Capital Adequacy (Consolidated) [Disclosure under Basel II Pillar III]

■ Items for Quantitative Disclosure Related to Capital Adequacy Condition (Basel II Pillar III)

Capital adequacy conditions of the Bank in line with Basel II are described on the following pages.

Capital Adequacy

Contents of principal capital items are described as follows.

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Risk Exposures

This section describes detailed amounts of the Bank's various risks and exposures (including credit risk exposure, securitization exposure, market risk, equity exposure, Risk-weighted asset calculation for investment fund and interest rate risk), which form the basis for the computation of the capital adequacy ratio. This section also describes factors that affect the risk profiles, such as credit risk mitigation.

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1. Capital Structure (Consolidated)

(1) CAPITAL ADEQUACY RATIO (CONSOLIDATED)

Consolidated Capital Adequacy Ratio (Basel capital adequacy standards) (Basel II)

Note: The Bank's capital adequacy ratio for the six months ended September 30, 2008 and 2007, was computed according to Basel II.

As of September 30

Items			Millions of yen		Millions of U.S. dollars
			2008	2007	**2008**
Tier I capital	Capital stock		**2,016,033**	1,484,017	**19,469**
	Included as non-cumulative, perpetual preferred stock		**24,999**	24,999	**241**
	Deposit for subscription to preferred stock		**—**	—	**—**
	Capital surplus		**25,020**	25,020	**241**
	Earned surplus		**1,382,084**	1,320,882	**13,347**
	Amount corresponding to the decrease in capital due to merger of subsidiaries		**—**	—	**—**
	Treasury stock		**—**	—	**—**
	Deposit for subscription to treasury stock		**—**	—	**—**
	Unrealized loss on other securities		**(1,083,712)**	—	**(10,465)**
	Foreign currency transaction adjustment		**(11)**	(2)	**(0)**
	Stock acquisition rights		**—**	—	**—**
	Minority interest of consolidated subsidiaries		**6,196**	5,957	**59**
	Including preferred securities issued by overseas special-purpose corporations		**—**	—	**—**
	Amount corresponding to operating rights		**—**	—	**—**
	Amount corresponding to consolidated adjustments		**—**	—	**—**
	Intangible assets acquired via business combination		**—**	—	**—**
	Goodwill and others		**—**	—	**—**
	Amount corresponding to the increase in capital due to securitization transactions		**—**	—	**—**
	Amount equivalent to 50% expected losses in excess of qualifying allowance		**68,184**	81,614	**658**
	Subtotal	(A)	**2,277,425**	2,754,260	**21,993**
	Including preferred securities with interest rate step-up clause		**—**	—	**—**
	(Ratio of the value of such preferred securities to Tier I capital)		**—**	—	**—**
Tier II capital	45% of unrealized gains on other securities		**—**	848,804	**—**
	45% of unrealized gains on land		**23,904**	24,653	**230**
	General reserve for possible loan losses		**50**	287	**0**
	Qualifying subordinated debt		**1,283,932**	1,466,520	**12,399**
	Included as perpetual subordinated bonds and loans		**963,700**	579,900	**9,306**
	Included as dated subordinated bonds, loans, and preferred stock		**320,232**	886,620	**3,092**
	Subtotal		**1,307,887**	2,340,266	**12,630**
	Tier II capital included as qualifying capital	(B)	**1,307,887**	2,340,266	**12,630**
Tier III capital	Short-term subordinated debt		**—**	—	**—**
	Including amount added to capital	(C)	**—**	—	**—**
Deductions	Deductions	(D)	**331,724**	373,457	**3,203**
Total Capital	(A)+(B)+(C)-(D)	(E)	**3,253,588**	4,721,070	**31,420**
Risk-weighted assets	Risk-weighted assets for credit risk	(F)	**26,362,880**	33,352,096	**254,590**
	Including on-balance sheet		**24,524,588**	30,958,647	**236,838**
	Including off-balance sheet		**1,838,292**	2,393,448	**17,752**
	Assets equivalent to market risk	(G)	**1,403,568**	3,292,086	**13,554**
	(For reference: actual market risk volume)	(H)	**112,285**	263,366	**1,084**
	Amount corresponding to operational risk (J)/8%	(I)	**1,051,386**	954,137	**10,153**
	(For reference: amount corresponding to operational risk)	(J)	**84,110**	76,330	**812**
	Total risk-weighted assets (F)+(G)+(I)	(K)	**28,817,835**	37,598,319	**278,298**
Basel II Capital Adequacy Ratio (Basel capital adequacy standards) = (E)/(K) x 100%			**11.29%**	12.55%	**11.29%**
Tier I ratio = (A)/(K) x 100%			**7.90%**	7.32%	**7.90%**
Consolidated required capital			**2,305,426**	3,007,865	**22,263**

Notes: 1. The Bank's capital adequacy ratio was computed according to the stipulations outlined in Notification No. 4 of the 2006 Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries of Japan (Standard for Judging the Management Soundness of the Norinchukin Bank) (hereinafter, Notification Regarding Capital Adequacy). Note that the Bank adopts Foundation Internal Ratings-Based Approach (F-IRB) in computing risk-weighted assets for credit risk and the Standardized Approach (TSA) in computing the amount corresponding to operational risk.

2. Regarding the calculation of capital adequacy ratio, certain procedures were performed by Ernst & Yang ShinNihon LLC pursuant to "Treatment of Inspection of Capital Ratio Calculation Framework Based on Agree-upon Procedures" (JICPA Industry Committee Report No. 30). It does not constitute a part of the audit on financial statements by law, but agree-upon procedures on internal control of capital adequacy calculation. Accordingly, Ernst & Young ShinNihon LLC is not required to express its opinion on the Bank's capital adequacy.

3. The Tier II capital item "general reserve for possible loan losses" is limited to the amount corresponding to assets which is calculated according to a Standardized Approach in terms of risk-weighted assets for credit risk.

4. Deductions are the total of the following: (1) the total amount of the value corresponding to deliberate holdings of instruments for raising capital issued by other financial institutions, (2) holdings of instruments issued for raising capital, issued by affiliated corporations conducting financial service businesses, (3) 50% of the expected value of losses on exposure to corporate, sovereign and bank, and expected losses on retail exposure over the value of qualified reserves, (4) expected losses on equity exposure, and (5) securitization exposure subject to deduction from capital (Notification Regarding Capital Adequacy, Article 8).

5. In computing risk-weighted assets for credit risk, the Bank has applied a scaling factor of 1.06 to the value of risk-weighted assets for credit risk computed based on its Foundation Internal Ratings-Based Approach (F-IRB), as provided for in the Notification Regarding Capital Adequacy, Article 129.

(2) EXPLANATION OF COMPUTATION OF THE CONSOLIDATED CAPITAL ADEQUACY RATIO

Names of Companies with Less than the Regulatory Required Capital and the Amounts

Among those companies that are subject to capital deduction as provided for in the Notification Regarding Capital Adequacy, Article 8-1-2 a and b, the name of those companies whose capital is below the regulatory required capital and the amounts of overall shortfall in capital.

None of the Bank's Group companies fall under this category.

2. Items for Capital Adequacy (Consolidated)

(Minimum amount of regulatory required capital and breakdown for each risk category as required under Basel II)

Regulatory Required Capital

(Billions of yen)

Items	As of September 30, 2008		As of September 30, 2007	
	EAD	Regulatory Required Capital	EAD	Regulatory Required EAD
Amount of regulatory required capital for credit risk	**71,528**	**2,461**	81,133	3,067
Exposure subject to Internal Ratings-Based Approach	**71,473**	**2,459**	80,751	3,051
Corporate exposure (excluding Specialized Lending)	**6,606**	**439**	7,576	388
Corporate exposure (Specialized Lending)	**856**	**81**	695	75
Sovereign exposure	**19,192**	**2**	23,557	0
Bank exposure	**13,735**	**111**	16,263	125
Retail exposure	**411**	**24**	4	0
Retail exposure secured by residential properties	**374**	**19**	—	—
Qualifying revolving retail exposure	**—**	**—**	—	—
Other retail exposure	**36**	**4**	4	0
Securitization exposure	**6,821**	**114**	4,877	116
Equity portfolios	**679**	**89**	1,117	161
Equity portfolios subject to PD/LGD approaches	**121**	**18**	67	9
Equity portfolios subject to simple risk-weighted method	**82**	**28**	82	27
Equities under the internal models approach	**17**	**4**	337	70
Grandfathered equity exposure	**458**	**38**	630	53
Exposure subject to risk-weighted asset calculation for investment fund	**22,320**	**1,540**	26,325	2,166
Other debt purchased	**71**	**2**	109	3
Other exposures	**778**	**53**	222	12
Exposure subject to Standardized Approach	**54**	**1**	382	16
Assets subject to Standardized Approach on a non-consolidated basis	**13**	**1**	8	0
Assets subject to Standardized Approach in consolidated companies (excluding securitization exposure)	**38**	**0**	373	15
Assets subject to Standardized Approach in consolidated companies (securitization exposure)	**1**	**0**	0	0
Amount of regulatory required capital for market risk	**/**	**112**	/	263
Standardized Approach	**/**	**111**	/	262
Interest rate risk category	**/**	**—**	/	0
Equity risk category	**/**	**—**	/	—
Foreign exchange risk category	**/**	**111**	/	262
Commodity risk category	**/**	**—**	/	—
Option transactions	**/**	**—**	/	—
Internal models Approach	**/**	**0**	/	0
Amount of regulatory required capital for operational risk	**/**	**84**	/	76
Offsets on consolidation	**/**	**2,657**	/	3,407

Notes: 1. Regulatory required capital for credit risk = 8% of risk-weighted assets for credit risk + Expected losses + Deductions from capital

2. "Risk-weighted asset calculation for investment fund" is risk-weighted assets as calculated according to the method specified in Notification Regarding Capital Adequacy, Article 144.

3. Article 13 of the Notification Regarding Capital Adequacy contains a grand fathering provision for computing the amount of risk assets related to equity exposures that meet specified criteria.

4. Under "The Standardized Approach (TSA)," which is a method for computing the amount corresponding to operational risk, the gross profit for one year is allocated among the business activities as specified in Appendix Table 1 of the Notification Regarding Capital Adequacy. The multiplier specified for each business activity classification is multiplied by the gross profit, and the average of the annual totals for the past three years is taken to be the amount corresponding to operational risk (Notification Regarding Capital Adequacy, Article 282).

3. Items for Credit Risk (Consolidated)

(Funds and securitization exposures are excluded.)

(1) CREDIT RISK EXPOSURE

For the Six Months Ended September 30, 2008

Geographic Distribution of Exposure, Details in Significant Areas by Major Types of Credit Exposure

(Billions of yen)

Region	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure
Japan	11,597	9,515	119	6,115	27,348	209
Asia except Japan	59	37	2	968	1,067	—
Europe	93	1,631	450	3,706	5,882	0
The Americas	282	4,672	199	3,597	8,751	—
Other areas	26	19	1	10	57	—
Amounts held by consolidated subsidiaries	434	21	—	42	498	13
Total	12,493	15,898	773	14,440	43,606	224

Industry Distribution of Exposure, Details by Major Types of Credit Exposure

(Billions of yen)

Industry	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure	Write-off of loans (amounts of partial direct write-off)
Food products	573	125	0	0	699	14	—
Pulp and paper	210	34	0	0	244	3	—
Chemicals	537	102	0	0	639	11	—
Other manufacturing	902	130	0	0	1,034	16	0
Total for manufacturing	2,224	392	1	0	2,618	46	0
Agriculture, forestry and fishing	122	0	0	0	122	36	1
Construction	163	12	0	0	175	6	0
Utility	182	57	0	0	240	—	—
Information/telecommunications, transportation	765	136	2	0	903	5	—
Wholesaling, retailing	1,861	70	0	0	1,933	26	0
Services	1,387	64	0	1	1,454	35	3
Finance and insurance	1,485	4,496	769	12,873	19,625	3	0
Other non-manufacturing	3,866	10,645	0	1,522	16,034	48	0
Total for non-manufacturing	9,834	15,484	772	14,397	40,489	163	5
Amounts held by consolidated subsidiaries	434	21	—	42	498	13	3
Total	12,493	15,898	773	14,440	43,606	224	9

Notes: 1. “Other non-manufacturing” includes the central government, local governments and related entities.
2. “Others” within “Finance and insurance” includes repo-type transactions, call loans, and certain other items.

