# Financial Section

# Financial Review

## Economic and Fiscal Environments

The economic environment in fiscal 2007—the consolidated fiscal year ended March 31, 2008—was characterized by more challenges than opportunities. Overseas, financial instability, triggered by the U.S. subprime loan problem, has been spreading through world markets since the summer of 2007, prompting signs of economic slowdown in key markets, especially the United States. In Japan, concerns about the rising cost of oil and the troubled U.S. economy heightened uncertainty over the direction that the domestic economy would take. Indeed, business conditions have been rather sluggish since early 2008.

In the domestic finance industry, short-term interest rates hovered at the Bank of Japan's guidepost of 0.5%. Long-term interest rates shifted into the upper one-percentile range in fiscal 2006 but traced a downward path in the second half of fiscal 2007, owing to uncertainty over the direction of the economy, and settled into the 1.2% range by March 31, 2008. The Nikkei Stock Average hit 18,000 in June 2007, touching this level the first time in about seven years, but then tumbled from this position and ended the term around 12,000. In the foreign exchange market, growing concern over the state of the U.S. economy sustained a high yen/low dollar situation into the second half of fiscal 2007. In mid-March 2008, the yen strengthened against the U.S. dollar, moving into the ¥95 range for a time, but returned to the vicinity of ¥100 by March 31, 2008.

## Fiscal 2007 Consolidated Performance

As of March 31, 2008, deposits amounted to ¥8,830.5 billion, edging up 3.5% from a year earlier. Loans and bills discounted reached ¥7,852.0 billion, up 6.4%. Securities came to ¥4,647.9 billion, up 3.0%.

Total assets stood at ¥14,472.8 billion, up 2.7%.

Against the combined value of total shareholders' equity at March 31, 2008, and minority interests, net assets shrank 10.4% year-on-year, to ¥1,019.2 billion.

On the profit-and-loss front, total income rose 0.1%, to ¥468.5 billion, and total expenses jumped 15.4%, to ¥332.7 billion. As a result, income before income taxes and minority interests decreased 24.4%, to ¥135.7 billion, net income tumbled 36.3%, to ¥71.8 billion, and net income per share dropped to ¥70.55, compared with ¥123.33 a year earlier.

The consolidated capital adequacy ratio, calculated according to domestic criteria, was 13.84% in fiscal 2007, up from 12.13% in fiscal 2006.

## Segment Information

The trust and banking business generated total ordinary income of ¥430.7 billion and ordinary expenses of ¥306.0 billion, leading to ordinary profit of ¥124.6 billion. Other finance-related operations generated ordinary income of ¥235.8 billion and ordinary expenses of ¥49.7 billion, for ordinary profit of ¥186.1 billion.

## Cash Flows

Net cash provided by operating activities in fiscal 2007 reached ¥427.9 billion, down ¥93.8 billion from fiscal 2006, reflecting a net increase in loans and bills discounted.

Net cash used in investing activities amounted to ¥574.2 billion, down ¥6.2 billion from fiscal 2006, primarily due to higher purchases of securities.

Net cash used in financing activities came to ¥4.8 billion, down ¥2.1 billion from fiscal 2006.

Cash and cash equivalents at the end of the year settled at ¥151.8 billion, down ¥151.2 billion from a year earlier.

## Non-Consolidated Fiscal 2007 Performance

Total assets of Chuo Mitsui Trust Holdings stood at ¥898.9 billion, primarily owing to an increase in current assets, such as deposits. Net assets reached ¥748.5 billion, for net assets per share of ¥386.22.

Supported by major increase in dividends received from subsidiaries, income before income taxes and minority interests soared to ¥179.2 billion, net income skyrocketed to ¥179.4 billion, and net income per share of common stock zoomed to ¥182.46.

## Dividends

In view of its public duty as a financial institution, Chuo Mitsui Trust HoldingsÅf basic policy on dividends is underscored by an unwavering commitment to ensure an appropriate level of retained earnings while maintaining stable dividends for shareholders.

Seeking to reinforce shareholder returns in line with basic policy, the Company raised dividends ¥2.00 per share of common stock fiscal 2007, to ¥7.00 per share of common stock, taking fiscal results into the dividend calculation. Dividends on preferred stock remained the same as in fiscal 2006: ¥14.40 for class II preferred; and ¥20.00 per share for class III preferred.

# How to Read the Financial Statements of Trust Banks

## Trust Account and Banking Account

Trust banks keep two types of account: the banking account, which is the institution's own; and the trust account, which is the account of beneficiaries. Trust banks have a number of trust accounts, reflecting the fact that they must separately administer the assets of each trust contract. In principle, details of individual accounts are disclosed only to trustors or beneficiaries. Nevertheless, the total balances of money and pension trusts are recorded in the trust account's aggregate balance sheet. The main assets and liabilities of the trust account with principal guarantee agreement are also disclosed.

Although trust assets nominally belong to trust banks, in fact they belong to the beneficiaries. The institutions therefore receive trust fees for managing these accounts. After deductions for fees and expenses, the profits generated with these accounts all become trust assets.

Trust fees represent one source of income in the banking account. In other words, the banking account income statement reflects both earnings from banking operations and from trust operations.

## The Concept of Net Operating Profit *(Gyomu Juneki)*

To calculate core profits—excluding items outside core operations, such as stock earnings and losses and write-offs of non-performing assets—we calculate the net operating profit by selecting only those items that express the earnings from core operations from within the income statement.

Net operating profit is calculated by subtracting the general and administrative expenses and the transfer to the general reserve for possible loan losses from gross operating profit. Gross operating profit comprises:

- Net interest income (such as from deposits, loans and marketable securities);
- Net fees and commissions (trust fees, and fees and commissions);
- Net trading gains (earnings from trading purpose transactions); and
- Net other operating income (such as earnings from foreign exchange and bond trading).

## Net Operating Profit at Trust Banks

In addition to net operating profit, trust banks disclose net operating profit before trust account write-offs. With trust banks, the net operating profit calculated according to the formula mentioned above does not adequately reflect the profitability of core operations. Trust fees, which are part of business profit, are calculated after subtracting loan write-offs in the trust account. Therefore, net operating profit is smaller than a trust bank's actual profitability in core operations.

To adjust for this difference and more accurately reflect the profitability of core operations, trust banks calculate net operating profit before trust account write-offs. This allows a comparison with other banks according to net operating profit.

Pre-provision profit is calculated by adding back the transfer to general reserve for possible loan losses from net operating profit before trust account write-offs. The purpose of this calculation is to show the trend of a bank's earning power by eliminating all credit costs including transfers to general reserves.

**• The Relationship between Ordinary Income and Net Operating Profit**

| Gross ordinary income (A) | Ordinary expenses (B) |
|---|---|
| Trust fees ① | Interest expense ② |
| Interest income ① | Fees and commissions ② |
| Fees and commissions ① | Trading losses ② |
| Trading gains ① | Other operating expenses ② |
| Other operating income ① | General and administrative expenses |
| Other income | Other expenses |

**Ordinary income**
This is calculated by deducting ordinary expenses (B) from gross ordinary income (A).
**Gross operating profit**
The amount remaining after subtracting the highlighted areas in box ② from those in box ① is nearly equal to gross operating profit.
**Net operating profit**
This results from subtracting general and administrative expenses and the transfer to general reserve for possible loan losses from gross operating profit. The transfer to the general reserve for possible loan losses is part of other expenses.

**• Sample Calculation of Net Operating Profit before Trust Account Write-Offs**

| Net operating profit other than for trust fees | Trust fees before loan write-offs | |
|---|---|---|
| Net operating profit other than for trust fees (a) | Trust fees (b) | Loan write-offs in the trust account (c) |
| 150 | 70 | 30 |

| Net operating profit (a+b) |
|---|
| 220 |

| Net operating profit before trust account write-offs (a+b+c) |
|---|
| 250 |

# Consolidated Balance Sheets

Chuo Mitsui Trust Holdings, Inc. (Formerly, Mitsui Trust Holdings, Inc.) and Consolidated Subsidiaries
As of March 31, 2008 and 2007

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **ASSETS** | | | |
| Cash and cash equivalents | **¥ 151,850** | ¥ 303,133 | **$ 1,515,620** |
| Due from banks other than due from the Bank of Japan | **60,702** | 194,963 | **605,871** |
| Call loans and bills bought | **204,862** | 111,121 | **2,044,735** |
| Receivables under securities borrowing transactions | **104,003** | 80,099 | **1,038,058** |
| Monetary claims bought (Note 4) | **111,422** | 104,146 | **1,112,111** |
| Trading assets (Note 4) | **42,886** | 52,803 | **428,051** |
| Securities (Notes 4 and 11) | **4,647,960** | 4,511,730 | **46,391,463** |
| Money held in trust (Note 5) | **2,463** | 2,710 | **24,587** |
| Loans and bills discounted (Notes 6 and 11) | **7,852,066** | 7,377,362 | **78,371,754** |
| Foreign exchanges (Note 7) | **811** | 940 | **8,100** |
| Other assets (Notes 8 and 11) | **427,978** | 351,678 | **4,271,666** |
| Premises and equipment (Note 9) | **132,794** | 203,672 | **1,325,428** |
| Intangible fixed assets (Note 10) | **73,499** | 77,163 | **733,596** |
| Deferred tax assets (Note 29) | **144,995** | 82,850 | **1,447,210** |
| Customers' liabilities for acceptances and guarantees (Note 12) | **584,076** | 711,121 | **5,829,689** |
| Allowance for possible loan losses | **(69,535)** | (74,974) | **(694,035)** |
| **Total assets** | **¥14,472,837** | ¥14,090,523 | **$144,453,910** |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities:** | | | |
| Deposits (Notes 11 and 13) | **¥ 8,830,588** | ¥ 8,529,710 | **$ 88,138,422** |
| Call money and bills sold (Note 11) | **291,581** | 547,378 | **2,910,289** |
| Payables under repurchase agreements (Note 11) | **24,197** | 114,467 | **241,511** |
| Payables under securities lending transactions (Note 11) | **1,797,121** | 1,062,543 | **17,937,129** |
| Trading liabilities | **8,185** | 4,398 | **81,698** |
| Borrowed money (Notes 11 and 14) | **474,369** | 393,235 | **4,734,701** |
| Foreign exchanges (Note 7) | **10** | 48 | **105** |
| Subordinated bonds (Note 15) | **176,261** | 195,119 | **1,759,272** |
| Subordinated convertible bonds (Note 15) | **—** | 47 | **—** |
| Payables to trust account | **1,051,839** | 1,222,593 | **10,498,447** |
| Other liabilities (Note 16) | **188,125** | 131,796 | **1,877,690** |
| Reserve for bonus payment | **3,260** | 3,247 | **32,541** |
| Reserve for retirement benefits for directors and corporate auditors | **1,301** | 1,060 | **12,993** |
| Reserve for employee retirement benefits (Note 17) | **2,262** | 2,107 | **22,583** |
| Reserve for contingent losses (Note 18) | **12,859** | 9,934 | **128,355** |
| Deferred tax liabilities (Note 29) | **7,580** | 24,346 | **75,657** |
| Acceptances and guarantees (Note 12) | **584,076** | 711,121 | **5,829,689** |
| **Total liabilities** | **13,453,622** | 12,953,158 | **134,281,088** |
| **Commitments and contingent liabilities** (Note 19) | | | |
| **Equity** (Note 20)**:** | | | |
| Common stock and preferred stock (Note 21) | **261,608** | 261,608 | **2,611,126** |
| Capital surplus | **127,347** | 127,342 | **1,271,056** |
| Retained earnings | **441,646** | 378,812 | **4,408,089** |
| Net unrealized gains on available-for-sale securities | **57,239** | 259,248 | **571,305** |
| Deferred gains (losses) on derivatives under hedge accounting | **917** | (7,439) | **9,159** |
| Land revaluation difference | **(15,532)** | (15,532) | **(155,031)** |
| Foreign currency translation adjustments | **(66)** | 53 | **(662)** |
| Treasury stock—at cost 280,082 shares in 2008 and 213,109 shares in 2007 | **(261)** | (195) | **(2,612)** |
| **Total** | **872,898** | 1,003,897 | **8,712,429** |
| Minority interests | **146,316** | 133,467 | **1,460,391** |
| **Total equity** | **1,019,214** | 1,137,364 | **10,172,821** |
| **Total liabilities and equity** | **¥14,472,837** | ¥14,090,523 | **$144,453,910** |

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

# Consolidated Statements of Income

Chuo Mitsui Trust Holdings, Inc. (Formerly, Mitsui Trust Holdings, Inc.) and Consolidated Subsidiaries
Fiscal years ended March 31, 2008 and 2007

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **Income:** | | | |
| Interest income: | | | |
| Interest on loans and bills discounted | **¥116,328** | ¥ 84,450 | **$1,161,074** |
| Interest and dividends on securities | **82,918** | 70,958 | **827,614** |
| Interest on call loans and bills bought | **1,755** | 991 | **17,520** |
| Other interest income (Note 22) | **6,007** | 5,047 | **59,957** |
| Trust fees (Note 23) | **68,644** | 75,565 | **685,147** |
| Fees and commissions | **123,888** | 133,119 | **1,236,538** |
| Trading gains | **2,063** | 3,291 | **20,592** |
| Other operating income (Note 24) | **15,718** | 6,491 | **156,889** |
| Other income (Note 25) | **51,193** | 88,089 | **510,967** |
| **Total income** | **468,518** | 468,005 | **4,676,303** |
| **Expenses:** | | | |
| Interest expenses: | | | |
| Interest on deposits | **43,484** | 26,799 | **434,024** |
| Interest on call money and bills sold | **9,380** | 4,599 | **93,629** |
| Interest on borrowings | **5,833** | 4,520 | **58,227** |
| Other interest expenses (Note 26) | **40,652** | 26,687 | **405,756** |
| Fees and commissions | **15,004** | 15,059 | **149,756** |
| Trading losses | **23** | 120 | **234** |
| Other operating expenses (Note 27) | **9,120** | 5,846 | **91,032** |
| General and administrative expenses | **139,149** | 121,725 | **1,388,855** |
| Other expenses (Note 28) | **70,096** | 83,014 | **699,634** |
| **Total expenses** | **332,746** | 288,373 | **3,321,150** |
| **Income before income taxes and minority interests** | **135,772** | 179,632 | **1,355,152** |
| **Income taxes** (Note 29): | | | |
| Current | **15,483** | 19,003 | **154,543** |
| Deferred | **42,967** | 41,905 | **428,858** |
| **Total income taxes** | **58,451** | 60,908 | **583,401** |
| **Minority interests in net income** | **5,484** | 5,930 | **54,739** |
| **Net income** | **¥ 71,837** | ¥112,793 | **$ 717,011** |

| | Yen | | U.S. dollars (Note 1) |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **Per share of common stock** (Note 34): | | | |
| Basic net income | **¥ 70.55** | ¥123.33 | **$0.70** |
| Diluted net income | **40.03** | 62.88 | **0.39** |
| **Cash dividends per share applicable to the year** (Note 21): | | | |
| Common stock | **7.00** | 5.00 | **0.06** |
| Class II convertible preferred stock | **14.40** | 14.40 | **0.14** |
| Class III convertible preferred stock | **20.00** | 20.00 | **0.19** |

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

# Consolidated Statements of Changes in Equity

Chuo Mitsui Trust Holdings, Inc. (Formerly, Mitsui Trust Holdings, Inc.) and Consolidated Subsidiaries
Fiscal years ended March 31, 2008 and 2007

| | Thousands | | Millions of yen | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Issued number of shares of common stock | Issued number of shares of preferred stock | Common stock and preferred stock | Capital surplus | Retained earnings | Net unrealized gains on available-for-sale securities | Deferred gains (losses) on derivatives under hedge accounting | Land revaluation differences | Foreign currency translation adjustments | Treasury stock | Total | Minority interests | Total equity |
| Balance, March 31, 2006 | 824,345 | 270,156 | ¥261,579 | ¥126,297 | ¥274,583 | ¥213,547 | ¥ — | ¥(15,527) | ¥(539) | ¥(1,090) | ¥ 858,850 | ¥ — | ¥ 858,850 |
| Reclassified balance as of March 31, 2006 (Note 2 r) | | | | | | | | | | | | 106,541 | 106,541 |
| Net income | | | | | 112,793 | | | | | | 112,793 | | 112,793 |
| Cash dividends | | | | | (8,569) | | | | | | (8,569) | | (8,569) |
| Purchase of treasury stock | | | | | | | | | | (246) | (246) | | (246) |
| Disposal of treasury stock | | | | 1,015 | | | | | | 1,141 | 2,157 | | 2,157 |
| Conversion of Class I preferred stock into common stock | 80,930 | (20,000) | | | | | | | | | | | |
| Conversion of convertible bonds | 53 | | 29 | 29 | | | | | | | 58 | | 58 |
| Reversal of land revaluation difference | | | | | 5 | | | (5) | | | — | | — |
| Net change in the year | | | | | | 45,701 | (7,439) | | 592 | | 38,854 | 26,925 | 65,780 |
| Balance, March 31, 2007 | 905,329 | 250,156 | 261,608 | 127,342 | 378,812 | 259,248 | (7,439) | (15,532) | 53 | (195) | 1,003,897 | 133,467 | 1,137,364 |
| Net income | | | | | 71,837 | | | | | | 71,837 | | 71,837 |
| Cash dividends | | | | | (9,003) | | | | | | (9,003) | | (9,003) |
| Purchase of treasury stock | | | | | | | | | | (126) | (126) | | (126) |
| Disposal of treasury stock | | | | 5 | | | | | | 60 | 65 | | 65 |
| Conversion of Class III preferred stock into common stock | 82,222 | (23,125) | | | | | | | | | | | |
| Net change in the year | | | | | | (202,009) | 8,357 | | (119) | | (193,771) | 12,849 | (180,922) |
| **Balance, March 31, 2008** | **987,551** | **227,031** | **¥261,608** | **¥127,347** | **¥441,646** | **¥ 57,239** | **¥ 917** | **¥(15,532)** | **¥ (66)** | **¥(261)** | **¥ 872,898** | **¥146,316** | **¥1,019,214** |

| | Thousands of U.S. dollars (Note 1) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Common stock and preferred stock | Capital surplus | Retained earnings | Net unrealized gains on available-for-sale securities | Deferred gains (losses) on derivatives under hedge accounting | Land revaluation differences | Foreign currency translation adjustments | Treasury stock | Total | Minority interests | Total equity |
| Balance, March 31, 2007 | $2,611,126 | $1,271,006 | $3,780,944 | $2,587,571 | $(74,257) | $(155,031) | $ 531 | $(1,952) | $10,019,938 | $1,332,141 | $11,352,080 |
| Net income | | | 717,011 | | | | | | 717,011 | | 717,011 |
| Cash dividends | | | (89,866) | | | | | | (89,866) | | (89,866) |
| Purchase of treasury stock | | | | | | | | (1,264) | (1,264) | | (1,264) |
| Disposal of treasury stock | | 49 | | | | | | 604 | 654 | | 654 |
| Net change in the year | | | | (2,016,266) | 83,417 | | (1,194) | | (1,934,043) | 128,250 | (1,805,793) |
| **Balance, March 31, 2008** | **$2,611,126** | **$1,271,056** | **$4,408,089** | **$ 571,305** | **$ 9,159** | **$(155,031)** | **$ (662)** | **$(2,612)** | **$8,712,429** | **$1,460,391** | **$10,172,821** |

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

# Consolidated Statements of Cash Flows

Chuo Mitsui Trust Holdings, Inc. (Formerly, Mitsui Trust Holdings, Inc.) and Consolidated Subsidiaries
Fiscal years ended March 31, 2008 and 2007

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **Operating activities:** | | | |
| Income before income taxes and minority interests | **¥ 135,772** | ¥ 179,632 | **$ 1,355,152** |
| Adjustments for: | | | |
| Income taxes paid | **(52,263)** | (15,500) | **(521,643)** |
| Depreciation and amortization | **27,914** | 42,043 | **278,617** |
| Amortization of consolidation goodwill | **2,002** | 985 | **19,987** |
| Equity in earnings of associated companies | **(682)** | (802) | **(6,809)** |
| (Decrease) increase in allowance for possible loan losses | **(5,246)** | 14,933 | **(52,364)** |
| Increase in reserve for bonus payment | **34** | 60 | **345** |
| Increase in reserve for retirement benefits for directors and corporate auditors | **273** | 1,060 | **2,726** |
| Increase in reserve for employees retirement benefits | **246** | 265 | **2,461** |
| Increase in reserve for contingent losses | **2,925** | 395 | **29,198** |
| Net gain on securities | **(8,897)** | (14,314) | **(88,809)** |
| Net gain on money held in trust | **—** | (1,413) | **—** |
| Foreign exchange loss, net | **86,966** | 2,875 | **868,015** |
| Net (gain) loss on disposals of premises and equipment | **(1,633)** | 537 | **(16,299)** |
| Change in assets and liabilities: | | | |
| Decrease (increase) in trading assets | **9,917** | (7,920) | **98,984** |
| Increase (decrease) in trading liabilities | **3,787** | (2,547) | **37,801** |
| Increase in loans and bills discounted | **(454,541)** | (85,274) | **(4,536,800)** |
| Increase (decrease) in deposits | **300,485** | (280,512) | **2,999,158** |
| Increase in borrowed money (excluding subordinated borrowings) | **131,507** | 232,289 | **1,312,582** |
| Decrease (increase) in due from banks (excluding cash equivalents) | **134,260** | (114,865) | **1,340,062** |
| (Increase) decrease in call loans and bills bought | **(101,027)** | 52,578 | **(1,008,363)** |
| Increase in receivables under securities borrowing transactions | **(23,904)** | (5,856) | **(238,587)** |
| (Decrease) increase in call money and bills sold | **(346,066)** | 229,448 | **(3,454,098)** |
| Increase in payables under securities lending transactions | **734,577** | 222,131 | **7,331,841** |
| Decrease in foreign exchanges (assets) | **128** | 36,658 | **1,282** |
| (Decrease) increase in foreign exchanges (liabilities) | **(38)** | 0 | **(381)** |
| (Decrease) increase in payables to trust account | **(170,754)** | 61,314 | **(1,704,302)** |
| Other—net | **22,221** | (26,358) | **221,796** |
| Net cash provided by operating activities | **427,967** | 521,847 | **4,271,554** |
| **Investing activities:** | | | |
| Purchases of securities | **(5,112,576)** | (3,017,378) | **(51,028,807)** |
| Proceeds from sales of securities | **3,748,448** | 757,484 | **37,413,399** |
| Proceeds from redemption of securities | **806,739** | 1,764,186 | **8,052,097** |
| Decrease in money held in trust | **—** | 5,349 | **—** |
| Purchases of premises and equipment | **(14,721)** | (30,253) | **(146,930)** |
| Proceeds from sales of premises and equipment | **3,900** | 3,201 | **38,928** |
| Purchases of intangible fixed assets | **(15,036)** | (13,734) | **(150,077)** |
| Proceeds from sales of intangible fixed assets | **601** | 1,391 | **6,005** |
| Payment for purchase of stocks of subsidiaries | **—** | (38,252) | **—** |
| Proceeds from sales of consolidated subsidiaries (Note 30) | **8,399** | — | **83,834** |
| Net cash used in investing activities | **(574,244)** | (568,004) | **(5,731,550)** |
| **Financing activities:** | | | |
| Proceeds from subordinated borrowings | **—** | 2,500 | **—** |
| Payment of subordinated borrowings | **—** | (7,000) | **—** |
| Redemption of subordinated bonds and subordinated convertible bonds | **(3,660)** | (17,000) | **(36,532)** |
| Issuance of capital stock to minority interests | **42,000** | 33,000 | **419,203** |
| Dividends paid | **(9,003)** | (8,569) | **(89,866)** |
| Dividends paid for minority interests | **(4,515)** | (5,450) | **(45,069)** |
| Reduction of capital stock to minority interests | **(29,600)** | — | **(295,438)** |
| Payment for purchase of treasury stock | **(126)** | (246) | **(1,264)** |
| Proceeds from sales of treasury stock | **17** | 12 | **175** |
| Net cash used in financing activities | **(4,888)** | (2,754) | **(48,792)** |
| Foreign currency translation adjustments on cash and cash equivalents | **(118)** | 582 | **(1,180)** |
| Net decrease in cash and cash equivalents | **(151,283)** | (48,329) | **(1,509,968)** |
| Cash and cash equivalents, beginning of year | **303,133** | 351,462 | **3,025,589** |
| Cash and cash equivalents, end of year | **¥ 151,850** | ¥ 303,133 | **$ 1,515,620** |

## Additional Cash Flows Information

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **Non-cash investing and financing activities:** | | | |
| Conversion of convertible bonds into common stock: | | | |
| Capital stock increased by conversion of convertible bonds | **¥ —** | ¥ 29 | **$ —** |
| Capital surplus increased by conversion of convertible bonds | **—** | 29 | **—** |
| Treasury stock decreased by transfers of treasury stock related to conversion of convertible bonds | **41** | 9 | **415** |
| Capital surplus increased by transfers of treasury stock related to conversion of convertible bonds | **6** | 4 | **62** |
| Convertible bonds decreased by conversion into common stock | **47** | 72 | **478** |
| Transfer of treasury stock related to stock exchange (Note 4): | | | |
| Decrease in treasury stock | **—** | 1,125 | **—** |
| Increase in capital surplus | **—** | 1,006 | **—** |
| Consideration in the form of an exchange stock | **—** | 2,131 | **—** |

See accompanying “Notes to Consolidated Financial Statements,” which are an integral part of these statements.

