JOYO BANK

Annual Report 2005

PROFILE

The Joyo Bank, Ltd., was established in 1935 out of the merger of the Tokiwa Bank and Goju Bank (both founded in 1878), and celebrating its 125th year in Business.

As a leading financial institution in Ibaraki Prefecture and surrounding regions, the Bank, with the philosophy of "Practicing sound management, creation of values, and partnership with the home region," is contributing to the growth of its home region by providing stable and comprehensive financial services.

Management Philosophy

"Sound management, creation of value, and partnership with the home region"

(1) Focusing on retail banking as our core business, Joyo Bank will pursue sound management and steady banking activities.

(2) Joyo Bank will create high-value business together with our customers, regional communities, and shareholders.

(3) By providing financial services in our base territory of Ibaraki Prefecture and adjacent areas, Joyo Bank will contribute to social and economic progress in the home region.

Action Guidelines

We will

— Provide the most appropriate products and services based on a keen understanding of our customers.

— Undertake steady banking activities and grow together with our customers.

— Seek to further improve our financial skills.

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FINANCIAL HIGHLIGHTS

Consolidated

THE JOYO BANK, LTD. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars
Years Ended March 31	**2005**	2004	**2005**
For the Year Ended			
Total Income	**¥ 173,271**	¥ 179,882	**$ 1,613,483**
Total Expenses	**127,712**	139,752	**1,189,236**
Income before Income Taxes and Minority Interests	**45,559**	40,129	**424,247**
Net Income	**26,198**	23,675	**243,954**
At the Year End			
Total Assets	**¥7,347,520**	¥7,056,646	**$68,419,039**
Deposits	**6,182,549**	6,160,255	**57,570,994**
Loans and Bills Discounted	**4,333,198**	4,320,503	**40,350,113**
Securities	**2,430,935**	2,255,587	**22,636,516**
Shareholders' Equity	**437,317**	408,131	**4,072,233**
Capital Ratio	**11.75%**	11.39%	
For the Year Ended			
Net Cash Provided by Operating Activities	**¥213,397**	¥ 163,061	**$ 1,987,124**
Net Cash Used in Investing Activities	**(160,154)**	(177,924)	**(1,491,335)**
Net Cash Used in Financing Activities	**(5,969)**	(12,412)	**(55,586)**
Net Increase (Decrease) in Cash and Cash Equivalents	**47,276**	(27,296)	**440,232**
Cash and Cash Equivalents at End of Year	**192,016**	144,739	**1,788,029**

Notes: 1. Japanese yen amounts are rounded down to the nearest million yen.
2. U.S. dollar amounts represent translation of Japanese yen at the exchange rate of ¥107.39 to US$1.00 on March 31, 2005.

Non-Consolidated

THE JOYO BANK, LTD.

	Millions of Yen		Thousands of U.S. Dollars
Years Ended March 31	**2005**	2004	**2005**
For the Year Ended			
Total Income	**¥ 151,464**	¥ 158,045	**$ 1,410,419**
Total Expenses	**107,705**	118,868	**1,002,936**
Income before Income Taxes	**43,759**	39,176	**407,483**
Net Income	**26,123**	22,820	**243,255**
At the Year End			
Total Assets	**¥7,330,713**	¥7,042,842	**$68,262,537**
Deposits	**6,197,265**	6,173,791	**57,708,032**
Loans and Bills Discounted	**4,375,901**	4,363,963	**40,747,759**
Securities	**2,430,824**	2,255,553	**22,635,480**
Shareholders' Equity	**436,836**	407,745	**4,067,754**

Notes: 1. Japanese yen amounts are rounded down to the nearest million yen.
2. U.S. dollar amounts represent translation of Japanese yen at the exchange rate of ¥107.39 to US$1.00 on March 31, 2005.

MESSAGE FROM THE PRESIDENT

Kunio Onizawa
President

Striving to be a comprehensive supplier of high-quality financial services to support the reality of regional and business development and bountiful household finances.

In order to meet a variety of needs…

The competitive environment has become significantly more intense as a new financial framework is constructed, one which includes the introduction of deposit insurance caps and new regulations for banks' capital ratios, and progress with of deregulation has resulted in banks greatly expanding the scope of their business activities, resulting in the reorganization of financial institutions and the emergence of other industry businesses into the financial sector.

In response, we implemented a variety of measures during 2004, the final year of our "8th medium-term management plan" (FY2002–FY2004) in order to ensure that we maintain strong trust-based relationships with our customers and shareholders.

To be able to provide a wide range of responses to diversifying asset management needs, we have been adding to the types of products we handle, such as investment trusts and pension insurance, and in May of this year we began offering securities brokerage services. While we progress with our "mortgage loan full-term preferred interest rate campaign" as a way to meet the financing needs of individual customers, we have also enhanced our consultation reception system. Three "Loan Plazas" in Ibaraki Prefecture are currently open on Sundays.

We are also making progress with our plans for adding to our relationship banking capabilities by strengthening small to medium-sized businesses and also contributing to the revitalization of local economies. Efforts under this project include the enhancement of our new business and venture support and our business management consultation functions, as well as increased support for business revitalization. In addition to actively responding to financing needs, we have supported the diversification of ways in which we can assist our customers with financing by acting as the lead manager for private bond placements and loan syndications. Also, we have actively worked toward enhancing all of our financial services, including supporting new businesses and ventures, matching businesses, M&A, and IPOs. We also have received very favorable feedback regarding our business matching meetings for the agricultural production and food processing, restaurant and retail industries, held in February and June.

Preparing for a new growth stage

As the business environment continues to experience dramatic changes, starting in April of this year, we initiated our "9th medium-term management plan" ending March 31, 2008. In the previous medium-term management plan, Joyo Bank aimed to transform itself into a comprehensive supplier of high-quality financial services and work to improve our financial structure and operating efficiency, as well as to strengthen our management system. In the current medium-term management plan, we will use this financial structure as a base to leap toward a new growth stage and to continue with our aim to be a comprehensive provider of high-quality financial services to support the reality of regional and business development and bountiful household finances.

Looking at the growth of the financial services industry, we aim to strengthen the relationship between our group companies and to provide comprehensive and market-leading financial services.

Amidst this drive we have focused our efforts on the idea of putting the customer first and ensuring that compliance facilities are sufficient. By focusing on improving our services to customers, we have the greatest understanding of our customers' needs, and using this sensitivity we will be able to improve the level of satisfaction among our customers. As a financial services company that has built its foundations on the principle of trust, we are working to ensure a solid compliance function, placing this issue as our highest priority above all others.

To achieve our plan, we have focused on three fundamental goals.

Our first fundamental goal is enhancing our profitability. By increasing our profitability, we will be able to make new investments and offer customers even better products and services. Also, in order to prepare ourselves for the uncertainties of the future in these times of intense environmental changes, we also recognize the need to strengthen our internal reserves. To ensure that we can offer our customers a safe, reliable service and be able to meet the expectations of shareholders, we will continue to work toward maintaining a healthy and profitable financial position.