Residual Contractual Maturity Breakdown of Credit Risk Exposure

(Billions of yen)

Term to maturity	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure
In 1 year	**8,406**	**286**	**198**	**10,754**	**19,646**
Over 1 year to 3 years	**1,571**	**1,617**	**571**	**0**	**3,760**
Over 3 years to 5 years	**1,188**	**2,695**	**0**	**57**	**3,941**
Over 5 years to 7 years	**488**	**1,190**	**0**	**4**	**1,684**
Over 7 years	**377**	**9,461**	**2**	**734**	**10,575**
No term to maturity	**26**	**625**	**0**	**2,847**	**3,498**
Amounts held by consolidated subsidiaries	**434**	**21**	**—**	**42**	**498**
Total	**12,493**	**15,898**	**773**	**14,440**	**43,606**

Notes: 1. The amount of credit exposure at the end of the period does not substantially differ from the average-risk position for the six months ended September 30, 2008.
2. The amounts of credit-risk exposure held by consolidated subsidiaries are less than 1% of consolidated risk exposure, so only the total amounts held by these subsidiaries are shown.
3. Within credit risk exposure, credit risk exposure subject to the Standardized Approach was ¥54.9 billion.
4. Default exposure is classified in the Bank's self-assessment as being under "Debtor Under Requirement of Control."

For the Six Months Ended September 30, 2007

Geographic Distribution of Exposure, Details in Significant Areas by Major Types of Credit Exposure

(Billions of yen)

Region	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure
Japan	15,622	10,985	33	4,109	30,750	224
Asia except Japan	67	23	2	1,079	1,172	—
Europe	122	3,534	163	5,045	8,865	—
The Americas	302	7,427	58	3,077	10,866	—
Other areas	40	13	3	0	57	—
Amounts held by consolidated subsidiaries	325	19	0	43	387	14
Total	16,481	22,003	260	13,354	52,099	238

3. Items for Credit Risk (Consolidated)

Industry Distribution of Exposure, Details by Major Types of Credit Exposure

(Billions of yen)

Industry	Loans, commit-ments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure	Write-off of loans (amounts of partial direct write-off)
Food products	605	146	0	0	752	10	—
Pulp and paper	219	45	0	0	265	4	—
Chemicals	541	174	0	0	716	11	—
Other manufacturing	1,047	188	1	0	1,236	7	2
Total for manufacturing	2,413	555	1	0	2,970	33	2
Agriculture, forestry and fishing	119	0	0	0	119	37	0
Construction	180	15	0	0	196	0	—
Utility	158	62	0	0	221	—	—
Information/telecommunications, transportation	805	162	2	0	970	12	—
Wholesaling, retailing	1,916	94	0	0	2,012	37	0
Services	1,473	67	0	1	1,543	56	—
Finance and insurance	1,816	6,385	255	12,359	20,816	5	—
Other non-manufacturing	7,270	14,639	0	950	22,861	40	—
Total for non-manufacturing	13,742	21,429	258	13,311	48,741	190	0
Amounts held by consolidated subsidiaries	325	19	0	43	387	14	3
Total	16,481	22,003	260	13,354	52,099	238	6

Notes: 1. "Other non-manufacturing" includes the central government, local governments and related entities.
2. "Others" within "Finance and insurance" includes repo-type transactions, call loans, and certain other items.

Residual Contractual Maturity Breakdown of Credit Risk Exposure

(Billions of yen)

Term to maturity	Loans, commit-ments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure
In 1 year	12,089	1,082	170	11,775	25,118
Over 1 year to 3 years	1,716	2,175	83	0	3,975
Over 3 years to 5 years	1,500	3,505	1	51	5,058
Over 5 years to 7 years	409	2,776	0	10	3,197
Over 7 years	407	11,363	4	719	12,494
No term to maturity	31	1,081	0	755	1,868
Amounts held by consolidated subsidiaries	325	19	0	43	387
Total	16,481	22,003	260	13,354	52,099

Notes: 1. The amount of credit exposure at the end of the period does not substantially differ from the average-risk position for the six months ended September 30, 2007.
2. The amounts of credit-risk exposure held by consolidated subsidiaries are less than 1% of consolidated risk exposure, so only the total amounts held by these subsidiaries are shown.
3. Within credit risk exposure, credit risk exposure subject to the Standardized Approach was ¥396.1 billion.
4. Default exposure is classified in the Bank's self-assessment as being under "Debtor Under Requirement of Control."

(2) RESERVES FOR POSSIBLE LOAN LOSSES

Increase/Decrease in General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and the Specific Reserve for Loans to Countries with Financial Problems by Region

(Billions of yen)

Region	As of September 30, 2008	As of September 30, 2007	Increase/(decrease)
General reserve for possible loan losses	**46**	31	**15**
Specific reserve for possible loan losses	**77**	91	**(14)**
Japan	**76**	91	**(15)**
Asia except Japan	**—**	—	**—**
Europe	**0**	—	**0**
The Americas	**—**	—	**—**
Other areas	**—**	—	**—**
Amounts held by consolidated subsidiaries	**8**	6	**1**
Offsets on consolidation	**(4)**	(4)	**(0)**
Specified reserve for loans to countries with financial problems	**—**	0	**(0)**
Total	**127**	125	**1**

Increase/Decrease in General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and the Specified Reserve for Loans to Countries with Financial Problems by Industry

(Billions of yen)

Industry	As of September 30, 2008	As of September 30, 2007	Increase/(decrease)
General reserve for possible loan losses	**46**	31	**15**
Specific reserve for possible loan losses	**77**	91	**(14)**
Manufacturing:	**10**	9	**0**
Food products	**7**	5	**1**
Pulp and paper	**1**	1	**(0)**
Chemicals	**—**	—	**—**
Other manufacturing	**2**	2	**(0)**
Non-manufacturing	**66**	82	**(18)**
Agriculture, forestry and fishing	**17**	16	**1**
Construction	**1**	0	**1**
Utility	**—**	—	**—**
Information/telecommunications, transportation	**2**	9	**(6)**
Wholesaling, retailing	**19**	16	**2**
Services	**7**	20	**(12)**
Finance and insurance	**1**	1	**(0)**
Other non-manufacturing	**15**	17	**(2)**
Others	**—**	—	**—**
Amount held by consolidated subsidiaries	**8**	6	**1**
Offsets on consolidation	**(4)**	(4)	**(0)**
Specified reserve for loans to countries with financial problems	**—**	0	**(0)**
Total	**127**	125	**1**

(3) EXPOSURE SUBJECT TO THE INTERNAL RATINGS-BASED APPROACH

a. Corporate, Sovereign and Bank Exposure

For the Six Months Ended September 30, 2008

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Corporate Exposure	4.54%	40.81%	83%	6,606	5,092	1,514
1-1 to 4	0.16%	39.60%	31%	5,031	3,636	1,394
5 to 7	1.83%	44.64%	114%	817	743	74
8-1 to 8-2	19.26%	44.69%	353%	594	551	42
Subtotal	2.13%	40.71%	71%	6,443	4,931	1,511
8-3 to 10-2	100.00%	44.48%	558%	162	160	2
Sovereign Exposure	0.01%	44.42%	0%	19,192	15,346	3,846
1-1 to 4	0.00%	44.42%	0%	19,179	15,332	3,846
5 to 7	7.78%	45.00%	257%	13	13	—
8-1 to 8-2	—	—	—	—	—	—
Subtotal	0.01%	44.42%	0%	19,192	15,346	3,846
8-3 to 10-2	—	—	—	—	—	—
Bank Exposure	0.05%	31.71%	10%	13,735	8,077	5,658
1-1 to 4	0.04%	31.70%	10%	13,709	8,057	5,651
5 to 7	2.58%	45.00%	156%	18	11	6
8-1 to 8-2	7.07%	20.00%	100%	8	7	0
Subtotal	0.04%	31.71%	10%	13,735	8,076	5,658
8-3 to 10-2	100.00%	45.00%	563%	0	0	0
Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach	0.92%	90.00%	189%	121	113	7
1-1 to 4	0.14%	90.00%	140%	99	99	—
5 to 7	4.42%	90.00%	412%	21	14	7
8-1 to 8-2	19.91%	90.00%	783%	0	0	—
Subtotal	0.92%	90.00%	189%	121	113	7
8-3 to 10-2	100.00%	90.00%	1,250%	0	0	—

Notes: 1. Weighted averages of PD, LGD and risk weights are computed based on EAD (including on-balance and off-balance items).
2. Risk weights are equivalent to 8% of the total of the amount of risk-weighted assets and expected loss, divided by EAD.
3. "Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach" does not take account of Rider No. 13 to the Notification Regarding Capital Adequacy (regarding provisional measures for equity exposure).

For the Six Months Ended September 30, 2007

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Corporate Exposure	3.21%	40.32%	64%	7,576	5,466	2,114
1-1 to 4	0.15%	39.22%	29%	6,030	4,076	1,954
5 to 7	1.79%	44.71%	116%	1,126	997	128
8-1 to 8-2	19.26%	44.23%	347%	255	225	29
Subtotal	1.06%	40.23%	53%	7,412	5,299	2,112
8-3 to 10-2	100.00%	44.47%	558%	164	163	1
Sovereign Exposure	0.00%	45.96%	0%	23,557	22,813	744
1-1 to 4	0.00%	45.96%	0%	23,557	22,813	744
5 to 7	7.78%	45.00%	221%	0	0	—
8-1 to 8-2	—	—	—	—	—	—
Subtotal	0.00%	45.96%	0%	23,557	22,813	744
8-3 to 10-2	100.00%	45.00%	563%	0	0	—
Bank Exposure	0.04%	23.19%	10%	16,263	7,423	8,840
1-1 to 4	0.03%	23.16%	9%	16,237	7,403	8,833
5 to 7	2.52%	45.00%	156%	17	11	5
8-1 to 8-2	7.07%	23.71%	130%	7	7	0
Subtotal	0.04%	23.18%	10%	16,263	7,423	8,840
8-3 to 10-2	100.00%	45.00%	562%	0	0	0
Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach	0.34%	90.00%	173%	67	67	—
1-1 to 4	0.18%	90.00%	163%	63	63	—
5 to 7	2.04%	90.00%	304%	3	3	—
8-1 to 8-2	19.91%	90.00%	783%	0	0	—
Subtotal	0.34%	90.00%	173%	67	67	—
8-3 to 10-2	—	—	—	—	—	—

Notes: 1. Weighted averages of PD, LGD and risk weights are computed based on EAD (including on-balance and off-balance items).
2. Risk weights are equivalent to 8% of the total of the amount of risk-weighted assets and expected loss, divided by EAD.
3. "Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach" does not take account of Rider No. 13 to the Notification Regarding Capital Adequacy (regarding provisional measures for equity exposure).

