptance of Bills of Exchange | **¥ —** | ¥ — | **$ —** |
| Letters of Credit | **12,541** | 27,048 | **125** |
| Guarantees | **305,267** | 215,397 | **3,047** |
| Total | **¥317,809** | ¥242,446 | **$3,172** |

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

## 20. Commitments to Overdrafts and Loans

Commitments related to overdrafts and loans represent agreements to extend overdrafts or loans up to a pre-agreed amount at the customer's request as long as no violation of the conditions stipulated in the commitment agreement exists. The amount of undrawn commitments in relation to such agreements is ¥3,041,062 million ($30,350 million) and ¥3,057,746 million as of March 31, 2008 and 2007, respectively. The amount, which the Bank and its consolidated subsidiaries could cancel at any time without penalty, is ¥2,005,832 million ($20,018 million) and ¥1,949,931 million as of March 31, 2008 and 2007, respectively.

The amount of undrawn commitments does not necessarily affect the future cash flow of the Bank and its consolidated subsidiaries because the majority of such agreements are terminated without being exercised. Most of these agreements have provisions which stipulate that the Bank and its consolidated subsidiaries may not extend the loan or may decrease the commitment when there are certain changes in the financial condition of the borrower, certain issues relating to collateral and other reasons. At the time of extending loans to customers, the Bank and its consolidated subsidiaries are able to request collateral in the form of premises or securities as necessary. After extending loans, the Bank periodically checks the financial condition of its customers based on predefined policies and procedures and acts to secure loans as necessary.

## 21. Securities Loaned

The Bank held no securities loaned under unsecured lending agreements (Saiken Taishaku Torihiki) as of March 31, 2008 and 2007.

Securities Borrowed under unsecured borrowing agreements (Saiken Taishaku Torihiki) and Securities Purchased under resale agreements and cash-collateralized borrowing agreements, which can be sold or re-pledged by the Bank, include securities re-pledged out of ¥473,687 million ($4,727 million) and ¥343,336 million as of March 31, 2008 and 2007, respectively, and securities held without repledge of ¥1,663,517 million ($16,602 million) and ¥1,104,163 million as of March 31, 2008 and 2007, respectively. No securities were re-loaned as of March 31, 2008 and 2007.

## 22. Paid-in Capital

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| Common Stock | **¥1,991,033** | ¥1,459,017 | **$19,871** |
| Preferred Stock | **24,999** | 24,999 | **249** |
| Total | **¥2,016,033** | ¥1,484,017 | **$20,120** |

The Common Stock account includes Lower Dividend Rate Stock with a total par value of ¥1,565,316 million ($15,622 million).

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

## 23. Trading Income

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| Fiscal years ended March 31 | **2008** | 2007 | **2008** |
| Income from Trading Securities and Derivatives | **¥ 804** | ¥194 | **$ 8** |
| Income from Securities and Derivatives Related to Trading Transactions | **225** | — | **2** |
| Income from Trading-related Financial Derivatives | **—** | — | **—** |
| Other | **14** | 28 | **0** |
| Total | **¥1,044** | ¥223 | **$10** |

## 24. Other Operating Income

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| Fiscal years ended March 31 | **2008** | 2007 | **2008** |
| Gains on Sales of Bonds | **¥263,578** | ¥21,207 | **$2,631** |
| Gains on Redemption of Bonds | **—** | 415 | **—** |
| Gains on Financial Derivatives | **—** | 21,255 | **—** |
| Other | **50,038** | 52,219 | **499** |
| Total | **¥313,617** | ¥95,098 | **$3,130** |

## 25. Other Income

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| Fiscal years ended March 31 | **2008** | 2007 | **2008** |
| Gains on Sales of Stocks and Other Securities | **¥ 53,325** | ¥ 32,490 | **$ 532** |
| Gains on Money Held in Trust | **309,150** | 411,616 | **3,085** |
| Equity in Earnings of Affiliates | **519** | 819 | **5** |
| Gains on Disposals of Fixed Assets | **835** | 76 | **9** |
| Recoveries of Written-off Claims | **4,719** | 5,661 | **47** |
| Transfer from Reserve for Possible Loan Losses | **58,482** | 12,764 | **584** |
| Other | **1,788** | 2,413 | **18** |
| Total | **¥428,822** | ¥465,843 | **$4,280** |

## 26. Trading Expenses

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| Fiscal years ended March 31 | **2008** | 2007 | **2008** |
| Expenses on Trading Securities and Derivatives | **¥ —** | ¥ — | **$—** |
| Expenses on Securities and Derivatives Related to Trading Transactions | **—** | 3 | **—** |
| Expenses on Trading-related Financial Derivatives | **201** | 309 | **2** |
| Total | **¥201** | ¥313 | **$ 2** |