To improve our profitability, it is vital that we employ a certain amount of risk and invest in promising sectors, thus working towards "improving operations management" by improving risk management functions and the cost management structure. And in order to gain a higher level of trust from our customers, we also are working to improve security throughout all our financial products and services.

It is the "personnel" and their unified actions as an "organization" that supports the quality and competitiveness of financial services. Our third fundamental goal is to focus on personnel development and improve personnel expertise while also improving our strength as an organization.

Stability, Cooperation, Partnership with the Home Region

Our mission as a regional bank is to contribute to the regional community and economy by providing smooth and continuous financial services. This will be invariable, regardless of the changes that occur in the business environment, and embodies our management philosophy of "Stability, Cooperation, Partnership with the Home Region." As a member of the community, we will continue to be one with the community and contribute to the development of the local region.

In July this year, we commemorated the 70th anniversary of the founding of the Bank. This great milestone is a manifestation of the support and patronage of our local customers and our shareholders. We have set our 70th year as a new starting line, and will renew our commitment to our original principle of "Stability, Cooperation, Partnership with the Home Region" as we work towards being a comprehensive supplier of high-quality financial services. The customer is the starting point of any financial services business. Moving forward, we will strenuously work toward our philosophy of keeping our focus on the customer and, as a financial institution, all of us here will work toward achieving an even higher level of customer satisfaction.

Thank you,

Kunio Onizawa

Kunio Onizawa
President

70TH ANNIVERSARY COMMEMORATIVE EVENTS

輝く未来へ　あなたと共に

70

おかげさまで70周年

It has been 70 years since Bank was founded on July 30, 1935, through a merger between Tokiwa Bank (based in Mito City) and Gojyu Bank (in Tsuchiura City). This great milestone is a manifestation of the support and patronage of our local customers and our shareholders all of us here at the bank wish to thank you. We will set our 70th year as a new starting line from which we will spring forward into the future. And as a way to express our thanks to our customers, we are holding several commemorative events.

Major Commemorative Events

Emergency Medical Service Activities

As a part of our efforts to contribute to the local community, we are sponsoring an "emergency response seminar" for Bank employees so they can provide appropriate emergency care for the ill and injured in the event of a natural disaster or accident. We also are encouraging Bank employees to attend the "Emergency Medical Personnel Developmental Course" and acquire the "Emergency Medical Personnel Certification" offered by the Red Cross of Japan.

Crime-Preventing Personal Alarms

As part of our efforts to contribute to the creation of a local community where we can live safely, we donated crime preventing personal alarms to newly enrolled 1st year elementary school students. We plan to continue this project into the future.

"Joyo Loan Pass"

We initiated our new service, "Joyo Loan Pass" for individual customers. This pass contains the user's credit limit and is issued to certain mortgage loan customers that have met specific criteria.

Joyo Corporate Internet Banking "JWEB OFFICE"

"JWEB OFFICE" is a new service for our corporate and sole proprietorship customers. This low-cost, highly convenient service allows customers to conduct balance inquiries, transfers, etc., via the internet.

"Financial Seminar for High School Students"

We are sponsoring seminars oriented towards local high school students. The objective of the seminars is to help the students learn before they go out on their own about "saving," "using," "borrowing" and other banking services, as well as the importance of a household budget and personal financial planning that focuses on their lives ahead.

Environmentally-Friendly Lending, "Joyo Eco Select Loans"

These are lending products with "the environment" as a theme that respond to a variety of financing needs and offer preferred interest rates as a way to support customers who conduct environmentally-conscious management.

"Joyo Business Exchanges"

We are sponsoring "Joyo Business Exchanges," which have a manufacturing theme and are aimed at the further revitalization of the local economy.

Various companies involved in manufacturing will participate in this event and it will serve as a place for information exchange, company PR, technical consulting, and the chance for interaction between many customers.

Revenues and Earnings

Business profit increased by ¥1.7 billion (3.6%) year-on-year to a total of ¥49 billion (US$456 million). This was due to the continued strength of profits from lending and commission revenues as well as from a reduction in expenses and provision for possible loan losses.

Furthermore, our core business profit, which is an indicator of our base profitability, increased ¥4.6 billion (9.6%) to ¥52.6 billion (US$490 million).

Gross business profit saw a year-on-year increase of ¥11.6 billion (38.8%) to ¥41.5 billion (US$386 million). This was due to a reduction in the amount of bad debt disposal.

Net income for the term increased by ¥3.3 billion (14.4%) year-on-year to ¥26.1 billion (US$243 million).

*Core business profit is the amount derived by adding gains and losses made from government bond trading and the amounts transferred to reserves for possible loan losses to business profits.

Deposits, Loans and Securities

Deposits for the term increased by ¥23.4 billion to a term-end balance of ¥6,197.2 billion (US$57,707 million). Of this amount, time deposits decreased by ¥97.8 billion to a term-end total of ¥2,641.6 billion (US$24,598 million), but other deposits increased by ¥121.3 billion for a term-end balance of ¥3,555.6 billion (US$33,109 million). As we look to respond aggressively to the diversifying asset management needs of our customers, we have greatly increased our balance of assets in custody (investment trusts, public bonds, etc.) and the level of pension insurance handled within our bank.

Loans for the term increased by ¥11.9 billion to a term-end balance of ¥4,375.9 billion (US$40,748 million). Of this amount, individual loans, mainly mortgage loans, increased by ¥38.8 billion to ¥931.3 billion (US$8,672 million). As we sought to respond to the needs of our customers, loans to small and medium-sized businesses also increased by ¥0.6 billion to ¥1,927.5 billion (US$17,949 million).

Securities increased during the term by ¥175.2 billion to ¥2,430.8 billion (US$22,635 million). As a result of focusing on interest yielding investments, available-for-sale securities, including overseas bonds, increased by ¥41.7 billion to ¥804.0 billion (US$7,487 million).

Furthermore, as we have paid attention to liquidity as part of the preparations for the start of deposit insurance caps, our balance of government bonds increased by ¥134.1 billion to ¥822.6 billion (US$7,660 million).

Assets in custody saw steady increases in investment trusts, government bonds designated for individual investors, and pension insurance. Total assets in custody increased year-on-year by ¥228.6 billion (51.2%) to ¥674.6 billion (US$6,282 million).

Mortgage loans continue to be strong and increased by ¥53.5 billion (7.4%) year-on-year to ¥772.5 billion (US$7,193 million). Consumer loans increased by ¥9.9 billion (3.1%) to ¥325.7 billion (US$3,033 million).

Capital Ratio

The capital ratio is one of the most important indicators in determining the health and stability of banking operations.

On a consolidated basis (including consolidated subsidiaries) the Bank's capital was 11.75%, and on a non-consolidated basis it was 11.63%, indicating that we continue to maintain a high level in this area.

It should be noted that the level required for banks complying to domestic standards is 4% or greater.