## *1. Basis of Presentation*

The accompanying consolidated financial statements (banking account) have been prepared from the accounts maintained by Chuo Mitsui Trust Holdings, Inc. ("Chuo Mitsui Trust Holdings") and its consolidated subsidiaries (together, the "Chuo Mitsui Trust Group") in accordance with accounting principles generally accepted in Japan, and certain accounting and disclosure rules under Financial Instruments and Exchange Law of Japan (formerly the Securities and Exchange Law of Japan) and the Banking Law of Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to Chuo Mitsui Trust Holdings' consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the consolidated financial statements for the fiscal years ended March 31, 2007 to conform to classifications and presentations used in the consolidated financial statement for the fiscal year ended March 31, 2008.

Effective October 1, 2007, we changed our group trade name from Mitsui Trust Financial Group to Chuo Mitsui Trust Group, renamed Mitsui Trust Holdings, Inc. as Chuo Mitsui Trust Holdings, Inc., and renamed Mitsui Asset Trust and Banking Company, Limited as Chuo Mitsui Asset Trust and Banking Company, Limited ("Chuo Mitsui Asset").

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Chuo Mitsui Trust Holdings is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥100.19 to U.S.$1, the approximate rate of exchange at March 31, 2008. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts less than one million Japanese yen and one thousand U.S. dollars have been truncated, except for per share information. As a result, the total may not be equal to the total of individual amounts.

## *2. Summary of Significant Accounting Policies*

### *a. Consolidation*

The consolidated financial statements include the accounts of Chuo Mitsui Trust Holdings and its significant subsidiaries. The number of consolidated subsidiaries as of March 31, 2008 and 2007 was 27. Major consolidated subsidiaries are The Chuo Mitsui Trust and Banking Company, Limited ("Chuo Mitsui"), Chuo Mitsui Asset, Chuo Mitsui Asset Management Company, Limited and Chuo Mitsui Capital Company, Limited.

Under the control or influence concept, those companies in which the parent company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Chuo Mitsui Trust Group has the ability to exercise significant influence are accounted for by the equity method, unless in either case the companies are immaterial.

Investments in three associated companies were accounted for by the equity method in the fiscal years ended March 31, 2008 and 2007. Investments in unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these subsidiaries, the effect on the accompanying consolidated financial statements would not be material.

Any differences between the cost of an acquired subsidiary or associated company and the fair value of its net assets at the date of the acquisition are amortized over a period within 20 years, or charged to income as incurred if such differences are considered to be immaterial.

All significant intercompany transactions, balances and unrealized profits have been eliminated in consolidation.

### *b. Business Combinations*

In October 2003, the Business Accounting Council (the "BAC") issued a Statement of Opinion, "Accounting for Business Combinations," and on December 27, 2005, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 7, "Accounting Standards for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." These new accounting pronouncements are effective for fiscal years beginning on or after April 1, 2006.

The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests.

For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

Mitsui Trust Holdings, Inc. and Mitsui Asset Trust and Banking Company, Limited signed a stock exchange agreement on November 1, 2006 which was executed on November 28, 2006, and made Mitsui Asset Trust and Banking Company, Limited a wholly owned subsidiary. The related goodwill is being systematically amortized over 20 years.

***c. Cash and Cash Equivalents***

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include amounts due from the Bank of Japan.

***d. Mark-to-Market Accounting for Trading Transactions***

Transactions for trading purposes (that is, transactions which seek to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of securities and other market-related indices or from gaps among markets) are included in trading assets and trading liabilities on a trade date basis. Trading securities and monetary claims bought for trading purposes recorded in these accounts are stated at market value and trading-related financial derivatives are at the amounts that would be settled if they were terminated at the end of the fiscal year.

Unrealized gains and losses on trading transactions are recognized in the consolidated statements of income.

***e. Translation of Foreign Currency Accounts***

The consolidated trust bank subsidiaries maintain their accounting records in Japanese yen. Assets and liabilities denominated in foreign currencies are translated into Japanese yen using the exchange rate prevailing at each balance sheet date.

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of each balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as “Foreign currency translation adjustments” in a separate component of equity.

***f. Securities***

Securities other than investments in unconsolidated subsidiaries and associated companies are classified and accounted for, depending on management’s intent, as follows:

(i) Trading securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value and the related unrealized gains and losses are included in earnings.

(ii) Held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost.

(iii) Available-for-sale securities, which are not classified as either of the aforementioned securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average cost method.

For other than temporary declines in fair value, securities are reduced to net realizable value by a charge to income.

Securities in money held in trust are classified and accounted for in the same manner as securities described above.

***g. Derivatives and Hedging Activities***

Derivative financial instruments are classified and accounted for as follows: (i) except as discussed below, all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of income; and (ii) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of the high correlation and effectiveness between the hedging instruments and the hedged items, certain domestic consolidated subsidiaries use the deferral hedge method or the fair value hedge method.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expenses or income.

***h. Premises and Equipment***

Premises and equipment are carried at cost less accumulated depreciation. Depreciation of premises and equipment owned by the consolidated trust bank subsidiaries is computed by the declining-balance method, while the straight-line method is applied to buildings acquired after April 1, 1998. The range of useful lives is from 10 to 50 years for buildings, and from three to eight years for equipment. Depreciation of premises and equipment owned by other consolidated subsidiaries is mainly computed by the straight-line method over the estimated useful lives of the respective assets.

***i. Software***

Capitalized software for internal use is amortized by the straight-line method over the estimated useful lives of the software (principally five years).

***j. Impairment of Fixed Assets***

Chuo Mitsui Trust Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

*k. Land Revaluation*

Under the Law of Land Revaluation, The Mitsui Trust and Banking Company, Limited, elected a one-time revaluation for its own-use land to a value based on real estate appraisal information as of March 31, 1998.

The resulting land revaluation difference represents unrealized appreciation of land and is stated as a component of equity. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation difference account and related deferred tax liabilities.

As of March 31, 2007, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥2,053 million.

*l. Stock and Bond Issue Costs*

Stock issue costs are amortized by the straight-line method over the effective period within three years.

Bond issue costs are amortized by the straight-line method over three years.

*m. Allowance for Possible Loan Losses*

Allowance for possible loan losses of major consolidated subsidiaries is maintained in accordance with internally established standards for write-offs and allowance for loan losses.

(i) For claims against borrowers that are legally bankrupt, such as borrowers in bankruptcy and under special liquidation proceedings (“legal bankruptcy”), and against borrowers that are in substantially similar adverse condition (“virtual bankruptcy”), allowances are maintained at 100% of the amount of claims net of expected amounts recoverable from the disposal of collateral and/or the amounts recoverable under guarantees.

(ii) For claims against borrowers that have not yet become legally or formally bankrupt but that are very likely to become bankrupt (“possible bankruptcy”), allowances are maintained at amounts deemed necessary to absorb losses on the amount of claims less expected amounts recoverable from the disposal of collateral and/or the amounts recoverable under guarantees, based on the overall assessment of the borrowers’ repayment ability.

For claims against large borrowers that are classified as possible bankruptcy and close observation borrowers for which future cash flows could be reasonably estimated, allowances are provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate and the carrying value of the claim.

(iii) For claims against other borrowers judged to be legal bankruptcy, virtual bankruptcy and possible bankruptcy borrowers, as mentioned above, allowances are maintained at rates derived from historical loan loss experiences, etc.

(iv) Allowance for possible losses on loans to restructuring countries is maintained in order to cover possible losses based on the political and economic climates of those countries.

All claims are assessed by the operating sections and each Credit Supervision Department based on the internal guidelines for self-assessment on asset quality. Subsequently, the Internal Audit Department, which is independent from the operating sections, reviews these self-assessments, and the allowances are provided based on the results of the self assessments. With respect to claims with collateral and/or guarantees extended to borrowers that are in legal bankruptcy or virtual bankruptcy borrowers, the unrecoverable amount is estimated by deducting from the amount of claims the realizable value of collateral or the amount likely to be recovered based on guarantees.

The outstanding amount thus determined is then directly written off from the amount of claims as the unrecoverable amount, which totaled ¥85,098 million ($849,374 thousand) and ¥96,331 million as of March 31, 2008 and 2007, respectively.

Other consolidated subsidiaries provide for “allowance for possible loan losses” based on the past experience and management’s assessment of the loan portfolio.

*n. Reserve for Bonus Payments*

Reserve for bonus payments is provided for the payment of employees’ bonuses based on estimates of the future payments attributed to the current fiscal year.

*o. Reserve for Retirement Benefits for Directors and Corporate Auditors*

Reserve for retirement benefits for directors and corporate auditors is provided at the amount which would be required if all directors, corporate auditors and executive officers retired at the balance sheet date. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

***p. Reserve for Retirement Benefits and Pension Plans***
Chuo Mitsui Trust Holdings and its principal domestic subsidiaries have defined benefit plans (employee pension fund plans and tax qualified pension plans) and lump-sum severance indemnity plans.

Chuo Mitsui Trust Holdings and its principal domestic subsidiaries account for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

***q. Reserve for Contingent Losses***
Reserve for contingent losses, which is provided for possible losses from contingent events related to off-balance sheet and other transactions, is calculated by estimation of the impact of these contingent events.
(1) Reserve for Reimbursement of Deposits
Reserve for reimbursement of deposits which were derecognized as liabilities under certain conditions is provided for the possible losses on the future claims of withdrawal based on the historical reimbursement experience. Formerly, deposits which were derecognized as liabilities were expensed when they were actually reimbursed. However, from the fiscal year ended March 31, 2008, such reserve is provided in the estimated amount as described above in accordance with the "Treatment for Auditing of Reserve under Special Taxation Measures Law, Reserve under Special Laws and Reserve for Retirement Benefits to Directors and Corporate Auditors" (the Japanese Institute of Certified Public Accountants ("JICPA") Audit and Assurance Practice Committee Report No. 42) of April 13, 2007.

As a result, income before income taxes and minority interests decreased by ¥6,109 million ($60,974 thousand) as compared with the former method.
(2) Reserve for Possible Losses Related to Land Trusts
Reserve for possible losses related to land trusts is provided for estimated losses deemed necessary for potential damages to the compensation rights being acquired, when a liability for reimbursement, as a trustee of a land trust, is incurred due to the future business circumstances of the land trust.

***r. Presentation of Equity***
On December 9, 2005, the ASBJ published a new accounting standard for the presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities or assets, as the case may be, are now presented as components of equity. Such items include stock acquisition rights, minority interests and any deferred gains or losses on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ending on or after May 1, 2006. The balances of such items as of March 31, 2006 were reclassified as separate components of equity as of April 1, 2006 in the consolidated statement of changes in equity.

***s. Income Taxes***
The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

***t. Leases***
All leases are accounted for as operating leases. In accordance with Japanese accounting standards for leases, finance leases that do not transfer ownership of the leased property to the lessee are permitted to be accounted for as operating leases if certain "as if capitalized" information is disclosed in the notes to the lessee's consolidated financial statements.

***u. Per Share Information***
Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible bonds and preferred stock at the beginning of the year (or at the time of issuance) with an applicable adjustment for related expenses and dividends.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

***v. New Accounting Pronouncements***
(i) Lease Accounting
On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the former accounting standard for lease transactions issued on June 17, 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008, with early adoption permitted for fiscal years beginning on or after April 1, 2007.
*Lessee*. Under the former accounting standard, finance leases that deem to transfer ownership of the leased property to the

lessee are to be capitalized; however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions shall be capitalized recognizing lease assets and lease obligations in the balance sheet.

(ii) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

Under Japanese GAAP, a company currently can use the financial statements of foreign subsidiaries that have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, the ASBJ issued ASBJ PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements." The new standard prescribes that:

(1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements: and

(2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material:

(i) Amortization of goodwill;
(ii) Actuarial gains and losses of defined benefit plans recognized outside profit or loss;
(iii) Capitalization of intangible assets arising from development phases;
(iv) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets;
(v) Retrospective application when accounting policies are changed; and
(vi) Accounting for net income attributable to minority interests.

The new task force is effective for fiscal years beginning on or after April 1, 2008, with early adoption permitted.

## *3. Business Combinations*

On November 28, 2006, Mitsui Trust Holdings, Inc. signed a stock exchange agreement with Mitsui Asset Trust and Banking Company, Limited to complete the acquisition of all of the shares of Chuo Mitsui Asset and made Chuo Mitsui Asset its wholly owned subsidiary.

The acquisition cost of this stock exchange was ¥2,131 million and the transaction was completed using treasury stock in accordance with the agreement. Goodwill was recorded in the amount of ¥1,772 million as of March 31, 2007.

## *4. Securities*

Securities as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Japanese government bonds | **¥2,123,056** | ¥2,020,900 | **$21,190,304** |
| Japanese municipal bonds | **1,295** | 3,085 | **12,930** |
| Japanese corporate bonds | **343,880** | 354,951 | **3,432,285** |
| Japanese stocks | **793,554** | 1,081,622 | **7,920,498** |
| Other securities | **1,386,173** | 1,051,170 | **13,835,443** |
| Total | **¥4,647,960** | ¥4,511,730 | **$46,391,463** |

The carrying amounts and aggregate fair values of securities (including securities in trading assets and monetary claims bought) as of March 31, 2008 and 2007, were as follows:

| | Millions of yen | | | |
|---|---|---|---|---|
| March 31, 2008 | Cost | Unrealized gains | Unrealized losses | Fair value |
| Securities classified as: | | | | |
| Trading | | | | **¥ 30,005** |
| Available-for-sale: | | | | |
| Japanese equity securities | **¥ 517,214** | **¥211,226** | **¥43,170** | **685,269** |
| Japanese debt securities | **1,595,291** | **868** | **36,704** | **1,559,454** |
| Other | **1,217,354** | **8,844** | **73,486** | **1,152,712** |
| Held-to-maturity | **781,174** | **7,236** | **3,006** | **785,403** |

| | Millions of yen | | | |
|---|---|---|---|---|
| March 31, 2007 | Cost | Unrealized gains | Unrealized losses | Fair value |
| Securities classified as: | | | | |
| Trading | | | | ¥ 40,864 |
| Available-for-sale: | | | | |
| Japanese equity securities | ¥ 517,673 | ¥453,345 | ¥ 3,151 | 967,866 |
| Japanese debt securities | 1,522,245 | 83 | 54,776 | 1,467,552 |
| Other | 914,444 | 12,517 | 14,270 | 912,691 |
| Held-to-maturity | 696,031 | 792 | 1,883 | 694,940 |

| March 31, 2008 | Thousands of U.S. dollars<br>Cost | Unrealized gains | Unrealized losses | Fair value |
|---|---|---|---|---|
| Securities classified as: | | | | |
| Trading | | | | **$ 299,486** |
| Available-for-sale: | | | | |
| Japanese equity securities | **$ 5,162,333** | **$2,108,258** | **$430,888** | **6,839,703** |
| Japanese debt securities | **15,922,658** | **8,668** | **366,353** | **15,564,974** |
| Other | **12,150,459** | **88,279** | **733,470** | **11,505,267** |
| Held-to-maturity | **7,796,930** | **72,223** | **30,012** | **7,839,141** |

Note: Values in the consolidated balance sheets reflect fair market values calculated by using the average market prices during the final month of the fiscal year for Japanese stocks and securities investment trusts, and by using the market prices at the end of the fiscal year for securities other than Japanese stocks and securities investment trusts.

Available-for-sale securities and held-to-maturity securities whose fair value was not readily determinable as of March 31, 2008 and 2007, were mainly as follows:

| | Carrying amount<br>Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Available-for-sale: | | | |
| Unlisted Japanese stocks | **¥ 88,838** | ¥ 94,759 | **$ 886,697** |
| Unlisted corporate bonds | **283,821** | 299,259 | **2,832,827** |
| Unlisted foreign securities | **3,732** | 5,288 | **37,256** |
| Subscription certificates | **42,845** | 35,511 | **427,641** |
| Held-to-maturity: | | | |
| Unlisted foreign securities | **3,000** | — | **29,943** |
| Total | **¥422,237** | ¥434,819 | **$4,214,366** |

Proceeds from sales of available-for-sale securities for the fiscal years ended March 31, 2008 and 2007, were ¥3,939,028 million ($39,315,586 thousand) and ¥782,489 million, respectively. Gross realized gains and losses on these sales, computed on the moving-average basis, were ¥31,525 million ($314,657 thousand) and ¥1,384 million ($13,822 thousand), respectively, for the fiscal year ended March 31, 2008, and ¥29,046 million and ¥1,302 million, respectively, for the fiscal year ended March 31, 2007.

The carrying values of securities classified as available-for-sale and held-to-maturity by contractual maturities as of March 31, 2008 and 2007, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Due within one year | **¥ 185,667** | ¥ 154,521 | **$ 1,853,149** |
| Due after one year through five years | **2,222,999** | 1,520,466 | **22,187,834** |
| Due after five years through ten years | **240,005** | 764,978 | **2,395,499** |
| Due after ten years | **976,763** | 669,847 | **9,749,111** |
| Total | **¥3,625,434** | ¥3,109,813 | **$36,185,595** |

Securities in unconsolidated subsidiaries and associated companies totaled ¥136,324 million ($1,360,661 thousand) and ¥121,210 million as of March 31, 2008 and 2007, respectively.

Guarantee obligations for privately offered corporate bonds (provided in accordance with the Article 2, Paragaraph 3 of the Financial Instruments and Exchange Law) in "Securities" were ¥164,471 million ($1,641,591 thousand) and ¥200,702 million as of March 31, 2008 and 2007, respectively.

## *5. Money Held in Trust*

The carrying amounts and aggregate fair values of money held in trust as of March 31, 2008 and 2007, were as follows:

| March 31, 2008 | Millions of yen<br>Cost | Unrealized gains | Fair value |
|---|---|---|---|
| Money held in trust classified as: | | | |
| Available-for-sale | **¥1,681** | **¥ 782** | **¥2,463** |

| March 31, 2007 | Millions of yen<br>Cost | Unrealized gains | Fair value |
|---|---|---|---|
| Money held in trust classified as: | | | |
| Available-for-sale | ¥1,673 | ¥1,037 | ¥2,710 |

| March 31, 2008 | Thousands of U.S. dollars<br>Cost | Unrealized gains | Fair value |
|---|---|---|---|
| Money held in trust classified as: | | | |
| Available-for-sale | **$16,779** | **$7,808** | **$24,587** |

## 6. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Bills discounted | **¥ 7,477** | ¥ 9,551 | **$ 74,635** |
| Loans on notes | **897,587** | 778,536 | **8,958,851** |
| Loans on deeds | **6,147,259** | 5,869,674 | **61,356,019** |
| Overdrafts | **799,741** | 719,600 | **7,982,247** |
| Total | **¥7,852,066** | ¥7,377,362 | **$78,371,754** |

### *Loans to Borrowers in Bankruptcy and Non-Accrual Loans*

Loans to borrowers in bankruptcy are included in loans and bills discounted, and totaled ¥10,982 million ($109,619 thousand) and ¥7,683 million as of March 31, 2008 and 2007 respectively.

Loans are generally placed on non-accrual status when substantial doubt is judged to exist as to the ultimate collectibility of either principal or interest.

Loans to borrowers in bankruptcy represent non-accruing loans, after the partial write-off of claims deemed uncollectible, to debtors who are legally bankrupt as defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Enforcement Ordinance for the Corporation Tax Law.

Non-accrual loans are included in loans and bills discounted, and totaled ¥46,943 million ($468,544 thousand) and ¥41,877 million as of March 31, 2008 and 2007, respectively.

Non-accrual loans are non-accruing loans other than loans to borrowers in bankruptcy and loans for which interest payment is deferred in order to assist the debtor's recovery from financial difficulties.

### *Loans Past Due Three Months or More*

Loans past due three months or more are included in loans and bills discounted, and totaled ¥13 million ($136 thousand) and ¥164 million as of March 31, 2008 and 2007, respectively. Loans classified as loans to borrowers in bankruptcy or non-accrual loans are excluded.

### *Restructured Loans*

Restructured loans are included in loans and bills discounted, and totaled ¥69,804 million ($696,719 thousand) and ¥70,601 million as of March 31, 2008 and 2007, respectively. Such restructured loans are loans on which major consolidated subsidiaries granted concessions (for example, reduction of the face amount or maturity amount of the debt or accrued interest) to debtors in financial difficulties to assist them in their financial recovery and eventually enable them to pay their creditors. Loans classified as loans to borrowers in bankruptcy or non-accrual loans or loans past due three months or more are excluded.

Loans to borrowers in bankruptcy and non-accrual loans, loans past due three months or more and restructured loans totaled ¥127,744 million ($1,275,018 thousand) and ¥120,326 million as of March 31, 2008 and 2007, respectively. These claims are those before deduction of the allowance for possible loan losses.

Bills discounted are accounted for as secured lending transactions in conformity with the Industry Audit Committee Report No. 24 "Treatment of Accounting and Auditing Concerning Accounting for Financial Products in the Banking Industry" issued by the JICPA on February 13, 2002. Bills discounted by Chuo Mitsui are permitted to be sold or pledged.

## 7. Foreign Exchanges

Foreign exchanges as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Assets: | | | |
| Due from foreign banks | **¥ 811** | ¥ 940 | **$ 8,100** |
| Total | **¥ 811** | ¥ 940 | **$ 8,100** |
| Liabilities: | | | |
| Due to foreign banks | **¥ 9** | ¥ 28 | **$ 91** |
| Other | **1** | 20 | **13** |
| Total | **¥ 10** | ¥ 48 | **$ 105** |

## 8. Other Assets

Other assets as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Prepaid expenses | **¥ 1,331** | ¥ 1,040 | **$ 13,285** |
| Accrued income | **43,817** | 46,922 | **437,346** |
| Prepaid pension expenses | **120,811** | 110,657 | **1,205,828** |
| Receivables for securities transactions | **13,017** | 373 | **129,926** |
| Financial derivatives | **44,455** | 13,771 | **443,711** |
| Financial stabilization fund contribution | **82,061** | 82,061 | **819,053** |
| Other | **122,483** | 96,851 | **1,222,515** |
| Total | **¥427,978** | ¥351,678 | **$4,271,666** |

## *9. Premises and Equipment*

Premises and equipment as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Land | **¥ 82,008** | ¥ 83,116 | **$ 818,528** |
| Buildings | **41,651** | 43,340 | **415,721** |
| Equipment | **9,111** | 8,929 | **90,942** |
| Other | **23** | 68,286 | **236** |
| Total | **¥132,794** | ¥203,672 | **$1,325,428** |

Accumulated depreciation amounted to ¥87,955 million ($877,887 thousand) and ¥219,865 million as of March 31, 2008 and 2007, respectively.

## *10. Intangible Fixed Assets*

Intangible fixed assets as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Software | **¥24,215** | ¥25,127 | **$241,700** |
| Goodwill | **39,572** | 41,575 | **394,977** |
| Other | **9,710** | 10,460 | **96,918** |
| Total | **¥73,499** | ¥77,163 | **$733,596** |

## *11. Collateral*

The carrying amounts of assets pledged as collateral and the related collateralized debt as of March 31, 2008 and 2007, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Securities | **¥2,518,658** | ¥1,763,501 | **$25,138,825** |
| Loans | **54,535** | 68,879 | **544,316** |
| Other assets | **70** | 149 | **706** |
| Total | **¥2,573,264** | ¥1,832,529 | **$25,683,848** |
| Deposits | **¥ 4,312** | ¥ 1,180 | **$ 43,046** |
| Call money and bills sold | **53,800** | 44,000 | **536,979** |
| Payables under repurchase agreements | **24,197** | 114,467 | **241,511** |
| Payables under securities lending transactions | **1,797,121** | 1,062,543 | **17,937,129** |
| Borrowed money | **340,000** | 236,569 | **3,393,552** |
| Total | **¥2,219,430** | ¥1,458,760 | **$22,152,219** |

In addition, securities pledged as collateral for exchange settlements, for derivative transactions and for certain other purposes as of March 31, 2008 and 2007 were ¥395,815 million ($3,950,647 thousand) and ¥301,052 million, respectively.