## 27. Other Operating Expenses

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| Fiscal years ended March 31 | **2008** | 2007 | **2008** |
| Amortization of Debenture Issuance Costs | **¥ 691** | ¥ 553 | **$ 7** |
| Losses on Foreign Exchange Transactions | **1,162** | — | **12** |
| Losses on Sales of Bonds | **86,652** | 225,407 | **865** |
| Losses on Revaluation of Bonds | **168,763** | — | **1,684** |
| Other | **47,697** | 47,669 | **476** |
| Total | **¥304,967** | ¥273,630 | **$3,044** |

## 28. Other Expenses

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| Fiscal years ended March 31 | **2008** | 2007 | **2008** |
| Write-off of Loans | **¥ 3,389** | ¥ 2,203 | **$ 34** |
| Losses on Sales of Stocks and Other Securities | **31** | 8,866 | **0** |
| Losses on Revaluation of Stocks and Other Securities | **72,686** | 523 | **725** |
| Losses on Money Held in Trust | **8,060** | 4,947 | **80** |
| Losses on Disposals of Fixed Assets | **868** | 1,261 | **9** |
| Transfer to Reserve for Possible Investment Losses | **14,827** | 38,628 | **148** |
| Losses on Stock of Subsidiaries Through a Merger | **—** | 878 | **—** |
| Other | **17,313** | 4,729 | **173** |
| Total | **¥117,177** | ¥62,038 | **$1,169** |

## 29. Cash Flows

The reconciliation of Cash and Due from Banks in the consolidated balance sheets to Cash and Cash Equivalents at the end of year is as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| As of March 31 | **2008** | 2007 | **2008** |
| Cash and Due from Banks | **¥1,096,901** | ¥866,303 | **$10,947** |
| Less: Interest-bearing Due from Banks | **(916,162)** | (532,042) | **(9,143)** |
| Cash and Cash Equivalents at the End of the Fiscal Year | **¥ 180,738** | ¥334,260 | **$ 1,804** |

## 30. Segment Information

### (a) Segment Information by Type of Businesses

Segment Information by Type of Businesses is not shown in this statement, since the business segments, other than the banking businesses, are immaterial.

### (b) Segment Information by Geographic Areas

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

| | Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|---|
| Fiscal year ended March 31, 2007 | 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 (Losses) | ¥ 360,388 | ¥ 10,630 | ¥ 2,326 | ¥ (102) | ¥ 373,242 | ¥ — | ¥ 373,242 |
| II. Total Assets | ¥73,240,523 | ¥8,245,865 | ¥5,059,130 | ¥3,820,960 | ¥90,366,480 | ¥(22,124,380) | ¥68,242,099 |

| Fiscal year ended March 31, 2008 | Japan | Americas | Europe | Asia | Total | Elimination and Corporate Assets | Consolidated |
|---|---|---|---|---|---|---|---|
| | Millions of U.S. Dollars | | | | | | |
| I. Ordinary Income | | | | | | | |
| (1) Ordinary Income from Third-parties | **$ 25,291** | **$ 231** | **$ 464** | **$ 359** | **$ 26,345** | **$ —** | **$ 26,345** |
| (2) Inter-segment Ordinary Income | **637** | **2,385** | **2,213** | **1,572** | **6,807** | **(6,807)** | **—** |
| Total | **25,928** | **2,616** | **2,677** | **1,931** | **33,152** | **(6,807)** | **26,345** |
| Ordinary Expenses | **22,521** | **2,451** | **2,630** | **1,925** | **29,527** | **(6,807)** | **22,720** |
| Ordinary Profits | **$ 3,407** | **$ 165** | **$ 47** | **$ 6** | **$ 3,625** | **$ —** | **$ 3,625** |
| II. Total Assets | **$662,782** | **$38,506** | **$51,463** | **$37,806** | **$790,557** | **$(180,921)** | **$609,636** |

*Notes: 1. The Bank reports "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.*

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

*3. With regard to directors' retirements benefits which were previously expensed as incurred, in accordance with "Auditing Treatment relating to Reserve defined under the Special Tax measurement Law, Reserves defined under the Special Law and Reserve for Directors and Corporate Auditor Retirement Benefits" (JICPA Auditing and Assurance Practice Committee Report No. 42, April 13, 2007) effective from the fiscal year 2007, the Bank and certain subsidiaries have adopted the report from the 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 in Japan increased by ¥570 million ($6 million), and ordinary profit in Japan decreased by ¥570 million ($6 million) compared with the corresponding amounts under the previously applied method.*

*4. According to the change in accounting standards for inflation-indexed bonds whose principal is guaranteed, Ordinary Income and Ordinary Profits both has increased ¥39,685 million for Japan for the fiscal year ended March 31, 2007.*