Consolidated Accounts

The Bank currently has ten consolidated subsidiaries.

Total income for the year decreased by ¥6.6 billion to ¥173.2 billion (US$1,613 million). Total expenses decreased by ¥12.0 billion to ¥127.7 billion (US$1,189 million). As a result of above, net income was ¥26.1 billion (US$243 million).

Cash and cash equivalents increased by ¥47.2 billion during the term to ¥192.0 billion (US$1,788 million) at the term-end. This was a mixed result of a ¥213.3 billion increase from operating activities, mainly due to increases in deposits and call money and a ¥160.1 billion decrease from investing activities in securities operations as well as a ¥5.9 billion decrease from financing activities due to the acquisition of own shares and dividend payments.

MANAGEMENT PHILOSOPHY, MANAGEMENT POLICY

—9th Medium-Term Management Plan, Regionally-Based Financing Promotion Program—

Management Philosophy

"Stability, Cooperation, Partnership with the Home Region"

As a community-based financial institution, we think and act based on what we can do for our customers and our community.

With a management philosophy of "Stability, Cooperation, Partnership with the Home Region," we will continue to contribute to the development of the local society and economy by being diligent in our sales activities, conduct healthy, stable operations, and be consistent in providing our local customers with high-quality, comprehensive financial services. We believe that staying true to our primary business of offering financial services is the best way for us to contribute to the regional community.

In the idea of "putting the customer first," by providing high-quality financial services that meet the needs of our customers, we hope to maintain a high level of customer satisfaction as well as improve our health, profitability, and corporate value.

Management Policy

9th Medium-Term Management Plan "Leaping toward a new growth stage"

The competitive environment has become significantly more intense as a new financial framework is constructed, one which includes the introduction of new regulations for capital ratios, progress with deregulation has resulted in banks greatly expanding the scope of their business activities, resulting in the reorganization of financial institutions and the emergence of other industry businesses into the financial sector. In response, in April 2005 we drafted and initiated our 9th medium-term management plan" which will help us improve the level of trust we receive from our customers and shareholders, as well as to create an even firmer business foundation.

Plan Duration

April 1, 2005 – March 31, 2008 (3 years)

Our Goal

To be a high-quality, comprehensive financial services provider

Through our 9th medium-term management plan, our goal is to be a comprehensive supplier of high-quality financial services to support the reality of regional and business development and bountiful household finances.

- Understanding of our customers' needs, and acting on these sensitively.
  (Increasing customer satisfaction)
- Increasing profitability and stability, and achieving increased shareholder value.
  (Raising shareholder satisfaction)
- Work toward individual growth and improve organizational vitality
  (Raising employee satisfaction)

Basic Goals

In order to achieve sustained growth, improve enterprise value, and become a high-quality comprehensive financial services provider, we have set three fundamental goals: Improved profitability (by increasing gross profits); improved operations management; and increased organizational vitality.

Also, as a financial service with a foundation built on trust, we are working hard to improve security throughout all our financial operations and to consolidate our compliance capabilities.

Improved Profitability (Increased Gross Profits)

To ensure we provide a service that is trustworthy in the eyes of our customers and that we are able to live up to the expectations of our shareholders, we must maintain a stable and profitable financial position. We will work towards improving profitability (increasing gross profits) by focusing on local small to medium-sized businesses and individual customers as our targets for increased lending and asset deposit sales activities, and by expanding the scope of our business.

Improved Operations Management

As part of our efforts to increase our profitability, we will take on appropriate levels of risk and invest in promising sectors, and at the same time work toward "improving operations management" by efforts that include strengthening our risk management functions and cost management structures.

Furthermore, to gain an even greater level of trust from our customers, we are working to ensure thorough compliance and improving security throughout our financial products and services. We also are working to standardize our main systems and improve the efficiency of our system infrastructure.

Increased Organizational Vitality

It is a bank's personnel, and their unified actions as an organization, that supports the quality and competitiveness of financial services. In addition to focusing on personnel development and improving personnel expertise, we focus on placing personnel in their optimal posts as a way to establish a personnel structure that promotes business expansion. By increasing organizational vitality we will increase our ability to conduct sales activities.

Regionally-Based Financing Promotion Program

The local economy is the founding element of a regional bank, and our mission is to contribute to the development of the local society and economy by providing the local community with smooth financial services. Maintaining this awareness, as a follow-up to the FY2003–FY2004 plans for adding to our relationship banking capabilities, for FY2005–FY2006, we will use our "Regionally-Based Financing Promotion Program" to contribute to the revitalization of the local economy.

Major Projects

Enhanced Support for Ventures and New Businesses

In addition to strengthening our relationships with industries, academic institutions, and local governments, we will provide information that will contribute to the creation and development of new businesses and provide appropriate support based on the level of growth of each company. We will help with the development of venture businesses and our customers' new businesses our means of assisting with further revitalization of the economy in the home region.

Enhanced Management Consulting and Support

We will strengthen our consulting and information provision functions, and use our group capabilities to provide optimal financial products and solutions in response to the various issues our customers face, such as business restructuring. Also, we will enhance our support for our customers' businesses by matching businesses and holding seminars.

Business Restructuring-Related Efforts

In addition to our efforts in supporting business improvement, by strengthening coordination between our Company Management Support Office and our branches, we also are working to enhance business improvement and business restructuring support offered to our customers by taking advantage of various business rehabilitation laws such as those regarding the corporate rehabilitation fund and the rehabilitation support financing system.

Asset Soundness

Results of Processing Non-Performing Loans in FY2004

We have calculated write-offs and reserve amounts for non-performing loans based on results from self-assessment and according to established rules on write-offs and provision of reserves. The total credit costs for non-performing loans processed in FY2004 totaled ¥10.1 billion (US$94 million).

The total credit costs for non-performing loans processed in FY2004 is lower than equivalent amount for the previous year, due to the fact that, while we recorded sufficient reserves to address reductions in real estate collateral values as a result of deteriorating business conditions of our customers or declines in land values, we actively moved forward with support for our business restructuring, leading to improvements in borrowers' creditworthiness.

	Millions of Yen		
March 31	**2005**	2004	Change
Write-off of claims	**8,032**	10,824	(2,792)
Net provision for specific reserve	**—**	7,601	(7,601)
Provision for specific foreign borrowers	**—**	—	—
Losses on bulk sale of loans	**1,442**	610	832
Provision for other contingent losses	**225**	86	139
Other	**481**	22	459
Total	**10,181**	19,144	(8,963)

Reserve for Possible Loan Losses

For debtors deemed to be in a state of bankruptcy and quasi-bankruptcy based on self-assessment, we deducted the value of collateral amounts from the loan amounts. After that, we provided reserves in an amount of 100% of the amount of claims thought to be unrecoverable. Furthermore, for debtors who are at risk, we took into consideration the percentage of debtors who went bankrupt and processed reserves to the value of 74.02% for claims at risk of being unrecoverable. As a result, compared to the ¥46.5 billion total of non-performing loans for which there is a risk of no recovery, we have provided reserves for bad debts totaling ¥34.5 billion (US$321 million), a reserve ratio of 74.22%.