Also, securities deposits (included in other assets) as of March 31, 2008 and 2007 were ¥9,546 million ($95,284 thousand) and ¥8,797 million, respectively.

## *12. Customers' Liabilities for Acceptances and Guarantees*

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees. As a contra account, customers' liabilities for acceptances and guarantees are shown as assets in the consolidated balance sheets representing Chuo Mitsui Trust Holdings' right of indemnity from the applicant.

## *13. Deposits*

Deposits as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Current deposits | **¥ 88,367** | ¥ 93,584 | **$ 881,995** |
| Ordinary deposits | **1,177,967** | 1,246,653 | **11,757,339** |
| Deposits at notice | **7,989** | 10,668 | **79,739** |
| Time deposits | **6,825,996** | 6,696,554 | **68,130,516** |
| Negotiable certificates of deposit | **663,340** | 386,050 | **6,620,820** |
| Other | **66,928** | 96,200 | **668,012** |
| Total | **¥8,830,588** | ¥8,529,710 | **$88,138,422** |

## *14. Borrowed Money*

Borrowed money as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Borrowed money | **¥341,869** | ¥260,735 | **$3,412,213** |
| Subordinated borrowings | **107,500** | 107,500 | **1,072,961** |
| Perpetual subordinated borrowings | **25,000** | 25,000 | **249,525** |
| Total | **¥474,369** | ¥393,235 | **$4,734,701** |

The weighted-average rates calculated from the interest rates and the balances as of March 31, 2008 and 2007, were 1.29% and 1.43%, respectively.

Annual maturities of borrowed money as of March 31, 2008, for the next five years were as follows:

| Fiscal year ending March 31 | Millions of yen | Thousands of U.S. dollars |
|---|---|---|
| 2009 | ¥375,078 | $3,743,672 |
| 2010 | 202 | 2,016 |
| 2011 | 172 | 1,721 |
| 2012 | 1,116 | 11,138 |
| 2013 | 111 | 1,107 |
| Total | ¥376,680 | $3,759,656 |

## *15. Subordinated Bonds and Subordinated Convertible Bonds*

Subordinated bonds and subordinated convertible bonds as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Issuer: Chuo Mitsui, | | | |
| Unsecured perpetual subordinated bonds, 2.32% (2.54% in 2007) | **¥ 16,100** | ¥ 16,100 | **$ 160,694** |
| 2.03% unsecured subordinated bonds due 2015 | **40,000** | 40,000 | **399,241** |
| 1.27% unsecured subordinated callable bonds due 2015 | **30,000** | 30,000 | **299,431** |
| 5.506% USD unsecured perpetual subordinated notes | **85,161** | 100,359 | **850,000** |
| 2.06% unsecured perpetual subordinated bonds | **5,000** | 5,000 | **49,905** |
| Issuer: MTI Capital (Cayman) Ltd., | | | |
| 0.5% Japanese yen subordinated convertible bonds due 2007 | **—** | 47 | **—** |
| Issuer: MTI Finance (Cayman) Ltd., | | | |
| Subordinated bonds due 2007 (5.34% to 5.36% in 2007) | **—** | 3,660 | **—** |
| Total | **¥176,261** | ¥195,167 | **$1,759,272** |

## *16. Other Liabilities*

Other liabilities as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Accrued expenses | **¥ 46,620** | ¥ 40,011 | **$ 465,323** |
| Unearned income | **2,255** | 2,580 | **22,510** |
| Financial derivatives | **45,915** | 25,801 | **458,286** |
| Income taxes payable | **9,235** | 14,083 | **92,183** |
| Other | **84,098** | 49,319 | **839,386** |
| Total | **¥188,125** | ¥131,796 | **$1,877,690** |

## *17. Retirement and Pension Plans*

Employees who terminate their services with Chuo Mitsui Trust Holdings or certain domestic consolidated subsidiaries are, under most circumstances, entitled to retirement and pension benefits determined by reference to basic rates of pay at the time of termination, length of service and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirement age or caused by death, the employee is entitled to greater payment than in the case of voluntary termination.

Chuo Mitsui Trust Holdings and its principal domestic subsidiaries have defined benefit plans (employee pension fund plans and tax qualified pension plans) and lump-sum severance indemnity plans. Certain domestic consolidated subsidiaries have lump-sum severance indemnity plans and integrated contributory pension plans.

The consolidated trust bank subsidiaries contributed certain available-for-sale securities with a fair value to the employee retirement benefit trust for their pension plans. The securities held in this trust are qualified as plan assets.

The funded status for employees' retirement benefits as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Projected benefit obligation | **¥(181,463)** | ¥(176,295) | **$(1,811,190)** |
| Fair value of plan assets | **224,302** | 277,492 | **2,238,769** |
| Unrecognized actuarial loss (gain) | **75,710** | 7,352 | **755,665** |
| Net amount accrued on the consolidated balance sheets | **118,549** | 108,549 | **1,183,245** |
| Prepaid pension expenses (included in other assets) | **120,811** | 110,657 | **1,205,828** |
| Reserve for retirement benefits | **¥ (2,262)** | ¥ (2,107) | **$ (22,583)** |

The components of net periodic benefit costs (income) for the fiscal years ended March 31, 2008 and 2007, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Service cost | **¥ 3,620** | ¥ 3,711 | **$ 36,135** |
| Interest cost | **3,333** | 3,318 | **33,274** |
| Expected return on plan assets | **(14,327)** | (23,714) | **(142,998)** |
| Amortization of prior service cost | **—** | (951) | **—** |
| Recognized acturial loss | **4,324** | 1,898 | **43,162** |
| Other | **383** | 1,145 | **3,831** |
| Net periodic benefit costs (income) | **¥ (2,664)** | ¥(14,592) | **$ (26,594)** |

Assumptions used for the fiscal years ended March 31, 2008 and 2007, were as follows:

| | 2008 | 2007 |
|---|---|---|
| Discount rate | **1.9%** | 1.9% |
| Expected rate of return on plan assets | **5.1%** | 8.0% |
| Method of attributing the projected benefits to periods of services | **Mainly point basis** | Mainly point basis |
| Amortization period of prior service cost | **—** | 5 years |
| Recognition period of actuarial loss | **8 to 9 years** | 8 to 9 years |

## *18. Reserve for Contingent Losses*

Reserve for contingent losses as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Reserve for reimbursement of deposits | **¥ 6,109** | ¥ — | **$ 60,974** |
| Reserve for possible losses related to land trust | **6,750** | 9,934 | **67,381** |
| Total | **¥12,859** | ¥9,934 | **$128,355** |

## *19. Commitments and Contingent Liabilities*

a. Certain consolidated subsidiaries issue commitments to extend credit and establish credit lines for overdrafts by making agreements to meet the financing needs of their customers. The total balance of unused commitment lines as of March 31, 2008 and 2007, was ¥2,276,336 million ($22,720,197 thousand) and ¥2,152,130 million, respectively, of which commitment lines whose maturities are less than one year were ¥2,093,004 million ($20,890,355 thousand) and ¥2,007,241 million, respectively.

Many of these commitment lines expire without being drawn. As such, the total balance of unused commitment lines does not necessarily impact future cash flows of the subsidiaries. Furthermore, many commitment lines contain provisions that allow the subsidiaries to refuse to advance funds to the customers or reduce the contract amount of the commitment lines under certain conditions.

The subsidiaries may also request customers to provide collateral, if necessary, such as real estate or securities on the execution date of the contract. After the execution date, the subsidiaries periodically monitor the customers' creditworthiness over the term of the contracts in accordance with internal policies, and take measures to manage the credit exposures such as by revising the terms of the contracts, if necessary.

b. Under certain trust agreements, repayments of the principal of the customers' trust assets are guaranteed by Chuo Mitsui. Regarding guaranteed trusts, Chuo Mitsui guaranteed the principal amount of ¥1,061,263 million ($10,592,510 thousand) and ¥1,184,681 million for certain money trusts as of March 31, 2008 and 2007, respectively, and ¥862,381 million ($8,607,463 thousand) and ¥1,065,084 million for loan trusts as of March 31, 2008 and 2007, respectively.

## *20. Equity*

Since May 1, 2006, Japanese companies have been subject to the Company Law of Japan (the "Company Law"), which reformed and replaced the Commercial Code of Japan. The significant provisions in the Company Law that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Company Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) where the term of service of the directors under the company's article of incorporation is prescribed as one year rather than two years for a normal term, the Board of Directors may declare dividends (except for dividends in kind) at any time during fiscal year if the company has so prescribed in its articles of incorporation. However, Chuo Mitsui Trust Holdings cannot do so because it does not meet all the above criteria.

The Company Law permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitation and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Company Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of capital stock, reserve and surplus

The Company Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the capital stock. Under the Company Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Company Law also provides that capital stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights
The Company Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Under the Company Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Company Law also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

Under the revised Banking Law of Japan that became effective on May 1, 2006, the consolidated trust bank subsidiaries are required to appropriate an amount equal to 20% of dividends as a legal reserve or as additional paid-in capital depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 100% of the capital stock.

## 21. *Common Stock and Preferred Stock*

Common stock and preferred stock as of March 31, 2008, consisted of the following:

| | Number of shares (Thousands) | | Per share (Yen) |
|---|---|---|---|
| Class of stock | Authorized | Issued | Fiscal year-end cash dividend |
| Common stock | 4,068,332 | 987,551 | ¥ 7.00 |
| Class II convertible preferred stock | 93,750 | 93,750 | 14.40 |
| Class III convertible preferred stock | 156,406 | 133,281 | 20.00 |

Chuo Mitsui Trust Holdings issued two classes of non-voting, non-cumulative and non-participating preferred stock. These preferred stocks are convertible into common stock at the specific convertible price. The preferred shareholder shall be entitled, in priority to any payment of dividends on or in respect of any other class of shares, to the specific annual dividend.

Preferred shareholders receive liquidation at ¥1,600 per share and do not have the right to participate in any further liquidation distribution.

The preferred stocks are convertible for a fixed period of time at the option of the shareholder. Unless previously converted by the preferred shareholder, all outstanding preferred shares will be mandatorily exchanged for fully paid shares of common stock on a specific day, at the number of common shares calculated by the market price per share on the day, following each conversion date.

Terms of preferred stock are as follows:

| | Preferred stock | |
|---|---|---|
| | Class II | Class III |
| Annual dividend | ¥14.40 | ¥20.00 |
| Convertible due | July 31, 2009 | July 31, 2009 |
| Convertible price | ¥450 | ¥450 |

## 22. *Other Interest Income*

Other interest income for the fiscal years ended March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Interest on due from banks | **¥3,591** | ¥1,876 | **$35,848** |
| Interest on interest rate swaps | **—** | 1,165 | **—** |
| Interest on monetary claims bought | **1,603** | 1,569 | **16,008** |
| Other | **811** | 434 | **8,100** |
| Total | **¥6,007** | ¥5,047 | **$59,957** |

## 23. *Trust Fees*

Chuo Mitsui and Chuo Mitsui Asset receive fees for controlling and managing trust properties held under trust agreements between them and their clients.

## 24. *Other Operating Income*

Other operating income for the fiscal years ended March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Gains on foreign exchange | **¥ —** | ¥ 890 | **$ —** |
| Gains on sales and redemption of bonds | **15,199** | 4,154 | **151,704** |
| Other | **519** | 1,446 | **5,184** |
| Total | **¥15,718** | ¥6,491 | **$156,889** |

## *25. Other Income*

Other income for the fiscal years ended March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Gains on sales of stocks and other securities | **¥18,675** | ¥24,728 | **$186,403** |
| Gains on money held in trust | **145** | 286 | **1,448** |
| Lease-related income | **14,470** | 29,673 | **144,432** |
| Gains on return of securities from employee retirement benefit trusts | **—** | 15,814 | **—** |
| Other | **17,902** | 17,585 | **178,682** |
| Total | **¥51,193** | ¥88,089 | **$510,967** |

## *26. Other Interest Expenses*

Other interest expenses for the fiscal years ended March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Interest on subordinated bonds | **¥ 7,241** | ¥ 8,254 | **$ 72,274** |
| Interest on subordinated convertible bonds | **0** | 0 | **0** |
| Interest on interest rate swaps | **2,182** | — | **21,783** |
| Interest on payables under repurchase agreements and payables under securities lending transactions | **23,577** | 13,447 | **235,325** |
| Other | **7,651** | 4,984 | **76,372** |
| Total | **¥40,652** | ¥26,687 | **$405,756** |

## *27. Other Operating Expenses*

Other operating expenses for the fiscal years ended March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Losses on foreign exchange | **¥1,077** | ¥ — | **$10,753** |
| Losses on sales and redemption of bonds | **2,437** | 4,464 | **24,332** |
| Losses on derivatives | **4,316** | — | **43,086** |
| Other | **1,288** | 1,382 | **12,859** |
| Total | **¥9,120** | ¥5,846 | **$91,032** |

## *28. Other Expenses*

Other expenses for the fiscal years ended March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Net provision of allowance for possible loan losses | **¥ —** | ¥20,343 | **$ —** |
| Losses on sales of loans | **1,597** | 1,888 | **15,941** |
| Write-off of loans | **9,706** | 7,228 | **96,884** |
| Losses on sales of stocks and other securities | **1,265** | 2,393 | **12,634** |
| Losses on devaluation of stocks and other securities | **12,912** | 6,335 | **128,879** |
| Losses on money held in trust | **—** | 0 | **—** |
| Lease-related expenses | **13,480** | 27,594 | **134,549** |
| Provision for contingent losses | **4,150** | 395 | **41,430** |
| Losses on disposal of premises and equipment | **849** | 540 | **8,474** |
| Other | **26,133** | 16,293 | **260,840** |
| Total | **¥70,096** | ¥83,014 | **$699,634** |

## *29. Income Taxes*

Chuo Mitsui Trust Holdings and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.69% for the fiscal years ended March 31, 2008 and 2007.

The tax effects of significant temporary differences and loss carryforwards, which resulted in deferred tax assets and liabilities as of March 31, 2008 and 2007, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Deferred tax assets: | | | |
| Allowance for possible loan losses | **¥ 37,814** | ¥ 20,708 | **$ 377,424** |
| Tax loss carryforwards | **122,629** | 171,929 | **1,223,966** |
| Securities | **35,391** | 30,801 | **353,243** |
| Reserve for retirement benefits | **2,088** | 3,656 | **20,846** |
| Other | **47,026** | 47,583 | **469,374** |
| Valuation allowance | **(68,204)** | (54,468) | **(680,751)** |
| Total deferred tax assets | **176,745** | 220,210 | **1,764,104** |
| Deferred tax liabilities: | | | |
| Net unrealized gains on available-for-sale securities | **(12,210)** | (139,661) | **(121,875)** |
| Other | **(27,119)** | (22,044) | **(270,676)** |
| Total deferred tax liabilities | **(39,329)** | (161,706) | **(392,552)** |
| Net deferred tax assets | **¥137,415** | ¥ 58,504 | **$1,371,552** |

A reconciliation between the normal effective statutory tax rate and the actual effective tax rates reflected in the accompanying consolidated statements of income for the fiscal years ended March 31, 2008 and 2007, was as follows:

| | 2008 | 2007 |
|---|---|---|
| Normal effective statutory tax rate | **40.69%** | 40.69% |
| Valuation allowance | **5.50** | (7.52) |
| Nontaxable dividends received | **(2.63)** | — |
| Other, net | **(0.50)** | 0.74 |
| Actual effective tax rate | **43.05%** | 33.90% |

## *30. Transaction Related Cash Flows*

For the fiscal year ended March 31, 2008, Chuo Mitsui Leasing Co., Ltd. was excluded from Chuo Mitsui Trust Group as a result of the sale of all of the shares of its common stock. Assets and liabilities of the subsidiary at the time of disposal, cash received by selling the stock and proceeds from sales of consolidated subsidiaries were as follows:

| | Millions of yen | Thousands of U.S. dollars |
|---|---|---|
| Fiscal years ended March 31 | **2008** | **2008** |
| Premises and equipment | **¥ 65,206** | **$ 650,833** |
| Intangible fixed assets | **6,130** | **61,191** |
| Borrowed money | **(50,373)** | **(502,780)** |
| Other assets and liabilities, net | **(14,899)** | **(148,713)** |
| Net gain on sales of stock | **2,335** | **23,310** |
| Cash received by selling the stock | **8,400** | **83,840** |
| Cash and cash equivalents of consolidated subsidiaries | **(0)** | **(6)** |
| Proceeds from sales of consolidated subsidiaries | **¥ 8,399** | **$ 83,834** |

## *31. Leases*

### *Lessee*

Total lease payments under finance lease arrangements that do not transfer ownership of the leased property to the lessee were ¥35 million ($352 thousand) and ¥20 million for the fiscal years ended March 31, 2008 and 2007, respectively.

Pro forma information on leased property such as acquisition cost and accumulated depreciation and obligations under finance leases as of March 31, 2008 and 2007, and the related depreciation expense and interest expense under finance leases for the fiscal years ended March 31, 2008 and 2007, on an "as if capitalized" basis were as follows:

| | Millions of yen | | |
|---|---|---|---|
| | **2008** | | |
| | Equipment | Other | Total |
| Acquisition cost | **¥109** | **¥—** | **¥109** |
| Accumulated depreciation | **70** | **—** | **70** |
| Net leased property | **¥ 38** | **¥—** | **¥ 38** |

| | Millions of yen | | |
|---|---|---|---|
| | 2007 | | |
| | Equipment | Other | Total |
| Acquisition cost | ¥56 | ¥— | ¥56 |
| Accumulated depreciation | 26 | — | 26 |
| Net leased property | ¥29 | ¥— | ¥29 |

| | Thousands of U.S. dollars | | |
|---|---|---|---|
| | **2008** | | |
| | Equipment | Other | Total |
| Acquisition cost | **$1,091** | **$—** | **$1,091** |
| Accumulated depreciation | **704** | **—** | **704** |
| Net leased property | **$ 386** | **$—** | **$ 386** |

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Obligations under finance leases: | | | |
| Due within one year | **¥19** | ¥10 | **$199** |
| Due after one year | **19** | 19 | **197** |
| Total | **¥39** | ¥29 | **$397** |

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Depreciation expense | **¥30** | ¥18 | **$306** |
| Interest expense | **2** | 0 | **29** |
| Total | **¥33** | ¥18 | **$335** |

Depreciation expense and interest expense, which were not reflected in the accompanying consolidated statements of income, were computed by the straight-line method and the interest method, respectively.

The minimum rental commitments under noncancellable operating leases as of March 31, 2008 and 2007, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Due within one year | **¥ 8** | ¥10 | **$ 83** |
| Due after one year | **16** | 14 | **161** |
| Total | **¥24** | ¥24 | **$245** |

### *Lessor*

For the fiscal year ended March 31, 2008, Chuo Mitsui Leasing Co., Ltd. was excluded from Chuo Mitsui Trust Group as a result of the sale of all of the shares of its common stock. Therefore, the notes related to lease transactions for lessor include only income information.

Total leases receipts under finance lease arrangements that do not transfer ownership of the leased property to the lessee were ¥13,602 million ($135,763 thousand) and ¥27,913 million for the fiscal years ended March 31, 2008 and 2007, respectively.

Information on leased property that does not transfer ownership of the leased property to the lessee as of March 31, 2007, was as follows:

| | Millions of yen | | |
|---|---|---|---|
| | 2007 | | |
| | Equipment | Other | Total |
| Acquisition cost | ¥128,335 | ¥13,002 | ¥141,338 |
| Accumulated depreciation | 59,999 | 6,452 | 66,452 |
| Accumulated impairment losses | 29 | — | 29 |
| Net leased property | ¥ 68,306 | ¥ 6,549 | ¥ 74,856 |

Receivables under finance leases as of March 31, 2007 were as follows:

| | Millions of yen |
|---|---|
| | 2007 |
| Due within one year | ¥23,292 |
| Due after one year | 48,538 |
| Total | ¥71,831 |

Depreciation expense and interest income under finance leases for the fiscal years ended March 31, 2008 and 2007, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Depreciation expense | **¥12,583** | ¥25,798 | **$125,596** |
| Interest income | **765** | 1,501 | **7,636** |
| Total | **¥13,348** | ¥27,300 | **$133,233** |

Interest income, which is not reflected in the accompanying consolidated statements of income, was computed by the interest method.

The minimum rental commitments under noncancellable operating leases as of March 31, 2007 were as follows:

| | Millions of yen |
|---|---|
| | 2007 |
| Due within one year | ¥114 |
| Due after one year | 203 |
| Total | ¥317 |

## *32. Derivatives Information*

### Derivative Transactions

***(a) Instruments***

The primary derivative transactions undertaken by Chuo Mitsui Trust Group are listed below:

- Interest rate derivatives: interest futures, interest rate future options, interest rate swaps, caps, floors, swaptions
- Currency derivatives: foreign exchange contracts, currency swaps, currency options
- Stock derivatives: stock index futures, stock index options
- Bond derivatives: bond futures, bond future options, over-the-counter bond options
- Other: credit derivatives

***(b) Purposes and Policies for Derivative Transactions***

Chuo Mitsui Trust Group employs derivative transactions as a vital tool to meet the increasingly sophisticated and diversified financial needs of clients, to keep the market risk exposure on its own assets and liabilities to a level commensurate with its risk management capacity and to seek to capture gains primarily through price fluctuations. Derivative transactions involve various risks, including market risk, which arises through changing interest rates and price fluctuations. Chuo Mitsui Trust Group must be aware of the characteristics and volume of such risks and enforce strict risk management processes to hedge the risks inherent in derivative transactions.

***(c) Content of Risks for Derivative Transactions***

(1) Market Risk

Market risk is the potential for loss caused by fluctuations in the fair value of financial products or portfolios, owing to changes in market volatility in the market prices of traded products, such as interest rates, foreign exchange rates and marketable securities. Chuo Mitsui Trust Group measures risk volume through such means as basis point value (“BPV”)* and value at risk (“VaR”).**

* BPV shows the change in fair value of transactions when interest rates change by one basis point (0.01%).

** VaR is a method to statistically gauge the maximum portfolio loss at a certain probability during a given holding period, thereby facilitating standardized measurement of risk across different products, including interest rates, foreign exchange rates and bonds.

(2) Credit Risk

Credit risk is the possibility of reduction or complete elimination of fair value on transactions, owing to such adverse developments as the worsening financial position of a borrower. In the case of derivative transactions, credit risk is not the loss of the assumed principal but the cost, or reconstruction cost, extended to conclude an agreement with a third party having cash flow equivalent to the amount at the time the original counterparty defaulted.

Chuo Mitsui Trust Group's credit equivalent, determined on a consolidated basis according to Bank for International Settlements (BIS) capital adequacy standards, consists of latent credit exposure plus reconstruction costs.

***(d) Risk Management System for Derivative Transactions***

Chuo Mitsui Trust Group is fully aware of the social responsibility and public mission that is incumbent upon financial institutions. Members of Chuo Mitsui Trust Group therefore assume risk only within strategic objectives and risk-hedging capabilities, based on suitable risk management, and adhere to a basic risk management policy to secure appropriate returns on investment.

As the holding company for Chuo Mitsui Trust Group, Chuo Mitsui Trust Holdings monitors risk management for the entire Chuo Mitsui Trust Group, oversees the system for securing appropriate profits and for managing risk at the consolidated trust bank subsidiaries, and provides guidance for enhancing the system when and where necessary.

The consolidated trust bank subsidiaries have established their own Rules for Risk Management geared to respective operating scale and business characteristics, in accordance with the risk management direction of Chuo Mitsui Trust Group that Chuo Mitsui Trust Holdings has set forth in its Rules for Risk Management, and utilize these rules to undertake appropriate risk management.

With regard to market risk, Chuo Mitsui maintains a basic policy through its Rules for Market Risk Management and follows Regulations for Market Risk Management to reinforce and control accurate hedging techniques and risk. A cross-check structure has been established whereby the divisions that execute transactions are clearly separate from the divisions that process the transactions, and overall management of market risk is consolidated under the Risk Management Department, which is independent of both the front and back offices and pinpoints the status of activities undertaken by both office categories.

This department identifies and analyzes group-wide risk, tracks compliance of risk limits and reports to the director in charge on a daily basis and to the Executive Committee on a monthly basis.

With regard to hedge transactions, Chuo Mitsui has prepared Rules for Hedge Transactions to maintain suitable control of hedge transactions.

For credit risk, Chuo Mitsui follows its Rules for Credit Risk Management, which provide direction for regulating credit risk on loans, fund transactions, derivative transactions and other credit-related risks, and works to forge a stronger credit risk management structure.

Credit lines for derivative and other transactions are established through strict procedures, in accordance with trading standards provided separately. The compliance status of such credit lines and other conditions are appropriately monitored.

## Fair Value of Transactions

The following transactions are stated at fair value and unrealized gains (losses) are reflected in the consolidated statements of income. Transactions which qualify for hedge accounting are excluded from the following table.