### (c) Ordinary Income from International Operations

| Fiscal years ended March 31 | Ordinary Income from International Operations | Consolidated Ordinary Income | Ratio of Ordinary Income from International Operations over Consolidated Ordinary Income |
|---|---|---|---|
| | Millions of Yen | | Percentage |
| **2008** | **¥1,971,619** | **¥2,639,764** | **74.6%** |
| 2007 | ¥1,971,761 | ¥2,621,450 | 75.2% |
| | Millions of U.S. Dollars | | Percentage |
| **2008** | **$19,677** | **$26,345** | **74.6%** |

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

*2. "Ordinary Income from International Operations" comprises foreign currency transactions, yen-denominated trade bills, yen-denominated transactions with non-Japanese residents, transactions in the offshore market in Japan, transactions by overseas branches of the 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.*

## 31. Fair Value of Securities

### For the Fiscal Year Ended March 31, 2008

### Trading Securities

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

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

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

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

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

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

## Other Securities held at Fair Value

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | Acquisition | Consolidated Balance | Net Unrealized Gain/Loss | | |
| As of March 31, 2008 | Cost | Sheets Amount | Net | 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 |
| Foreign Bonds | 14,213,421 | 13,923,453 | (289,968) | 335,071 | 625,040 |
| Foreign Stocks | 26,740 | 23,379 | (3,360) | 562 | 3,923 |
| Other | 11,565,747 | 11,263,258 | (302,489) | 315,835 | 618,324 |
| Total | ¥35,418,374 | ¥34,874,550 | ¥(543,823) | ¥908,136 | ¥1,451,960 |

| | Millions of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| | Acquisition | Consolidated Balance | Net Unrealized Gain/Loss | | |
| As of March 31, 2008 | Cost | Sheets Amount | Net | Gain | Loss |
| Stocks | $ 3,883 | $ 5,383 | $ 1,500 | $1,895 | $ 395 |
| Bonds | 92,050 | 91,068 | (982) | 666 | 1,648 |
| Japanese Government Bonds | 88,856 | 87,847 | (1,009) | 631 | 1,640 |
| Municipal Government Bonds | 126 | 128 | 2 | 2 | — |
| Corporate Bonds | 3,068 | 3,093 | 25 | 33 | 8 |
| Other | 257,544 | 251,598 | (5,946) | 6,502 | 12,448 |
| Foreign Bonds | 141,851 | 138,957 | (2,894) | 3,344 | 6,238 |
| Foreign Stocks | 266 | 233 | (33) | 6 | 39 |
| Other | 115,427 | 112,408 | (3,019) | 3,152 | 6,171 |
| Total | $353,477 | $348,049 | $(5,428) | $9,063 | $14,491 |

*Notes: 1. The above analysis of Other Securities held at Fair Value includes "Securities" and Negotiable Certificates of Deposit disclosed as "Cash and Due from Banks" in the consolidated balance sheets.*
*2. Consolidated balance sheets amount is stated based on the closing market prices at the consolidated balance sheets date.*
*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 period ("revaluation loss"), if the fair value (primarily the closing market prices at the consolidated balance sheets date) has significantly deteriorated compared with the acquisition cost (including amortized cost), and unless a recovery in the fair value is deemed probable.*
*The amount of revaluation loss for the fiscal year was ¥194,249 million ($1,939 million).*
*The criteria for determining whether a security's fair value has "significantly deteriorated" are outlined as follows.*
*Securities whose fair values are 50% or less of their acquisition costs.*
*Securities whose fair values are more than 50% and 70% or less of their acquisition costs for a certain period.*

## Other Securities Sold during the Fiscal Year

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

## Carrying Value of Securities without a Fair Value

| As of March 31, 2008 | Millions of Yen | Millions of U.S. Dollars |
|---|---|---|
| Other Securities | | |
| Unlisted Stocks | ¥244,080 | $2,436 |
| Foreign Bonds | 459,935 | 4,590 |
| Other | 668,269 | 6,669 |

## For the Fiscal Year Ended March 31, 2007

### Trading Securities

| As of March 31, 2007 | Millions of Yen | | Millions of U.S. Dollars | |
|---|---|---|---|---|
| | Consolidated Balance Sheets Amount | Unrealized Gain Recognized as Income | Consolidated Balance Sheets Amount | Unrealized Gain Recognized as Income |
| Trading Securities | ¥32,084 | ¥86 | $272 | $1 |

*Note: The above analysis of Trading Securities includes Trading Securities, Negotiable Certificates of Deposit and Commercial Paper disclosed as "Trading Assets" in the consolidated balance sheet.*