Claims deemed to be unrecoverable or valueless (¥46.4 billion) based on self-assessment have been executed on a "partial direct write-offs" basis and have been deducted within the balance sheet.

For the general reserve for bad debts, we have conducted an appropriate reserve provision following the guidelines of the Financial Inspection Manual prepared by the Financial Services Agency. For debtors requiring attention, we have divided these into three categories to include debtors requiring management, and have provided reserves after consideration of the historical default ratio of each category.

Moving forward, we will continue to improve our credit risk management system, and conduct appropriate write-offs and provide reserves, and work toward improving the health and stability of our assets.

Reserve Based on Self-Assessment

	Billions of Yen			
March 31, 2005	Potentially bankrupt borrowers	Substantially bankrupt borrowers	Legally bankrupt borrowers	Total
Claims of balance (i)	97.4	11.9	4.4	113.7
Claims secured by collateral (ii)	51.2	11.8	4.4	67.5
Claims with uncertain collectibility (A)=(i)-(ii)	46.2	0	0	46.5
Specific reserve (B)	34.2	0	0	34.5
Reserve ratio (B)/(A)	74.02%	100.00%	100.00%	74.22%

Reserve for Possible Loan Losses

	Billions of Yen		
March 31	**2005**	2004	Change
General loan loss reserve	**21.7**	30.9	(9.1)
Specific reserve	**34.5**	31.8	2.6
Reserve for specific foreign borrowers	**—**	—	—
Reserve for possible loan losses	**56.3**	62.7	(6.4)
Reserve for assistance to specific borrowers	**—**	—	—
Reserve for possible losses on sale of loans	**—**	—	—
Reserve for other contingent losses	**0.3**	0.1	0.1

Enhanced Managerial and Financial Support for Businesses

To increase the quality of assets, not only must we aggressively proceed with the disposal of non-performing loans, but also strengthen our efforts to resolve problems on the debtor side such as declining performance resulting from changes in the economic climate or industrial structure and declining financial positions resulting from falling asset values. This is the vital role we are expected to fulfill in the revitalization and development of the local economy and it is something that the entire bank is working towards.

Specifically, the "Company Management Support Office" (19 people) has closely cooperated with our branch staff to provide management analysis, advice on improvement strategies, support for the drafting of operational reform plans and, where necessary, support based on external partnerships such as the Small to Medium-Enterprise Rehabilitation Support Association. Through these activities, we are working toward supporting the corporate rehabilitation and operational improvement of our corporate customers.

As a result of these activities, in FY2004 we were able to raise the credit ratings (rankings based on financial position of the customer) of nearly 300 debtors. Beginning in FY2005, we will look to further enhance these support activities through our action program concerning the promotion of regionally-based financing, which is a follow up to our action program concerning the enhancement of relationship banking. Through this program, we will continue to focus our strengths on the revitalization of the local economy.

Disclosure of the Bank's Assets

We continue to view the improvement of asset quality as a major management issue and in addition to working toward the disposal of non-performing loans and increasing the health of our assets, we endeavor to provide disclosure of all information.

Risk-Monitored Claims Following the Banking Law

For risk-monitored claims subject to mandatory disclosure under the Banking Law, the Bank classified non-performing loans as "loans in bankruptcy and dishonored bills," "delinquent loans," "loans past due with respect to interest payments for more than three months," and "restructured loans," based on asset self-assessment.

As a result of efforts to organize and reduce risk-monitored loans through the collection of non-performing loans, the removal of loans from the balance sheet, and the improvement of debtor business performance due to rehabilitation support, the disclosed amount of risk-monitored loans was reduced to ¥173.6 billion (US$1,617 million), a year-on-year reduction of ¥26.0 billion. Furthermore, we maintained a high coverage ratio of 75.97%.

Risk-Monitored Assets under the Banking Law

(Non-consolidated)	Billions of Yen		
March 31	**2005**	2004	Change
Loans in bankruptcy and dishonored bills	**4.3**	7.6	(3.3)
Delinquent loans	**109.0**	110.1	(1.0)
Loans past due with respect to interest payments for more than three months	**1.6**	1.1	0.4
Restructured loans	**58.5**	80.7	(22.1)
Total (a)	**173.6**	199.7	(26.0)
Loans and bills discounted (b)	**4,375.9**	4,363.9	11.9
Ratio of risk-monitored assets to loans outstanding (a)/(b)	**3.96%**	4.57%	(0.61)%
Portion covered by collateral and guarantees (c)	**131.9**	155.4	(23.5)
Coverage ratio (c)/(a)	**75.97%**	77.82%	(1.84)%

(Consolidated)	Billions of Yen		
March 31	**2005**	2004	Change
Loans in bankruptcy and dishonored bills	**4.5**	7.8	(3.3)
Delinquent loans	**111.0**	112.4	(1.3)
Loans past due with respect to interest payments for more than three months	**1.9**	1.5	0.4
Restructured loans	**58.9**	81.1	(22.2)
Total	**176.5**	202.9	(26.4)

Claims Disclosed in Accordance with the Financial Revitalization Law

Disclosure of the results of an asset assessments is required under the Financial Revitalization Law. The Bank regards non-performing loans determined through asset self-assessment to be “loans in bankruptcy and quasi-bankruptcy” as “bankrupt claims and the equivalent,” delinquent loans as “risk debt,” loans past due with respect to interest payments of more than three months and restructured loans as “claims requiring monitoring.”

For FY2004, as a result of our progress with credit improvement based on business management support and the final disposal of non-performing loans, claims for disclosure, which excludes “normal” assets, decreased year-on-year by ¥26.0 billion (3.92%) to ¥174.0 billion (US$1,620 million) and the percentage of balances represented by these loans decreased by 0.60 percentage points.

Furthermore, the ¥0.4 billion differential between the ¥174.0 billion in claims for disclosure, which excludes “normal” assets, and the ¥173.6 billion in claims for mandatory disclosure in accordance with Banking Law represents non-loan claims including customers’ liabilities for acceptances and guarantees, unearned interest, foreign exchange, and suspense payments.

Problem Assets under the Financial Revitalization Law

Billions of Yen

March 31	**2005**	2004	Change
Bankrupt and quasi-bankrupt assets (a)	**16.3**	27.2	(10.9)
Doubtful assets (b)	**97.5**	90.9	6.6
Substandard loans (c)	**60.3**	81.9	(21.7)
Problem assets (A)=(a)+(b)+(c)	**174.0**	200.0	(26.0)
Normal assets (d)	**4,257.8**	4,220.1	37.6
Total (B)=(A)+(d)	**4,431.8**	4,420.1	11.7
Ratio of problem assets (A)/(B)	**3.92%**	4.52%	(0.60%)

Coverage Status at Fiscal 2004 Year-End

Billions of Yen

March 31, 2005	Bankrupt and quasi-bankrupt assets	Doubtful assets	Substandard loans	Total
Problem assets (a)	16.3	97.5	60.3	174.0
Assets secured by collateral and guarantees (b)	16.2	51.2	20.8	88.4
Reserve for possible loan losses (c)	0	34.2	9.7	43.9
Coverage ratio {(b)+(c)}/(a)	100.00%	87.65%	50.66%	76.00%

The disclosure-based assets for each borrower classification of self-assessment are summarized below.