- **Relationship among Internal Rating, Self-Assessment, and Exposure Requiring Mandatory Disclosure under the Financial Revitalization Law**

<table>
<tr><th rowspan="2">Internal rating</th><th colspan="3">Self-assessments</th><th rowspan="2">Exposure requiring mandatory disclosure under the Financial Revitalization Law</th></tr>
<tr><th>Debtor classification</th><th>Asset category</th><th>Definition of asset category</th></tr>
<tr><td>1-1 4
1-2 5
2 6
3 7</td><td>Standard</td><td>Category Ⅰ</td><td>Debtors who are experiencing favorable operating conditions and having no particular financial difficulties. Internal ratings 1-1 to 4 are equivalent to investment grade of credit rating agencies.</td><td rowspan="2">Standard Loans</td></tr>
<tr><td rowspan="3">8-1
8-2
8-3
8-4</td><td>Substandard</td><td rowspan="3">Ⅱ</td><td rowspan="3">Debtors requiring close monitoring going forward</td></tr>
<tr><td>Other substandard debtors</td></tr>
<tr><td>Debtors under requirement of control</td><td>Special attention</td></tr>
<tr><td>9</td><td>Doubtful</td><td>Ⅲ</td><td>Debtors who are highly likely to fall into bankruptcy</td><td>Doubtful</td></tr>
<tr><td>10-1</td><td>Debtors in default</td><td rowspan="2">Ⅳ</td><td>Debtor who have effectively fallen into bankruptcy, although no facts have emerged to indicate legal or formal bankruptcy</td><td rowspan="2">Bankrupt or de facto bankrupt</td></tr>
<tr><td>10-2</td><td>Debtors in bankruptcy</td><td>Debtors who are legally and formally bankrupt</td></tr>
</table>

b. Retail Exposure

For the Six Months Ended September 30, 2008

Details on PD, LGD, RW and EAD Assets

(Billions of yen)

Type of exposure	Weighted-average PD	Weighted-average LGD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Retail exposure secured by residential properties	3.08%	48.35%	87.36%	80.96%	71%	726	495	230
Not default Not delinquent	0.43%	48.32%	/	/	39%	692	461	230
Not default Delinquent	24.15%	49.50%	/	/	436%	19	19	0
Not default Subtotal	1.09%	48.35%	/	/	50%	712	481	230
Default	100.00%	/	87.36%	80.96%	1,092%	14	14	0
Qualifying revolving retail exposure	—	—	—	—	—	—	—	—
Not default Not delinquent	—	—	/	/	—	—	—	—
Not default Delinquent	—	—	/	/	—	—	—	—
Not default Subtotal	—	—	/	/	—	—	—	—
Default	—	/	—	—	—	—	—	—
Other retail exposure	7.99%	64.10%	80.82%	73.54%	138%	47	39	8
Not default Not delinquent	1.16%	64.17%	/	/	72%	43	35	7
Not default Delinquent	24.73%	61.78%	/	/	338%	1	1	0
Not default Subtotal	1.84%	64.10%	/	/	79%	44	37	7
Default	100.00%	/	80.82%	73.54%	1,010%	2	2	0
Total	3.39%	49.28%	86.25%	79.70%	75%	774	535	238
Not default Not delinquent	0.47%	49.25%	/	/	41%	735	497	237
Not default Delinquent	24.18%	50.26%	/	/	430%	21	20	0
Not default Subtotal	1.14%	49.28%	/	/	52%	756	518	238
Default	100.00%	/	86.25%	79.70%	1,078%	17	17	0

Notes: 1. Purchased retail receivables in investment funds have been included in the amount subject to quantitative disclosure.
2. "Not default Delinquent" is not falling under a default definition in the Notification Regarding Capital Adequacy, but past-due.
3. Risk weights are equivalent to the total of the risk-weighted assets and the amount of dividing the expected loss by 8%, then dividing the result by exposure at default (EAD).
4. For defaulted exposure, the risk weights have been computed taking account of the unexpected losses on default (LGD default) and the expected losses on default (EL default).
5. As of September 30, 2008, the Bank held no Qualifying revolving retail exposure for which net withdrawals of commitments had occurred.

For the Six Months Ended September 30, 2007

Details on PD, LGD, RW and EAD Assets

(Billions of yen)

Type of exposure	Weighted-average PD	Weighted-average LGD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Retail exposure secured by residential properties	4.01%	40.80%	77.46%	71.65%	67%	396	396	0
Not default Not delinquent	0.37%	40.82%	/	/	27%	368	368	0
Not default Delinquent	21.04%	40.49%	/	/	334%	16	16	0
Not default Subtotal	1.27%	40.80%	/	/	41%	385	385	0
Default	100.00%	/	77.46%	71.65%	968%	11	11	0
Qualifying revolving retail exposure	—	—	—	—	—	—	—	—
Not default Not delinquent	—	—	/	/	—	—	—	—
Not default Delinquent	—	—	/	/	—	—	—	—
Not default Subtotal	—	—	/	/	—	—	—	—
Default	—	/	—	—	—	—	—	—
Other retail exposure	6.16%	43.41%	52.27%	48.70%	79%	70	66	4
Not default Not delinquent	1.41%	43.33%	/	/	48%	64	60	4
Not default Delinquent	17.45%	45.13%	/	/	191%	3	3	0
Not default Subtotal	2.15%	43.41%	/	/	55%	67	63	4
Default	100.00%	/	52.27%	48.70%	653%	2	2	0
Total	4.34%	41.19%	72.21%	66.87%	69%	467	462	4
Not default Not delinquent	0.52%	41.19%	/	/	31%	433	429	4
Not default Delinquent	20.48%	41.21%	/	/	311%	19	19	0
Not default Subtotal	1.40%	41.19%	/	/	43%	453	448	4
Default	100.00%	/	72.21%	66.87%	903%	13	13	0

Notes: 1. Purchased retail receivables in investment funds have been included in the amount subject to quantitative disclosure.

2. "Not default Delinquent" is not falling under a default definition in the Notification Regarding Capital Adequacy, but past-due.

3. Risk weights are equivalent to the total of the risk-weighted assets and the amount of dividing the expected loss by 8%, then dividing the result by exposure at default (EAD).

4. For defaulted exposure, the risk weights have been computed taking account of the unexpected losses on default (LGD default) and the expected losses on default (EL default).

5. As of September 30, 2007, the Bank held no Qualifying revolving retail exposure for which net withdrawals of commitments had occurred.

c. Actual Losses on Exposure to Corporate, Sovereign, Bank, and Retail Exposure

Actual Losses for the Previous Period, Comparison with the Year before Last Results and Analysis of Causes

(Billions of yen)

Type of exposure	As of September 30, 2008	As of September 30, 2007	Increase/(decrease)
Corporate exposure	**8**	4	**4**
Sovereign exposure	**—**	—	**—**
Bank exposure	**—**	—	**—**
Equity exposure subject to PD/LGD approach	**—**	—	**—**
Retail exposure secured by residential properties	**0**	0	**0**
Qualifying revolving retail exposure	**—**	—	**—**
Other retail exposure	**0**	0	**(0)**

Note: Actual losses are defined as losses due to direct write-offs, partial direct write-offs, general reserves for possible loan losses and loan sales of exposure that defaulted up to the end of the previous period.

Estimated Losses Depend on Historical Long-Term Results, Comparison with Actual Losses

(Billions of yen)

Type of exposure	As of September 30, 2008		As of September 30, 2007	
	Estimated losses	Actual losses	Estimated losses	Actual losses
Corporate exposure	**23**	**8**	14	4
Sovereign exposure	**0**	**—**	0	—
Bank exposure	**0**	**—**	0	—
Equity exposure subject to PD/LGD approach	**0**	**—**	0	—
Retail exposure secured by residential properties	**0**	**0**	0	0
Qualifying revolving retail exposure	**—**	**—**	—	—
Other retail exposure	**0**	**0**	0	0

(Billions of yen)

Type of exposure	As of March 31, 2008		As of March 31, 2007	
	Estimated losses	Actual losses	Estimated losses	Actual losses
Corporate exposure	29	7	27	18
Sovereign exposure	1	—	1	—
Bank exposure	0	—	0	—
Equity exposure subject to PD/LGD approach	1	0	0	0
Retail exposure secured by residential properties	1	0	—	—
Qualifying revolving retail exposure	—	—	—	—
Other retail exposure	0	0	0	0

Notes: 1. Comparisons of estimated and actual long-term losses for 10 years accumulatively are scheduled to be disclosed from the year following the application of Basel II (the year ended March 31, 2007).
2. The scope of actual and estimated losses includes the following accounts on balance sheet: loans, foreign exchange, accrued interests in other assets, suspense payable and customers' liabilities for acceptances and guarantees, as well as securities without quoted market values, money trusts without quoted market values, and monetary claims purchased.
3. Estimated losses of each year are amount of expected losses. For the first-half period, an amount equivalent to half of the expected losses for the full term is employed.

Year-on-year comparison of actual losses and factor analysis of difference between estimated losses and actual losses

For the first half of fiscal 2008, the actual loss amount increased year-on-year due to an increase in losses arising from defaults by corporate borrowers.

Actual loss amounts during the first-half period of fiscal 2008 (April to September 2008) remained at levels generally below the estimated losses at the beginning of the reporting period.

d. Exposure to Specialized Lending Products Subject to Supervisory Slotting Criteria by RW

Amount of Specialized Lending Exposure Subject to Supervisory Slotting Criteria by RW

(Billions of yen)

Classification	**As of September 30, 2008**	As of September 30, 2007
Specialized Lending exposure subject to supervisory slotting criteria	**856**	975
Specialized Lending, excluding High-Volatility Commercial Real Estate (HVCRE)	**685**	841
Risk weight of 50%	**109**	81
Risk weight of 70%	**344**	511
Risk weight of 90%	**178**	181
Risk weight of 115%	**1**	15
Risk weight of 250%	**13**	9
Risk weight of 0% (default)	**37**	42
High-Volatility Commercial Real Estate (HVCRE)	**171**	133
Risk weight of 70%	**106**	1
Risk weight of 95%	**3**	20
Risk weight of 120%	**10**	70
Risk weight of 140%	**41**	10
Risk weight of 250%	**10**	30
Risk weight of 0% (default)	**—**	—

Notes: 1. "Specialized Lending" refers to loans for Project Finance (PF), Object Finance (OF), Commodity Finance (CF) and Income-Producing Real Estate (IPRE) (as defined in the Notification Regarding Capital Adequacy, Article 1-1-41).

2. "High-Volatility Commercial Real Estate (HVCRE)" refers to loans that are the financing of commercial real estate that exhibits a higher rate of loss volatility compared to other types of Specialized Lending, as specified in the Notification Regarding Capital Adequacy, Article 1-1-43.

3. "Specialized Lending exposure subject to supervisory slotting criteria" refers to the amounts of Specialized Lending, subject to the Bank's internal rating system, and have been allotted to the risk asset classifications given in the Notification Regarding Capital Adequacy, Article 130-3 and Article 130-5, after taking account of risk weights.

4. For risk weights, the Bank has applied the stipulations contained in the Notification Regarding Capital Adequacy, Article 130-3 and Article 130-5.

e. Equity Exposure Subject to the Simple Risk-Weighted Method of the Market-Based Approach by RW

Amount of Equity Exposure Subject to the Simple Risk-Weighted Method of the Market-Based Approach

(Billions of yen)

Classification	As of September 30, 2008	As of September 30, 2007
Equity exposure subject to the simple risk-weighted method of the market-based approach by RW	**83**	83
Risk weight of 300%	**—**	—
Risk weight of 400%	**83**	83

Note: The "simple risk-weighted method of the market-based approach by RW" is a method for computing the amount of risk-weighted assets of equity and other investments. Under this method, the market value of listed stocks is multiplied by a risk weight of 300%, and the estimated value of unlisted stocks is multiplied by a risk weight of 400% (Notification Regarding Capital Adequacy, Article 143-4).

(4) EXPOSURE SUBJECT TO STANDARDIZED APPROACH BY RISK WEIGHT

Amount of Exposure Subject to Standardized Approach

(Billions of yen)

Classification	As of September 30, 2008		As of September 30, 2007	
	Exposure	Refer to ECAI	Exposure	Refer to ECAI
Exposure subject to Standardized Approach	**54**	**—**	396	—
Risk weight of 0%	**15**	**—**	16	—
Risk weight of 10%	**—**	**—**	1	—
Risk weight of 20%	**17**	**—**	33	—
Risk weight of 35%	**—**	**—**	173	—
Risk weight of 50%	**1**	**1**	3	—
Risk weight of 75%	**—**	**—**	95	—
Risk weight of 100%	**18**	**—**	69	—
Risk weight of 150%	**—**	**—**	0	—
Amount deducted from capital	**—**	**—**	—	—
Others	**0**	**—**	1	—

Notes: 1. Others are including risk weight to measure credit risk asset by look-through approach and the assets which are more than 150% risk weight.
2. For exposure computed by the Standardized Approach, the Bank does not refer to external ratings in applying risk weight in any case.