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

| As of March 31, 2007 | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | Consolidated Balance Sheets Amount | Fair Value | Net Unrealized Loss | | |
| | | | Net | Gain | Loss |
| Japanese Government Bonds | ¥18,211 | ¥18,182 | ¥(28) | ¥12 | ¥41 |
| Total | ¥18,211 | ¥18,182 | ¥(28) | ¥12 | ¥41 |

| As of March 31, 2007 | Millions of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| | Consolidated Balance Sheets Amount | Fair Value | Net Unrealized Loss | | |
| | | | Net | Gain | Loss |
| Japanese Government Bonds | $154 | $154 | $(0) | $0 | $0 |
| Total | $154 | $154 | $(0) | $0 | $0 |

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

### Other Securities held at Fair Value

| As of March 31, 2007 | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | Acquisition Cost | Consolidated Balance Sheets Amount | Net Unrealized Gain/Loss | | |
| | | | Net | Gain | Loss |
| Stocks | ¥ 420,867 | ¥ 775,406 | ¥ 354,539 | ¥ 381,784 | ¥ 27,244 |
| Bonds | 12,266,644 | 12,266,733 | 88 | 71,889 | 71,801 |
| Japanese Government Bonds | 11,854,155 | 11,851,923 | (2,231) | 68,376 | 70,608 |
| Municipal Government Bonds | 63,504 | 63,766 | 261 | 298 | 36 |
| Corporate Bonds | 348,984 | 351,043 | 2,058 | 3,215 | 1,156 |
| Other | 28,434,525 | 30,172,092 | 1,737,567 | 1,822,385 | 84,818 |
| Foreign Bonds | 14,480,551 | 14,988,028 | 507,476 | 567,589 | 60,113 |
| Foreign Stocks | — | — | — | — | — |
| Other | 13,953,973 | 15,184,064 | 1,230,091 | 1,254,795 | 24,704 |
| Total | ¥41,122,036 | ¥43,214,232 | ¥2,092,195 | ¥2,276,059 | ¥183,863 |

| As of March 31, 2007 | Millions of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| | Acquisition Cost | Consolidated Balance Sheets Amount | Net Unrealized Gain/Loss | | |
| | | | Net | Gain | Loss |
| Stocks | $ 3,566 | $ 6,571 | $ 3,005 | $ 3,236 | $ 231 |
| Bonds | 103,955 | 103,955 | (0) | 608 | 608 |
| Japanese Government Bonds | 100,459 | 100,440 | (19) | 579 | 598 |
| Municipal Government Bonds | 538 | 540 | 2 | 2 | 0 |
| Corporate Bonds | 2,958 | 2,975 | 17 | 27 | 10 |
| Other | 240,971 | 255,696 | 14,725 | 15,444 | 719 |
| Foreign Bonds | 122,717 | 127,017 | 4,300 | 4,810 | 510 |
| Foreign Stocks | — | — | — | — | — |
| Other | 118,254 | 128,679 | 10,425 | 10,634 | 209 |
| Total | $348,492 | $366,222 | $17,730 | $19,288 | $1,558 |

*Notes: 1. The above analysis of Other Securities held at Fair Value includes "Securities," Negotiable Certificates of Deposit disclosed as "Cash and Due from Banks," and Commercial Paper disclosed as "Monetary Claims Bought" in the consolidated balance sheet.*
*2. Consolidated balance sheets amount is stated based on the closing market prices at the consolidated balance sheets date.*

### Other Securities Sold during the Fiscal Year

| Fiscal year ended March 31, 2007 | Millions of Yen Sales Proceeds | Millions of Yen Gains on Sales | Millions of Yen Losses on Sales | Millions of U.S. Dollars Sales Proceeds | Millions of U.S. Dollars Gains on Sales | Millions of U.S. Dollars Losses on Sales |
|---|---|---|---|---|---|---|
| Other Securities | ¥8,963,828 | ¥48,950 | ¥234,273 | $75,965 | $415 | $1,985 |

### Carrying Value of Securities without a Fair Value

| As of March 31, 2007 | Millions of Yen | Millions of U.S. Dollars |
|---|---|---|
| Other Securities | | |
| Unlisted Stocks | ¥263,036 | $2,229 |
| Foreign Bonds | 7,288 | 62 |
| Other | 261,912 | 2,220 |

# 32. Fair Value of Money Held in Trust

## For the Fiscal Year Ended March 31, 2008

### Money Held in Trust for Trading Purpose

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

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

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

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

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

## For the Fiscal Year Ended March 31, 2007

### Money Held in Trust for Trading Purpose

| As of March 31, 2007 | Millions of Yen Consolidated Balance Sheets Amount | Millions of Yen Unrealized Gain Recognized as Income | Millions of U.S. Dollars Consolidated Balance Sheets Amount | Millions of U.S. Dollars Unrealized Gain Recognized as Income |
|---|---|---|---|---|
| Money Held in Trust for Trading Purpose | ¥101,137 | ¥1,117 | $857 | $9 |