Self-Assessment: Classification of Borrowers and Disclosure-Based Assets (Billions of Yen)

Self-Assessment Classification of Borrowers	Problem Assets under Financial Revitalization Law		Risk-Monitored Assets under the Banking Law
Legally Bankrupt	Bankrupt and Quasi-Bankrupt Assets 16.3	Legally Bankrupt 4.4	Loans in Bankruptcy and Dishonored Bills 4.3
Substantially Bankrupt		Substantially Bankrupt 11.9	Delinquent Loans 109.0
Potentially Bankrupt	Doubtful Assets 97.5		
Borrowers Requiring Caution	Substandard Loans 60.3		Loans Past Due with Respect to Interest Payments for More than Three Months 1.6
			Restructured Loans 58.5
	Subtotal 174.0		Subtotal 173.6
Normal Borrowers	Normal Loans 4,257.8		

Note: Assets covered by disclosure standards

Financial Revitalization Law:
Loans, securities lending, foreign exchange, interest receivable, suspense payments, and customers' liabilities for acceptance and guarantees

Banking Law:
Loans and bills discounted

Note: Categorization of Disclosure Standards

Financial Revitalization Law:
Categorized by borrower basis, in accordance with self-assessment results. (As an exception, Substandard Loans are categorized on individual loan basis.)

Banking Law:
Loans to Legally Bankrupt Borrowers, Substantially Bankrupt Borrowers, and Potentially Bankrupt Borrowers are categorized on an individual borrower basis, in accordance with self-assessment results. Loans to Borrowers Requiring Caution are disclosed on an individual loan basis.

Policies Regarding Capital

In order to improve our capital ratio, we are proceeding with the acquisition of our own shares. At last year's regular general shareholders' meeting, a resolution was passed to change the articles of incorporation regarding the acquisition of our own shares by way of a resolution of the board of directors only. In FY2004, we acquired 3.7 million shares at ¥1,653 million. Shares acquired via the stock market, based on a total accumulation since FY2002, amount to 33.854 million shares at ¥11,746 million (US$109 million). All shares are retained as treasury stock.

Addressing the Start of Deposit Insurance Caps

Deposit insurance caps were implemented in April 2005. "Deposit insurance caps" refers to a system where, in the event that a financial institution falls into a state of bankruptcy and becomes unable to refund deposits, the principal deposit and subsequent interest up to a value of ¥10 million will be returned to each depositor institution by way of the Deposit Insurance Corporation of Japan.

In addition to improving products and services as well as banking performance, we will continue to provide timely and appropriate disclosure of management related and other relevant information to ensure that our customers can feel secure when using our banking services.

Furthermore, we will begin offering "Settlement Accounts (non-interest bearing ordinary deposit accounts for payment settlements)"* beginning March 1, 2005.

* Settlement accounts are deposit accounts that meet the conditions of being "non-interest bearing, for payment on demand, and providing a settlement service." Deposit accounts that meet these conditions are insured for their full value.

The Deposit Insurance System

What is the deposit insurance system and the Deposit Insurance Corporation of Japan?

The "deposit insurance system" is a system in which insurance premiums are collected in accordance with the Deposit Insurance Law from private financial institutions (financial institutions enrolled in the deposit insurance system) and these premiums are used as funds to protect depositors in the event of a bankruptcy at an enrolled financial institution where it becomes unable to refund deposits.

Management of the deposit insurance system is conducted by the Deposit Insurance Corporation of Japan, which was established under joint capitalization by the government, the Bank of Japan, and private financial institutions.

What is the scope of protection offered by the deposit insurance system?

The Deposit Insurance System

Products eligible for deposit insurance	Settlement deposits (checking accounts, ordinary accounts that do not accrue interest)	Fully insured
	Interest-bearing ordinary deposits, time deposits, installment deposits, deposits at notice, savings deposits, monetary trusts with guaranteed principal recovery, financial debentures (debentures deposited in the Bank's custody only)	Up to ¥10 million of the principal deposit and subsequent interest will be returned to each depositor of each institution. (*)
Products not eligible for deposit insurance	Foreign deposits, negotiable certificates of deposit, monetary trusts without guaranteed principal recovery, financial debentures (other than those mentioned above)	Not eligible for insurance protection (Refunded based on the financial situation of the failed financial institution. In some cases, the amount may be partially reduced.)

(*) Principal amounts over ¥10 million and said interest refunded based on the financial situation of the failed financial institution. In some case, the amount may be partially reduced.

Risk Management

While the industry has grown due to deregulation and the advancement of financial technology, the risks carried by Banks continue to diversify and become ever more complicated. In this environment, we are working to meet the highly advanced and various needs of our customers, and we also have placed emphasis on the subject of "risk management" to ensure the maintenance and improvement of healthy operations which is one of the most vital issues facing management.

The Risk Management System

In our fundamental rules regarding risk management we have outlined our fundamental thinking and management procedures including policies regarding risk management, organizational structure, and responsibilities.