***Interest rate transactions***

| | Millions of yen | | | |
|---|---|---|---|---|
| | 2008 | | | |
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Listed: | | | | |
| Interest rate futures contracts: | | | | |
| Buying | ¥ 1,196 | ¥ — | ¥ 21 | ¥ 21 |
| Over-the-counter: | | | | |
| Interest rate swaps: | | | | |
| Fixed rate receipt, floating rate payment | 5,818,400 | 4,490,219 | 104,493 | 104,493 |
| Floating rate receipt, fixed rate payment | 5,709,145 | 4,356,431 | (101,200) | (101,200) |
| Floating rate receipt, floating rate payment | 32,200 | 32,200 | 3,184 | 3,184 |
| Interest rate swaptions: | | | | |
| Selling | 95,400 | 21,200 | (498) | 718 |
| Buying | 89,592 | 13,951 | 411 | (27) |
| Others: | | | | |
| Selling | 51,934 | 42,693 | (18) | 205 |
| Buying | 50,867 | 41,680 | 15 | (95) |
| Total | | | ¥ 6,408 | ¥ 7,301 |

| | Millions of yen | | | |
|---|---|---|---|---|
| | 2007 | | | |
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Listed: | | | | |
| Interest rate futures contracts: | | | | |
| Selling | ¥ 9,920 | ¥ — | ¥ (11) | ¥ (11) |
| Over-the-counter: | | | | |
| Interest rate swaps: | | | | |
| Fixed rate receipt, floating rate payment | 4,828,250 | 3,961,747 | 11,066 | 11,066 |
| Floating rate receipt, fixed rate payment | 4,774,173 | 3,782,728 | (5,662) | (5,662) |
| Floating rate receipt, floating rate payment | 32,200 | 32,200 | 3,290 | 3,290 |
| Interest rate swaptions: | | | | |
| Selling | 234,200 | 42,750 | (1,369) | 2,150 |
| Buying | 194,858 | 28,065 | 1,456 | 77 |
| Others: | | | | |
| Selling | 65,985 | 63,082 | (68) | 335 |
| Buying | 59,721 | 57,481 | 61 | (132) |
| Total | | | ¥ 8,763 | ¥11,115 |

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | **2008** | | | |
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Listed: | | | | |
| Interest rate futures contracts: | | | | |
| Buying | **$ 11,946** | **$ —** | **$ 218** | **$ 218** |
| Over-the-counter: | | | | |
| Interest rate swaps: | | | | |
| Fixed rate receipt, floating rate payment | **58,074,060** | **44,817,046** | **1,042,951** | **1,042,951** |
| Floating rate receipt, fixed rate payment | **56,983,188** | **43,481,697** | **(1,010,088)** | **(1,010,088)** |
| Floating rate receipt, floating rate payment | **321,389** | **321,389** | **31,786** | **31,786** |
| Interest rate swaptions: | | | | |
| Selling | **952,190** | **211,597** | **(4,977)** | **7,173** |
| Buying | **894,226** | **139,245** | **4,106** | **(271)** |
| Others: | | | | |
| Selling | **518,360** | **426,124** | **(183)** | **2,054** |
| Buying | **507,713** | **416,009** | **155** | **(948)** |
| Total | | | **$ 63,966** | **$ 72,875** |

Note: Fair value of listed transactions is calculated according to closing market prices on the Tokyo International Financial Futures Exchange and other exchanges. Fair value of over-the-counter transactions is calculated according to discounted present value, the option pricing model and other valuation techniques.

### *Currency transactions*

| | Millions of yen | | | |
|---|---|---|---|---|
| | **2008** | | | |
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Over-the-counter: | | | | |
| Currency rate swaps | **¥ 5,009** | **¥5,009** | **¥ 25** | **¥ 25** |
| Foreign exchange contracts: | | | | |
| Selling | **1,454,328** | **4,268** | **36,371** | **36,371** |
| Buying | **1,619,135** | **5,074** | **(36,186)** | **(36,186)** |
| Currency options: | | | | |
| Selling | **15,133** | **—** | **(1,032)** | **(580)** |
| Buying | **37,280** | **—** | **1,384** | **849** |
| Total | | | **¥ 561** | **¥ 478** |

| | Millions of yen | | | |
|---|---|---|---|---|
| | 2007 | | | |
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Over-the-counter: | | | | |
| Currency rate swaps | ¥ 5,903 | ¥5,903 | ¥ 38 | ¥ 38 |
| Foreign exchange contracts: | | | | |
| Selling | 1,548,332 | — | (2,722) | (2,722) |
| Buying | 1,748,664 | — | 1,376 | 1,376 |
| Currency options: | | | | |
| Selling | 4,722 | — | (43) | 3 |
| Buying | 4,722 | — | 43 | (11) |
| Total | | | ¥(1,308) | ¥(1,317) |

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | **2008** | | | |
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Over-the-counter: | | | | |
| Currency rate swaps | **$ 50,000** | **$50,000** | **$ 254** | **$ 254** |
| Foreign exchange contracts: | | | | |
| Selling | **14,515,704** | **42,600** | **363,022** | **363,022** |
| Buying | **16,160,652** | **50,645** | **(361,182)** | **(361,182)** |
| Currency options: | | | | |
| Selling | **151,050** | **—** | **(10,306)** | **(5,796)** |
| Buying | **372,096** | **—** | **13,821** | **8,476** |
| Total | | | **$ 5,608** | **$ 4,774** |

Note: Fair value is calculated according to discounted present value, the option pricing model and other valuation techniques.

*Stock transactions*

There was no contract or notional amount of stock transactions as of March 31, 2007.

| | Millions of yen 2008 | | | |
|---|---|---|---|---|
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Listed: | | | | |
| Stock index futures: | | | | |
| Selling | ¥ 2,507 | ¥— | ¥ 9 | ¥ 9 |
| Stock index options: | | | | |
| Buying | 29,000 | — | 14 | (125) |
| Total | | | ¥24 | ¥(115) |

| | Thousands of U.S. dollars 2008 | | | |
|---|---|---|---|---|
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Listed: | | | | |
| Stock index futures: | | | | |
| Selling | $ 25,027 | $— | $ 95 | $ 95 |
| Stock index options: | | | | |
| Buying | 289,450 | — | 145 | (1,251) |
| Total | | | $241 | $(1,156) |

Note: Fair value is calculated according to closing market prices on the stock exchanges, such as the Tokyo Stock Exchange.

*Bond transactions*

| | Millions of yen 2008 | | | |
|---|---|---|---|---|
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Listed: | | | | |
| Bond futures: | | | | |
| Selling | ¥1,143 | ¥— | ¥1 | ¥1 |
| Buying | 1,139 | — | 2 | 2 |
| Total | | | ¥3 | ¥3 |

| | Millions of yen 2007 | | | |
|---|---|---|---|---|
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Listed: | | | | |
| Bond futures: | | | | |
| Selling | ¥1,466 | ¥— | ¥3 | ¥3 |

| | Thousands of U.S. dollars 2008 | | | |
|---|---|---|---|---|
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Listed: | | | | |
| Bond futures: | | | | |
| Selling | $11,410 | $— | $10 | $10 |
| Buying | 11,378 | — | 21 | 21 |
| Total | | | $32 | $32 |

Note: Fair value is calculated according to closing market prices on the stock exchanges, such as the Tokyo Stock Exchange.

*Credit derivative transactions*

| | Millions of yen 2008 | | | |
|---|---|---|---|---|
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Over-the-counter: | | | | |
| Credit default swaps: | | | | |
| Selling | ¥10,000 | ¥10,000 | ¥(5,011) | ¥(5,011) |

| | Millions of yen 2007 | | | |
|---|---|---|---|---|
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Over-the-counter: | | | | |
| Credit default swaps: | | | | |
| Selling | ¥1,000 | ¥— | ¥2 | ¥2 |

| | Thousands of U.S. dollars 2008 | | | |
|---|---|---|---|---|
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Over-the-counter: | | | | |
| Credit default swaps: | | | | |
| Selling | $99,810 | $99,810 | $(50,014) | $(50,014) |

Notes: 1. Fair value is calculated according to discounted present value and the prices offered by brokers.
2. “Selling” refers to acceptance transactions on credit risk.

## *33. Segment Information*

Information about business segments, geographic segments and ordinary income from international operations for the fiscal years ended March 31, 2008 and 2007, was as follows:

### *(1) Business Segment Information*

| | Millions of yen | | | |
|---|---|---|---|---|
| | **2008** | | | |
| | Trust and banking business | Other finance-related operations | Eliminations/ corporate | Consolidated |
| Ordinary income: | | | | |
| External customers | **¥ 413,081** | **¥ 46,018** | **¥ —** | **¥ 459,100** |
| Intersegment | **17,664** | **189,830** | **(207,494)** | **—** |
| Total ordinary income | **430,745** | **235,849** | **(207,494)** | **459,100** |
| Ordinary expenses | **306,053** | **49,722** | **(22,063)** | **333,712** |
| Ordinary profit | **¥ 124,691** | **¥186,126** | **¥(185,431)** | **¥ 125,387** |
| Assets, depreciation and capital expenditures: | | | | |
| Total assets | **¥14,352,216** | **¥971,452** | **¥(850,832)** | **¥14,472,837** |
| Depreciation | **14,483** | **13,430** | **—** | **27,914** |
| Capital expenditures | **19,002** | **842** | **—** | **19,844** |

| | Millions of yen | | | |
|---|---|---|---|---|
| | 2007 | | | |
| | Trust and banking business | Other finance-related operations | Eliminations/ corporate | Consolidated |
| Ordinary income: | | | | |
| External customers | ¥ 386,534 | ¥ 60,567 | ¥ — | ¥ 447,101 |
| Intersegment | 19,412 | 32,902 | (52,315) | — |
| Total ordinary income | 405,946 | 93,470 | (52,315) | 447,101 |
| Ordinary expenses | 242,712 | 64,277 | (19,862) | 287,127 |
| Ordinary profit | ¥ 163,233 | ¥ 29,192 | ¥ (32,452) | ¥ 159,973 |
| Assets, depreciation and capital expenditures: | | | | |
| Total assets | ¥13,935,632 | ¥878,161 | ¥(723,270) | ¥14,090,523 |
| Depreciation | 15,026 | 27,017 | — | 42,043 |
| Capital expenditures | 18,703 | 28,010 | — | 46,714 |

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | **2008** | | | |
| | Trust and banking business | Other finance-related operations | Eliminations/ corporate | Consolidated |
| Ordinary income: | | | | |
| External customers | **$ 4,122,984** | **$ 459,309** | **$ —** | **$ 4,582,293** |
| Intersegment | **176,306** | **1,894,708** | **(2,071,014)** | **—** |
| Total ordinary income | **4,299,290** | **2,354,017** | **(2,071,014)** | **4,582,293** |
| Ordinary expenses | **3,054,734** | **496,282** | **(220,216)** | **3,330,800** |
| Ordinary profit | **$ 1,244,555** | **$1,857,735** | **$(1,850,797)** | **$ 1,251,493** |
| Assets, depreciation and capital expenditures: | | | | |
| Total assets | **$143,249,989** | **$9,696,106** | **$(8,492,185)** | **$144,453,910** |
| Depreciation | **144,563** | **134,053** | **—** | **278,617** |
| Capital expenditures | **189,661** | **8,411** | **—** | **198,073** |

Notes: 1. Ordinary income represents total income less certain special income, and ordinary expenses represents total expenses less certain special expenses.
2. "Other finance-related operations" mainly consists of credit guarantee services, leasing and credit card services.
3. Reserve for reimbursement of deposits that were derecognized as liabilities under certain conditions is provided for possible losses on future claims of withdrawal based on historical reimbursement experience. Formerly, deposits that were derecognized as liabilities were expensed when they were actually reimbursed. However, from the fiscal year ended March 31, 2008, such reserve is provided in the estimated amount as described above in accordance with the "Treatment for Auditing of Reserve under Special Taxation Measures Law, Reserve under Special Laws and Reserve for Retirement Benefits to Directors and Corporate Auditors" (JICPA Audit and Assurance Practice Committee Report No. 42) of April 13, 2007. The effect of this change was to decrease ordinary profit for "Trust and banking business" for the fiscal year ended March 31, 2008 by ¥6,109 million ($60,974 thousand).
4. Chuo Mitsui Leasing Co., Ltd. is not included in capital expenditures for the fiscal year ended March 31, 2008 because Chuo Mitsui Leasing Co., Ltd. was excluded from Chuo Mitsui Trust Group as a result of the sale of all of the shares of its common stock.

### *(2) Geographic Segment Information*

Since domestic (Japan) total ordinary income and total assets by geographic segment for the fiscal years ended March 31, 2008 and 2007, represented more than 90% of the consolidated total ordinary income and total assets of each respective year, geographic segment information was not required to be disclosed.

### *(3) Ordinary Income from International Operations*

| | Millions of yen, except percentage data | | Thousands of U.S. dollars, except percentage data |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Ordinary income from international operations (A) | **¥ 54,639** | ¥ 32,570 | **$ 545,355** |
| Consolidated ordinary income (B) | **459,100** | 447,101 | **4,582,293** |
| (A)/(B) (%) | **11.90%** | 7.2%. | **11.90%** |

Note: Ordinary income from international operations represents ordinary income arising from international operations both in and outside Japan.

## *34. Per Share Information*

A reconciliation of the differences between basic and diluted net income per share ("EPS") for the fiscal years ended March 31, 2008 and 2007, was as follows:

| | Millions of yen | Thousands of shares | Yen | U.S. dollars |
|---|---|---|---|---|
| Fiscal year ended March 31, 2008 | Net income | Weighted-average shares | EPS | EPS |
| Basic EPS | | | | |
| Net income available to common shareholders | **¥67,821** | **961,239** | **¥70.55** | **$0.70** |
| Effect of dilutive securities | | | | |
| Convertible bonds | **0** | **21** | | |
| Preferred stock | **4,015** | **833,281** | | |
| Diluted EPS | | | | |
| Net income for computation | **¥71,837** | **1,794,543** | **¥40.03** | **$0.39** |
| Fiscal year ended March 31, 2007 | | | | |
| Basic EPS | | | | |
| Net income available to common shareholders | ¥108,315 | 878,223 | ¥123.33 | |
| Effect of dilutive securities | | | | |
| Convertible bonds | 0 | 75 | | |
| Preferred stock | 4,478 | 915,386 | | |
| Diluted EPS | | | | |
| Net income for computation | ¥112,793 | 1,793,684 | ¥62.88 | |

## *35. Subsequent Event*

(1) The following appropriation of retained earnings of Chuo Mitsui Trust Holdings as of March 31, 2008, was approved at the general meeting of shareholders held on June 27, 2008:

| | Millions of yen | Thousands of U.S. dollars |
|---|---|---|
| Fiscal year-end dividends: | | |
| Common stock, ¥7.00 ($0.06) per share | ¥ 6,910 | $ 68,979 |
| Class II convertible preferred stock, ¥14.40 ($0.14) per share | 1,350 | 13,474 |
| Class III convertible preferred stock, ¥20.00 ($0.19) per share | 2,665 | 26,605 |
| Total | ¥10,926 | $109,058 |

(2) On July 2, 2008, the board of directors of Chuo Mitsui Trust Holdings authorized the repurchase and cancellation of an aggregate of 54,000 thousand shares of Class III preferred stock. On July 3, 2008, Chuo Mitsui Trust Holdings repurchased from The Resolution and Collection Corporation 54,000 thousand shares of Class III preferred stock at a purchase price of ¥2,359 per share and an aggregate purchase price of ¥127,386 million ($1,271,444 thousand), and cancelled such repurchased shares on the same day.

Deloitte.

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## Independent Auditors' Report

To the Board of Directors of
Chuo Mitsui Trust Holdings, Inc.:

We have audited the accompanying consolidated balance sheets (banking account) of Chuo Mitsui Trust Holdings, Inc. (the "Company," formerly, Mitsui Trust Holdings, Inc.) and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

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

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 17, 2008
(July 3, 2008 as to Note 35)

Member of
**Deloitte Touche Tohmatsu**

# Non-Consolidated Balance Sheets (Supplemental Information—Unaudited)

Chuo Mitsui Trust Holdings, Inc. (Formerly, Mitsui Trust Holdings, Inc.)
As of March 31, 2008 and 2007

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and due from banks | **¥137,557** | ¥ 33,869 | **$1,372,962** |
| Investments in subsidiaries (convertible bonds) | **—** | 47 | **—** |
| Deferred tax assets | **278** | 33 | **2,776** |
| Income tax refunds receivable | **36,894** | 4,719 | **368,249** |
| Other current assets | **63** | 69 | **634** |
| Total current assets | **174,793** | 38,739 | **1,744,623** |
| Non-current assets: | | | |
| Tangible fixed assets | **2** | 0 | **28** |
| Intangible fixed assets | **4** | 2 | **42** |
| Investments and other assets: | **724,103** | 678,326 | **7,227,307** |
| Investment securities | **652** | 665 | **6,507** |
| Investments in subsidiaries and associated companies (Stocks) | **722,806** | 676,850 | **7,214,359** |
| Deferred tax assets | **331** | 408 | **3,307** |
| Other investments | **313** | 402 | **3,132** |
| Total non-current assets | **724,111** | 678,329 | **7,227,378** |
| **Total assets** | **¥898,904** | ¥717,069 | **$8,972,001** |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities:** | | | |
| Current liabilities: | | | |
| Convertible bonds | **¥ —** | ¥ 47 | **$ —** |
| Accrued expenses | **956** | 820 | **9,542** |
| Accrued taxes | **16** | 16 | **163** |
| Reserve for bonus payment | **77** | 48 | **769** |
| Other current liabilities | **95** | 69 | **951** |
| Total current liabilities | **1,144** | 1,003 | **11,427** |
| Non-current liabilities: | | | |
| Bonds | **148,100** | 137,000 | **1,478,191** |
| Reserve for retirement benefits | **822** | 632 | **8,208** |
| Reserve for retirement benefits for directors and corporate auditors | **259** | 200 | **2,586** |
| Total non-current liabilities | **149,181** | 137,833 | **1,488,986** |
| **Total liabilities** | **150,326** | 138,836 | **1,500,414** |
| **Equity:** | | | |
| Common stock and preferred stock | **261,608** | 261,608 | **2,611,126** |
| Capital surplus | **246,088** | 246,083 | **2,456,219** |
| Retained earnings | **241,142** | 70,735 | **2,406,855** |
| Treasury stock—at cost | | | |
| 280,082 shares in 2008 and 213,109 shares in 2007 | **(261)** | (195) | **(2,612)** |
| **Total equity** | **748,578** | 578,232 | **7,471,587** |
| **Total liabilities and equity** | **¥898,904** | ¥717,069 | **$8,972,001** |

# Non-Consolidated Statements of Income (Supplemental Information—Unaudited)

Chuo Mitsui Trust Holdings, Inc. (Formerly, Mitsui Trust Holdings, Inc.)
Fiscal years ended March 31, 2008 and 2007

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **Operating income:** | | | |
| Interest income on investments in subsidiaries (convertible bonds) | **¥ 0** | ¥ 0 | **$ 0** |
| Dividends received from subsidiaries | **184,405** | 23,576 | **1,840,561** |
| Fees and commissions received from subsidiaries | **2,348** | 2,255 | **23,443** |
| **Total operating income** | **186,754** | 25,832 | **1,864,006** |
| **Operating expenses:** | | | |
| Interest expenses on bonds | **4,581** | 3,886 | **45,729** |
| Interest expenses on convertible bonds | **0** | 0 | **0** |
| General and administrative expenses | **2,379** | 2,263 | **23,751** |
| **Total operating expenses** | **6,961** | 6,150 | **69,481** |
| **Operating profit** | **179,793** | 19,682 | **1,794,524** |
| **Non-operating income:** | | | |
| Interest income | **86** | 29 | **860** |
| Fees and commissions | **1** | 2 | **19** |
| Other non-operating income | **36** | 26 | **360** |
| **Total non-operating income** | **124** | 59 | **1,240** |
| **Non-operating expenses:** | | | |
| Commissions | **603** | 555 | **6,021** |
| Other non-operating expenses | **67** | 210 | **672** |
| **Total non-operating expenses** | **670** | 766 | **6,694** |
| **Income before income taxes** | **179,246** | 18,975 | **1,789,070** |
| **Income taxes:** | | | |
| Current | **3** | 3 | **37** |
| Deferred | **(167)** | (184) | **(1,671)** |
| **Net income** | **¥179,410** | ¥19,156 | **$1,790,704** |

| | Yen | | U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **Per share of common stock:** | | | |
| Basic net income | **¥182.46** | ¥16.71 | **$1.82** |
| Diluted net income | **99.97** | 10.68 | **0.99** |

# Consolidated Balance Sheets

The Chuo Mitsui Trust and Banking Company, Limited, and Consolidated Subsidiaries
As of March 31, 2008 and 2007

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **ASSETS** | | | |
| Cash and cash equivalents | **¥ 130,863** | ¥ 272,998 | **$ 1,306,156** |
| Due from banks other than due from the Bank of Japan | **60,326** | 194,459 | **602,118** |
| Call loans and bills bought | **204,862** | 111,121 | **2,044,735** |
| Receivables under securities borrowing transactions | **104,003** | 80,099 | **1,038,058** |
| Monetary claims bought (Note 3) | **111,422** | 104,146 | **1,112,111** |
| Trading assets (Note 3) | **42,886** | 52,803 | **428,051** |
| Securities (Notes 3 and 10) | **4,542,651** | 4,408,512 | **45,340,367** |
| Money held in trust (Note 4) | **2,463** | 2,710 | **24,587** |
| Loans and bills discounted (Notes 5 and 10) | **7,852,466** | 7,377,362 | **78,375,746** |
| Foreign exchanges (Note 6) | **811** | 940 | **8,100** |
| Other assets (Notes 7 and 10) | **351,346** | 309,973 | **3,506,800** |
| Premises and equipment (Note 8) | **131,871** | 203,055 | **1,316,212** |
| Intangible fixed assets (Note 9) | **39,104** | 41,178 | **390,298** |
| Deferred tax assets (Note 28) | **143,476** | 80,458 | **1,432,047** |
| Customers' liabilities for acceptances and guarantees (Note 11) | **584,076** | 711,121 | **5,829,689** |
| Allowance for possible loan losses | **(69,490)** | (74,974) | **(693,588)** |
| **Total assets** | **¥14,233,141** | ¥13,875,967 | **$142,061,494** |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities:** | | | |
| Deposits (Notes 10 and 12) | **¥ 8,970,236** | ¥ 8,564,017 | **$ 89,532,253** |
| Call money and bills sold (Note 10) | **200,081** | 452,378 | **1,997,024** |
| Payables under repurchase agreements (Note 10) | **24,197** | 114,467 | **241,511** |
| Payables under securities lending transactions (Note 10) | **1,797,121** | 1,062,543 | **17,937,129** |
| Trading liabilities | **8,185** | 4,398 | **81,698** |
| Borrowed money (Notes 10 and 13) | **474,369** | 393,235 | **4,734,701** |
| Foreign exchanges (Note 6) | **10** | 48 | **105** |
| Subordinated bonds (Note 14) | **176,261** | 195,119 | **1,759,272** |
| Subordinated convertible bonds (Note 14) | **—** | 95 | **—** |
| Payables to trust account | **1,051,839** | 1,221,732 | **10,498,447** |
| Other liabilities (Note 15) | **177,973** | 122,261 | **1,776,356** |
| Reserve for bonus payment | **2,786** | 2,889 | **27,815** |
| Reserve for retirement benefits for directors and corporate auditors | **886** | 701 | **8,847** |
| Reserve for employee retirement benefits (Note 16) | **1,429** | 1,475 | **14,264** |
| Reserve for contingent losses (Note 17) | **12,859** | 9,934 | **128,355** |
| Deferred tax liabilities (Note 28) | **7,580** | 24,346 | **75,657** |
| Acceptances and guarantees (Note 11) | **584,076** | 711,121 | **5,829,689** |
| **Total liabilities** | **13,489,895** | 12,880,766 | **134,643,130** |
| **Commitments and contingent liabilities** (Note 18) | | | |
| **Equity** (Note 19)**:** | | | |
| Common stock and preferred stock (Note 20) | **379,197** | 358,173 | **3,784,783** |
| Capital surplus | **128,511** | 107,488 | **1,282,682** |
| Retained earnings | **190,253** | 290,612 | **1,898,931** |
| Net unrealized gains on available-for-sale securities | **57,288** | 259,294 | **571,797** |
| Deferred gains (losses) on derivatives under hedge accounting | **413** | (7,439) | **4,132** |
| Land revaluation difference | **(15,532)** | (15,532) | **(155,031)** |
| Foreign currency translation adjustments | **(66)** | 53 | **(662)** |
| **Total** | **740,066** | 992,649 | **7,386,633** |
| Minority interests | **3,179** | 2,552 | **31,730** |
| **Total equity** | **743,245** | 995,201 | **7,418,363** |
| **Total liabilities and equity** | **¥14,233,141** | ¥13,875,967 | **$142,061,494** |