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

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | Acquisition | Consolidated Balance | Net Unrealized Gain | | |
| As of March 31, 2007 | Cost | Sheets Amount | Net | Gain | Loss |
| Other Money Held in Trust | ¥7,380,708 | ¥7,696,608 | ¥315,899 | ¥330,115 | ¥14,216 |

| | Millions of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| | Acquisition | Consolidated Balance | Net Unrealized Gain | | |
| As of March 31, 2007 | Cost | Sheets Amount | Net | Gain | Loss |
| Other Money Held in Trust | $62,548 | $65,225 | $2,677 | $2,798 | $121 |

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

# 33. Fair Value of Derivative Instruments
## For the Fiscal Year Ended March 31, 2008

### Interest Rate-Related Derivative Instruments

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

*Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of operations. The above analysis excludes derivative instruments accounted for as hedges in accordance with "Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks" (JICPA Industry Audit Committee Report No. 24).*

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

### Currency-Related Derivative Instruments

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

*Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of operations. The above analysis excludes derivative instruments 1) accounted for as hedges in accordance with "Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25), or 2) designated to certain monetary receivables or payables denominated in foreign currencies and recorded on the consolidated balance sheets.*

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

## Stock-Related Derivative Instruments

| As of March 31, 2008 | Millions of Yen | | | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|---|---|---|
| | Contract Amount or Notional Amount | Over 1 Year | Fair Value | Unrealized Gain/Loss | Contract Amount or Notional Amount | Over 1 Year | Fair Value | Unrealized Gain/Loss |
| Exchange-traded Transactions | | | | | | | | |
| Equity Price Index Futures: | | | | | | | | |
| Sold | ¥ — | ¥ — | ¥— | ¥— | $— | $— | $— | $— |
| Purchased | — | — | — | — | — | — | — | — |
| Equity Price Index Options: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Over-the-counter Transactions | | | | | | | | |
| Equity Options: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Equity Price Index Swaps: | | | | | | | | |
| Rec.: Stock Index | — | — | — | — | — | — | — | — |
| Pay.: Flt. Rate | | | | | | | | |
| Rec.: Flt. Rate | — | — | — | — | — | — | — | — |
| Pay.: Stock Index | | | | | | | | |
| Other: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | **1,000** | **1,000** | — | — | **10** | **10** | — | — |
| Total | / | / | ¥— | ¥— | / | / | $— | $— |

*Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of operations. The above analysis excludes derivative instruments accounted for as hedges.*
*2. Determination of fair value:*
*The fair value of exchange-traded derivative instruments is based on closing prices at Tokyo Stock Exchange or other relevant exchanges. The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.*
*3. Derivative instruments without a fair value included in "Over-the-counter Transactions, Other" are valued at cost.*

## Bond-Related Derivative Instruments

| As of March 31, 2008 | Millions of Yen | | | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|---|---|---|
| | Contract Amount or Notional Amount | Over 1 Year | Fair Value | Unrealized Gain/Loss | Contract Amount or Notional Amount | Over 1 Year | Fair Value | Unrealized Gain/Loss |
| Exchange-traded Transactions | | | | | | | | |
| Bond Futures: | | | | | | | | |
| Sold | **¥26,192** | **¥—** | **¥(216)** | **¥(216)** | **$261** | **$—** | **$ (2)** | **$ (2)** |
| Purchased | **33,761** | **—** | **353** | **353** | **337** | **—** | **3** | **3** |
| Bond Futures Options: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Over-the-counter Transactions | | | | | | | | |
| Bond Options: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Total | / | / | **¥ 136** | **¥ 136** | / | / | **$ 1** | **$ 1** |

*Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of operations. The above analysis excludes derivative instruments accounted for as hedges.*
*2. Determination of fair value:*
*The fair value of exchange-traded derivative instruments is based on closing prices at Tokyo Stock Exchange or other relevant exchanges. The fair value of over-the-counter traded derivative instruments is determined based on an option pricing model or other models as appropriate.*

### Commodities-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no commodities-related derivative instruments during the fiscal year ended March 31, 2008.