4. Items for Methods of Credit Risk Mitigation Techniques (Consolidated)

Amount of Exposure Subject to Credit Risk Mitigation Techniques (Eligible Financial Collateral, Other Eligible IRB Collateral, Guarantees, Credit Derivatives)

(Billions of yen)

Classification			As of September 30, 2008	As of September 30, 2007
Foundation Internal Ratings-Based Approach			**4,286**	7,984
	Eligible financial collateral		**4,161**	7,606
		Corporate exposure	**599**	765
		Sovereign exposure	**238**	—
		Bank exposure	**3,324**	6,840
	Other eligible IRB collateral		**—**	—
		Corporate exposure	**—**	—
		Sovereign exposure	**—**	—
		Bank exposure	**—**	—
	Guarantees, credit derivatives		**124**	378
		Corporate exposure	**124**	345
		Sovereign exposure	**0**	33
		Bank exposure	**—**	—
		Retail exposure secured by residential properties	**—**	—
		Qualifying revolving retail exposure	**—**	—
		Other retail exposure	**—**	—
Standardized Approach			**—**	—
	Eligible financial collateral		**—**	—
	Guarantees, Credit Derivatives		**—**	—

Notes: 1. The amount of exposure for which credit risk mitigation techniques have been used is limited to the portion for which such effects have been taken into account.

2. Exposure subject to treatment as credit risk exposure is not included.

5. Items for Counterparty Credit Risk in Derivative Transactions (Consolidated)

Methods Used for Calculating Amount of Credit Exposure

The current exposure method is adopted.

Breakdown of the Amount of Credit Exposure

(Billions of yen)

Classification		As of September 30, 2008	As of September 30, 2007
Total gross replacement costs (limited to items with a value of greater than zero)	(A)	**807**	215
Total gross add-ons	(B)	**498**	282
Gross credit exposure	(C) = (A)+(B)	**1,305**	498
Including, foreign exchange related		**1,231**	447
Including, interest rate related		**61**	42
Including, equity related		**3**	3
Including, credit derivatives		**9**	5
Amount of credit exposure before taking into account credit risk mitigation techniques due to collateral	(D)	**42**	236
Reduction in credit exposure due to netting contracts	(E) = (C)−(D)	**1,263**	261
Amount of collateral		**—**	0
Including eligible financial collateral		**—**	0
Amount of credit exposure after taking into account credit risk mitigation techniques due to collateral		**1,263**	261

Notes: 1. Derivatives transactions included in risk-weighted assets calculation for investment funds are not included.
2. Under the stipulations of the Notification Regarding Capital Adequacy, Article 56-1, the amount of credit exposure not computed has not been included.

Notional Principal Amount of Credit Derivatives Included in Computation of Credit Exposure

(Billions of yen)

Classification	As of September 30, 2008	As of September 30, 2007
To buy protection	**—**	—
Including credit default swaps	**—**	—
To sell protection	**99**	96
Including credit default swaps	**99**	96
Notional principal amount of credit derivatives taking into consideration the effect of credit risk mitigation techniques	**—**	—

Notes: 1. Credit derivatives included in risk-weighted assets for investment funds have not been taken into consideration.
2. Under the stipulations of the Notification Regarding Capital Adequacy, Article 10 and Article 56, the amount of credit risk assets not computed has not been included.

6. Items for Securitization Exposure (Consolidated)

Detail of Securitization Exposure Held as Originator

(Billions of yen)

Classification	As of September 30, 2008	As of September 30, 2007
Total amount of underlying assets	—	—
Amounts of securitization exposure	—	—
Increase in capital due to securitization transactions	—	—
Deducted from capital	—	—
Amounts of securitized exposure	—	—
Gains (losses) on sales of securitization transactions	—	—

As of September 30, 2008, the Bank has not been an originator for securitization exposure, having effects of credit risk mitigation.

Details of Securitization Exposure Held as Investor by Exposure Type

(Billions of yen)

Classification	As of September 30, 2008	
	Amount of exposure	Deductions from capital
Total amount of securitization exposure	6,825	25
Individuals		
Asset-Backed Securities (ABS)	2,880	0
Residential Mortgage-Backed Securities (RMBS)	755	2
Real estate		
Commercial Mortgage-Backed Securities (CMBS)	672	—
Corporates		
Subtotal of CDOs (CLO, ABS-CDO, CBO)	2,441	2
Collateralized Loan Obligations (CLO)	1,996	—
Asset-Backed Securities CDOs (ABS-CDO)	343	2
Collateralized Bond Obligations (CBO)	102	—
Others	75	19

(Billions of yen)

Classification	As of September 30, 2007	
	Amount of exposure	Deductions from capital
Amount of securitization exposure	4,877	32
Corporates	2,066	15
Individuals	1,691	0
Real estate	988	2
Other	130	13

Note: "Deduction from capital" is equity exposure deducted from capital under Article 224 of the Notification Regarding Capital Adequacy.

6. Items for Securitization Exposure (Consolidated)

Amount of Securitization Exposure Held as Investor and Regulatory Required Capital by Risk-Weighted Category

(Billions of yen)

Classification	As of September 30, 2008		As of September 30, 2007	
	Amount of exposure	Regulatory required capital	Amount of exposure	Regulatory required capital
Amount of securitization exposure	**6,825**	**114**	4,877	116
Risk weight: 20% or less	**6,314**	**50**	4,147	40
Risk weight: exceeding 20% to 50% or less	**217**	**6**	338	9
Risk weight: exceeding 50% to 100% or less	**209**	**14**	304	21
Risk weight: exceeding 100% to 250% or less	**39**	**7**	51	10
Risk weight: exceeding 250% to less than 1,250%	**19**	**10**	2	1
Deductions from capital	**25**	**25**	32	32

Risk-Weighted Assets Computed through Application of Appendix Article 15 of the Notification Regarding Capital Adequacy

Not applicable

7. Items for Market Risk (Consolidated)

Computation of the Market Risk Amount Using the Internal Models Approach

■ VaR

(Millions of yen)

	For the six months ended September 30, 2008	For the six months ended September 30, 2007
Base date of computation	**2008. 9. 30**	2007. 9. 28
VaR (For the most recent 60 business days)		
Base date of computation	**415**	112
Maximum	**446**	313
Minimum	**97**	100
Average	**206**	172

■ Amounts of Market Risk

(Millions of yen)

		For the six months ended September 30, 2008	For the six months ended September 30, 2007
For the portion computed with the internal models approach (B)+(E)	(A)	**618**	585
Value at Risk (MAX (C, D))	(B)	**618**	585
Amount on base date of computation	(C)	**415**	112
Amount determined by multiplying (F) by the average for the most recent 60 business days	(D)	**618**	585
Additional amount at the time of measuring individual risk	(E)	**0**	0
(Multiplier)	(F)	**3.0**	3.4
(Times exceeding VaR in back testing)	(G)	**3**	5

Note: With regard to validation of the Bank's internal model, the amount of risk calculated by the model is compared with the volatilities in actual profit and loss on a daily basis (known as back testing). When discrepancies between the model's estimates and actual results due to the designs of the model go beyond a certain level, the Bank scrutinizes the relevant model factors and revises the model if necessary.

8. Items for Equity Exposure (Consolidated)

(Includes items such as shares, excludes items in a trading account)

Amounts on the Balance Sheet and Market Value

(Billions of yen)

Classification	As of September 30, 2008		As of September 30, 2007	
	Amounts on the balance sheet	Market value	Amounts on the balance sheet	Market value
Equity exposure	**672**	**672**	1,114	1,114
Exposure to publicly traded equity	**493**	**493**	976	976
Exposure to privately held equity	**179**	**179**	138	138

Notes: 1. No stocks included in this table are fund-raising instruments of other financial institutions that the Bank holds deliberately as specified in the Notification Regarding Capital Adequacy, Article 8-1-1.
2. Regarding "market value," equities with quoted market values are evaluated at market, and those without market values are valued using the total amounts entered in the half-year consolidated balance sheet.

Amount of Gain (Loss) due to Sale or Write-Off

(Billions of yen)

Item	For the six months ended September 30, 2008			For the six months ended September 30, 2007		
	Gains from sale of equities, etc.	Losses from sales of equities, etc.	Write-offs of equities, etc.	Gains from sale of equities, etc.	Losses from sales of equities, etc.	Write-offs of equities, etc.
Equity exposure	**31**	**37**	**0**	19	0	25

Note: Amounts reflect relevant figures posted in the half-year consolidated income statements.

Amount of Valuation Gains (Losses)

(Billions of yen)

Item	As of September 30, 2008	As of September 30, 2007
Amount of valuation gain (loss) recognized on the balance sheet and not recognized in the statements of operations	**136**	324

Notes: 1. Exposure is to equity shares issued by both domestic and overseas companies.
2. No stocks included in this table are fund-raising instruments of other financial institutions that the Bank holds deliberately, as specified in the Notification Regarding Capital Adequacy, Article 8-1-1.

Unrealized Gains (Losses) Not Recognized on Consolidated Balance Sheets or Consolidated Statements of Income

Not applicable

Amount Included in Supplementary Capital (Tier II) Under Stipulations of the Notification Regarding Capital Adequacy, Article 6-1-1

(Billions of yen)

Item	As of September 30, 2008	As of September 30, 2007
Amount included in supplementary capital under the stipulations of the Notification Regarding Capital Adequacy, Article 6-1-1	**—**	145

Note: "Amount included in supplementary capital under the stipulations of the Notification Regarding Capital Adequacy, Article 6-1-1" is 45% of the total value of exposure to equity and other investments (excluding equities, etc., that are fund-raising instruments of other financial institutions that the Bank holds deliberately, as specified in the Notification Regarding Capital Adequacy, Article 8-1-1) classified under other securities at market value, minus the total book value of these securities.

Equity Exposure Subject to Treatment Under the Notification Regarding Capital Adequacy, Appendix Article 13

(Billions of yen)

Classification	As of September 30, 2008	As of September 30, 2007
	Amounts on the balance sheets	Amounts on the balance sheets
Equity exposure subject to treatment under the Notification Regarding Capital Adequacy, Appendix Article 13	**459**	630
Corporate	**444**	613
Bank	**9**	12
Sovereign	**5**	3

Note: Appendix Article 13 of the Notification Regarding Capital Adequacy specifies provisional methods for calculating the value of credit risk assets in exposure to equity and other investments that meets certain specified standards.

9. Items for Exposure Subject to Risk-Weighted Asset Calculation for Investment Fund (Consolidated)

Amount of Exposure Subject to Risk-Weighted Asset Calculation for Investment Fund

(Billions of yen)

Classification	As of September 30, 2008		As of September 30, 2007	
	Exposure	(For reference) Weighted-average risk weight	Exposure	(For reference) Weighted-average risk weight
Look-through approach	**15,637**	**57%**	17,339	65%
Majority approach	**795**	**332%**	1,041	354%
Mandate approach	**—**	**—**	—	—
Market-based approach	**1,798**	**199%**	4,039	186%
Others (simple approach)	**336**	**537%**	538	500%
Total	**18,567**	**86%**	22,959	103%

Notes: 1. The "Look-through approach" is a method for computing the risk-weighted assets in fund by totaling the amount of risk-weighted assets for credit risk in individual asset categories. (Please refer to Notification Regarding Capital Adequacy, Article 144-1.)

2. The "Majority approach" is a method for computing the risk-weighted assets in fund by applying risk weight to the fund as well as equity exposure when the exposure of equity, in terms of value, is major in a fund. (Please refer to the Notification Regarding Capital Adequacy, Article 144-2.)

3. The "Mandate approach" is a method for computing the risk-weighted assets in fund where only the investment mandate of the fund is known. The risk-weighted assets are computed as follows; It is assumed that the fund first invests, to the maximum extent allowed under its mandate, in the asset classes attracting the highest capital requirement, and then continues making investments in descending order until the maximum total investment level is reached. (Please refer to the Notification Regarding Capital Adequacy, Article 144-3.)