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

# Consolidated Statements of Income

The Chuo Mitsui Trust and Banking Company, Limited, and Consolidated Subsidiaries
Fiscal years ended March 31, 2008 and 2007

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **Income:** | | | |
| Interest income: | | | |
| Interest on loans and bills discounted | **¥116,342** | ¥ 84,450 | **$1,161,215** |
| Interest and dividends on securities | **82,495** | 70,586 | **823,385** |
| Interest on call loans and bills bought | **1,755** | 991 | **17,520** |
| Other interest income (Note 21) | **6,007** | 5,047 | **59,960** |
| Trust fees (Note 22) | **24,934** | 30,929 | **248,870** |
| Fees and commissions | **115,523** | 130,574 | **1,153,041** |
| Trading gains | **2,063** | 3,291 | **20,592** |
| Other operating income (Note 23) | **15,718** | 6,491 | **156,889** |
| Other income (Note 24) | **54,863** | 88,228 | **547,592** |
| **Total income** | **419,702** | 420,590 | **4,189,069** |
| **Expenses:** | | | |
| Interest expenses: | | | |
| Interest on deposits | **43,572** | 26,829 | **434,899** |
| Interest on call money and bills sold | **8,856** | 4,334 | **88,399** |
| Interest on borrowings | **5,833** | 4,520 | **58,227** |
| Other interest expenses (Note 25) | **40,652** | 26,601 | **405,757** |
| Fees and commissions | **4,745** | 5,085 | **47,364** |
| Trading losses | **23** | 120 | **234** |
| Other operating expenses (Note 26) | **9,120** | 5,846 | **91,032** |
| General and administrative expenses | **122,773** | 110,867 | **1,225,407** |
| Other expenses (Note 27) | **70,259** | 82,816 | **701,261** |
| **Total expenses** | **305,838** | 267,022 | **3,052,585** |
| **Income before income taxes and minority interests** | **113,864** | 153,568 | **1,136,483** |
| **Income taxes** (Note 28): | | | |
| Current | **5,472** | 8,902 | **54,623** |
| Deferred | **42,321** | 41,280 | **422,411** |
| **Total income taxes** | **47,794** | 50,183 | **477,034** |
| **Minority interests in net income** | **1,412** | 896 | **14,096** |
| **Net income** | **¥ 64,657** | ¥102,489 | **$ 645,352** |

| | Yen | | U.S. dollars (Note 1) |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **Per share of common stock** (Note 33): | | | |
| Basic net income | **¥46.22** | ¥75.33 | **$0.46** |
| Diluted net income | **28.96** | 46.23 | **0.28** |
| **Cash dividends per share applicable to the year** (Note 20): | | | |
| Common stock | **98.44** | 7.88 | **0.98** |
| Class I convertible preferred stock (Second series) | **—** | 14.40 | **—** |
| Class I convertible preferred stock (Third series) | **—** | 20.00 | **—** |

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

# Consolidated Statements of Changes in Equity

The Chuo Mitsui Trust and Banking Company, Limited, and Consolidated Subsidiaries
Fiscal years ended March 31, 2008 and 2007

| | Thousands | | Millions of yen | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Issued number of shares of common stock | Issued number of shares of preferred stock | Common stock and preferred stock | Capital surplus | Retained earnings | Net unrealized gains on available-for-sale securities | Deferred gains (losses) on derivatives under hedge accounting | Land revaluation differences | Foreign currency translation adjustments | Total | Minority interests | Total equity |
| Balance, March 31, 2006 | 1,245,570 | 270,156 | ¥356,437 | ¥105,751 | ¥203,124 | ¥213,559 | ¥ — | ¥(15,527) | ¥(539) | ¥862,805 | ¥ — | ¥862,805 |
| Reclassified balance as of March 31, 2006 (Note 2q) | | | | | | | | | | | 1,655 | 1,655 |
| Net income | | | | | 102,489 | | | | | 102,489 | | 102,489 |
| Cash dividends | | | | | (15,006) | | | | | (15,006) | | (15,006) |
| Issuance of capital stock | 10,000 | | 1,700 | 1,700 | | | | | | 3,400 | | 3,400 |
| Conversion of preferred stock into common stock | 80,930 | (20,000) | | | | | | | | | | |
| Conversion of convertible bonds | 65 | | 36 | 36 | | | | | | 72 | | 72 |
| Reversal of land revaluation difference | | | | | 5 | | | (5) | | — | | — |
| Net change in the year | | | | | | 45,735 | (7,439) | | 592 | 38,887 | 896 | 39,784 |
| Balance, March 31, 2007 | 1,336,567 | 250,156 | 358,173 | 107,488 | 290,612 | 259,294 | (7,439) | (15,532) | 53 | 992,649 | 2,552 | 995,201 |
| Net income | | | | | 64,657 | | | | | 64,657 | | 64,657 |
| Cash dividends | | | | | (165,016) | | | | | (165,016) | | (165,016) |
| Issuance of capital stock | 105,000 | | 21,000 | 21,000 | | | | | | 42,000 | | 42,000 |
| Conversion of preferred stock into common stock | 82,222 | (23,125) | | | | | | | | | | |
| Conversion of convertible bonds | 43 | | 23 | 23 | | | | | | 47 | | 47 |
| Net change in the year | | | | | | (202,005) | 7,853 | | (119) | (194,271) | 627 | (193,644) |
| **Balance, March 31, 2008** | **1,523,833** | **227,031** | **¥379,197** | **¥128,511** | **¥190,253** | **¥ 57,288** | **¥ 413** | **¥(15,532)** | **¥ (66)** | **¥740,066** | **¥3,179** | **¥743,245** |

| | Thousands of U.S. dollars (Note 1) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Common stock and preferred stock | Capital surplus | Retained earnings | Net unrealized gains on available-for-sale securities | Deferred gains (losses) on derivatives under hedge accounting | Land revaluation differences | Foreign currency translation adjustments | Total | Minority interests | Total equity |
| Balance, March 31, 2007 | $3,574,942 | $1,072,841 | $2,900,614 | $2,588,026 | $(74,257) | $(155,031) | $ 531 | $9,907,667 | $25,471 | $9,933,139 |
| Net income | | | 645,352 | | | | | 645,352 | | 645,352 |
| Cash dividends | | | (1,647,034) | | | | | (1,647,034) | | (1,647,034) |
| Issuance of capital stock | 209,601 | 209,601 | | | | | | 419,203 | | 419,203 |
| Conversion of convertible bonds | 239 | 239 | | | | | | 478 | | 478 |
| Net change in the year | | | | (2,016,228) | 78,389 | | (1,194) | (1,939,033) | 6,258 | (1,932,775) |
| **Balance, March 31, 2008** | **$3,784,783** | **$1,282,682** | **$1,898,931** | **$ 571,797** | **$ 4,132** | **$(155,031)** | **$ (662)** | **$7,386,633** | **$31,730** | **$7,418,363** |

See accompanying “Notes to Consolidated Financial Statements,” which are an integral part of these statements.

# Consolidated Statements of Cash Flows

The Chuo Mitsui Trust and Banking Company, Limited, and Consolidated Subsidiaries
Fiscal years ended March 31, 2008 and 2007

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **Operating activities:** | | | |
| Income before income taxes and minority interests | **¥ 113,864** | ¥ 153,568 | **$ 1,136,483** |
| Adjustments for: | | | |
| Income taxes paid | **(8,598)** | (4,674) | **(85,822)** |
| Depreciation and amortization | **26,166** | 40,168 | **261,164** |
| Amortization of consolidation goodwill | **322** | 145 | **3,218** |
| Equity in earnings of associated companies | **(109)** | (50) | **(1,094)** |
| (Decrease) increase in allowance for possible loan losses | **(5,245)** | 14,944 | **(52,352)** |
| (Decrease) increase in reserve for bonus payment | **(26)** | 40 | **(260)** |
| Increase in reserve for retirement benefits for directors and corporate auditors | **234** | 701 | **2,343** |
| Increase in reserve for employee retirement benefits | **55** | 138 | **549** |
| Increase in reserve for contingent losses | **2,925** | 395 | **29,198** |
| Net gain on securities | **(12,043)** | (14,316) | **(120,209)** |
| Net gain on money held in trust | **—** | (1,413) | **—** |
| Foreign exchange loss—net | **86,966** | 2,875 | **868,015** |
| Net (gain) loss on disposals of premises and equipment | **(1,639)** | 520 | **(16,359)** |
| Change in assets and liabilities: | | | |
| Decrease (increase) in trading assets | **9,917** | (7,920) | **98,984** |
| Increase (decrease) in trading liabilities | **3,787** | (2,547) | **37,801** |
| Increase in loans and bills discounted | **(453,851)** | (75,274) | **(4,529,913)** |
| Increase (decrease) in deposits | **404,725** | (278,793) | **4,039,575** |
| Increase in borrowed money (excluding subordinated borrowings) | **131,507** | 232,289 | **1,312,582** |
| Decrease (increase) in due from banks (excluding cash equivalents) | **134,133** | (115,152) | **1,338,786** |
| (Increase) decrease in call loans and bills bought | **(101,027)** | 52,578 | **(1,008,363)** |
| Increase in receivables under securities borrowing transactions | **(23,904)** | (5,856) | **(238,587)** |
| (Decrease) increase in call money and bills sold | **(342,566)** | 233,948 | **(3,419,164)** |
| Increase in payables under securities lending transactions | **734,577** | 222,131 | **7,331,841** |
| Decrease in foreign exchanges (assets) | **128** | 36,658 | **1,282** |
| (Decrease) increase in foreign exchanges (liabilities) | **(38)** | 0 | **(381)** |
| (Decrease) increase in payables to trust account | **(169,892)** | 60,758 | **(1,695,707)** |
| Other—net | **22,131** | (24,913) | **220,893** |
| Net cash provided by operating activities | **552,498** | 520,953 | **5,514,502** |
| **Investing activities:** | | | |
| Purchases of securities | **(4,944,762)** | (2,830,590) | **(49,353,856)** |
| Proceeds from sales of securities | **3,749,135** | 757,344 | **37,420,253** |
| Proceeds from redemption of securities | **639,086** | 1,577,327 | **6,378,744** |
| Decrease in money held in trust | **—** | 5,349 | **—** |
| Purchases of premises and equipment | **(14,318)** | (30,142) | **(142,910)** |
| Proceeds from sales of premises and equipment | **3,901** | 3,184 | **38,940** |
| Purchase of intangible fixed assets | **(12,901)** | (12,543) | **(128,766)** |
| Proceeds from sales of intangible fixed assets | **26** | 1,020 | **263** |
| Proceeds from sales of stocks of consolidated subsidiaries (Note 29) | **12,107** | — | **120,845** |
| Net cash used in investing activities | **(567,725)** | (529,047) | **(5,666,484)** |
| **Financing activities:** | | | |
| Proceeds from subordinated borrowings | **—** | 2,500 | **—** |
| Payment of subordinated borrowings | **—** | (7,000) | **—** |
| Redemption of subordinated bonds and subordinated convertible bonds | **(3,660)** | (17,000) | **(36,532)** |
| Issuance of common stock | **42,000** | 3,400 | **419,203** |
| Dividends paid | **(165,016)** | (15,006) | **(1,647,034)** |
| Dividends paid for minority interests | **(113)** | (226) | **(1,129)** |
| Net cash used in financing activities | **(126,789)** | (33,332) | **(1,265,492)** |
| Foreign currency translation adjustments on cash and cash equivalents | **(118)** | 582 | **(1,180)** |
| Net decrease in cash and cash equivalents | **(142,135)** | (40,844) | **(1,418,655)** |
| Cash and cash equivalents, beginning of year | **272,998** | 313,843 | **2,724,812** |
| Cash and cash equivalents, end of year | **¥ 130,863** | ¥ 272,998 | **$ 1,306,156** |

## Additional Cash Flows Information

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **Non-cash investing and financing activities:** | | | |
| Capital stock increased by conversion of convertible bonds | **¥ 23** | ¥ 36 | **$ 239** |
| Capital surplus increased by conversion of convertible bonds | **23** | 36 | **239** |
| Convertible bonds decreased by conversion into common stock | **¥ 47** | ¥ 72 | **$ 478** |

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

## *1. Basis of Presentation*

The accompanying consolidated financial statements (banking account) have been prepared from the accounts maintained by The Chuo Mitsui Trust and Banking Company, Limited ("Chuo Mitsui"), and its consolidated subsidiaries under the umbrella of Chuo Mitsui Trust Holdings, Inc. ("Chuo Mitsui Trust Holdings") in accordance with accounting principles generally accepted in Japan, and certain accounting and disclosure rules under the Financial Instruments and Exchange Law of Japan (formerly the Securities and Exchange Law of Japan) and the Banking Law of Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to Chuo Mitsui's consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the consolidated financial statements for the fiscal years ended March 31, 2007 to conform to classifications and presentations used in the consolidated financial statements for the fiscal year ended March 31, 2008.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Chuo Mitsui is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥100.19 to U.S.$1, the approximate rate of exchange at March 31, 2008. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts less than one million Japanese yen and one thousand U.S. dollars have been truncated, except for per share information. As a result, the total may not be equal to the total of individual amounts.

## *2. Summary of Significant Accounting Policies*

### *a. Consolidation*

The consolidated financial statements include the amounts of Chuo Mitsui and its significant subsidiaries. The number of consolidated subsidiaries as of March 31, 2008 was 17 (20 in 2007).

Under the control or influence concept, those companies in which Chuo Mitsui, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which Chuo Mitsui has the ability to exercise significant influence are accounted for by the equity method, unless in either case the companies are immaterial.

Investments in two associated companies were accounted for by the equity method in the fiscal years ended March 31, 2008 and 2007.

Investments in unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these subsidiaries, the effect on the accompanying consolidated financial statements would not be material.

Any differences between the cost of an acquired subsidiary or associated company and the fair value of its net assets at the date of the acquisition are amortized over a period within 20 years, or charged to income as incurred if such differences are considered to be immaterial.

All significant intercompany transactions, balances and unrealized profits have been eliminated in consolidation.

### *b. Cash and Cash Equivalents*

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include amounts due from the Bank of Japan.

### *c. Mark-to-Market Accounting for Trading Purpose Transactions*

Transactions for trading purposes (that is, transactions which seek to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of securities and other market-related indices or from gaps among markets) are included in trading assets and trading liabilities on a trade date basis. Trading securities and monetary claims bought for trading purposes recorded in these accounts are stated at market value and trading-related financial derivatives are at the amounts that would be settled if they were terminated at the end of the fiscal year.

Unrealized gains and losses on trading purpose transactions are recognized in the consolidated statements of income.

### *d. Translation of Foreign Currency Accounts*

Chuo Mitsui maintains its accounting records in Japanese yen. Assets and liabilities denominated in foreign currencies are translated into Japanese yen using the exchange rate prevailing at each balance sheet date.

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of each balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of equity.

*e. Securities*

Securities other than investments in unconsolidated subsidiaries and associated companies are classified and accounted for, depending on management's intent, as follows:
i) Trading securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value, and the related unrealized gains and losses are included in earnings;
ii) Held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost; and
iii) Available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average cost method.

For other than temporary declines in fair value, securities are reduced to net realizable value by a charge to income.

Securities in money held in trust are classified and accounted for the same as securities described above.

*f. Derivative and Hedging Activities*

Derivative financial instruments are classified and accounted for as follows:
i) Except as discussed below, all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of income; and ii) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, Chuo Mitsui and certain domestic consolidated subsidiaries use the deferral hedge method or the fair value hedge method.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expenses or income.

*g. Premises and Equipment*

Premises and equipment are carried at cost less accumulated depreciation. Depreciation of premises and equipment owned by Chuo Mitsui is computed by the declining-balance method, while the straight-line method is applied to buildings acquired after April 1, 1998. The range of useful lives is from 10 to 50 years for buildings, and from three to eight years for equipment.

Depreciation of premises and equipment owned by consolidated subsidiaries is mainly computed by the straight-line method over the estimated useful lives of the respective assets.

*h. Software*

Capitalized software for internal use is amortized by the straight-line method over the estimated useful lives of the software (principally five years).

*i. Impairment of Fixed Assets*

Chuo Mitsui and its consolidated subsidiaries review their long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

*j. Land Revaluation*

Under the Law of Land Revaluation, The Mitsui Trust and Banking Company, Limited, elected the one-time revaluation for its own-use land to a value based on real estate appraisal information as of March 31, 1998.

The resulting land revaluation difference represents unrealized appreciation of land and is stated as a component of equity. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation difference account and related deferred tax liabilities.

As of March 31, 2007, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥2,053 million.

*k. Stock and Bond Issue Costs*

Stock issue costs are amortized by the straight-line method over the effective period within three years.

Bond issue costs are amortized by the straight-line method over three years.

*l. Allowance for Possible Loan Losses*

Allowance for possible loan losses of Chuo Mitsui and major

consolidated subsidiaries is maintained in accordance with internally established standards for write-offs and allowances for loan losses.
1) For claims against borrowers that are legally bankrupt, such as borrowers under bankruptcy and special liquidation proceedings ("legal bankruptcy"), and against borrowers that are in substantially similarly adverse condition ("virtual bankruptcy"), allowances are maintained at 100% of amounts of claims net of expected amounts recoverable from the disposal of collateral and/or the amounts recoverable under guarantees.
2) For claims against borrowers that have not yet become legally or formally bankrupt but that are very likely to become bankrupt ("possible bankruptcy"), allowances are maintained at amounts deemed necessary to absorb losses on the amount of claims less expected amounts recoverable from the disposal of collateral and/or the amounts recoverable under guarantees, based on the overall assessment of the borrowers' repayment ability.

For claims against large borrowers that are classified as possible bankruptcy and close observation borrowers for which future cash flows could be reasonably estimated, allowances are provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate and the carrying value of the claim.
3) For claims against other borrowers judged to be legal bankruptcy, virtual bankruptcy and possible bankruptcy borrowers, as mentioned above, allowances are maintained at rates derived from historical loan loss experiences, etc.
4) Allowance for possible losses on loans to restructuring countries is maintained in order to cover possible losses based on the political and economic climates of those countries.

All claims are assessed by the operating sections and each Credit Supervision Department based on the internal guidelines for self-assessment on asset quality. Subsequently, the Internal Audit Department, which is independent from the operating sections, reviews these self-assessments, and the allowances are provided based on the results of the self-assessments.

With respect to claims with collateral and/or guarantees extended to borrowers that are in legal bankruptcy or virtual bankruptcy borrowers, the unrecoverable amount is estimated by deducting from the amount of claims the realizable value of collateral or the amount likely to be recovered based on guarantees.

The outstanding amount thus determined is then directly written off from the amount of claims as the unrecoverable amount, which totaled ¥85,098 million ($849,374 thousand) and ¥96,331 million as of March 31, 2008 and 2007, respectively.

Other consolidated subsidiaries provide for "allowance for possible loan losses" based on the past experience and management's assessment of the loan portfolio.

***m. Reserve for Bonus Payment***

Reserve for bonus payment is provided for the payment of employees' bonuses based on estimates of the future payments attributed to the current fiscal year.

***n. Reserve for Retirement Benefits for Directors and Corporate Auditors***

Reserve for retirement benefits for directors and corporate auditors is provided at the amount which would be required if all directors, corporate auditors and executive officers retired at the balance sheet date. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

***o. Reserve for Retirement Benefits and Pension Plans***

Chuo Mitsui has defined benefit plans (employee pension fund plans and tax qualified pension plans) and lump-sum severance indemnity plans.

Chuo Mitsui accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

***p. Reserve for Contingent Losses***

Reserve for contingent losses, which is provided for possible losses from contingent events related to off-balance sheet and other transactions is calculated by estimation of the impact of these contingent events.
(1) Reserve for Reimbursement of Deposits
Reserve for reimbursement of deposits which were derecognized as liabilities under certain conditions is provided for the possible losses on the future claims of withdrawal based on the historical reimbursement experience. Formerly, deposits which were derecognized as liabilities were expensed when they were actually reimbursed. However, from the fiscal year ended March 31, 2008, such reserve is provided in the estimated amount as described above in accordance with the "Treatment for Auditing of Reserve under Special Taxation Measures Law. Reserve under Special Laws and Reserve for Retirement Benefits to Directors and Corporate Auditors" (the Japanese Institute of Certified Public Accountants ("JICPA") Audit and Assurance Practice Committee Report No. 42) of April 13, 2007.

As a result, income before income taxes and minority interests decreased by ¥6,109 million ($60,974 thousand) as compared with the former method.

(2) Reserve for Possible Losses Related to Land Trusts
Reserve for possible losses related to land trusts is provided for estimated losses deemed necessary for potential damages to the compensation rights being acquired, when a liability for reimbursement, as a trustee of a land trust, is incurred due to the future business circumstances of the land trust.

***q. Presentation of Equity***
On December 9, 2005, the Accounting Standards Board of Japan (the "ASBJ") published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities or assets, as the case may be, are now presented as compon1ents of equity. Such items include stock acquisition rights, minority interests, and any deferred gains or losses on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ending on or after May 1, 2006. The balances of such items as of March 31, 2006 were reclassified as separate components of equity as of April 1, 2006 in the consolidated statement of changes in equity.

***r. Income Taxes***
The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

***s. Leases***
All leases are accounted for as operating leases. In accordance with Japanese accounting standards for leases, finance leases that do not transfer ownership of the leased property to the lessee are permitted to be accounted for as operating leases if certain "as if capitalized" information is disclosed in the notes to the lessee's consolidated financial statements.

***t. Per Share Information***
Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible bonds and preferred stock at the beginning of the year (or at the time of issuance) with an applicable adjustment for related expense and dividends.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

***u. New Accounting Pronouncements***
(1) Lease Accounting
On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the former accounting standard for lease transactions issued on June 17, 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008, with early adoption permitted for fiscal years beginning on or after April 1, 2007.
*Lessee*. Under the former accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions shall be capitalized recognizing lease assets and lease obligations in the balance sheet.
(2) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements
Under Japanese GAAP, a company currently can use the financial statements of foreign subsidiaries that have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, the ASBJ issued ASBJ PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements." The new standard prescribes that: 1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements: and 2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material:
(i) Amortization of goodwill
(ii) Actuarial gains and losses of defined benefit plans recognized outside profit or loss

(iii) Capitalization of intangible assets arising from development phases
(iv) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets
(v) Retrospective application when accounting policies are changed
(vi) Accounting for net income attributable to minority interests

The new task force is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

## *3. Securities*

Securities as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Japanese government bonds | **¥2,038,178** | ¥1,937,019 | **$20,343,129** |
| Japanese municipal bonds | **1,295** | 3,085 | **12,930** |
| Japanese corporate bonds | **343,880** | 354,951 | **3,432,285** |
| Japanese stocks | **774,481** | 1,062,236 | **7,730,124** |
| Other securities | **1,384,815** | 1,051,218 | **13,821,897** |
| Total | **¥4,542,651** | ¥4,408,512 | **$45,340,367** |

The carrying amounts and aggregate fair values of securities (including securities in trading assets and monetary claims bought) as of March 31, 2008 and 2007, were as follows:

| | Millions of yen | | | |
|---|---|---|---|---|
| March 31, 2008 | Cost | Unrealized gains | Unrealized losses | Fair value |
| Securities classified as: | | | | |
| Trading | | | | **¥ 30,005** |
| Available-for-sale: | | | | |
| Japanese equity securities | **¥ 517,214** | **¥211,226** | **¥43,170** | **685,269** |
| Japanese debt securities | **1,510,376** | **864** | **36,665** | **1,474,576** |
| Other | **1,217,354** | **8,844** | **73,486** | **1,152,712** |
| Held-to-maturity | **781,174** | **7,236** | **3,006** | **785,403** |

| | Millions of yen | | | |
|---|---|---|---|---|
| March 31, 2007 | Cost | Unrealized gains | Unrealized losses | Fair value |
| Securities classified as: | | | | |
| Trading | | | | ¥ 40,864 |
| Available-for-sale: | | | | |
| Japanese equity securities | ¥ 517,673 | ¥453,345 | ¥ 3,151 | 967,866 |
| Japanese debt securities | 1,438,317 | 81 | 54,728 | 1,383,671 |
| Other | 914,444 | 12,517 | 14,270 | 912,691 |
| Held-to-maturity | 696,031 | 792 | 1,883 | 694,940 |

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| March 31, 2008 | Cost | Unrealized gains | Unrealized losses | Fair value |
| Securities classified as: | | | | |
| Trading | | | | **$ 299,486** |
| Available-for-sale: | | | | |
| Japanese equity securities | **$ 5,162,331** | **$ 2,108,261** | **$430,888** | **6,839,703** |
| Japanese debt securities | **15,075,122** | **8,633** | **365,957** | **14,717,798** |
| Other | **12,150,459** | **88,279** | **733,470** | **11,505,267** |
| Held-to-maturity | **7,796,930** | **72,223** | **30,012** | **7,839,141** |

Note: Values in the consolidated balance sheets reflect fair market values calculated by using the average market prices during the final month of the fiscal year for Japanese stocks and securities investment trusts, and by using the market prices at the end of the fiscal year for securities other than Japanese stocks and securities investment trusts.