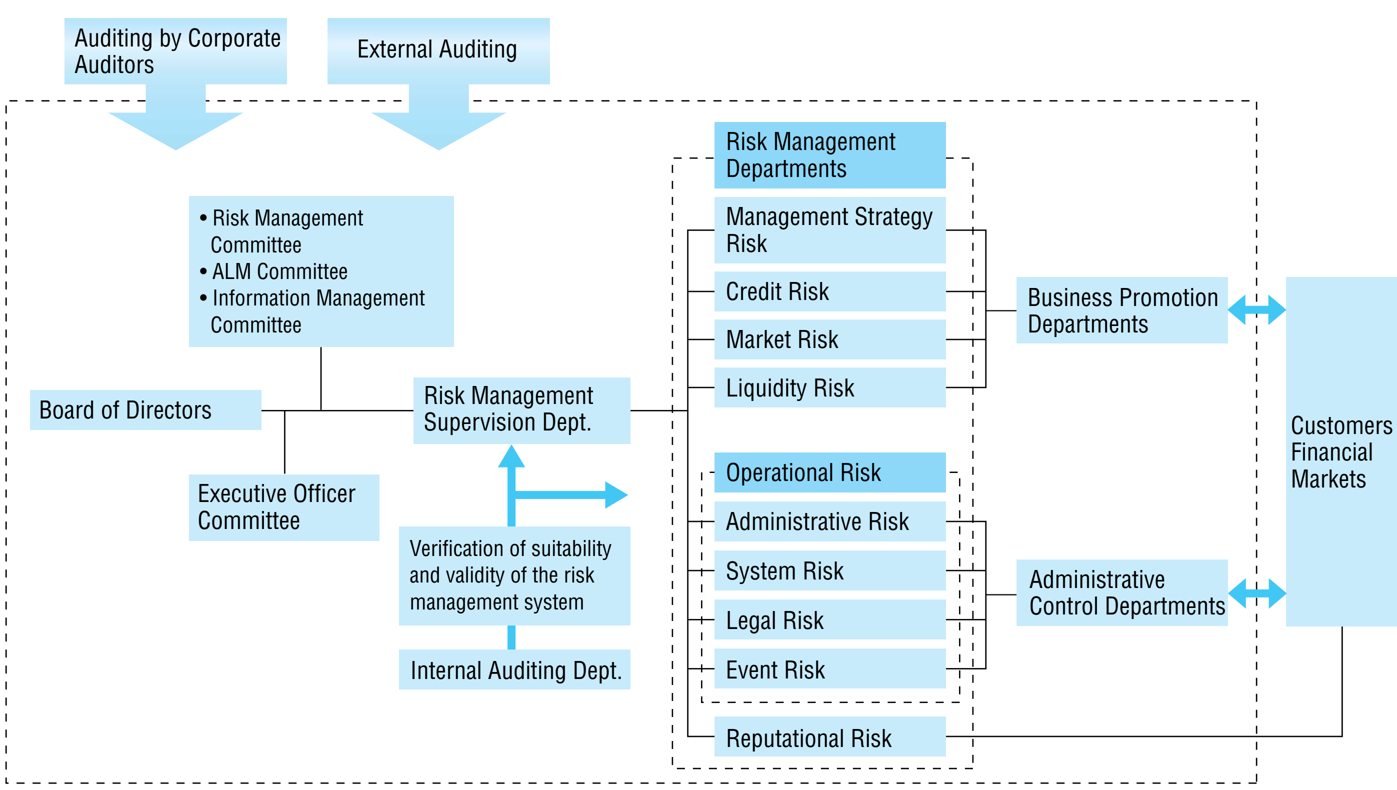
In business management, the departments that carry risks when conducting transactions (marketing departments) and the departments that internally manage the results of transactions (business administration departments) are separated, thus creating an organizational structure that allows for mutual checks and balances. The various risks that are incurred during banking operations are managed by specific risk management departments depending on the type of risk.

We also have established a risk management supervision department, which supervises the management systems for all risks, and is responsible for holding meetings of the Risk Management Committee, which is an organ for the examination of Bank-wide solutions to risks. The department also provides regular reports on the overall status of risks to the board of directors.

Additionally, internal auditing staff verify that risk management is functioning appropriately and effectively in each risk management related department, thereby increasing the effectiveness of the system.

Furthermore, during risk control, we operate a system in which we first draft a plan, which is then tested. We then check the results of the test, and incorporate new findings in the system before fullscale implementation. (This system conforms to the conception of the Deming Cycle.)

Risk Management System



Consolidated Risk Management

Not only do we individually manage the various diversifying and increasingly complicated risks that must be assumed by a bank, we also statistically quantify the varying risks and manage them as consolidated risks to determine whether or not the burden is too large for our operational capacity.

Furthermore, every six months, we review our allocation of risk capital (the allowable amount of funds subject to the various categories of risk) to the extent allowed on the basis of the Bank's owned capital. This allows us to ensure healthy operations while allowing us to work toward improving profitability and the efficient utilization of capital.

Credit Risk Management

Credit risk is the risk of not receiving principal or loan payments as promised on loans due to a decline in the credit situation of the debtor. This is seen as one of the most serious risks undertaken within banking operations.

In order to prevent the occurrence of non-performing loans and increase the health of our assets, we pour all our efforts into credit risk management.

- **Credit Risk Management System**

  We have separated inspection departments from marketing departments, and constantly work toward making inspections stricter while also focusing on credit management before due date to prevent the status of a claim from deteriorating.

  During self-assessments, which evaluate the health of our loans, we employ a system where we conduct an initial assessment at branch level. The head office department in charge of credit screening (Department of Inspections) checks this (the secondary assessment) and then the asset auditing department (Corporate Audit Division) audits the results. Based on these results, the Bank provides appropriate reserves and writes down problem loans based on the assessments.

  The Bank has adopted a basic credit screening procedure to speed up the process of the decision making and to ensure implementation of risk management. At the same time, we are building an asset self-assessment system capable of responding effectively to each change in the borrower's business performance or in the fair-market value of the collateral.

  The Bank has also adopted an automated scoring system for small loans to unify credit screening standards and improve efficiency.

- **Quantification of Credit Risk Management**

  We quantify credit risk on the basis of individual borrowers' corporate rating, which represents the financial conditions and quantitative evaluation. The size of the credit risk is recognized in terms of the normal credit risk based on the average default ratio in the past and additional credit risk caused by external factors such as a substantial deterioration in Japan's economy as a whole.

- **Loan Portfolio Management**

  We approach the entire loan assets as a portfolio and conduct credit risk management from a macro perspective. Based on quantitative data, we regularly monitor credit risk exposure to avoid over-concentration on specific industries or corporations. By diversifying our credit provisions, we strive to reduce the amount of credit risk, which allows us to improve our profitability and risk-taking capabilities.

Market Risk Management

Market risk refers to fluctuation in revenues caused by interest rate changes, foreign exchange rate fluctuations, changes in the demand for funds, etc. within the financial industry. Assets such as loans and securities and liabilities such as deposits are constantly influenced by such changes.

We manage all assets and liabilities (deposits, loans, securities, and others) comprehensively based on ALM: asset and liability management, to manage market risks.

- **Market Risk Management System**

  The Market Business Group has separated front and back office departments, and established middle-office risk management sections to create a system of mutual checks and balances.

- **Market Risk Control**

  The scale of risks involved in assets and liabilities (deposits, loans, securities) go through a multifaceted analysis — gap analysis, basis point value (BPV), simulation of interest fluctuation, and Value at Risk (VaR) — in order to clarify the state of risks and conduct asset allocation effectively and implement risk control measures.

  The Bank engages in financial derivative transactions to meet the diverse needs of its customers and hedge its own risks arising from interest fluctuations. For the risks associated with financial derivatives, in addition to conducting daily market price management and BPV analyses to accurately grasp the size and nature of the risk, we also manage risk appropriately by establishing limits according to objectives.

Operational Risk Management

Operational risk is the risk of damages due improper administration resulting in accidents or improprieties.

To avoid problems with customers, we provide guidance and training for quick and accurate clerical processing and also work to prevent accidents by reinforcing internal audits.

System Risk Management

The Bank's computer systems store customer transaction and other information and the realization of system risk could result in causing great harm to banking customers.

We have implemented measures basic guidelines regarding information security and to promote tight security and protection.