4. The "Market-based approach" is a method for computing the credit risk of exposure regarded as credit risk assets using the Bank's internal model (which is a value-at-risk (VaR) model based on the historical simulation method). (Please refer to the Notification Regarding Capital Adequacy, Article 144-4.)

5. The "Others (simple approach)" is a method for computing the risk-weighted assets in fund by applying risk weight of 400%, when it is judged the probability that the weighted-average risk weight will be less than 400%. In all other cases, risk weight of 1,250% is applied to funds. (Please refer to the Notification Regarding Capital Adequacy, Article 144-5.)

6. The items "(For reference) Weighted-average risk weight" is computed as follows: calculating the total risk-weighted assets and the amount of dividing the expected loss by 8%, then dividing the result by exposure at default (EAD).

10. Items for Interest-Rate Risk (Consolidated)

(Interest-rate risk (excluding trading account) is the gain or loss from interest-rate shocks or the increase or decrease in economic value used for internal management purposes.)

Interest-Rate Risk Volume Computed with the Internal Model in Core Business Accounts (The Banking Accounts)

(Billions of yen)

Classification	As of September 30, 2008	As of September 30, 2007
Interest-rate risk	**1,066**	1,463
Yen interest-rate risk	**(8)**	15
U.S. dollar interest-rate risk	**1,039**	1,275
Euro interest-rate risk	**26**	159
Interest-rate risk in other currencies	**9**	13

Notes: 1. In the banking book, the Bank's internal rule applies one year holding period and five year historical observation period as criteria for interest-rate risk volatility measurements. The Bank calculates the declines in economic value on a monthly basis by taking the first and 99th percentile risk measure.

2. Interest-rate risk in consolidated subsidiaries is limited in view of the size of their assets, so the interest-rate risk volume for the Bank on a non-consolidated basis is shown here.

3. Regarding core deposits, since the balances of deposits, etc., without maturity dates are limited, the Bank does not currently measure their risk volume. In addition, regarding repayments of mortgage-backed securities and callable securities before maturity, risk volume is measured after taking account of negative convexity and option vega due to call conditions and other factors.

1. Capital Structure (Non-Consolidated)

(1) CAPITAL ADEQUACY RATIO (NON-CONSOLIDATED)

Non-Consolidated Capital Adequacy Ratio (Basel capital adequacy standards) (Basel II)

Note: The Bank's capital adequacy ratio for the six months ended September 30, 2008 and 2007, was computed according to Basel II.

As of September 30

Items			Millions of yen		Millions of U.S. dollars
			2008	2007	**2008**
Tier I capital	Capital stock		**2,016,033**	1,484,017	**19,469**
	Included as non-cumulative, perpetual preferred stock		**24,999**	24,999	**241**
	Deposit for subscription to preferred stock		**—**	—	**—**
	Capital surplus		**25,020**	25,020	**241**
	Earned surplus		**1,363,857**	1,304,905	**13,171**
	Amount corresponding to the decrease in capital due to merger of subsidiaries		**—**	—	**—**
	Treasury stock		**—**	—	**—**
	Deposit for subscription to treasury stock		**—**	—	**—**
	Unrealized loss on other securities		**(1,083,515)**	—	**(10,463)**
	Foreign currency transaction adjustment		**(11)**	(2)	**(0)**
	Stock acquisition rights		**—**	—	**—**
	Amount corresponding to operating rights		**—**	—	**—**
	Goodwill and others		**—**	—	**—**
	Amount corresponding to the increase in capital due to securitization transactions		**—**	—	**—**
	Amount equivalent to 50% expected losses in excess of qualifying allowance		**64,733**	82,362	**625**
	Subtotal	(A)	**2,256,650**	2,731,579	**21,792**
	Including preferred securities with interest rate step-up clause		**—**	—	**—**
	(Ratio of the value of such preferred securities to Tier I capital)		**—**	—	**—**
Tier II capital	45% of unrealized gains on other securities		**—**	848,789	**—**
	45% of unrealized gains on land		**23,904**	24,653	**230**
	General reserve for possible loan losses		**29**	11	**0**
	Qualifying subordinated debt		**1,283,932**	1,466,520	**12,399**
	Included as perpetual subordinated bonds and loans		**963,700**	579,900	**9,306**
	Included as dated subordinated bonds, loans, and preferred stock		**320,232**	886,620	**3,092**
	Subtotal		**1,307,866**	2,339,975	**12,630**
	Tier II capital included as qualifying capital	(B)	**1,307,866**	2,339,975	**12,630**
Tier III capital	Short-term subordinated debt		**—**	—	**—**
	Including amount added to capital	(C)	**—**	—	**—**
Deductions	Deductions	(D)	**326,033**	359,845	**3,148**
Total Capital	(A)+(B)+(C)-(D)	(E)	**3,238,483**	4,711,709	**31,274**
Risk-weighted assets	Risk-weighted assets for credit risk	(F)	**26,166,254**	33,276,675	**252,691**
	Including on-balance sheet		**24,378,399**	30,949,327	**235,426**
	Including off-balance sheet		**1,787,854**	2,327,347	**17,265**
	Assets equivalent to market risk	(G)	**1,403,568**	3,292,086	**13,554**
	(For reference: actual market risk volume)	(H)	**112,285**	263,366	**1,084**
	Amount corresponding to operational risk (J)/8%	(I)	**1,024,690**	932,154	**9,895**
	(For reference: amount corresponding to operational risk)	(J)	**81,975**	74,572	**791**
	Total risk-weighted assets (F)+(G)+(I)	(K)	**28,594,513**	37,500,915	**276,142**
Basel II Capital Adequacy Ratio (Basel capital adequacy standards) = (E)/(K) x 100%			**11.32%**	12.56%	**11.32%**
Tier I ratio = (A)/(K) x 100%			**7.89%**	7.28%	**7.89%**
Non-Consolidated required capital			**2,287,561**	3,000,073	**22,091**

1. Capital Structure (Non-Consolidated)

Notes: 1. The Bank's capital adequacy ratio was computed according to the stipulations outlined in Notification No. 4 of the 2006 Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries of Japan (Standard for Judging the Management Soundness of the Norinchukin Bank) (hereinafter, Notification Regarding Capital Adequacy). Note that the Bank adopts Foundation Internal Ratings-Based Approach (F-IRB) in computing risk-weighted assets for credit risk and the Standardized Approach (TSA) in computing the amount corresponding to operational risk.

2. Regarding the calculation of capital adequacy ratio, certain procedures were performed by Ernst & Yang ShinNihon LLC pursuant to "Treatment of Inspection of Capital Ratio Calculation Framework Based on Agree-upon Procedures" (JICPA Industry Committee Report No. 30). It does not constitute a part of the audit on financial statements by law, but agree-upon procedures on internal control of capital adequacy calculation. Accordingly, Ernst & Young ShinNihon LLC is not required to express its opinion on the Bank's capital adequacy.

3. The Tier II capital item "general reserve for possible loan losses" is limited to the amount corresponding to assets which is calculated according to a Standardized Approach in terms of risk-weighted assets for credit risk.

4. Deductions are the total of the following: (1) the total amount of the value corresponding to deliberate holdings of instruments for raising capital issued by other financial institutions, (2) holdings of instruments issued for raising capital, issued by affiliated corporations conducting financial service businesses, (3) 50% of the expected value of losses on exposure to corporate, sovereign and bank, and expected losses on retail exposure over the value of qualified reserves, (4) expected losses on equity exposure, and (5) securitization exposure subject to deduction from capital (Notification Regarding Capital Adequacy, Article 20).

5. In computing risk-weighted assets for credit risk, the Bank has applied a scaling factor of 1.06 to the value of risk-weighted assets for credit risk computed based on its Foundation Internal Ratings-Based Approach (F-IRB), as provided for in the Notification Regarding Capital Adequacy, Article 129.

2. Items for Capital Adequacy (Non-Consolidated)

(Minimum amount of regulatory required capital and breakdown for each risk category as required under Basel II)

Regulatory Required Capital

(Billions of yen)

Items	As of September 30, 2008		As of September 30, 2007	
	EAD	**Regulatory Required Capital**	**EAD**	**Regulatory Required Capital**
Amount of regulatory required capital for credit risk	**71,217**	**2,434**	80,961	3,061
Exposure subject to Internal Ratings-Based Approach	**71,203**	**2,433**	80,953	3,060
Corporate exposure (excluding Specialized Lending)	**6,703**	**433**	7,723	390
Corporate exposure (Specialized Lending)	**856**	**81**	695	75
Sovereign exposure	**19,192**	**2**	23,557	0
Bank exposure	**13,735**	**111**	16,263	125
Retail exposure	**5**	**1**	4	0
Retail exposure secured by residential properties	**—**	**—**	—	—
Qualifying revolving retail exposure	**—**	**—**	—	—
Other retail exposure	**5**	**1**	4	0
Securitization exposure	**6,821**	**114**	4,877	116
Equity portfolios	**724**	**94**	1,173	169
Equity portfolios subject to PD/LGD approaches	**140**	**20**	85	13
Equity portfolios subject to simple risk-weighted method	**83**	**28**	82	28
Equities under the internal models approach	**17**	**4**	337	70
Grandfathered equity exposure	**483**	**40**	667	56
Exposure subject to risk-weighted asset calculation for investment fund	**22,317**	**1,539**	26,324	2,166
Other debt purchased	**71**	**2**	109	3
Other exposures	**774**	**53**	222	12
Exposure subject to Standardized Approach	**14**	**1**	8	0
Overdrafts	**0**	**0**	0	0
Prepaid expenses	**6**	**0**	4	0
Suspense payments	**7**	**0**	3	0
Other	**—**	**—**	0	0
Amount of regulatory required capital for market risk	**/**	**112**	/	263
Standardized Approach	**/**	**111**	/	262
Interest rate risk category	**/**	**—**	/	0
Equity risk category	**/**	**—**	/	—
Foreign exchange risk category	**/**	**111**	/	262
Commodity risk category	**/**	**—**	/	—
Option transactions	**/**	**—**	/	—
Internal models Approach	**/**	**0**	/	0
Amount of regulatory required capital for operational risk	**/**	**81**	/	74
Offsets on consolidation	**/**	**2,628**	/	3,399

Notes: 1. Regulatory required capital for credit risk = 8% of risk-weighted assets for credit risk + Expected losses + Deductions from capital

2. "Risk-weighted asset calculation for investment fund" is risk-weighted assets as calculated according to the method specified in Notification Regarding Capital Adequacy, Article 144.

3. Article 13 of the Notification Regarding Capital Adequacy contains a grand fathering provision for computing the amount of risk assets related to equity exposures that meet specified criteria.

4. Under "The Standardized Approach (TSA)," which is a method for computing the amount corresponding to operational risk, the gross profit for one year is allocated among the business activities as specified in Appendix Table 1 of the Notification Regarding Capital Adequacy. The multiplier specified for each business activity classification is multiplied by the gross profit, and the average of the annual totals for the past three years is taken to be the amount corresponding to operational risk (Notification Regarding Capital Adequacy, Article 282).

3. Items for Credit Risk (Non-Consolidated)

(Funds and securitization exposures are excluded.)