Available-for-sale securities and held-to-maturity securities whose fair value was not readily determinable as of March 31, 2008 and 2007, were mainly as follows:

| | Carrying amount | | |
|---|---|---|---|
| | Millions of yen | | Thousands of U.S. dollars |
| | **2008** | 2007 | **2008** |
| Available-for-sale: | | | |
| Unlisted Japanese stocks | **¥ 88,678** | ¥ 93,878 | **$ 885,106** |
| Unlisted corporate bonds | **283,821** | 299,259 | **2,832,827** |
| Unlisted foreign securities | **9,104** | 5,288 | **90,874** |
| Subscription certificates | **152,994** | 35,511 | **1,527,041** |
| Held-to-maturity: | | | |
| Unlisted foreign securities | **3,000** | — | **29,943** |
| Total | **¥537,598** | ¥433,938 | **$5,365,793** |

Proceeds from sales of available-for-sale securities for the fiscal years ended March 31, 2008 and 2007, were ¥3,939,028 million ($39,315,586 thousand) and ¥782,475 million, respectively. Gross realized gains and losses on these sales, computed on the moving-average basis, were ¥31,525 million ($314,657 thousand) and ¥1,384 million ($13,822 thousand), respectively, for the fiscal year ended March 31, 2008, and ¥29,046 million and ¥1,302 million, respectively, for the fiscal year ended March 31, 2007.

The carrying values of securities classified as available-for-sale and held-to-maturity by contractual maturities as of March 31, 2008 and 2007, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Due within one year | **¥ 100,788** | ¥ 70,640 | **$ 1,005,974** |
| Due after one year through five years | **2,224,056** | 1,520,466 | **22,198,385** |
| Due after five years through ten years | **354,468** | 764,978 | **3,537,966** |
| Due after ten years | **976,763** | 669,847 | **9,749,111** |
| Total | **¥3,656,077** | ¥3,025,932 | **$36,491,438** |

Securities in unconsolidated subsidiaries and associated companies totaled ¥532 million ($5,313 thousand) and ¥102,705 million as of March 31, 2008 and 2007, respectively.

Guarantee obligations for privately offered corporate bonds (provided in accordance with the Article 2, Paragraph 3 of the Financial Instruments and Exchange Law) in "Securities" were ¥164,471 million ($1,641,591 thousand) and ¥200,702 million as of March 31, 2008 and 2007, respectively.

## *4. Money Held in Trust*

The carrying amounts and aggregate fair values of money held in trust as of March 31, 2008 and 2007, were as follows:

| | Millions of yen | | |
|---|---|---|---|
| March 31, 2008 | Cost | Unrealized gains | Fair value |
| Money held in trust classified as: | | | |
| Available-for-sale | **¥1,681** | **¥782** | **¥2,463** |

| | Millions of yen | | |
|---|---|---|---|
| March 31, 2007 | Cost | Unrealized gains | Fair value |
| Money held in trust classified as: | | | |
| Available-for-sale | ¥1,673 | ¥1,037 | ¥2,710 |

| | Thousands of U.S. dollars | | |
|---|---|---|---|
| March 31, 2008 | Cost | Unrealized gains | Fair value |
| Money held in trust classified as: | | | |
| Available-for-sale | **$16,779** | **$7,808** | **$24,587** |

## *5. Loans and Bills Discounted*

Loans and bills discounted as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Bills discounted | **¥ 7,477** | ¥ 9,551 | **$ 74,635** |
| Loans on notes | **897,987** | 778,536 | **8,962,843** |
| Loans on deeds | **6,147,259** | 5,869,674 | **61,356,019** |
| Overdrafts | **799,741** | 719,600 | **7,982,247** |
| Total | **¥7,852,466** | ¥7,377,362 | **$78,375,746** |

***Loans to Borrowers in Bankruptcy and Non-Accrual Loans***

Loans to borrowers in bankruptcy are included in loans and bills discounted, and totaled ¥10,982 million ($109,619 thousand) and ¥7,683 million as of March 31, 2008 and 2007, respectively.

Loans are generally placed on non-accrual status when substantial doubt is judged to exist as to the ultimate collectibility of either principal or interest.

Loans to borrowers in bankruptcy represent non-accruing loans, after the partial write-off of claims deemed uncollectible, to debtors who are legally bankrupt as defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Enforcement Ordinance for the Corporation Tax Law.

Non-accrual loans are included in loans and bills discounted, and totaled ¥46,943 million ($468,544 thousand) and ¥41,877 million as of March 31, 2008 and 2007, respectively.

Non-accrual loans are non-accruing loans other than loans to borrowers in bankruptcy and loans for which interest payment is deferred in order to assist the debtor's financial recovery from financial difficulties.

***Loans Past Due Three Months or More***

Loans past due three months or more are included in loans and bills discounted, and totaled ¥13 million ($136 thousand) and ¥164 million as of March 31, 2008 and 2007, respectively. Loans classified as loans to borrowers in bankruptcy or non-accrual loans are excluded.

***Restructured Loans***

Restructured loans are included in loans and bills discounted, and totaled ¥69,804 million ($696,719 thousand) and ¥70,601 million as of March 31, 2008 and 2007, respectively. Such restructured loans are loans on which Chuo Mitsui and major consolidated subsidiaries granted concessions (for example, reduction of the face amount or maturity amount of the debt or accrued interest) to debtors in financial difficulties to assist them in their financial recovery and eventually enable them to pay their creditors. Loans classified as loans to borrowers in bankruptcy or non-accrual loans or loans past due three months or more are excluded.

Loans to borrowers in bankruptcy and non-accrual loans, loans past due three months or more and restructured loans totaled ¥127,744 million ($1,275,018 thousand) and ¥120,326 million as of March 31, 2008 and 2007, respectively. These claims are those before deduction of the allowance for possible loan losses.

Bills discounted are accounted for as secured lending transactions in conformity with the Industry Audit Committee Report No. 24 "Treatment of Accounting and Auditing Concerning Accounting for Financial Products in the Banking Industry" issued by the JICPA on February 13, 2002. Bills discounted by Chuo Mitsui are permitted to be sold or pledged.

## 6. Foreign Exchanges

Foreign exchanges as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Assets: | | | |
| Due from foreign banks | **¥ 811** | ¥ 940 | **$ 8,100** |
| Total | **¥ 811** | ¥ 940 | **$ 8,100** |
| Liabilities: | | | |
| Due to foreign banks | **¥ 9** | ¥ 28 | **$ 91** |
| Other | **1** | 20 | **13** |
| Total | **¥ 10** | ¥ 48 | **$ 105** |

## 7. Other Assets

Other assets as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Prepaid expenses | **¥ 832** | ¥ 1,279 | **$ 8,308** |
| Accrued income | **35,406** | 37,735 | **353,393** |
| Prepaid pension expenses | **104,855** | 96,390 | **1,046,565** |
| Receivables for securities transactions | **13,017** | 373 | **129,926** |
| Financial derivatives | **44,455** | 13,771 | **443,711** |
| Financial stabilization fund contribution | **82,061** | 82,061 | **819,053** |
| Other | **70,718** | 78,362 | **705,841** |
| Total | **¥351,346** | ¥309,973 | **$3,506,800** |

## 8. Premises and Equipment

Premises and equipment as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Land | **¥ 82,008** | ¥ 83,116 | **$ 818,528** |
| Buildings | **41,246** | 43,010 | **411,681** |
| Equipment | **8,592** | 8,642 | **85,766** |
| Other | **23** | 68,286 | **236** |
| Total | **¥131,871** | ¥203,055 | **$1,316,212** |

Accumulated depreciation amounted to ¥86,356 million ($861,922 thousand) and ¥218,570 million as of March 31, 2008 and 2007, respectively.

## 9. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Software | **¥21,682** | ¥22,041 | **$216,411** |
| Goodwill | **8,496** | 8,819 | **84,807** |
| Other | **8,924** | 10,317 | **89,079** |
| Total | **¥39,104** | ¥41,178 | **$390,298** |

## 10. Collateral

The carrying amounts of assets pledged as collateral and the related collateralized debt as of March 31, 2008 and 2007, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Securities | **¥2,504,675** | ¥1,763,501 | **$24,999,258** |
| Loans | **54,535** | 68,879 | **544,316** |
| Other assets | **70** | 149 | **706** |
| Total | **¥2,559,281** | ¥1,832,529 | **$25,544,281** |
| Deposits | **¥ 4,312** | ¥ 1,180 | **$ 43,046** |
| Call money and bills sold | **40,000** | 44,000 | **399,241** |
| Payables under repurchase agreements | **24,197** | 114,467 | **241,511** |
| Payables under securities lending transactions | **1,797,121** | 1,062,543 | **17,937,129** |
| Borrowed money | **340,000** | 236,569 | **3,393,552** |
| Total | **¥2,205,630** | ¥1,458,760 | **$22,014,481** |

In addition, securities pledged as collateral for exchange settlements, for derivative transactions and for certain other purposes as of March 31, 2008 and 2007 were ¥325,918 million

($3,253,007 thousand) and ¥232,168 million, respectively.

Also, securities deposits (included in other assets) as of March 31, 2008 and 2007 were ¥8,663 million ($86,468 thousand) and ¥8,784 million, respectively.

## *11. Customers' Liabilities for Acceptances and Guarantees*

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees. As a contra account, customers' liabilities for acceptances and guarantees are shown as assets in the consolidated balance sheets representing Chuo Mitsui's right of indemnity from the applicant.

## *12. Deposits*

Deposits as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Current deposits | **¥ 88,698** | ¥ 94,087 | **$ 885,305** |
| Ordinary deposits | **1,317,291** | 1,250,522 | **13,147,937** |
| Deposits at notice | **7,989** | 10,668 | **79,739** |
| Time deposits | **6,825,996** | 6,696,554 | **68,130,516** |
| Negotiable certificates of deposit | **663,340** | 416,050 | **6,620,820** |
| Other | **66,920** | 96,135 | **667,934** |
| Total | **¥8,970,236** | ¥8,564,017 | **$89,532,253** |

## *13. Borrowed Money*

Borrowed money as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Borrowed money | **¥341,869** | ¥260,735 | **$3,412,213** |
| Subordinated borrowings | **107,500** | 107,500 | **1,072,961** |
| Perpetual subordinated borrowings | **25,000** | 25,000 | **249,525** |
| Total | **¥474,369** | ¥393,235 | **$4,734,701** |

The weighted-average rates calculated from the interest rates and the balances as of March 31, 2008 and 2007, were 1.29% and 1.43%, respectively.

Annual maturities of borrowed money as of March 31, 2008, for the next five years were as follows:

| Fiscal year ending March 31 | Millions of yen | Thousands of U.S. dollars |
|---|---|---|
| 2009 | ¥375,078 | $3,743,672 |
| 2010 | 202 | 2,016 |
| 2011 | 172 | 1,721 |
| 2012 | 1,116 | 11,138 |
| 2013 | 111 | 1,107 |
| Total | ¥376,680 | $3,759,656 |

## *14. Subordinated Bonds and Subordinated Convertible Bonds*

Subordinated bonds and subordinated convertible bonds as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Issuer: Chuo Mitsui, | | | |
| Unsecured perpetual subordinated bonds, 2.32% (2.54% in 2007) | **¥ 16,100** | ¥ 16,100 | **$ 160,694** |
| 0.5% Japanese yen subordinated convertible bonds due 2007, issued to Chuo Mitsui Trust Holdings | **—** | 47 | **—** |
| 2.03% unsecured subordinated bonds due 2015 | **40,000** | 40,000 | **399,241** |
| 1.27% unsecured subordinated callable bonds due 2015 | **30,000** | 30,000 | **299,431** |
| 5.506% USD unsecured perpetual subordinated notes | **85,161** | 100,359 | **850,000** |
| 2.06% unsecured perpetual subordinated bonds | **5,000** | 5,000 | **49,905** |
| Issuer: MTI Capital (Cayman) Ltd., | | | |
| 0.5% Japanese yen subordinated convertible bonds due 2007 | **—** | 47 | **—** |
| Issuer: MTI Finance (Cayman) Ltd., | | | |
| Subordinated bonds, due 2007 (5.34% to 5.36% in 2007) | **—** | 3,660 | **—** |
| Total | **¥176,261** | ¥195,214 | **$1,759,272** |

## *15. Other Liabilities*

Other liabilities as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Accrued expenses | **¥ 44,720** | ¥ 38,650 | **$ 446,360** |
| Unearned income | **1,749** | 2,508 | **17,464** |
| Financial derivatives | **45,915** | 25,801 | **458,286** |
| Income taxes payable | **4,226** | 7,914 | **42,189** |
| Other | **81,359** | 47,387 | **812,054** |
| Total | **¥177,973** | ¥122,261 | **$1,776,356** |

## *16. Retirement and Pension Plans*

Employees who terminate their services with Chuo Mitsui or certain domestic consolidated subsidiaries are, under most circumstances, entitled to retirement and pension benefits determined by reference to basic rates of pay at the time of termination, length of service and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirement age or caused by death, the employee is entitled to greater payment than in the case of voluntary termination.

Chuo Mitsui has defined benefit plans (employee pension fund plans and tax qualified pension plans) and lump-sum severance indemnity plans. Certain domestic consolidated subsidiaries have lump-sum severance indemnity plans and integrated contributory pension plans.

Chuo Mitsui contributed certain available-for-sale securities with a fair value to the employee retirement benefit trust for their pension plans. The securities held in this trust are qualified as plan assets.

The funded status for employees' retirement benefits as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Projected benefit obligation | **¥(152,514)** | ¥(148,693) | **$(1,522,251)** |
| Fair value of plan assets | **191,759** | 239,810 | **1,913,957** |
| Unrecognized actuarial loss | **64,181** | 3,798 | **640,594** |
| Net amount accrued on the consolidated balance sheets | **103,426** | 94,915 | **1,032,300** |
| Prepaid pension expenses (included in other assets) | **104,855** | 96,390 | **1,046,565** |
| Reserve for retirement benefits | **¥ (1,429)** | ¥ (1,475) | **$ (14,264)** |

The components of net periodic benefit costs (income) for the fiscal years ended March 31, 2008 and 2007, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Service cost | **¥ 2,946** | ¥ 3,045 | **$ 29,412** |
| Interest cost | **2,809** | 2,798 | **28,040** |
| Expected return on plan assets | **(12,221)** | (20,978) | **(121,986)** |
| Amortization of prior service cost | **—** | (786) | **—** |
| Recognized acturial loss | **3,124** | 605 | **31,190** |
| Other | **347** | 980 | **3,472** |
| Net periodic benefit costs (income) | **¥ (2,992)** | ¥(14,335) | **$ (29,870)** |

Assumptions used for the fiscal years ended March 31, 2008 and 2007, were as follows:

| | **2008** | 2007 |
|---|---|---|
| Discount rate | **1.9%** | 1.9% |
| Expected rate of return on plan assets | **5.1%** | 8.0% |
| Method of attributing the projected benefits to periods of services | **Mainly point basis** | Mainly point basis |
| Amortization period of prior service cost | **—** | 5 years |
| Recognition period of actuarial loss | **9 years** | 9 years |

## *17. Reserve for Contingent Losses*

Reserve for contingent losses as of March 31, 2008 and 2007 consisted of the following

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Reserve for reimbursement of deposits | **¥ 6,109** | ¥ — | **$ 60,974** |
| Reserve for possible losses related to land trust | **6,750** | 9,934 | **67,381** |
| Total | **¥12,859** | ¥9,934 | **$128,355** |

## *18. Commitments and Contingent Liabilities*

a. Chuo Mitsui and certain consolidated subsidiaries issue commitments to extend credit and establish credit lines for overdrafts by making agreements to meet the financing needs of their customers. The total balance of unused commitment lines as of March 31, 2008 and 2007, was ¥2,376,336 million ($23,718,301 thousand) and ¥2,252,130 million, respectively, of which commitment lines whose maturities are less than one year were ¥2,193,004 million ($21,888,459 thousand) and ¥2,107,241 million, respectively.

Many of these commitment lines expire without being drawn. As such, the total balance of unused commitment lines does not necessarily impact future cash flows of Chuo Mitsui and certain consolidated subsidiaries. Furthermore, many commitment lines contain provisions that allow Chuo Mitsui and certain consolidated subsidiaries to refuse to advance funds to the customers or reduce the contract amount of the commitment lines under certain conditions.

Chuo Mitsui and certain consolidated subsidiaries may also request customers to provide collateral, if necessary, such as real estate or securities on the execution date of the contract. After the execution date, Chuo Mitsui and certain consolidated subsidiaries periodically monitor the customers' creditworthiness over the term of the contracts in accordance with internal policies, and take measures to manage the credit exposures such as by revising the terms of the contracts, if necessary.

b. Under certain trust agreements, repayments of the principal of the customers' trust assets are guaranteed by Chuo Mitsui. Regarding guaranteed trusts, Chuo Mitsui guaranteed the principal amount of ¥1,061,263 million ($10,592,510 thousand) and ¥1,184,681 million for certain money trusts as of March 31, 2008 and 2007, respectively, and ¥862,381 million ($8,607,463 thousand) and ¥1,065,084 million for loan trusts as of March 31, 2008 and 2007, respectively.

## *19. Equity*

Since May 1, 2006, Japanese companies have been subject to the Company Law of Japan (the "Company Law"), which reformed and replaced the Commercial Code of Japan. The significant provisions in the Company Law that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Company Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) where the term of service of the directors under the company's article of incorporation is prescribed as one year rather than two years for a normal term, the Board of Directors may declare dividends (except for dividends in kind) at any time during fiscal year if the company has so prescribed in its articles of incorporation. However, Chuo Mitsui cannot do so because it does not meet all the above criteria.

The Company Law permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitation and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Company Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock.

(b) Increases/decreases and transfer of capital stock, reserve and surplus

The Banking Law of Japan requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 100% of the capital stock. The Company Law also provides that capital stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Company Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Company Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Company Law also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

## *20. Common Stock and Preferred Stock*

Common stock and preferred stock as of March 31, 2008, consisted of the following:

| | Number of shares (Thousands) | | Per share (Yen) |
|---|---|---|---|
| Class of stock | Authorized | Issued | Fiscal year-end cash dividend |
| Common stock | 3,911,104 | 1,523,833 | ¥98.44 |
| Class I convertible preferred stock: | | | |
| Second series | | 93,750 | — |
| Third series | | 133,281 | — |
| Total | 362,941 | 227,031 | |

Chuo Mitsui issued non-voting, non-cumulative and non-participating preferred stock to Chuo Mitsui Trust Holdings. This preferred stock is convertible into common stock at the specific convertible price. The preferred shareholder shall be entitled, in priority to any payment of dividends on or in respect of any other class of share, to the specific annual dividend.

Preferred shareholders receive liquidation at ¥1,600 per share and do not have the right to participate in any further liquidation distribution.

The preferred stock is convertible for a fixed period of time at the option of the shareholder. Unless previously converted by the preferred shareholder, all outstanding preferred shares will be mandatorily exchanged for fully paid shares of common stock on a specific day, at the number of common shares calculated by the market price per share on the day, following each conversion date.

Issue terms of each preferred stock are as follows:

| | Class I preferred stock | |
|---|---|---|
| | Second series | Third series |
| Annual dividend | ¥14.40 | ¥20.00 |
| Convertible due | July 31, 2009 | July 31, 2009 |
| Convertible price | ¥552.00 | ¥552.00 |

## *21. Other Interest Income*

Other interest income for the fiscal years ended March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Interest on due from banks | **¥3,591** | ¥1,876 | **$35,851** |
| Interest on interest rate swaps | **—** | 1,165 | **—** |
| Interest on monetary claims bought | **1,603** | 1,569 | **16,008** |
| Other | **811** | 434 | **8,100** |
| Total | **¥6,007** | ¥5,047 | **$59,960** |

## *22. Trust Fees*

Chuo Mitsui receives fees for controlling and managing trust properties held under trust agreements between it and its clients.

## *23. Other Operating Income*

Other operating income for the fiscal years ended March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Gain on foreign exchange | **¥ —** | ¥ 890 | **$ —** |
| Gains on sales and redemption of bonds | **15,199** | 4,154 | **151,704** |
| Other | **519** | 1,446 | **5,184** |
| Total | **¥15,718** | ¥6,491 | **$156,889** |

## *24. Other Income*

Other income for the fiscal years ended March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Gains on sales of stocks and other securities | **¥21,794** | ¥24,728 | **$217,533** |
| Gains on money held in trust | **145** | 286 | **1,448** |
| Lease-related income | **14,470** | 29,673 | **144,432** |
| Gains on return of securities from employee retirement benefit trust | **—** | 15,814 | **—** |
| Other | **18,452** | 17,724 | **184,177** |
| Total | **¥54,863** | ¥88,228 | **$547,592** |

## *25. Other Interest Expenses*

Other interest expenses for the fiscal years ended March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Interest on subordinated bonds | **¥ 7,241** | ¥ 8,168 | **$ 72,274** |
| Interest on subordinated convertible bonds | **0** | 0 | **2** |
| Interest on interest rate swaps | **2,182** | — | **21,783** |
| Interest on payables under repurchase agreements and payables under securities lending transactions | **23,577** | 13,447 | **235,325** |
| Other | **7,651** | 4,984 | **76,372** |
| Total | **¥40,652** | ¥26,601 | **$405,757** |

## *26. Other Operating Expenses*

Other operating expenses for the fiscal years ended March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Losses on foreign exchange | **¥1,077** | ¥ — | **$10,753** |
| Losses on sales and redemption of bonds | **2,437** | 4,464 | **24,332** |
| Losses on derivatives | **4,316** | — | **43,086** |
| Other | **1,288** | 1,382 | **12,859** |
| Total | **¥9,120** | ¥5,846 | **$91,032** |

## 27. Other Expenses

Other expenses for the fiscal years ended March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Net provision of allowance for possible loan losses | **¥ —** | ¥20,355 | **$ —** |
| Losses on sales of loans | **1,597** | 1,888 | **15,941** |
| Write-off of loans | **9,706** | 7,228 | **96,884** |
| Losses on sales of stocks and other securities | **1,265** | 2,393 | **12,634** |
| Losses on devaluation of stocks and other securities | **12,899** | 6,333 | **128,748** |
| Losses on money held in trust | **—** | 0 | **—** |
| Lease-related expenses | **13,480** | 27,594 | **134,549** |
| Provision for contingent losses | **4,150** | 395 | **41,430** |
| Losses on disposal of premises and equipment | **843** | 523 | **8,414** |
| Other | **26,315** | 16,104 | **262,658** |
| Total | **¥70,259** | ¥82,816 | **$701,261** |

## 28. Income Taxes

Chuo Mitsui and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.63% for the fiscal years ended March 31, 2008 and 2007.

The tax effects of significant temporary differences and loss carryforwards, which resulted in deferred tax assets and liabilities as of March 31, 2008 and 2007, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Deferred tax assets: | | | |
| Allowance for possible loan losses | **¥ 37,799** | ¥ 20,708 | **$ 377,281** |
| Tax loss carryforwards | **122,263** | 171,766 | **1,220,315** |
| Securities | **35,709** | 30,779 | **356,420** |
| Reserve for retirement benefits | **590** | 1,475 | **5,891** |
| Other | **45,047** | 45,674 | **449,619** |
| Valuation allowance | **(68,053)** | (54,365) | **(679,240)** |
| Total deferred tax assets | **173,357** | 216,039 | **1,730,286** |
| Deferred tax liabilities: | | | |
| Net unrealized gains on available-for-sale securities | **(12,210)** | (139,661) | **(121,875)** |
| Other | **(25,250)** | (20,265) | **(252,021)** |
| Total deferred tax liabilities | **(37,460)** | (159,927) | **(373,896)** |
| Net deferred tax assets | **¥135,896** | ¥ 56,112 | **$1,356,389** |

A reconciliation between the normal effective statutory tax rate and the actual effective tax rates reflected in the accompanying consolidated statements of income for the fiscal years ended March 31, 2007 was as follows:

| | 2007 |
|---|---|
| Normal effective statutory tax rate | 40.63% |
| Valuation allowance | (8.86) |
| Other, net | 0.90 |
| Actual effective tax rate | 32.67% |

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the fiscal year ended March 31, 2008 was not required to be disclosed under Japanese accounting standards due to immaterial differences (less than 5% of the normal effective statutory tax rate).