### Credit Derivative Instruments

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

*Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of operations. The above analysis excludes derivative instruments accounted for as hedges.*
*2. Determination of fair value:*
*Fair value is determined based on the discounted net present value model.*
*3. Derivative instruments without a fair value included in "Over-the-counter Transactions, Other" are valued at cost.*

## For the Fiscal Year Ended March 31, 2007

### Interest Rate-Related Derivative Instruments

| | Millions of Yen | | | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|---|---|---|
| As of March 31, 2007 | Contract Amount or Notional Amount | Over 1 Year | Fair Value | Unrealized Gain/Loss | Contract Amount or Notional Amount | Over 1 Year | Fair Value | Unrealized Gain/Loss |
| Exchange-traded Transactions | | | | | | | | |
| Interest Rate Futures: | | | | | | | | |
| Sold | ¥ 29,271 | ¥ — | ¥ (14) | ¥ (14) | $ 248 | $ — | $ (0) | $ (0) |
| Purchased | 8,418 | — | (9) | (9) | 71 | — | (0) | (0) |
| Interest Rate Options: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Over-the-counter Transactions | | | | | | | | |
| Forward Rate Agreements: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Interest Rate Swaps: | | | | | | | | |
| Rec.: Fix.-Pay.: Flt. | 1,367,158 | 1,067,074 | 4,418 | 4,418 | 11,586 | 9,043 | 37 | 37 |
| Rec.: Flt.-Pay.: Fix. | 1,484,396 | 1,123,896 | (4,021) | (4,021) | 12,580 | 9,525 | (34) | (34) |
| Rec.: Flt.-Pay.: Flt. | — | — | — | — | — | — | — | — |
| Interest Rate Options: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | 15,000 | — | 70 | 69 | 127 | — | 1 | 1 |
| Other: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Total | / | / | ¥ 444 | ¥ 443 | / | / | $ 4 | $ 4 |

*Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of operations. The above analysis excludes derivative instruments accounted for as hedges in accordance with "Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks" (JICPA Industry Audit Committee Report No. 24).*
*2. Determination of fair value:*
*The fair value of exchange-traded derivative instruments is based on closing prices at the Tokyo International Financial Futures Exchange or other relevant exchanges. The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.*

## Currency-Related Derivative Instruments

| | Millions of Yen | | | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|---|---|---|
| As of March 31, 2007 | Contract Amount or Notional Amount | Over 1 Year | Fair Value | Unrealized Gain/Loss | Contract Amount or Notional Amount | Over 1 Year | Fair Value | Unrealized Gain/Loss |
| Over-the-counter Transactions | | | | | | | | |
| Currency Swaps | ¥ 42,032 | ¥ — | ¥ 485 | ¥ 485 | $ 356 | $— | $ 4 | $ 4 |
| Forwards: | | | | | | | | |
| Sold | 989,124 | 6,294 | (5,365) | (5,365) | 8,382 | 53 | (45) | (45) |
| Purchased | 1,068,618 | 6,294 | 7,204 | 7,204 | 9,056 | 53 | 61 | 61 |
| Total | / | / | ¥2,324 | ¥2,324 | / | / | $20 | $20 |

*Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of operations. The above analysis excludes derivative instruments 1) accounted for as hedges in accordance with "Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25), or 2) designated to certain monetary receivables or payables denominated in foreign currencies and recorded on the consolidated balance sheets.*
*2. Determination of fair value:*
*Fair value is determined based on the discounted net present value of currency-related derivative instruments.*

## Stock-Related Derivative Instruments

| | Millions of Yen | | | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|---|---|---|
| As of March 31, 2007 | Contract Amount or Notional Amount | Over 1 Year | Fair Value | Unrealized Gain/Loss | Contract Amount or Notional Amount | Over 1 Year | Fair Value | Unrealized Gain/Loss |
| Exchange-traded Transactions | | | | | | | | |
| Equity Price Index Futures: | | | | | | | | |
| Sold | ¥ — | ¥ — | ¥— | ¥— | $— | $— | $— | $— |
| Purchased | — | — | — | — | — | — | — | — |
| Equity Price Index Options: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Over-the-counter Transactions | | | | | | | | |
| Equity Options: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Equity Price Index Swaps: | | | | | | | | |
| Rec.: Stock Index | — | — | — | — | — | — | — | — |
| Pay.: Flt. Rate | | | | | | | | |
| Rec.: Flt. Rate | — | — | — | — | — | — | — | — |
| Pay.: Stock Index | | | | | | | | |
| Other: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | 1,000 | 1,000 | — | — | 8 | 8 | — | — |
| Total | / | / | ¥— | ¥— | / | / | $— | $— |

*Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of operations. The above analysis excludes derivative instruments accounted for as hedges.*
*2. Determination of fair value:*
*The fair value of exchange-traded derivative instruments is based on closing prices at Tokyo Stock Exchange or other relevant exchanges. The fair value of over-the-counter traded derivative instruments is determined based on a discounted net present value model, an option pricing model or other models as appropriate.*
*3. Derivative instruments without a fair value included in "Over-the-counter Transactions, Other" are valued at cost.*