(1) CREDIT RISK EXPOSURE

For the Six Months Ended September 30, 2008

Geographic Distribution of Exposure, Details in Significant Areas by Major Types of Credit Exposure

(Billions of yen)

Region	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure
Japan	11,597	9,515	119	6,115	27,348	209
Asia except Japan	59	37	2	968	1,067	—
Europe	93	1,631	450	3,706	5,882	0
The Americas	282	4,672	199	3,597	8,751	—
Other areas	26	19	1	10	57	—
Total	12,059	15,876	773	14,397	43,107	210

Industry Distribution of Exposure, Details by Major Types of Credit Exposure

(Billions of yen)

Industry	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure	Write-off of loans (amounts of partial direct write-off)
Food products	573	125	0	0	699	14	—
Pulp and paper	210	34	0	0	244	3	—
Chemicals	537	102	0	0	639	11	—
Other manufacturing	902	130	0	0	1,034	16	0
Total for manufacturing	2,224	392	1	0	2,618	46	0
Agriculture, forestry and fishing	122	0	0	0	122	36	1
Construction	163	12	0	0	175	6	0
Utility	182	57	0	0	240	—	—
Information/telecommunications, transportation	765	136	2	0	903	5	—
Wholesaling, retailing	1,861	70	0	0	1,933	26	0
Services	1,387	64	0	1	1,454	35	3
Finance and insurance	1,485	4,496	769	12,873	19,625	3	0
Other non-manufacturing	3,866	10,645	0	1,522	16,034	48	0
Total for non-manufacturing	9,834	15,484	772	14,397	40,489	163	5
Total	12,059	15,876	773	14,397	43,107	210	6

Notes: 1. "Other non-manufacturing" includes the central government, local governments and related entities.
2. "Others" within "Finance and insurance" includes repo-type transactions, call loans, and certain other items.

3. Items for Credit Risk (Non-Consolidated)

Residual Contractual Maturity Breakdown of Credit Risk Exposure

(Billions of yen)

Term to maturity	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure
In 1 year	**8,406**	**286**	**198**	**10,754**	**19,646**
Over 1 year to 3 years	**1,571**	**1,617**	**571**	**0**	**3,760**
Over 3 years to 5 years	**1,188**	**2,695**	**0**	**57**	**3,941**
Over 5 years to 7 years	**488**	**1,190**	**0**	**4**	**1,684**
Over 7 years	**377**	**9,461**	**2**	**734**	**10,575**
No term to maturity	**26**	**625**	**0**	**2,847**	**3,498**
Total	**12,059**	**15,876**	**773**	**14,397**	**43,107**

Notes: 1. The amount of credit exposure at the end of the period does not substantially differ from the average-risk position for the six months ended September 30, 2008.
2. Within credit risk exposure, credit risk exposure subject to the Standardized Approach was ¥14.0 billion.
3. Default exposure is classified in the Bank's self-assessment as being under "Debtor Under Requirement of Control."

For the Six Months Ended September 30, 2007

Geographic Distribution of Exposure, Details in Significant Areas by Major Types of Credit Exposure

(Billions of yen)

Region	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure
Japan	15,622	10,985	33	4,109	30,750	224
Asia except Japan	67	23	2	1,079	1,172	—
Europe	122	3,534	163	5,045	8,865	—
The Americas	302	7,427	58	3,077	10,866	—
Other areas	40	13	3	0	57	—
Total	16,155	21,984	260	13,311	51,712	224

Industry Distribution of Exposure, Details by Major Types of Credit Exposure

(Billions of yen)

Industry	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure	Default exposure	Write-off of loans (amounts of partial direct write-off)
Food products	605	146	0	0	752	10	—
Pulp and paper	219	45	0	0	265	4	—
Chemicals	541	174	0	0	716	11	—
Other manufacturing	1,047	188	1	0	1,236	7	2
Total for manufacturing	2,413	555	1	0	2,970	33	2
Agriculture, forestry and fishing	119	0	—	0	119	37	0
Construction	180	15	0	0	196	0	—
Utility	158	62	0	0	221	—	—
Information/telecommunications, transportation	805	162	2	0	970	12	—
Wholesaling, retailing	1,916	94	0	0	2,012	37	0
Services	1,473	67	0	1	1,543	56	—
Finance and insurance	1,816	6,385	255	12,359	20,816	5	—
Other non-manufacturing	7,270	14,639	0	950	22,861	40	—
Total for non-manufacturing	13,742	21,429	258	13,311	48,741	190	0
Total	16,155	21,984	260	13,311	51,712	224	3

Notes: 1. "Other non-manufacturing" includes the central government, local governments and related entities.
2. "Others" within "Finance and insurance" includes repo-type transactions, call loans, and certain other items.

Residual Contractual Maturity Breakdown of Credit Risk Exposure

(Billions of yen)

Term to maturity	Loans, commitments, off-balance sheet exposure	Securities	Derivatives	Others	Total credit risk exposure
In 1 year	12,089	1,082	170	11,775	25,118
Over 1 year to 3 years	1,716	2,175	83	0	3,975
Over 3 years to 5 years	1,500	3,505	1	51	5,058
Over 5 years to 7 years	409	2,776	0	10	3,197
Over 7 years	407	11,363	4	719	12,494
No term to maturity	31	1,081	0	755	1,868
Total	16,155	21,984	260	13,311	51,712

Notes: 1. The amount of credit exposure at the end of the period does not substantially differ from the average-risk position for the six months ended September 30, 2007.
2. Within credit risk exposure, credit risk exposure subject to the Standardized Approach was ¥8.6 billion.
3. Default exposure is classified in the Bank's self-assessment as being under "Debtor Under Requirement of Control."

(2) RESERVES FOR POSSIBLE LOAN LOSSES

Increase/Decrease in General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and the Specific Reserve for Loans to Countries with Financial Problems by Region

(Billions of yen)

Region	As of September 30, 2008	As of September 30, 2007	Increase/(decrease)
General reserve for possible loan losses	**46**	31	**15**
Specific reserve for possible loan losses	**77**	91	**(14)**
Japan	**76**	91	**(15)**
Asia except Japan	**—**	—	**—**
Europe	**0**	—	**0**
The Americas	**—**	—	**—**
Other areas	**—**	—	**—**
Specified reserve for loans to countries with financial problems	**—**	0	**(0)**
Total	**123**	123	**0**

Increase/Decrease in General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and the Specified Reserve for Loans to Countries with Financial Problems by Industry

(Billions of yen)

Industry	As of September 30, 2008	As of September 30, 2007	Increase/(decrease)
General reserve for possible loan losses	**46**	31	**15**
Specific reserve for possible loan losses	**77**	91	**(14)**
Manufacturing:	**10**	9	**0**
Food products	**7**	5	**1**
Pulp and paper	**1**	1	**(0)**
Chemicals	**—**	—	**—**
Other manufacturing	**2**	2	**(0)**
Non-manufacturing	**66**	82	**(15)**
Agriculture, forestry and fishing	**17**	16	**1**
Construction	**1**	0	**1**
Utility	**—**	—	**—**
Information/telecommunications, transportation	**2**	9	**(6)**
Wholesaling, retailing	**19**	16	**2**
Services	**7**	20	**(12)**
Finance and insurance	**1**	1	**(0)**
Other non-manufacturing	**15**	17	**(2)**
Others	**—**	—	**—**
Specified reserve for loans to countries with financial problems	**—**	0	**(0)**
Total	**123**	123	**0**

(3) EXPOSURE SUBJECT TO THE INTERNAL RATINGS-BASED APPROACH

a. Corporate, Sovereign and Bank Exposure

For the Six Months Ended September 30, 2008

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Corporate Exposure	4.31%	40.87%	81%	6,703	5,188	1,514
1-1 to 4	0.15%	39.73%	31%	5,153	3,759	1,394
5 to 7	1.78%	44.64%	113%	807	733	74
8-1 to 8-2	19.26%	44.68%	353%	588	545	42
Subtotal	2.07%	40.78%	70%	6,550	5,038	1,511
8-3 to 10-2	100.00%	44.45%	558%	152	150	2
Sovereign Exposure	0.01%	44.42%	0%	19,192	15,346	3,846
1-1 to 4	0.00%	44.42%	0%	19,179	15,332	3,846
5 to 7	7.78%	45.00%	257%	13	13	—
8-1 to 8-2	—	—	—	—	—	—
Subtotal	0.01%	44.42%	0%	19,192	15,346	3,846
8-3 to 10-2	—	—	—	—	—	—
Bank Exposure	0.05%	31.71%	10%	13,735	8,076	5,658
1-1 to 4	0.04%	31.70%	10%	13,708	8,057	5,651
5 to 7	2.58%	45.00%	156%	18	11	6
8-1 to 8-2	7.07%	20.00%	100%	8	7	0
Subtotal	0.04%	31.71%	10%	13,735	8,076	5,658
8-3 to 10-2	100.00%	45.00%	563%	0	0	0
Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach	1.16%	90.00%	182%	140	132	7
1-1 to 4	0.13%	90.00%	135%	118	118	—
5 to 7	4.42%	90.00%	412%	21	14	7
8-1 to 8-2	19.91%	90.00%	783%	0	0	—
Subtotal	0.81%	90.00%	178%	139	132	7
8-3 to 10-2	100.00%	90.00%	1,125%	0	0	—

Notes: 1. Weighted averages of PD, LGD and risk weights are computed based on EAD (including on-balance and off-balance items).
2. Risk weights are equivalent to 8% of the total of the amount of risk-weighted assets and expected loss, divided by EAD.
3. "Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach" does not take account of Rider No. 13 to the Notification Regarding Capital Adequacy (regarding provisional measures for equity exposure).

For the Six Months Ended September 30, 2007

(Billions of yen)

Ratings	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight	EAD		
					EAD (on-balance sheet)	EAD (off-balance sheet)
Corporate Exposure	3.15%	40.41%	63%	7,723	5,609	2,114
1-1 to 4	0.15%	39.36%	29%	6,177	4,223	1,954
5 to 7	1.79%	44.71%	116%	1,126	997	128
8-1 to 8-2	19.26%	44.23%	347%	255	225	29
Subtotal	1.04%	40.32%	52%	7,558	5,446	2,112
8-3 to 10-2	100.00%	44.47%	558%	164	163	1
Sovereign Exposure	0.00%	45.96%	0%	23,557	22,813	744
1-1 to 4	0.00%	45.96%	0%	23,557	22,813	744
5 to 7	7.78%	45.00%	221%	0	0	—
8-1 to 8-2	—	—	—	—	—	—
Subtotal	0.00%	45.96%	0%	23,557	22,813	744
8-3 to 10-2	100.00%	45.00%	563%	0	0	—
Bank Exposure	0.04%	23.19%	10%	16,263	7,423	8,840
1-1 to 4	0.03%	23.16%	9%	16,237	7,403	8,833
5 to 7	2.52%	45.00%	156%	17	11	5
8-1 to 8-2	7.07%	23.71%	130%	7	7	0
Subtotal	0.04%	23.18%	10%	16,263	7,423	8,840
8-3 to 10-2	100.00%	45.00%	562%	0	0	0
Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach	0.29%	90.00%	204%	85	85	—
1-1 to 4	0.16%	90.00%	198%	81	81	—
5 to 7	2.04%	90.00%	304%	3	3	—
8-1 to 8-2	19.91%	90.00%	783%	0	0	—
Subtotal	0.29%	90.00%	204%	85	85	—
8-3 to 10-2	—	—	—	—	—	—

Notes: 1. Weighted averages of PD, LGD and risk weights are computed based on EAD (including on-balance and off-balance items).
2. Risk weights are equivalent to 8% of the total of the amount of risk-weighted assets and expected loss, divided by EAD.
3. "Equity Exposure for Credit Risk Using Internal Ratings: PD/LGD Approach" does not take account of Rider No. 13 to the Notification Regarding Capital Adequacy (regarding provisional measures for equity exposure).

b. Retail Exposure

For the Six Months Ended September 30, 2008

Details on PD, LGD, RW and EAD Assets

(Billions of yen)

Type of exposure	Weighted-average PD	Weighted-average LGD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Retail exposure secured by residential properties	4.72%	42.72%	83.52%	77.99%	79%	351	351	0
Not default Not delinquent	0.40%	42.74%	/	/	31%	324	324	0
Not default Delinquent	23.13%	42.28%	/	/	362%	14	14	0
Not default Subtotal	1.39%	42.72%	/	/	45%	339	339	0
Default	100.0%	/	83.52%	77.99%	1,044%	11	11	0
Qualifying revolving retail exposure	—	—	—	—	—	—	—	—
Not default Not delinquent	—	—	/	/	—	—	—	—
Not default Delinquent	—	—	/	/	—	—	—	—
Not default Subtotal	—	—	/	/	—	—	—	—
Default	—	/	—	—	—	—	—	—
Other retail exposure	12.73%	62.86%	64.75%	59.91%	155%	16	11	5
Not default Not delinquent	1.56%	62.97%	/	/	69%	14	9	4
Not default Delinquent	21.60%	59.78%	/	/	291%	0	0	0
Not default Subtotal	2.28%	62.86%	/	/	77%	14	9	4
Default	100.00%	/	64.75%	59.91%	809%	1	1	0
Total	5.08%	43.57%	81.07%	75.63%	82%	368	363	5
Not default Not delinquent	0.45%	43.60%	/	/	32%	339	334	4
Not default Delinquent	23.08%	42.89%	/	/	359%	15	15	0
Not default Subtotal	1.42%	43.57%	/	/	46%	354	349	4
Default	100.00%	/	81.07%	75.63%	1,013%	13	13	0

Notes: 1. Purchased retail receivables in investment funds have been included in the amount subject to quantitative disclosure.