## 29. Transaction Related Cash Flows

For the fiscal year ended March 31, 2008, Chuo Mitsui Leasing Co., Ltd. and two other subsidiaries were excluded from Chuo Mitsui's consolidated subsidiaries as a result of the sale of all of the shares of its common stock. Assets and liabilities of the subsidiaries at the time of disposal, cash received by selling the stock and proceeds from sales of consolidated subsidiaries were as follows:

| | Millions of yen | Thousands of U.S. dollars |
|---|---|---|
| | **2008** | **2008** |
| Premises and equipment | **¥ 65,321** | **$ 651,972** |
| Intangible fixed assets | **6,204** | **61,929** |
| Borrowed money | **(50,373)** | **(502,780)** |
| Other assets and liabilities, net | **(13,749)** | **(137,236)** |
| Net gain on sales of stock | **4,705** | **46,967** |
| Cash received by selling the stock | **12,108** | **120,853** |
| Cash and cash equivalents of consolidated subsidiaries | **(0)** | **(7)** |
| Proceeds from sales of consolidated subsidiaries | **¥ 12,107** | **$ 120,845** |

## 30. Leases

### *Lessee*

Total lease payments under finance lease arrangements that do not transfer ownership of the leased property to the lessee were ¥35 million ($352 thousand) and ¥20 million for the fiscal years ended March 31, 2008 and 2007, respectively.

Pro forma information on leased property such as acquisition cost and accumulated depreciation and obligations under finance leases as of March 31, 2008 and 2007, and the related depreciation expense and interest expense under finance leases for the fiscal years ended March 31, 2008 and 2007, on an "as if capitalized" basis were as follows:

| | Millions of yen | | |
|---|---|---|---|
| | **2008** | | |
| | Equipment | Other | Total |
| Acquisition cost | **¥109** | **¥—** | **¥109** |
| Accumulated depreciation | **70** | **—** | **70** |
| Net leased property | **¥ 38** | **¥—** | **¥ 38** |

| | Millions of yen | | |
|---|---|---|---|
| | 2007 | | |
| | Equipment | Other | Total |
| Acquisition cost | ¥56 | ¥— | ¥56 |
| Accumulated depreciation | 26 | — | 26 |
| Net leased property | ¥29 | ¥— | ¥29 |

| | Thousands of U.S. dollars | | |
|---|---|---|---|
| | **2008** | | |
| | Equipment | Other | Total |
| Acquisition cost | **$1,091** | **$—** | **$1,091** |
| Accumulated depreciation | **704** | **—** | **704** |
| Net leased property | **$ 386** | **$—** | **$ 386** |

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Obligations under finance leases: | | | |
| Due within one year | **¥19** | ¥10 | **$199** |
| Due after one year | **19** | 19 | **197** |
| Total | **¥39** | ¥29 | **$397** |

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Depreciation expense | **¥30** | ¥18 | **$306** |
| Interest expense | **2** | 0 | **29** |
| Total | **¥33** | ¥18 | **$335** |

Depreciation expense and interest expense, which were not reflected in the accompanying consolidated statements of income, were computed by the straight-line method and the interest method, respectively.

The minimum rental commitments under noncancellable operating leases as of March 31, 2008 and 2007, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Due within one year | **¥ 8** | ¥10 | **$ 83** |
| Due after one year | **16** | 14 | **161** |
| Total | **¥24** | ¥24 | **$245** |

***Lessor***

For the fiscal year ended March 31, 2008, Chuo Mitsui Leasing Co., Ltd. was excluded from Chuo Mitsui's consolidated subsidiaries as a result of the sale of all of the shares of its common stock. Therefore, the notes related to lease transactions for lessor include only income information.

Total leases receipts under finance lease arrangements that do not transfer ownership of the leased property to the lessee were ¥13,602 million ($135,763 thousand) and ¥27,913 million for the fiscal years ended March 31, 2008 and 2007, respectively.

Information on leased property that does not transfer ownership of the leased property to the lessee as of March 31, 2007, was as follows:

| | Millions of yen | | |
|---|---|---|---|
| | 2007 | | |
| | Equipment | Other | Total |
| Acquisition cost | ¥128,335 | ¥13,002 | ¥141,338 |
| Accumulated depreciation | 59,999 | 6,452 | 66,452 |
| Accumulated impairment losses | 29 | — | 29 |
| Net leased property | ¥ 68,306 | ¥ 6,549 | ¥ 74,856 |

Receivables under finance leases as of March 31, 2007 were as follows:

| | Millions of yen |
|---|---|
| | 2007 |
| Due within one year | ¥23,292 |
| Due after one year | 48,538 |
| Total | ¥71,831 |

Depreciation expense and interest income under finance leases for the fiscal years ended March 31, 2008 and 2007, were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Depreciation expense | **¥12,583** | ¥25,798 | **$125,596** |
| Interest income | **765** | 1,501 | **7,636** |
| Total | **¥13,348** | ¥27,300 | **$133,233** |

Interest income, which is not reflected in the accompanying consolidated statements of income, was computed by the interest method.

The minimum rental commitments under noncancellable operating leases as of March 31, 2007 were as follows:

| | Millions of yen |
|---|---|
| | 2007 |
| Due within one year | ¥114 |
| Due after one year | 203 |
| Total | ¥317 |

## *31. Derivatives Information*

### Derivative Transactions

*a. Instruments*

The primary derivative transactions undertaken by Chuo Mitsui are listed below.

- Interest rate derivatives: interest futures, interest rate future options, interest rate swaps, caps, floors, swaptions
- Currency derivatives: foreign exchange contracts, currency swaps, currency options
- Stock derivatives: stock index futures, stock index options
- Bond derivatives: bond futures, bond future options, over-the-counter bond options
- Other: credit derivatives

*b. Purposes and Policies for Derivative Transactions*

Chuo Mitsui employs derivative transactions as a vital tool to meet the increasingly sophisticated and diversified financial needs of clients, to keep the market risk exposure on its own assets and liabilities to a level commensurate with its risk management capacity and to seek to capture gains primarily through price fluctuations. Derivative transactions involve various risks, including market risk, which arises through changing interest rates and price fluctuations. Chuo Mitsui must be aware of the characteristics and volume of such risk and enforce strict risk management processes to hedge the risks inherent in derivative transactions.

*c. Contents of Risks for Derivative Transactions*

(1) Market Risk

Market risk is the potential for loss caused by fluctuations in the fair value of financial products or portfolios, owing to changes in market volatility on the market prices of traded products, such as interest rates, foreign exchange rates and marketable securities. Chuo Mitsui measures risk volume through such means as basis point value (“BPV”)* and value at risk (“VaR”)**.

* BPV shows the change in fair value of transactions when interest rates change by one basis point (0.01%).

** VaR is a method to statistically gauge the maximum portfolio loss at a certain probability during a given holding period, thereby facilitating standardized measurement of risk across different products, including interest rates, foreign exchange rates and bonds.

(2) Credit Risk

Credit risk is the possibility of reduction or complete elimination of fair value on transactions, owing to such adverse developments as the worsening financial position of a borrower. In the case of derivative transactions, credit risk is not the loss of the assumed principal but the cost, or reconstruction cost, extended to conclude an agreement with a third party having cash flow equivalent to the amount at the time the original counterparty defaulted.

Chuo Mitsui’s credit equivalent, determined on a consolidated basis according to Bank for International Settlements (BIS) capital adequacy standards, comprises latent credit exposure plus reconstruction costs.

*d. Risk Management System for Derivative Transactions*

In accordance with the Rules for Risk Management Chuo Mitsui Trust Holdings has established for Chuo Mitsui Trust Group, Chuo Mitsui assumes risk only within strategic objectives and risk-hedging capabilities, based on suitable risk management, and adheres to a basic risk management policy to secure appropriate returns on investment.

With regard to market risk, Chuo Mitsui maintains a basic policy through its Rules for Market Risk Management and follows Regulations for Market Risk Management to reinforce and control accurate hedging techniques and risk. A cross-check structure has been established whereby the divisions that execute transactions are clearly separate from the divisions that process the transactions, and overall management of market risk is consolidated under the Risk Management Department, which is independent of both the front and back offices and pinpoints the status of activities undertaken by both office categories.

This department identifies and analyzes groupwide risk, tracks compliance of risk limits and reports to the director in charge on a daily basis and to the Executive Committee on a monthly basis.

With regard to hedge transactions, Chuo Mitsui has prepared Rules for Hedge Transactions to maintain suitable control of hedge transactions.

For credit risk, Chuo Mitsui follows its Rules for Credit Risk Management, which provide direction for regulating credit risk on loans, fund transactions, derivative transactions and other credit-related risks, and works to forge a stronger credit risk management structure.

Credit lines for derivative and other transactions are established through strict procedures, in accordance with trading standards provided separately. The compliance status of such credit lines and other conditions are appropriately monitored.

### Fair Value of Transactions

The following transactions are stated at fair value and unrealized gains (losses) are reflected in the consolidated statements of income. Transactions which qualify for hedge accounting are excluded from the following table.

### *Interest rate transactions*

| | Millions of yen | | | |
|---|---|---|---|---|
| | 2008 | | | |
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Listed: | | | | |
| Interest rate futures contracts: | | | | |
| Buying | ¥ 1,196 | ¥ — | ¥ 21 | ¥ 21 |
| Over-the-counter: | | | | |
| Interest rate swaps: | | | | |
| Fixed rate receipt, floating rate payment | 5,818,440 | 4,490,219 | 104,493 | 104,493 |
| Floating rate receipt, fixed rate payment | 5,709,145 | 4,356,431 | (101,200) | (101,200) |
| Floating rate receipt, floating rate payment | 32,200 | 32,200 | 3,184 | 3,184 |
| Interest rate swaptions: | | | | |
| Selling | 95,400 | 21,200 | (498) | 718 |
| Buying | 89,592 | 13,951 | 411 | (27) |
| Others: | | | | |
| Selling | 51,934 | 42,693 | (18) | 205 |
| Buying | 50,897 | 41,680 | 15 | (95) |
| Total | | | ¥ 6,408 | ¥ 7,301 |

| | Millions of yen | | | |
|---|---|---|---|---|
| | 2007 | | | |
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Listed: | | | | |
| Interest rate futures contracts: | | | | |
| Selling | ¥ 9,920 | ¥ — | ¥ (11) | ¥ (11) |
| Over-the-counter: | | | | |
| Interest rate swaps: | | | | |
| Fixed rate receipt, floating rate payment | 4,828,250 | 3,961,747 | 11,066 | 11,066 |
| Floating rate receipt, fixed rate payment | 4,774,173 | 3,782,728 | (5,662) | (5,662) |
| Floating rate receipt, floating rate payment | 32,200 | 32,200 | 3,290 | 3,290 |
| Interest rate swaptions: | | | | |
| Selling | 234,200 | 42,750 | (1,369) | 2,150 |
| Buying | 194,858 | 28,065 | 1,456 | 77 |
| Others: | | | | |
| Selling | 65,985 | 63,082 | (68) | 335 |
| Buying | 59,721 | 57,481 | 61 | (132) |
| Total | | | ¥ 8,763 | ¥ 11,115 |

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | 2008 | | | |
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Listed: | | | | |
| Interest rate futures contracts: | | | | |
| Buying | $ 11,946 | $ — | $ 218 | $ 218 |
| Over-the-counter: | | | | |
| Interest rate swaps: | | | | |
| Fixed rate receipt, floating rate payment | 58,074,060 | 44,817,046 | 1,042,951 | 1,042,951 |
| Floating rate receipt, fixed rate payment | 56,983,188 | 43,481,697 | (1,010,088) | (1,010,088) |
| Floating rate receipt, floating rate payment | 321,389 | 321,389 | 31,786 | 31,786 |
| Interest rate swaptions: | | | | |
| Selling | 952,190 | 211,597 | (4,977) | 7,173 |
| Buying | 894,226 | 139,245 | 4,106 | (271) |
| Others: | | | | |
| Selling | 518,360 | 426,124 | (183) | 2,054 |
| Buying | 507,713 | 416,009 | 155 | (948) |
| Total | | | $ 63,966 | $ 72,875 |

Note: Fair value of listed transactions is calculated according to closing market prices on the Tokyo International Financial Futures Exchange and other exchanges. Fair value of over-the-counter transactions is calculated according to discounted present value, the option pricing model and other valuation techniques.

### *Currency transactions*

| | Millions of yen | | | |
|---|---|---|---|---|
| | 2008 | | | |
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Over-the-counter: | | | | |
| Currency rate swaps | ¥ 5,009 | ¥5,009 | ¥ 25 | ¥ 25 |
| Foreign exchange contracts: | | | | |
| Selling | 1,454,328 | 4,268 | 36,371 | 36,371 |
| Buying | 1,619,135 | 5,074 | (36,186) | (36,186) |
| Currency options: | | | | |
| Selling | 15,133 | — | (1,032) | (580) |
| Buying | 37,280 | — | 1,384 | 849 |
| Total | | | ¥ 561 | ¥ 478 |

| | Millions of yen | | | |
|---|---|---|---|---|
| | 2007 | | | |
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Over-the-counter: | | | | |
| Currency rate swaps | ¥ 5,903 | ¥5,903 | ¥ 38 | ¥ 38 |
| Foreign exchange contracts: | | | | |
| Selling | 1,548,332 | — | (2,722) | (2,722) |
| Buying | 1,748,664 | — | 1,376 | 1,376 |
| Currency options: | | | | |
| Selling | 4,722 | — | (43) | 3 |
| Buying | 4,722 | — | 43 | (11) |
| Total | | | ¥(1,308) | ¥(1,317) |

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | **2008** | | | |
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Over-the-counter: | | | | |
| Currency rate swaps | **$ 50,000** | **$50,000** | **$ 254** | **$ 254** |
| Foreign exchange contracts: | | | | |
| Selling | **14,515,704** | **42,600** | **363,022** | **363,022** |
| Buying | **16,160,652** | **50,645** | **(361,182)** | **(361,182)** |
| Currency options: | | | | |
| Selling | **151,050** | **—** | **(10,306)** | **(5,796)** |
| Buying | **372,096** | **—** | **13,821** | **8,476** |
| Total | | | **$ 5,608** | **$ 4,774** |

Note: Fair value is calculated according to discounted present value, the option pricing model and other valuation techniques.

### *Stock transactions*

There was no contract or notional amount of stock transactions as of March 31, 2007.

| | Millions of yen | | | |
|---|---|---|---|---|
| | **2008** | | | |
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Listed: | | | | |
| Stock index futures: | | | | |
| Selling | **¥ 2,507** | **¥—** | **¥ 9** | **¥ 9** |
| Stock index options: | | | | |
| Buying | **29,000** | **—** | **14** | **(125)** |
| Total | | | **¥24** | **¥(115)** |

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | **2008** | | | |
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Listed: | | | | |
| Stock index futures: | | | | |
| Selling | **$ 25,027** | **$—** | **$ 95** | **$ 95** |
| Stock index options: | | | | |
| Buying | **289,450** | **—** | **145** | **(1,251)** |
| Total | | | **$241** | **$(1,156)** |

Note: Fair value is calculated according to closing market prices on the stock exchanges, such as the Tokyo Stock Exchange.

### *Bond transactions*

| | Millions of yen | | | |
|---|---|---|---|---|
| | **2008** | | | |
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Listed: | | | | |
| Bond futures: | | | | |
| Selling | **¥1,143** | **¥—** | **¥1** | **¥1** |
| Buying | **1,139** | **—** | **2** | **2** |
| Total | | | **¥3** | **¥3** |

| | Millions of yen | | | |
|---|---|---|---|---|
| | 2007 | | | |
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Listed: | | | | |
| Bond futures: | | | | |
| Selling | ¥1,466 | ¥— | ¥3 | ¥3 |

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | **2008** | | | |
| | Contract or notional amount | | | |
| | Total | Over one year | Fair value | Unrealized gains (losses) |
| Listed: | | | | |
| Bond futures: | | | | |
| Selling | **$11,410** | **$—** | **$10** | **$10** |
| Buying | **11,378** | **—** | **21** | **21** |
| Total | | | **$32** | **$32** |

Note: Fair value is calculated according to closing market prices on the stock exchanges, such as the Tokyo Stock Exchange.

### *Credit derivative transactions*

| | Millions of yen 2008 Contract or notional amount Total | Over one year | Fair value | Unrealized gains (losses) |
|---|---|---|---|---|
| Over-the-counter: | | | | |
| Credit default swaps: | | | | |
| Selling | **¥10,000** | **¥10,000** | **¥(5,011)** | **¥(5,011)** |

| | Millions of yen 2007 Contract or notional amount Total | Over one year | Fair value | Unrealized gains (losses) |
|---|---|---|---|---|
| Over-the-counter: | | | | |
| Credit default swaps: | | | | |
| Selling | ¥1,000 | ¥— | ¥2 | ¥2 |

| | Thousands of U.S. dollars 2008 Contract or notional amount Total | Over one year | Fair value | Unrealized gains (losses) |
|---|---|---|---|---|
| Over-the-counter: | | | | |
| Credit default swaps: | | | | |
| Selling | **$99,810** | **$99,810** | **$(50,014)** | **$(50,014)** |

Notes: 1. Fair value is calculated according to discounted present value and the prices offered by brokers.
2. "Selling" refers to acceptance transactions on credit risk.

## *32. Segment Information*

Information about business segments, geographic segments and ordinary income from international operations for the fiscal years ended March 31, 2008 and 2007, was as follows:

### *(1) Business Segment Information*

| Millions of yen 2008 | Trust and banking business | Other finance-related operations | Eliminations/ corporate | Consolidated |
|---|---|---|---|---|
| Ordinary income: | | | | |
| External customers | **¥ 369,655** | **¥ 40,629** | **¥ —** | **¥ 410,285** |
| Intersegment | **5,515** | **2,916** | **(8,432)** | **—** |
| Total ordinary income | **375,170** | **43,546** | **(8,432)** | **410,285** |
| Ordinary expenses | **278,706** | **35,649** | **(7,544)** | **306,811** |
| Ordinary profit | **¥ 96,464** | **¥ 7,897** | **¥ (887)** | **¥ 103,473** |
| Assets, depreciation and capital expenditures: | | | | |
| Total assets | **¥14,207,421** | **¥ 70,316** | **¥ (44,597)** | **¥14,233,141** |
| Depreciation | **12,775** | **13,390** | **—** | **26,166** |
| Capital expenditures | **16,651** | **608** | **—** | **17,259** |

| Millions of yen 2007 | Trust and banking business | Other finance-related operations | Eliminations/ corporate | Consolidated |
|---|---|---|---|---|
| Ordinary income: | | | | |
| External customers | ¥ 339,116 | ¥ 60,570 | ¥ — | ¥ 399,686 |
| Intersegment | 12,164 | 6,713 | (18,878) | — |
| Total ordinary income | 351,281 | 67,283 | (18,878) | 399,686 |
| Ordinary expenses | 219,088 | 57,504 | (10,550) | 266,042 |
| Ordinary profit | ¥ 132,192 | ¥ 9,779 | ¥ (8,327) | ¥ 133,644 |
| Assets, depreciation and capital expenditures: | | | | |
| Total assets | ¥13,817,233 | ¥161,853 | ¥(103,118) | ¥13,875,967 |
| Depreciation | 13,152 | 27,016 | — | 40,168 |
| Capital expenditures | 17,339 | 28,008 | — | 45,347 |

| Thousands of U.S. dollars 2008 | Trust and banking business | Other finance-related operations | Eliminations/ corporate | Consolidated |
|---|---|---|---|---|
| Ordinary income: | | | | |
| External customers | **$ 3,689,542** | **$ 405,529** | **$ —** | **$ 4,095,071** |
| Intersegment | **55,049** | **29,112** | **(84,161)** | **—** |
| Total ordinary income | **3,744,591** | **434,641** | **(84,161)** | **4,095,071** |
| Ordinary expenses | **2,781,780** | **355,818** | **(75,303)** | **3,062,295** |
| Ordinary profit | **$ 962,810** | **$ 78,823** | **$ (8,857)** | **$ 1,032,776** |
| Assets, depreciation and capital expenditures: | | | | |
| Total assets | **$141,804,790** | **$ 701,830** | **$(445,126)** | **$142,061,494** |
| Depreciation | **127,508** | **133,655** | **—** | **261,164** |
| Capital expenditures | **166,195** | **6,069** | **—** | **172,264** |

Notes: 1. Ordinary income represents total income less certain special income, and ordinary expenses represents total expenses less certain special expenses.
2. "Other finance-related operations" mainly consists of credit guarantee services, leasing and credit card services.
3. Reserve for reimbursement of deposits that were derecognized as liabilities under certain conditions is provided for possible losses on future claims of withdrawal based on historical reimbursement experience. Formerly, deposits that were derecognized as liabilities were expensed when they were actually reimbursed. However, from the fiscal year ended March 31, 2008, such reserve is provided in the estimated amount as described above in accordance with the "Treatment for Auditing of Reserve under Special Taxation Measures Law, Reserve under Special Laws and Reserve for Retirement Benefits to Directors and Corporate Auditors" (JICPA Audit and Assurance Practice Committee Report No. 42) of April 13, 2007. The effect of this change was decrease ordinary profit for "Trust and banking business" for the fiscal year ended March 31, 2008 by ¥6,109 million ($60,974 thousand).
4. Chuo Mitsui Leasing Co., Ltd. and two other subsidiaries are not included in capital expenditures for the fiscal year ended March 31, 2008 because Chuo Mitsui Leasing Co., Ltd. and two other subsidiaries were excluded from Chuo Mitsui's consolidated subsidiaries as a result of the sale of all of the shares of its common stock.

*(2) Geographic Segment Information*

Since domestic (Japan) total ordinary income and total assets by geographic segment for the fiscal years ended March 31, 2008 and 2007, represented more than 90% of the consolidated total ordinary income and total assets of each respective year, geographic segment information was not required to be disclosed.

*(3) Ordinary Income from International Operations*

| | Millions of yen, except percentage data | | Thousands of U.S. dollars, except percentage data |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Ordinary income from international operations (A) | **¥ 55,090** | ¥ 33,014 | **$ 549,860** |
| Consolidated ordinary income (B) | **410,285** | 399,686 | **4,095,071** |
| (A)/(B) (%) | **13.4%** | 8.2% | **13.4%** |

Note: Ordinary income from international operations represents ordinary income arising from international operations both in and outside Japan.

## *33. Per Share Information*

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the fiscal years ended March 31, 2008 and 2007, was as follows:

| | Millions of yen | Thousands of shares | Yen | U.S. dollars |
|---|---|---|---|---|
| Fiscal year ended March 31, 2008 | Net income | Weighted-average shares | EPS | EPS |
| Basic EPS | | | | |
| Net income available to common shareholders | **¥64,657** | **1,398,776** | **¥46.22** | **$0.46** |
| Effect of dilutive securities | | | | |
| Convertible bonds | **0** | **21** | | |
| Preferred stock | **—** | **833,281** | | |
| Diluted EPS | | | | |
| Net income for computation | **¥64,657** | **2,230,080** | **¥28.96** | **$0.28** |
| Fiscal year ended March 31, 2007 | | | | |
| Basic EPS | | | | |
| Net income available to common shareholders | ¥ 98,010 | 1,301,086 | ¥75.33 | |
| Effect of dilutive securities | | | | |
| Convertible bonds | 0 | 102 | | |
| Preferred stock | 4,478 | 915,386 | | |
| Diluted EPS | | | | |
| Net income for computation | ¥102,489 | 2,216,575 | ¥46.23 | |

Deloitte.