### Bond-Related Derivative Instruments

| As of March 31, 2007 | Millions of Yen | | | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|---|---|---|
| | Contract Amount or Notional Amount | Over 1 Year | Fair Value | Unrealized Gain/Loss | Contract Amount or Notional Amount | Over 1 Year | Fair Value | Unrealized Gain/Loss |
| Exchange-traded Transactions | | | | | | | | |
| Bond Futures: | | | | | | | | |
| Sold | ¥56,024 | ¥— | ¥(46) | ¥(46) | $475 | $— | $(0) | $(0) |
| Purchased | — | — | — | — | — | — | — | — |
| Bond Futures Options: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Over-the-counter Transactions | | | | | | | | |
| Bond Options: | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Total | / | / | ¥(46) | ¥(46) | / | / | $(0) | $(0) |

*Notes: 1. Derivative instruments are revalued to fair value. Changes in fair value are included in the consolidated statements of operations. The above analysis excludes derivative instruments accounted for as hedges.*
*2. Determination of fair value:*
*The fair value of exchange-traded derivative instruments is based on closing prices at Tokyo Stock Exchange or other relevant exchanges. The fair value of over-the-counter traded derivative instruments is determined based on an option pricing model or other models as appropriate.*

### Commodities-Related Derivative Instruments

The Bank and its consolidated subsidiaries held no commodities-related derivative instruments during the fiscal year ended March 31, 2007.

### Credit Derivative Instruments

The Bank and its consolidated subsidiaries held no credit derivative instruments during the fiscal year ended March 31, 2007.

## 34. The Norinchukin Bank (Parent Company)

### (a) Non-consolidated Balance Sheets

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **• Assets** | | | |
| Cash and Due from Banks | **¥ 1,095,094** | ¥ 864,474 | **$ 10,929** |
| Call Loans | **1,833,020** | 823,715 | **18,294** |
| Receivables under Resale Agreements | **258,135** | — | **2,576** |
| Receivables under Securities Borrowing Transactions | **1,108,779** | 563,282 | **11,066** |
| Monetary Claims Bought | **770,387** | 828,790 | **7,689** |
| Trading Assets | **48,033** | 52,550 | **479** |
| Money Held in Trust | **7,963,664** | 7,797,702 | **79,478** |
| Securities | **36,262,384** | 43,750,573 | **361,900** |
| Loans and Bills Discounted | **9,795,662** | 12,804,474 | **97,761** |
| Foreign Exchange Assets | **7,119** | 3,176 | **71** |
| Other Assets | **1,445,050** | 535,923 | **14,422** |
| Tangible Fixed Assets | **134,502** | 154,024 | **1,342** |
| Intangible Fixed Assets | **17,164** | 6,641 | **171** |
| Deferred Tax Assets | **150,750** | — | **1,504** |
| Customers' Liabilities for Acceptances and Guarantees | **492,389** | 542,436 | **4,914** |
| Reserve for Possible Loan Losses | **(136,922)** | (201,908) | **(1,366)** |
| Reserve for Possible Investment Losses | **(53,494)** | (38,628) | **(534)** |
| Total Assets | **¥61,191,721** | ¥68,487,228 | **$610,696** |
| **• Liabilities and Net Assets** | | | |
| **Liabilities** | | | |
| Deposits | **¥38,813,327** | ¥41,253,617 | **$387,359** |
| Negotiable Certificates of Deposit | **538,019** | 2,375,026 | **5,369** |
| Debentures | **4,822,176** | 4,471,357 | **48,126** |
| Call Money | **758,000** | 1,068,632 | **7,565** |
| Payables under Repurchase Agreements | **4,461,811** | 7,438,847 | **44,529** |
| Payables under Securities Lending Transactions | **496,637** | 1,345,025 | **4,957** |
| Trading Liabilities | **15,248** | 19,662 | **152** |
| Borrowed Money | **1,301,922** | 1,459,295 | **12,993** |
| Foreign Exchange Liabilities | **2** | 0 | **0** |
| Short-term Entrusted Funds | **4,401,193** | 2,868,967 | **43,924** |
| Other Liabilities | **1,863,773** | 478,953 | **18,601** |
| Reserve for Bonus Payments | **4,746** | 4,193 | **47** |
| Reserve for Employees' Retirement Benefits | **—** | 1,080 | **—** |
| Reserve for Directors' Retirement Benefits | **539** | — | **5** |
| Deferred Tax Liabilities | **—** | 711,696 | **—** |
| Deferred Tax Liabilities for Land Revaluation | **19,452** | 25,411 | **194** |
| Acceptances and Guarantees | **492,389** | 542,436 | **4,914** |
| Total Liabilities | **57,989,241** | 64,064,204 | **578,735** |
| **Net Assets** | | | |
| Paid-in Capital | **2,016,033** | 1,484,017 | **20,120** |
| Capital Surplus | **25,020** | 25,020 | **250** |
| Retained Earnings | **1,435,601** | 1,232,478 | **14,327** |
| Total Owners' Equity | **3,476,655** | 2,741,516 | **34,697** |
| Net Unrealized Gains (Losses) on Other Securities, net of taxes | **(296,521)** | 1,658,745 | **(2,959)** |
| Net Deferred Losses on Hedging Instruments, net of taxes | **(11,861)** | (24,689) | **(118)** |
| Revaluation Reserve for Land, net of taxes | **34,208** | 47,451 | **341** |
| Total Valuation and Translation Adjustments | **(274,175)** | 1,681,507 | **(2,736)** |
| Total Net Assets | **3,202,479** | 4,423,024 | **31,961** |
| Total Liabilities and Net Assets | **¥61,191,721** | ¥68,487,228 | **$610,696** |