2. "Not default Delinquent" is not falling under a default definition in the Notification Regarding Capital Adequacy, but past-due.

3. Risk weights are equivalent to the total of the risk-weighted assets and the amount of dividing the expected loss by 8%, then dividing the result by exposure at default (EAD).

4. For defaulted exposure, the risk weights have been computed taking account of the unexpected losses on default (LGD default) and the expected losses on default (EL default).

5. As of September 30, 2008, the Bank held no Qualifying revolving retail exposure for which net withdrawals of commitments had occurred.

For the Six Months Ended September 30, 2007

Details on PD, LGD, RW and EAD Assets

(Billions of yen)

Type of exposure	Weighted-average PD	Weighted-average LGD	Weighted-average LGD default	Weighted-average EL default	Weighted-average risk weight	EAD	EAD (on-balance sheet)	EAD (off-balance sheet)
Retail exposure secured by residential properties	4.01%	40.80%	77.46%	71.65%	67%	396	396	0
Not default Not delinquent	0.37%	40.82%	/	/	27%	368	368	0
Not default Delinquent	21.04%	40.49%	/	/	334%	16	16	0
Not default Subtotal	1.27%	40.80%	/	/	41%	385	385	0
Default	100.00%	/	77.46%	71.65%	968%	11	11	0
Qualifying revolving retail exposure	—	—	—	—	—	—	—	—
Not default Not delinquent	—	—	/	/	—	—	—	—
Not default Delinquent	—	—	/	/	—	—	—	—
Not default Subtotal	—	—	/	/	—	—	—	—
Default	—	/	—	—	—	—	—	—
Other retail exposure	6.16%	43.41%	52.27%	48.70%	79%	70	66	4
Not default Not delinquent	1.41%	43.33%	/	/	48%	64	60	4
Not default Delinquent	17.45%	45.13%	/	/	191%	3	3	0
Not default Subtotal	2.15%	43.41%	/	/	55%	67	63	4
Default	100.00%	/	52.27%	48.70%	653%	2	2	0
Total	4.34%	41.19%	72.21%	66.87%	69%	467	462	4
Not default Not delinquent	0.52%	41.19%	/	/	31%	433	429	4
Not default Delinquent	20.48%	41.21%	/	/	311%	19	19	0
Not default Subtotal	1.40%	41.19%	/	/	43%	453	448	4
Default	100.00%	/	72.21%	66.87%	903%	13	13	0

Notes: 1. Purchased retail receivables in investment funds have been included in the amount subject to quantitative disclosure.

2. "Not default Delinquent" is not falling under a default definition in the Notification Regarding Capital Adequacy, but past-due.

3. Risk weights are equivalent to the total of the risk-weighted assets and the amount of dividing the expected loss by 8%, then dividing the result by exposure at default (EAD).

4. For defaulted exposure, the risk weights have been computed taking account of the unexpected losses on default (LGD default) and the expected losses on default (EL default).

5. As of September 30, 2007, the Bank held no Qualifying revolving retail exposure for which net withdrawals of commitments had occurred.

c. Actual Losses on Exposure to Corporate, Sovereign, Bank, and Retail Exposure

Actual Losses for the Previous Period, Comparison with the Year before Last Results and Analysis of Causes

(Billions of yen)

Type of exposure	As of September 30, 2008	As of September 30, 2007	Increase/(decrease)
Corporate exposure	**8**	4	**4**
Sovereign exposure	**—**	—	**—**
Bank exposure	**—**	—	**—**
Equity exposure subject to PD/LGD approach	**—**	—	**—**
Retail exposure secured by residential properties	**—**	—	**—**
Qualifying revolving retail exposure	**—**	—	**—**
Other retail exposure	**0**	0	**0**

Note: Actual losses are defined as losses due to direct write-offs, partial direct write-offs, general reserves for possible loan losses and loan sales of exposure that defaulted up to the end of the previous period.

Estimated Losses Depend on Historical Long-Term Results, Comparison with Actual Losses

(Billions of yen)

Type of exposure	As of September 30, 2008		As of September 30, 2007	
	Estimated losses	Actual losses	Estimated losses	Actual losses
Corporate exposure	**22**	**8**	14	4
Sovereign exposure	**0**	**—**	0	—
Bank exposure	**0**	**—**	0	—
Equity exposure subject to PD/LGD approach	**0**	**—**	0	—
Retail exposure secured by residential properties	**—**	**—**	—	—
Qualifying revolving retail exposure	**—**	**—**	—	—
Other retail exposure	**0**	**0**	0	0

(Billions of yen)

Type of exposure	As of March 31, 2008		As of March 31, 2007	
	Estimated losses	Actual losses	Estimated losses	Actual losses
Corporate exposure	28	6	27	18
Sovereign exposure	1	—	1	—
Bank exposure	0	—	0	—
Equity exposure subject to PD/LGD approach	1	0	0	0
Retail exposure secured by residential properties	—	—	—	—
Qualifying revolving retail exposure	—	—	—	—
Other retail exposure	0	0	0	0

Notes: 1. Comparisons of estimated and actual long-term losses for 10 years accumulatively are scheduled to be disclosed from the year following the application of Basel II (the year ended March 31, 2007).

2. The scope of actual and estimated losses includes the following accounts on balance sheet: loans, foreign exchange, accrued interests in other assets, suspense payable and customers' liabilities for acceptances and guarantees, as well as securities without quoted market values, money trusts without quoted market values, and monetary claims purchased.

3. Estimated losses of each year are amount of expected losses. For the first-half period, an amount equivalent to half of the expected losses for the full term is employed.

Year-on-year comparison of actual losses and factor analysis of difference between estimated losses and actual losses

For the first half of fiscal 2008, the actual loss amount increased year-on-year due to an increase in losses arising from defaults by corporate borrowers.

Actual loss amounts during the first-half period of fiscal 2008 (April to September 2008) remained at levels generally below the estimated losses at the beginning of the reporting period.

d. Exposure to Specialized Lending Products Subject to Supervisory Slotting Criteria by RW

Amount of Specialized Lending Exposure Subject to Supervisory Slotting Criteria by RW

(Billions of yen)

Classification	**As of September 30, 2008**	As of September 30, 2007
Specialized Lending exposure subject to supervisory slotting criteria	**856**	975
Specialized Lending, excluding High-Volatility Commercial Real Estate (HVCRE)	**685**	841
Risk weight of 50%	**109**	81
Risk weight of 70%	**344**	511
Risk weight of 90%	**178**	181
Risk weight of 115%	**1**	15
Risk weight of 250%	**13**	9
Risk weight of 0% (default)	**37**	42
High-Volatility Commercial Real Estate (HVCRE)	**171**	133
Risk weight of 70%	**106**	1
Risk weight of 95%	**3**	20
Risk weight of 120%	**10**	70
Risk weight of 140%	**41**	10
Risk weight of 250%	**10**	30
Risk weight of 0% (default)	**—**	—

Notes: 1. "Specialized Lending" refers to loans for Project Finance (PF), Object Finance (OF), Commodity Finance (CF) and Income-Producing Real Estate (IPRE) (as defined in the Notification Regarding Capital Adequacy, Article 1-1-41).

2. "High-Volatility Commercial Real Estate (HVCRE)" refers to loans that are the financing of commercial real estate that exhibits a higher rate of loss volatility compared to other types of Specialized Lending, as specified in the Notification Regarding Capital Adequacy, Article 1-1-43.

3. "Specialized Lending exposure subject to supervisory slotting criteria" refers to the amounts of Specialized Lending, subject to the Bank's internal rating system, and have been allotted to the risk asset classifications given in the Notification Regarding Capital Adequacy, Article 130-3 and Article 130-5, after taking account of risk weights.

4. For risk weights, the Bank has applied the stipulations contained in the Notification Regarding Capital Adequacy, Article 130-3 and Article 130-5.

e. Equity Exposure Subject to the Simple Risk-Weighted Method of the Market-Based Approach by RW

Amount of Equity Exposure Subject to the Simple Risk-Weighted Method of the Market-Based Approach

(Billions of yen)

Classification	As of September 30, 2008	As of September 30, 2007
Equity exposure subject to the simple risk-weighted method of the market-based approach by RW	**83**	83
Risk weight of 300%	**—**	—
Risk weight of 400%	**83**	83

Note: The "simple risk-weighted method of the market-based approach by RW" is a method for computing the amount of risk-weighted assets of equity and other investments. Under this method, the market value of listed stocks is multiplied by a risk weight of 300%, and the estimated value of unlisted stocks is multiplied by a risk weight of 400% (Notification Regarding Capital Adequacy, Article 143-4).

(4) EXPOSURE SUBJECT TO STANDARDIZED APPROACH BY RISK WEIGHT

Amount of Exposure Subject to Standardized Approach

(Billions of yen)

Classification	As of September 30, 2008		As of September 30, 2007	
	Exposure	Refer to ECAI	Exposure	Refer to ECAI
Exposure subject to Standardized Approach	**14**	**—**	8	—
Risk weight of 0%	**—**	**—**	—	—
Risk weight of 10%	**—**	**—**	—	—
Risk weight of 20%	**—**	**—**	—	—
Risk weight of 35%	**—**	**—**	—	—
Risk weight of 50%	**—**	**—**	—	—
Risk weight of 75%	**—**	**—**	—	—
Risk weight of 100%	**14**	**—**	8	—
Risk weight of 150%	**—**	**—**	—	—
Risk weight of exceeding 150%	**—**	**—**	—	—
Amount deducted from capital	**—**	**—**	—	—

4. Items for Methods of Credit Risk Mitigation Techniques (Non-Consolidated)

Amount of Exposure Subject to Credit Risk Mitigation Techniques (Eligible Financial Collateral, Other Eligible IRB Collateral, Guarantees, Credit Derivatives)

(Billions of yen)

Classification	As of September 30, 2008	As of September 30, 2007
Foundation Internal Ratings-Based Approach	**4,286**	7,984
Eligible financial collateral	**4,161**	7,606
Corporate exposure	**599**	765
Sovereign exposure	**238**	—
Bank exposure	**3,324**	6,840
Other eligible IRB collateral	**—**	—
Corporate exposure	**—**	—
Sovereign exposure	**—**	—
Bank exposure	**—**	—
Guarantees, credit derivatives	**124**	378
Corporate exposure	**124**	345
Sovereign exposure	**0**	33
Bank exposure	**—**	—
Retail exposure secured by residential properties	**—**	—
Qualifying revolving retail exposure	**—**	—
Other retail exposure	**—**	—
Standardized Approach	**—**	—
Eligible financial collateral	**—**	—
Guarantees, Credit Derivatives	**—**	—

Notes: 1. The amount of exposure for which credit risk mitigation techniques have been used is limited to the portion for which such effects have been taken into account.
2. Exposure subject to treatment as credit risk exposure is not included.

5. Items for Counterparty Credit Risk in Derivative Transactions (Non-Consolidated)

Methods Used for Calculating Amount of Credit Exposure

The current exposure method is adopted.