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## Independent Auditors' Report

To the Board of Directors of
The Chuo Mitsui Trust and Banking Company, Limited:

We have audited the accompanying consolidated balance sheets (banking account) of The Chuo Mitsui Trust and Banking Company, Limited (the "Bank") and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

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

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 17, 2008

Member of
**Deloitte Touche Tohmatsu**

# Non-Consolidated Balance Sheets (Supplemental Information—Unaudited)

The Chuo Mitsui Trust and Banking Company, Limited
As of March 31, 2008 and 2007

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **ASSETS** | | | |
| Cash and cash equivalents | **¥ 123,781** | ¥ 266,385 | **$ 1,235,468** |
| Due from banks other than due from the Bank of Japan | **60,326** | 194,459 | **602,118** |
| Call loans | **203,000** | 110,000 | **2,026,150** |
| Receivables under securities borrowing transactions | **104,003** | 80,099 | **1,038,058** |
| Monetary claims bought | **111,422** | 104,146 | **1,112,111** |
| Trading assets | **42,886** | 52,803 | **428,051** |
| Securities | **4,577,514** | 4,435,668 | **45,688,335** |
| Loans and bills discounted | **7,847,314** | 7,378,063 | **78,324,325** |
| Foreign exchanges | **811** | 940 | **8,100** |
| Other assets | **349,473** | 298,123 | **3,488,111** |
| Premises and equipment | **104,994** | 106,559 | **1,047,954** |
| Intangible fixed assets | **27,950** | 24,740 | **278,972** |
| Deferred tax assets | **136,592** | 74,050 | **1,363,329** |
| Customers' liabilities for acceptances and guarantees | **47,864** | 56,679 | **477,732** |
| Allowance for possible loan losses | **(64,017)** | (69,506) | **(638,963)** |
| **Total assets** | **¥13,673,917** | ¥13,113,211 | **$136,479,858** |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities:** | | | |
| Deposits | **¥ 8,994,152** | ¥ 8,586,023 | **$ 89,770,958** |
| Call money | **200,081** | 452,378 | **1,997,024** |
| Payables under repurchase agreements | **24,197** | 114,467 | **241,511** |
| Payables under securities lending transactions | **1,797,121** | 1,062,543 | **17,937,129** |
| Trading liabilities | **8,185** | 4,398 | **81,698** |
| Borrowed money | **474,369** | 365,359 | **4,734,701** |
| Foreign exchanges | **10** | 48 | **105** |
| Subordinated bonds | **176,261** | 191,459 | **1,759,272** |
| Subordinated convertible bonds | **—** | 47 | **—** |
| Payables to trust account | **1,051,839** | 1,221,732 | **10,498,447** |
| Other liabilities | **146,211** | 85,501 | **1,459,338** |
| Reserve for bonus payment | **1,998** | 1,967 | **19,945** |
| Reserve for retirement benefits for directors and corporate auditors | **643** | 608 | **6,427** |
| Reserve for contingent losses | **12,859** | 9,934 | **128,355** |
| Acceptances and guarantees | **47,864** | 56,679 | **477,732** |
| **Total liabilities** | **12,935,796** | 12,153,150 | **129,112,648** |
| **Equity:** | | | |
| Common stock and preferred stock | **379,197** | 358,173 | **3,784,783** |
| Capital surplus | **128,511** | 107,488 | **1,282,682** |
| Retained earnings | **217,720** | 316,269 | **2,173,076** |
| Net unrealized gains on available-for-sale securities | **27,809** | 201,102 | **277,566** |
| Deferred gains (losses) on derivatives under hedge accounting | **413** | (7,439) | **4,132** |
| Land revaluation difference | **(15,532)** | (15,532) | **(155,031)** |
| **Total equity** | **738,120** | 960,060 | **7,367,209** |
| **Total liabilities and equity** | **¥13,673,917** | ¥13,113,211 | **$136,479,858** |

# Non-Consolidated Statements of Income (Supplemental Information—Unaudited)

The Chuo Mitsui Trust and Banking Company, Limited
Fiscal years ended March 31, 2008 and 2007

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **Income:** | | | |
| Interest income: | | | |
| Interest on loans and bills discounted | **¥114,840** | ¥ 83,311 | **$1,146,228** |
| Interest and dividends on securities | **85,401** | 77,771 | **852,399** |
| Interest on call loans and bills bought | **1,735** | 980 | **17,325** |
| Other interest income | **5,738** | 4,852 | **57,274** |
| Trust fees | **24,934** | 30,929 | **248,870** |
| Fees and commissions | **96,694** | 107,825 | **965,111** |
| Trading gains | **2,063** | 3,291 | **20,593** |
| Other operating income | **15,383** | 5,617 | **153,538** |
| Other income | **29,603** | 43,334 | **295,471** |
| **Total income** | **376,395** | 357,914 | **3,756,813** |
| **Expenses:** | | | |
| Interest expenses: | | | |
| Interest on deposits | **43,619** | 26,891 | **435,371** |
| Interest on call money and bills sold | **8,856** | 4,334 | **88,399** |
| Interest on borrowings | **5,780** | 4,874 | **57,697** |
| Other interest expenses | **40,489** | 25,843 | **404,126** |
| Fees and commissions | **17,774** | 18,168 | **177,409** |
| Trading losses | **23** | 118 | **234** |
| Other operating expenses | **9,158** | 5,846 | **91,412** |
| General and administrative expenses | **100,009** | 85,799 | **998,195** |
| Other expenses | **41,674** | 40,619 | **415,959** |
| **Total expenses** | **267,387** | 212,496 | **2,668,806** |
| **Income before income taxes** | **109,007** | 145,417 | **1,088,007** |
| **Income taxes:** | | | |
| Current | **539** | 447 | **5,384** |
| Deferred | **42,000** | 42,600 | **419,203** |
| **Net income** | **¥ 66,467** | ¥102,370 | **$ 663,419** |

| | Yen | | U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **Per share of common stock:** | | | |
| Basic net income | **¥47.51** | ¥75.23 | **$0.47** |
| Diluted net income | **29.77** | 46.18 | **0.29** |

# Non-Consolidated Balance Sheets (Supplemental Information—Unaudited)

Chuo Mitsui Asset Trust and Banking Company, Limited (Formerly, Mitsui Asset Trust and Banking Company, Limited)
As of March 31, 2008 and 2007

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **ASSETS** | | | |
| Cash and cash equivalents | **¥ 21,319** | ¥ 30,591 | **$ 212,791** |
| Due from banks other than due from the Bank of Japan | **375** | 503 | **3,752** |
| Securities | **85,094** | 84,096 | **849,331** |
| Other assets | **39,354** | 38,701 | **392,794** |
| Premises and equipment | **701** | 618 | **7,000** |
| Intangible fixed assets | **3,249** | 3,367 | **32,432** |
| Deferred tax assets | **1,063** | 1,892 | **10,615** |
| **Total assets** | **¥151,158** | ¥159,771 | **$1,508,717** |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities:** | | | |
| Deposits | **¥ 76** | ¥ 84 | **$ 763** |
| Call money | **91,500** | 95,000 | **913,264** |
| Payables to trust account | **—** | 861 | **—** |
| Other liabilities | **10,655** | 11,382 | **106,348** |
| Reserve for bonus payment | **337** | 309 | **3,372** |
| Reserve for retirement benefit for directors and corporate auditors | **141** | 158 | **1,407** |
| **Total liabilities** | **102,710** | 107,795 | **1,025,156** |
| **Equity:** | | | |
| Common stock | **11,000** | 11,000 | **109,791** |
| Capital surplus | **21,246** | 21,246 | **212,057** |
| Retained earnings | **16,223** | 19,757 | **161,926** |
| Net unrealized losses on available-for-sale securities | **(21)** | (28) | **(214)** |
| **Total equity** | **48,447** | 51,975 | **483,561** |
| **Total liabilities and equity** | **¥151,158** | ¥159,771 | **$1,508,717** |

# Non-Consolidated Statements of Income (Supplemental Information—Unaudited)

Chuo Mitsui Asset Trust and Banking Company, Limited (Formerly, Mitsui Asset Trust and Banking Company, Limited)
Fiscal years ended March 31, 2008 and 2007

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **Income:** | | | |
| Interest income: | | | |
| Interest and dividends on securities | **¥ 524** | ¥ 286 | **$ 5,233** |
| Trust fees | **43,744** | 44,672 | **436,615** |
| Fees and commissions | **10,499** | 9,055 | **104,793** |
| Other operating income | **—** | 0 | **—** |
| Other income | **49** | 56 | **492** |
| **Total income** | **54,817** | 54,070 | **547,133** |
| **Expenses:** | | | |
| Interest expenses: | | | |
| Interest on borrowings | **0** | 0 | **0** |
| Other interest expenses | **524** | 265 | **5,230** |
| Fees and commissions | **12,668** | 12,453 | **126,441** |
| General and administrative expenses | **15,562** | 14,171 | **155,328** |
| Other expenses | **51** | 287 | **516** |
| **Total expenses** | **28,806** | 27,178 | **287,515** |
| **Income before income taxes** | **26,011** | 26,892 | **259,618** |
| **Income taxes:** | | | |
| Current | **9,720** | 10,096 | **97,024** |
| Deferred | **824** | 748 | **8,232** |
| **Net income** | **¥15,465** | ¥16,047 | **$154,361** |

| | Yen | | U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **Per share of common stock:** | | | |
| Net income | **¥25,775.78** | ¥26,745.43 | **$257.26** |

# Financial Statements of Subsidiary Banks (Trust Account—Unaudited)

Chuo Mitsui Trust Holdings, Inc. (Formerly, Mitsui Trust Holdings, Inc.)
As of March 31, 2008 and 2007

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| **Assets:** | | | |
| Loans (Note 2) | **¥ 676,854** | ¥ 779,689 | **$ 6,755,712** |
| Securities (Note 3) | **8,306,969** | 7,662,339 | **82,912,164** |
| Beneficiary rights | **30,578,599** | 28,750,022 | **305,206,105** |
| Securities held in custody accounts | **267** | 261 | **2,671** |
| Monetary claims | **1,728,752** | 1,789,974 | **17,254,742** |
| Premises and equipment | **5,418,211** | 4,600,238 | **54,079,360** |
| Intangible fixed assets | **17,658** | 7,472 | **176,250** |
| Other claims | **121,752** | 79,490 | **1,215,212** |
| Due from banking account | **1,051,839** | 1,222,593 | **10,498,447** |
| Cash and due from banks | **270,806** | 261,981 | **2,702,927** |
| **Total assets** | **¥48,171,712** | ¥45,154,063 | **$480,803,595** |
| **Liabilities:** | | | |
| Money trusts (Note 4) | **¥18,601,563** | ¥17,336,251 | **$185,662,879** |
| Pension trusts | **6,894,844** | 6,657,593 | **68,817,693** |
| Property formation benefit trusts | **15,424** | 16,349 | **153,952** |
| Loan trusts (Note 5) | **664,185** | 835,890 | **6,629,254** |
| Securities investment trusts | **11,729,584** | 11,022,731 | **117,073,409** |
| Money in trust other than money trusts | **432,521** | 418,794 | **4,317,011** |
| Securities in trust | **1,270,058** | 1,104,875 | **12,676,502** |
| Money claims in trust | **1,757,133** | 1,823,661 | **17,538,009** |
| Equipment in trust | **—** | 70 | **—** |
| Real estate in trust | **80,993** | 80,689 | **808,402** |
| Composite trusts | **6,725,052** | 5,857,153 | **67,122,987** |
| Other trusts | **349** | — | **3,490** |
| **Total liabilities** | **¥48,171,712** | ¥45,154,063 | **$480,803,595** |

See Notes to Financial Statements of Subsidiary Banks (Trust Account—Unaudited).

### 1. *Trust Accounts*

Under the Trust Law of Japan, trust activities must be administered separately from a commercial banking business. As a result, assets accepted in trust must be segregated from other assets. Within the general category of trust accounts, each trust account is segregated from other trust assets. Accordingly, the financial statements of Chuo Mitsui Trust Holdings, Inc. ("Chuo Mitsui Trust Holdings"), do not reflect Chuo Mitsui Trust Holdings' records as to the assets accepted in trust, which are maintained separately under the trust account.

Under certain trust agreements, repayments of the principal of the customers' trust assets are guaranteed by The Chuo Mitsui Trust and Company, Limited, and such guaranteed principal as of March 31, 2008 and 2007, was ¥1,923,645 million ($19,199,974 thousand) and ¥2,249,766 million, respectively.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥100.19 to U.S.$1, the approximate rate of exchange as of March 31, 2008. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts less than one million Japanese yen and one thousand U.S. dollars have been truncated. As a result, the total may not be equal to the total of individual amounts.

### 2. *Loans*

Loans as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Loans on deeds | **¥644,898** | ¥735,175 | **$6,436,751** |
| Loans on notes | **31,956** | 44,514 | **318,961** |
| Total | **¥676,854** | ¥779,689 | **$6,755,712** |

Under certain trust agreements, repayments of the principal of the customers' trust assets are guaranteed by banking subsidiaries, and loans on such guaranteed trust assets as of March 31, 2008 and 2007, included the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Loans to borrowers in bankruptcy | **¥ 48** | ¥ 263 | **$ 480** |
| Non-accrual loans | **16,101** | 10,890 | **160,705** |
| Loans past due three months or more | **51** | 104 | **515** |
| Restructured loans | **10,332** | 12,840 | **103,126** |
| Total | **¥26,533** | ¥24,098 | **$264,827** |

### 3. *Securities*

Securities are stated at market price or at cost by each trust agreement.

Securities held as of March 31, 2008 and 2007, consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Japanese government bonds | **¥4,276,535** | ¥3,934,505 | **$42,684,255** |
| Japanese municipal bonds | **413,766** | 353,068 | **4,129,820** |
| Japanese corporate bonds | **1,328,034** | 1,113,325 | **13,255,159** |
| Japanese stocks | **2,197,104** | 2,169,817 | **21,929,380** |
| Foreign securities | **91,270** | 91,324 | **910,973** |
| Other securities | **257** | 298 | **2,574** |
| Total | **¥8,306,969** | ¥7,662,339 | **$82,912,164** |

## 4. Balance of Money Trusts

The principal amounts of certain money trusts are guaranteed and the balance of these accounts is as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Assets: | | | |
| Loans | **¥ 271,015** | ¥ 264,089 | **$ 2,705,016** |
| Securities | **2,812** | 16,337 | **28,071** |
| Other | **787,489** | 904,215 | **7,859,956** |
| Total | **¥1,061,317** | ¥1,184,642 | **$10,593,043** |
| Liabilities: | | | |
| Principal | **¥1,061,263** | ¥1,184,681 | **$10,592,510** |
| Allowance for the impairment of guaranteed trust principal | **47** | 13 | **478** |
| Other | **5** | (52) | **54** |
| Total | **¥1,061,317** | ¥1,184,642 | **$10,593,043** |

In the case of certain money trusts, the principal amount is guaranteed and, as the above table indicates, allowance for the impairment of guaranteed trust principal is set aside by banking subsidiaries. The figures of the table include funds reinvested from the other trusts managed by a banking subsidiary.

## 5. Balance of Loan Trusts

The balance of loan trusts is as follows (the figures of the table include funds reinvested from the other trusts managed by a banking subsidiary):

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **2008** | 2007 | **2008** |
| Assets: | | | |
| Loans | **¥385,196** | ¥ 490,894 | **$3,844,662** |
| Securities | **499** | 9,141 | **4,989** |
| Other | **485,740** | 573,373 | **4,848,192** |
| Total | **¥871,437** | ¥1,073,409 | **$8,697,845** |
| Liabilities: | | | |
| Principal | **¥862,381** | ¥1,065,084 | **$8,607,463** |
| Allowance for the impairment of guaranteed trust principal | **4,743** | 5,753 | **47,345** |
| Other | **4,311** | 2,571 | **43,035** |
| Total | **¥871,437** | ¥1,073,409 | **$8,697,845** |

As in certain money trusts, the principal amount of loan trusts is guaranteed and, as the above table indicates, allowance for the impairment of guaranteed trust principal is set aside by banking subsidiaries.

# Consolidated Five-Year Summary

| | Chuo Mitsui Trust Holdings | | | | |
|---|---|---|---|---|---|
| | Billions of yen | | | | |
| | **2008** | 2007 | 2006 | 2005 | 2004 |
| **Banking account** (As of March 31) | | | | | |
| **Total assets** | **¥14,472.8** | ¥14,090.5 | ¥13,808.7 | ¥13,431.4 | ¥12,753.7 |
| Cash and due from banks | **212.5** | 498.0 | 431.5 | 509.8 | 521.8 |
| Call loans and bills bought | **204.8** | 111.1 | 164.5 | 12.0 | 17.0 |
| Securities | **4,647.9** | 4,511.7 | 3,835.7 | 4,006.2 | 3,585.9 |
| Loans and bills discounted | **7,852.0** | 7,377.3 | 7,292.0 | 7,144.5 | 7,189.9 |
| Foreign exchanges | **0.8** | 0.9 | 37.5 | 1.8 | 6.7 |
| Customers' liabilities for acceptances and guarantees | **584.0** | 711.1 | 1,023.3 | 771.7 | 376.5 |
| **Total liabilities** | **¥13,453.6** | ¥12,953.1 | ¥12,843.3 | ¥12,718.3 | ¥12,182.0 |
| Deposits | **8,830.5** | 8,529.7 | 8,806.9 | 8,937.5 | 9,116.0 |
| Call money and bills sold | **291.5** | 547.3 | 394.0 | 325.2 | 318.0 |
| Borrowed money | **474.3** | 393.2 | 165.4 | 174.0 | 341.9 |
| Foreign exchanges | **0.0** | 0.0 | 0.0 | 0.0 | 0.0 |
| Acceptances and guarantees | **584.0** | 711.1 | 1,023.3 | 771.7 | 376.5 |
| **Total equity** | **¥ 1,019.2** | ¥ 1,137.3 | ¥ 858.8 | ¥ 606.6 | ¥ 463.3 |
| **Trust account*** (As of March 31) | | | | | |
| **Total assets** | **¥48,171.7** | ¥45,154.0 | ¥42,457.3 | ¥37,288.5 | ¥35,498.5 |
| Loans | **676.8** | 779.6 | 1,185.9 | 1,502.1 | 1,867.7 |
| Securities | **8,306.9** | 7,662.3 | 6,484.4 | 5,762.3 | 4,657.1 |
| Beneficiary rights | **30,578.5** | 28,750.0 | 28,284.2 | 24,975.6 | 24,815.0 |
| **Total liabilities** | **¥48,171.7** | ¥45,154.0 | ¥42,457.3 | ¥37,288.5 | ¥35,498.5 |
| Money trusts | **18,601.5** | 17,336.2 | 16,873.2 | 16,009.6 | 15,793.9 |
| Pension trusts | **6,894.8** | 6,657.5 | 6,194.2 | 5,999.5 | 6,659.4 |
| Property formation benefit trusts | **15.4** | 16.3 | 16.8 | 18.8 | 18.9 |
| Loan trusts | **664.1** | 835.8 | 1,078.8 | 1,392.5 | 1,778.0 |
| Securities investment trusts | **11,729.5** | 11,022.7 | 8,858.9 | 6,115.6 | 4,585.1 |
| **Statements of income** (Fiscal years ended March 31) | | | | | |
| **Total income** | **¥ 468.5** | ¥ 468.0 | ¥ 484.4 | ¥ 513.8 | ¥ 553.9 |
| **Total expenses** | **332.7** | 288.3 | 344.5 | 363.6 | 426.7 |
| **Income before income taxes and minority interests** | **135.7** | 179.6 | 139.9 | 150.1 | 127.2 |
| **Net income** | **¥ 71.8** | ¥ 112.7 | ¥ 119.6 | ¥ 94.0 | ¥ 50.7 |

Note: All figures are based on the consolidated financial statements.
* All figures are combined totals from The Chuo Mitsui Trust and Banking Company, Limited, and Chuo Mitsui Asset Trust and Banking Company, Limited.

# Definitions of Self-Assessment System, Disclosure of Assets Based on the Financial Revitalization Law and Risk-Monitored Loans

**Self-Assessment System**

*What Is the Self-Assessment System?*

Self-assessment of asset quality requires a financial institution to examine the quality of its own assets and group assets, according to the degree of risk for default on loans or the potential irrecoverability of invested value.

Assets subject to self-assessment are loans and loan equivalents, such as loan receivables in securities, foreign currency, accrued interest, accounts due, provisional payments equivalent to loans, and acceptances and guarantees.

*Basic Concept in Self-Assessment*

In principle, the process of asset assessment assigns credit ratings to borrowers, then groups the borrowers according to these rating assignments. Each borrower is viewed individually, based on such details as the application of funds, and the status of collateral and guarantees is ascertained to facilitate further classification, according to the degree of risk inherent in the recovery of the loan or the potential for the invested value to erode.

*Credit Ratings*

Credit ratings correspond to a client's credit risk, a status based on financial position, ratings by rating agencies, information from credit bureaus, and other sources. A credit rating must be consistent with borrower categories.

*Borrower Categories*

A borrower's ability to repay loans is determined by such factors as financial status, cash flow and profitability, and this ability will place a borrower into one of five categories: normal, caution, possible bankruptcy, virtual bankruptcy and legal bankruptcy.

1. Normal: Borrowers whose business prospects are favorable and whose financial position exhibits no particular problems.
2. Caution: Borrowers with problematic lending conditions, such as reduced or suspended interest payments, borrowers with non-accrual repayment schedules, wherein principal or interest payments are in arrears, and borrowers which may require special measures in the future because business prospects are sluggish or unstable, or because financial positions are uncertain.
3. Possible bankruptcy: Borrowers for whom bankruptcy is not currently imminent but for whom the eventuality of failure in the future is high because financial difficulty exists and a sufficient boost through a business improvement plan, for example, is not expected. This category includes borrowers receiving support from a financial institution or other backer.
4. Virtual bankruptcy: Borrowers that face severe operating difficulties and while they have not been declared legally bankrupt they are essentially insolvent because they lack any hope of restructuring.
5. Legal bankruptcy: Borrowers whose legal bankruptcy is substantiated by a declaration of bankruptcy, liquidation, reorganization, composition or civil reconstruction, or for whom clearinghouse transactions have been halted.

*Claim Categories*

Under the self-assessment system, claims are grouped into "categories"—II, III and IV—and the respective assets are called "category assets." Claims that do not fall into categories II, III and IV are called "no category," and the assets that fall outside these classifications are deemed "no category assets."

**Disclosure of Assets Based on the Financial Revitalization Law**

*Borrower Classification*

1. Claims under bankruptcy and virtual bankruptcy: Loans and loan equivalents granted to borrowers that have succumbed to legal business failure by reason of declared bankruptcy, reorganization, composition proceedings or other officially recognized end to operations.
2. Claims under high risk: Loans to borrowers that have not yet reached a state of legal bankruptcy but are highly unlikely to repay the principal and interest according to contractual obligations because of worsening financial position and business performance.
3. Claims under close observation: Loans three months past due—i.e., loans for which payment of principal or interest has fallen more than three months behind, counting from the day following the contractual payment day—and restructured loans—i.e., loans for which the contractual conditions have been revised, for example, with a specific concession in favor of the

borrower to facilitate the restructuring of a business that has been economically disadvantaged, or to support such a business, and thereby promote repayment of the outstanding loan.
4. Normal claims: Loans to borrowers with no particular problems affecting financial position or business performance, thereby excluding them from the three classifications described above.

*Relationship with Borrower Classifications in the Self-Assessment System*
1. Claims under bankruptcy and virtual bankruptcy: Corresponds to the sum of loans to borrowers that are in legal bankruptcy or virtual bankruptcy under self-assessment standards.
2. Claims under high risk: Equivalent to loans to borrowers classified as in possible bankruptcy under self-assessment standards.
3. Claims under close observation: Represents the sum of loans to borrowers in the caution category of self-assessment standards that are either more than three months past due or restructured.
4. Normal claims: Identified with loans to healthy borrowers under self-assessment standards, as well as loans other than claims under the close observation category of loans to borrowers requiring caution.

**Risk-Monitored Loans**
*What are risk-monitored loans?*
1. Loans to borrowers in bankruptcy: Of loans for which no accrued interest is recorded because the recovery of principal or interest is unlikely due to a prolonged delay in payment of principal or interest (excludes the portion written off; hereafter referred to as "loans for which accrued interest is not recorded"), loans to borrowers in bankruptcy are those for which the reason is found in the provisions of the Corporate Tax Law (Ordinance 97, 1965), Article 96, Paragraph 1, Sub-Paragraph 3, Points a) through e), or Article 4 of the same law.
2. Non-accrual loans: Of loans for which accrued interest is not recorded, non-accrual loans are loans other than those to borrowers in bankruptcy and loans for which interest has been waived to facilitate business restructuring.
3. Loans past due three months or more: This category comprises loans for which payment of principal or interest has fallen more than three months behind, counting from the day following the contractual payment day, but excludes loans to borrowers in bankruptcy and non-accrual loans.
4. Restructured loans: This category covers loans for which payment of interest is reduced or suspended, payment of principal is extended, the claim is waived, or another measure advantageous to the borrower is granted to facilitate business restructuring. Loans to borrowers in bankruptcy, non-accrual loans and loans past due three months or more are not included in this category.

*Relationship between Self-Assessment Assets and Disclosure of Assets Based on the Financial Revitalization Law*
Assets classified under self-assessment standards and disclosure of assets based on the Financial Revitalization Law are loans and loan equivalents. These loans differ primarily from risk-monitored loans in that risk-monitored loans exclude loan equivalents.
1. Loans to borrowers in bankruptcy: These are loans to legally bankrupt borrowers.
2. Non-accrual loans: These are loans to virtually bankrupt borrowers and borrowers for which the possibility of bankruptcy exists.
3. Loans past due three months or more: Of loans to borrowers requiring caution, loans past due three months or more are those for which the payment of principal or interest has fallen three months behind, counting from the day following the contractual payment day.
4. Restructured loans: Of loans to borrowers requiring caution, restructured loans are those for which payment of interest is reduced or suspended, payment of principal is extended, the claim is waived or another measure advantageous to the borrower is granted to facilitate business restructuring.