- **Management of Customer Information**

  In view of the importance of retained information, we drafted our "Rules Regarding the Management of Vital Information," which clarifies our fundamental policies regarding our information management system, conduct standards, roles, and responsibilities.

  Furthermore, in conjunction with the full implementation of the "Law Concerning the Protection of Private Information," we have enhanced our information management system and improved security for building access and building management in order to control access by external parties. In addition, we have varied the access privileges to customers depending on the type of information and limited access to the locations where information is stored.

  Fundamentally we have banned the removal of information from the premises and have enforced transmission of faxes by internal lines in order to create a system that prevents information from being leaked externally due to inappropriate actions or administrative errors. We plan to evaluate these measures as necessary.

- **Backup Systems**

  In addition to establishing a remote backup center to ensure that customers feel at ease when conducting transactions, even during emergency situations, such a large-scale earthquake, we have drawn up detailed a contingency plans that specify emergency contact information and other business procedures.

Corporate Governance

Fundamental Approach

In order to gain a greater level of trust from our customers, the local region, and our shareholders, we believe it vital that we conduct efficient sound management that is transparent and based on the ideal of strict compliance. Always aware of the importance of a corporate philosophy, we have established five fundamental principles and are working for the continuous strengthening and improvement of corporate governance.

Progress in Policy Implementation

With respect to the functions of decision-making and supervision by the management, the Bank's Board of Directors meets twice a month: it comprises 11 directors, with no external directors. The Executive Officer Committee meets at least once a month to deliberate and decide on important operational matters.

We employ the conventional system auditing conducted by statutory auditors (called "corporate auditors") and three of the five auditors are external auditors. Each auditor attends important meetings such as board of directors' meetings and Executive Officer Committee meetings and use business and asset status inspections, which are based on the auditing policies and plans outlined at board of corporate auditors meetings (in principle, meeting once a month), to fulfill the audit duties by directors.

To determine the major themes for management audits, special committees (compliance committee, general budget committee, ALM committee, sound asset committee, and information management committee) are established and decisions are made by these committees. All examinations and matters resolved are reported to the board of directors.

The Joyo Bank Corporate Philosophy

The Bank's Corporate Social Responsibly (CSR) and Public Mission

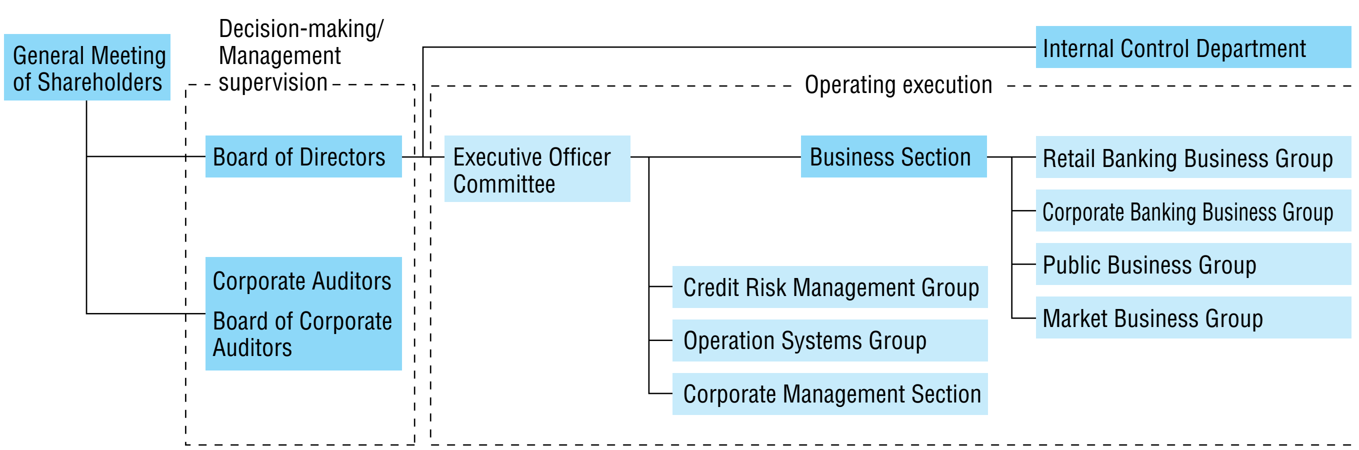
Always keep in mind the Bank's CSR and public mission, and establish greater trust through sound and open business management

Compliance

Comply with the legal and social code and execute honest and open business activities

Fight Against Crime

Ensure that the Bank has no relationship with organized crime



Provide Valuable Financial Services

Contribute to the development of the local economy and society by providing valued financial services

Communicating with the Regional Community

Communicate with the regional community by ensuring management transparency through adequate disclosure of corporate information

Compliance System

The Bank places a high priority on strengthening its compliance system to ensure sound banking operations, fulfill its social responsibility and public mission, and maintain the trust of customers, shareholders and other stakeholders.

We will push ahead with efforts to improve our compliance system, by means of the measures laid out below.

- Draft a compliance program each year and ensure that executives are fulfilling their roles in compliance.
- Create a compliance system whose ultimate supervisory organ is the board of directors and place dedicated compliance officers in each major division to undertake wide-ranging inspections to address how division are addressing legal issues.
- Internal compliance activities should be supplemented by outside audits to inject the required professional knowledge and objectivity. Accordingly, the Bank will set up a Compliance Audit Committee, consisting of outside professionals including a lawyer and a CPA. The committee funding evaluates and audits the Bank's compliance activities. The Bank is striving to further strengthen and improve its compliance activities.

Our Conduct Guidelines

We will

- get to know our customers and offer optimal products and services
- expand business scale and grow with our customers
- aim to increase our financial expertise

Policy Regarding Solicitations for Financial Products

In accordance with Article 8 of the Law Concerning the Sale of Financial Products, our solicitations for products are based on the following policies.

1. Our appropriate solicitations for financial products are conducted by matching the products with the knowledge, experience, and financial status of the customer.
2. To ensure that our customers make choices based on their own judgment and at their own liability, we will provide easy-to-understand explanations so that the customer has sufficient understanding of financial products and the risks attached.
3. We assure that sales are never based on the provision of misleading or false statements or information, nor do we act in a manner leading to any misunderstanding by our customers.
4. Our solicitations will not be conducted at times or in locations that cause inconvenience.
5. We are setting up a training system within the Bank to ensure proper solicitation to our customers.

Protection of Confidential Private Information

As our policy to address the Law Concerning the Protection of Private Information, which was fully enacted on April 1, 2005, we have drafted and published a privacy policy. Under this policy, we will designate an administrator to assume the responsibility of handling information appropriately as well as create a system for the protection and management of private information, including the drafting of rules and measures to ensure secure management.

Furthermore, we will establish a customer service desk to receive enquiries from customers regarding private information, to ensure we offer an appropriate response without delay.

Privacy Policy

We are working to build on the mutual trust we have with our customers, the region, and our shareholders, stress the importance of our social responsibility, and offer high-quality financial services. For the handling of personal data, we have established the following policy based on our respect for all individuals, and will put all our efforts into the protection of private information.