Breakdown of the Amount of Credit Exposure

(Billions of yen)

Classification		As of September 30, 2008	As of September 30, 2007
Total gross replacement costs (limited to items with a value of greater than zero)	(A)	**807**	215
Total gross add-ons	(B)	**498**	282
Gross credit exposure	(C) = (A)+(B)	**1,305**	497
Including, foreign exchange related		**1,231**	447
Including, interest rate related		**61**	42
Including, equity related		**3**	3
Including, credit derivatives		**9**	5
Amount of credit exposure before taking into account credit risk mitigation techniques due to collateral	(D)	**42**	236
Reduction in credit exposure due to netting contracts	(E) = (C)−(D)	**1,263**	261
Amount of collateral		**—**	0
Including eligible financial collateral		**—**	0
Amount of credit exposure after taking into account credit risk mitigation techniques due to collateral		**1,263**	261

Notes: 1. Derivatives transactions included in risk-weighted assets calculation for investment funds are not included.
2. Under the stipulations of the Notification Regarding Capital Adequacy, Article 56-1, the amount of credit exposure not computed has not been included.

Notional Principal Amount of Credit Derivatives Included in Computation of Credit Exposure

(Billions of yen)

Classification	As of September 30, 2008	As of September 30, 2007
To buy protection	**—**	—
Including credit default swaps	**—**	—
To sell protection	**99**	96
Including credit default swaps	**99**	96
Notional principal amount of credit derivatives taking into consideration the effect of credit risk mitigation techniques	**—**	—

Notes: 1. Credit derivatives included in risk-weighted assets for investment funds have not been taken into consideration.
2. Under the stipulations of the Notification Regarding Capital Adequacy, Article 21-2 and Article 21-3, the amount of credit risk assets not computed has not been included.

6. Items for Securitization Exposure (Non-Consolidated)

Detail of Securitization Exposure Held as Originator

(Billions of yen)

Classification	As of September 30, 2008	As of September 30, 2007
Total amount of underlying assets	—	—
Amounts of securitization exposure	—	—
Increase in capital due to securitization transactions	—	—
Deducted from capital	—	—
Amounts of securitized exposure	—	—
Gains (losses) on sales of securitization transactions	—	—

As of September 30, 2008, the Bank has not been an originator for securitization exposure, having effects of credit risk mitigation.

Details of Securitization Exposure Held as Investor by Exposure Type

(Billions of yen)

Classification	As of September 30, 2008	
	Amount of exposure	Deductions from capital
Total amount of securitization exposure	**6,823**	**25**
Individuals		
Asset-Backed Securities (ABS)	**2,880**	**—**
Residential Mortgage-Backed Securities (RMBS)	**755**	**2**
Real estate		
Commercial Mortgage-Backed Securities (CMBS)	**670**	**—**
Corporates		
Subtotal of CDOs (CLO, ABS-CDO, CBO)	**2,441**	**2**
Collateralized Loan Obligations (CLO)	**1,996**	**—**
Asset-Backed Securities CDOs (ABS-CDO)	**343**	**2**
Collateralized Bond Obligations (CBO)	**102**	**—**
Others	**75**	**19**

(Billions of yen)

Classification	As of September 30, 2007	
	Amount of exposure	Deductions from capital
Amount of securitization exposure	4,877	32
Corporates	2,066	15
Individuals	1,691	0
Real estate	988	2
Other	130	13

Note: "Deduction from capital" is equity exposure deducted from capital under Article 224 of the Notification Regarding Capital Adequacy.

6. Items for Securitization Exposure (Non-Consolidated)

Amount of Securitization Exposure Held as Investor and Regulatory Required Capital by Risk-Weighted Category

(Billions of yen)

Classification	As of September 30, 2008		As of September 30, 2007	
	Amount of exposure	Regulatory required capital	Amount of exposure	Regulatory required capital
Amount of securitization exposure	**6,823**	**114**	4,877	116
Risk weight: 20% or less	**6,314**	**50**	4,147	40
Risk weight: exceeding 20% to 50% or less	**215**	**6**	338	9
Risk weight: exceeding 50% to 100% or less	**209**	**14**	304	21
Risk weight: exceeding 100% to 250% or less	**39**	**7**	51	10
Risk weight: exceeding 250% to less than 1,250%	**19**	**10**	2	1
Deductions from capital	**25**	**25**	32	32

Risk-Weighted Assets Computed through Application of Appendix Article 15 of the Notification Regarding Capital Adequacy

Not applicable

7. Items for Market Risk (Non-Consolidated)

Computation of the Market Risk Amount Using the Internal Models Approach

■ VaR

(Millions of yen)

	For the six months ended September 30, 2008	For the six months ended September 30, 2007
Base date of computation	**2008. 9. 30**	2007. 9. 28
VaR (For the most recent 60 business days)		
Base date of computation	**415**	112
Maximum	**446**	313
Minimum	**97**	100
Average	**206**	172

■ Amounts of Market Risk

(Millions of yen)

		For the six months ended September 30, 2008	For the six months ended September 30, 2007
For the portion computed with the internal models approach (B)+(E)	(A)	**618**	585
Value at Risk (MAX (C, D))	(B)	**618**	585
Amount on base date of computation	(C)	**415**	112
Amount determined by multiplying (F) by the average for the most recent 60 business days	(D)	**618**	585
Additional amount at the time of measuring individual risk	(E)	**0**	0
(Multiplier)	(F)	**3.0**	3.4
(Times exceeding VaR in back testing)	(G)	**3**	5

8. Items for Equity Exposure (Non-Consolidated)

(Includes items such as shares, excludes items in a trading account)

Amounts on the Balance Sheet and Market Value

(Billions of yen)

Classification	As of September 30, 2008		As of September 30, 2007	
	Amounts on the balance sheet	Market value	Amounts on the balance sheet	Market value
Equity exposure	**715**	**715**	1,170	1,170
Exposure to publicly traded equity	**493**	**493**	976	976
Exposure to privately held equity	**222**	**222**	194	194

Notes: 1. No stocks included in this table are fund-raising instruments of other financial institutions that the Bank holds deliberately as specified in the Notification Regarding Capital Adequacy, Article 20-1-1.

2. Regarding "market value," equities with quoted market values are evaluated at market, and those without market values are valued using the total amounts entered in the half-year balance sheet.

Amount of Gain (Loss) due to Sale or Write-Off

(Billions of yen)

Item	For the six months ended September 30, 2008			For the six months ended September 30, 2007		
	Gains from sale of equities, etc.	Losses from sales of equities, etc.	Write-offs of equities, etc.	Gains from sale of equities, etc.	Losses from sales of equities, etc.	Write-offs of equities, etc.
Equity exposure	**31**	**37**	**0**	19	0	25

Note: Amounts reflect relevant figures posted in the half-year income statements.

Amount of Valuation Gains (Losses)

(Billions of yen)

Item	As of September 30, 2008	As of September 30, 2007
Amount of valuation gain (loss) recognized on the balance sheet and not recognized in the statements of operations	**136**	324

Notes: 1. Exposure is to equity shares issued by both domestic and overseas companies.

2. No stocks included in this table are fund-raising instruments of other financial institutions that the Bank holds deliberately, as specified in the Notification Regarding Capital Adequacy, Article 20-1-1.

Unrealized Gains (Losses) Not Recognized on Non-Consolidated Balance Sheets or Non-Consolidated Statements of Income

Not applicable

Amount Included in Supplementary Capital (Tier II) Under the Stipulations of the Notification Regarding Capital Adequacy, Article 18-1-1

(Billions of yen)

Item	**As of September 30, 2008**	As of September 30, 2007
Amount included in supplementary capital under the stipulations of the Notification Regarding Capital Adequacy, Article 18-1-1	**—**	145

Note: "Amount included in supplementary capital under the stipulations of the Notification Regarding Capital Adequacy, Article 18-1-1" is 45% of the total value of exposure to equity and other investments (excluding equities, etc., that are fund-raising instruments of other financial institutions that the Bank holds deliberately, as specified in the Notification Regarding Capital Adequacy, Article 20-1-1) classified under other securities at market value, minus the total book value of these securities.

Equity Exposure Subject to Treatment Under the Notification Regarding Capital Adequacy, Appendix Article 13

(Billions of yen)

Classification	**As of September 30, 2008**	As of September 30, 2007
	Amounts on the balance sheets	**Amounts on the balance sheets**
Equity exposure subject to treatment under the Notification Regarding Capital Adequacy, Appendix Article 13	**483**	667
Corporate	**448**	631
Bank	**29**	32
Sovereign	**5**	3

Note: Appendix Article 13 of the Notification Regarding Capital Adequacy specifies provisional methods for calculating the value of credit risk assets in exposure to equity and other investments that meets certain specified standards.

9. Items for Exposure Subject to Risk-Weighted Asset Calculation for Investment Fund (Non-Consolidated)

Amount of Exposure Subject to Risk-Weighted Asset Calculation for Investment Fund

(Billions of yen)

Classification	As of September 30, 2008		As of September 30, 2007	
	Exposure	**(For reference) Weighted-average risk weight**	**Exposure**	**(For reference) Weighted-average risk weight**
Look-through approach	**15,636**	**57%**	17,339	65%
Majority approach	**795**	**332%**	1,040	354%
Mandate approach	**—**	**—**	—	—
Market-based approach	**1,798**	**199%**	4,039	186%
Others (simple approach)	**335**	**537%**	538	500%
Total	**18,565**	**86%**	22,958	103%

Notes: 1. The "Look-through approach" is a method for computing the risk-weighted assets in fund by totaling the amount of risk-weighted assets for credit risk in individual asset categories. (Please refer to Notification Regarding Capital Adequacy, Article 144-1.)

2. The "Majority approach" is a method for computing the risk-weighted assets in fund by applying risk weight to the fund as well as equity exposure when the exposure of equity, in terms of value, is major in a fund. (Please refer to the Notification Regarding Capital Adequacy, Article 144-2.)

3. The "Mandate approach" is a method for computing the risk-weighted assets in fund where only the investment mandate of the fund is known. The risk-weighted assets are computed as follows; It is assumed that the fund first invests, to the maximum extent allowed under its mandate, in the asset classes attracting the highest capital requirement, and then continues making investments in descending order until the maximum total investment level is reached. (Please refer to the Notification Regarding Capital Adequacy, Article 144-3.)

4. The "Market-based approach" is a method for computing the credit risk of exposure regarded as credit risk assets using the Bank's internal model (which is a value-at-risk (VaR) model based on the historical simulation method). (Please refer to the Notification Regarding Capital Adequacy, Article 144-4.)

5. The "Others (simple approach)" is a method for computing the risk-weighted assets in fund by applying risk weight of 400%, when it is judged the probability that the weighted-average risk weight will be less than 400%. In all other cases, risk weight of 1,250% is applied to funds. (Please refer to the Notification Regarding Capital Adequacy, Article 144-5.)

6. The items "(For reference) Weighted-average risk weight" is computed as follows: calculating the total risk-weighted assets and the amount of dividing the expected loss by 8%, then dividing the result by exposure at default (EAD).

10. Items for Interest-Rate Risk (Non-Consolidated)

(Interest-rate risk (excluding trading account) is the gain or loss from interest-rate shocks or the increase or decrease in economic value used for internal management purposes.)

Interest-Rate Risk Volume Computed with the Internal Model in Core Business Accounts (The Banking Accounts)

(Billions of yen)

Classification	As of September 30, 2008	As of September 30, 2007
Interest-rate risk	**1,066**	1,463
Yen interest-rate risk	**(8)**	15
U.S. dollar interest-rate risk	**1,039**	1,275
Euro interest-rate risk	**26**	159
Interest-rate risk in other currencies	**9**	13

Note: Regarding core deposits, since the balances of deposits, etc., without maturity dates are limited, the Bank does not currently measure their risk volume. In addition, regarding repayments of mortgage-backed securities and callable securities before maturity, risk volume is measured after taking account of negative convexity and option vega due to call conditions and other factors.