### (b) Non-consolidated Statements of Operations

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **• Income** | | | |
| Interest Income: | **¥1,936,357** | ¥2,049,045 | **$19,325** |
| Interest on Loans and Bills Discounted | **146,507** | 124,033 | **1,462** |
| Interest and Dividends on Securities | **1,720,183** | 1,863,103 | **17,168** |
| Interest on Call Loans and Bills Bought | **12,462** | 5,286 | **124** |
| Interest on Receivables under Resale Agreements | **4,350** | 3,993 | **43** |
| Interest on Receivables under Securities Borrowing Transactions | **3,462** | 755 | **35** |
| Interest on Due from Banks | **38,005** | 34,032 | **379** |
| Other Interest Income | **11,386** | 17,841 | **114** |
| Fees and Commissions | **12,936** | 16,931 | **129** |
| Trading Income | **1,044** | 223 | **10** |
| Other Operating Income | **311,388** | 93,138 | **3,108** |
| Other Income | **429,673** | 465,129 | **4,288** |
| Total Income | **2,691,401** | 2,624,468 | **26,860** |
| **• Expenses** | | | |
| Interest Expenses: | **1,732,370** | 1,791,695 | **17,289** |
| Interest on Deposits | **370,030** | 326,357 | **3,693** |
| Interest on Negotiable Certificates of Deposit | **58,634** | 95,262 | **585** |
| Interest on Debentures | **44,086** | 32,110 | **440** |
| Interest on Borrowings | **35,203** | 22,599 | **351** |
| Interest on Call Money and Bills Sold | **6,044** | 3,292 | **60** |
| Interest on Payables under Repurchase Agreements | **241,053** | 401,178 | **2,406** |
| Interest on Payables under Securities Lending Transactions | **4,548** | 4,209 | **46** |
| Other Interest Expenses | **972,768** | 906,683 | **9,708** |
| Fees and Commissions | **15,052** | 14,205 | **150** |
| Trading Expenses | **201** | 313 | **2** |
| Other Operating Expenses | **305,010** | 272,038 | **3,044** |
| General and Administrative Expenses | **105,244** | 102,663 | **1,050** |
| Other Expenses | **117,117** | 60,460 | **1,169** |
| Total Expenses | **2,274,997** | 2,241,376 | **22,704** |
| **Income before Income Taxes** | **416,403** | 383,092 | **4,156** |
| Income Taxes | | | |
| Current | **134,522** | 73,090 | **1,343** |
| Deferred | **9,807** | 56,114 | **98** |
| **Net Income** | **¥ 272,073** | ¥ 253,886 | **$ 2,715** |

| | Yen | | U.S. Dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Net Income per Share | **¥48.36** | ¥54.68 | **$0.48** |

## 35. Appropriation of Retaind Earnings

The following dividends were approved at the shareholders' meeting held on June 25, 2008.

| | Millions of Yen | Millions of U.S. Dollars |
|---|---|---|
| Cash Dividends | | |
| Special Dividends | **¥44,553** | **$445** |
| Dividends on Common Stock (at the rate of 4% of the ¥100 face value, or ¥4.00 per share) | **17,028** | **170** |
| Dividends on Lower Dividends Rate Stock (at the rate of 2% of the ¥100 face value, or ¥1.00 per share) | **20,992** | **210** |
| Dividends on Preferred Stock (at the rate of 11% of the ¥100 face value, or ¥11.00 per share) | **613** | **6** |

ERNST & YOUNG SHINNIHON

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# Report of Independent Auditors

The Board of Directors
The Norinchukin Bank

We have audited the accompanying consolidated balance sheets of The Norinchukin Bank (the "Bank") and consolidated subsidiaries as of March 31, 2007 and 2008, and the related consolidated statements of operations, capital surplus, retained earnings and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Bank and consolidated subsidiaries at March 31, 2007 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young ShinNihon

June 25, 2008