Financial Crime Prevention

We are putting every effort into preventing crimes involving accounts held at our banks, and to protect the financial assets of our customers. We require identification when a new account is set up or for a large transaction. In addition to working to prevent inappropriate transactions, when an account is used, we will cancel transactions, etc. when considered necessary and will work hard toward crime prevention. We also have implemented measures to prevent the use of forged cash cards.

Measures to Prevent Forged Cash Cards

We are taking the following steps to address the problem of forged cash cards.

- Single day maximum limit reduced to ¥2 million
- Creation of a financial crime hotline (toll free)
- Passwords to be changed at ATMs
- Contact customers in the event of an abnormal transaction involving an ATM
- Issue IC cash cards
- Incorporate biometric identification into ATMs (Planned for next year)

Thus far we have implemented measures such as front and back mirrors near the ATM/CD, covered the CD with a panel design to constrict viewing from other angles, and other measures to ensure security.

As additional measures, we will take steps to protect customer assets from criminals and improve overall security.

Contributions to the Home Region

With a management philosophy of “Stability, Cooperation, Partnership with the Home Region,” we will continue to contribute to the development of the local society and economy through our marketing activities, conducting healthy, stable operations, and comprehensively providing our local customers with high-quality, comprehensive financial services.

We believe staying true to offering financial services is the best way for us to contribute to the local region, and we are actively displaying various information related to our contributions to the region.

*1. “Region” refers to Ibaraki Prefecture and adjacent areas. This area has the highest number of branches. We also have branches in Fukushima, Tochigi, Chiba, and Miyagi.
2. Lending to customers outside the local region is mainly limited to individual lending to customers in Tokyo or Osaka who have factories or offices in the area and who have a deep relationship with the a local business.

Lending to Local Customers

Regional Lending and SME Lending

Regional loans total ¥3,510.9 billion (US$32,693 million), representing over 80% of all loans.

Loans to SMEs reached ¥1,927.5 billion (US$17,949 million), which was 44% of all loans. Of this amount, lending to local SMEs was ¥1,765.5 billion (US$16,440 million). The ratio of lending to local SMEs continues to be above 50%.

Furthermore, the total number of SME borrowers is 33,480, 98.5% of those are local SMEs.

Individual Loans

Loans to individual customers remained buoyant in part due to steady mortgage loans, increasing to ¥931.3 billion. 99.6% of this was lending to local individuals, which accounted for ¥928.2 billion. The percentage of individual loans to total loans was 21.2%, but the percentage of loans to local individuals out of all locally provided loans was 26.4%.

Provision of Optimal Financial Services to Local Customers

Ibaraki Prefecture continued to hold more than a 40% share of deposit and loan transactions.

Furthermore, 97.7% of deposits are deposits from local customers, or a total of ¥6,000.2 billion (US$55,873 million), and 99.7% of assets in custody are from local customers. In addition to an increase in investment trusts and government bonds, pension insurance premiums also a showed steady increase.

Revitalization of the Local Region

Corporate Development Efforts

Bank Funding

We provide financial support to companies developing new business areas and customers working to start a new business via our “Joyo Investment Partnership,” the “Ibaraki Venture Business Development Partnership,” and the “Nikko Region-Based Industry, Education, and Government-Partnered Investment Partnership.”

Dealing with Agri-Business

Ibaraki Prefecture is an agricultural region, and there are many developments taking place in the farming business. As such, we are contributing to this regional industry and the local economy by developing and supporting individuals and corporations who work in the agricultural field.

Tie-Ups with External Institutions

While working toward partnerships with industry, universities and local governments such as at university and industry research centers, the Foundation for the Promotion of Small and Medium Enterprises, the Development Bank of Japan, the Shoko Chukin Bank, the Norinchukin Bank, and the Japan Finance Corporation for Small Businesses, we work to develop and support new business.

- Local area contributions through regional public bodies
- Underwriting government municipal bonds

We have underwritten some ¥647.0 billion (US$6,025 million) in regional bonds in Ibaraki Prefecture (total of both claims and loans on deeds) and we have provided a steady flow of funds to regional public bodies. Through this, we are able to contribute to the development of social capital and invigoration of the economy.

Environmental Preservation

“Eco Ibaraki” Charitable Trust Environmental Conservation Fund

In October 1992, along with Nihon Fire and Marine (currently Nihonkoa Insurance) and others we jointly invested ¥100 million to establish the Charitable Trust “Eco Ibaraki,” an environmental conservation fund. This fund is used to support environmental conservation projects in Ibaraki Prefecture. Its purpose is to assist in building a lifestyle that is in harmony with nature, and to contribute to the expansion and development of the local society.

After the establishment of the fund, we received many contributions from companies and individuals who support the fund’s purpose of helping protect the environment. The balance of the fund as of March 2005 had reached ¥166 million (US$1.5 million). In FY2004, the fund donated ¥2.4 million in grants to 21 recipients. The fund has donated ¥33.41 million for the aggregate of 242 requests from universities and organizations.

Products Related to the Environment

To contribute to environmental preservation, we offer environment-related financing systems (facilities funds for pollution prevention, funding to promote environmentally-friendly products, loans representing the Environmental Restoration and Conservation Agency, and an agricultural modernization fund) and products (Joyo Eco Select Loan). We participate in the “Eco Fund,” invests in companies that have outstanding records in environmental issues.

Consolidated Balance Sheets

THE JOYO BANK, LTD. and Consolidated Subsidiaries

March 31,	Millions of yen 2005	Millions of yen 2004	Thousands of U.S. dollars (Note 2) 2005
Assets			
Cash and due from banks (Note 3)	¥ 247,082	¥ 184,550	$ 2,300,793
Call loans and bills purchased	582	9,555	5,427
Receivables under securities borrowing transactions	25,959	—	241,731
Commercial paper and other debt purchased	57,427	42,421	534,755
Trading assets (Note 4)	15,762	14,714	146,778
Money held in trust	1,012	—	9,430
Securities (Notes 5, 7 and 22)	2,430,935	2,255,587	22,636,516
Loans and bills discounted (Notes 6, 8 and 10)	4,333,198	4,320,503	40,350,113
Foreign exchange	1,112	1,561	10,361
Other assets	87,361	62,691	813,500
Premises and equipment (Notes 3 and 19)	127,182	128,131	1,184,308
Deferred tax assets (Note 12)	27,879	52,003	259,610
Customers' liabilities for acceptances and guarantees	52,185	51,612	485,946
Reserve for possible loan losses	(60,022)	(66,420)	(558,922)
Reserve for devaluation of investment securities	(140)	(266)	(1,306)
Total assets	¥7,347,520	¥7,056,646	$68,419,039
Liabilities, minority interests and shareholders' equity			
Liabilities:			
Deposits (Notes 7 and 13)	¥6,182,549	¥6,160,255	$57,570,994
Call money and bills sold (Note 7)	292,968	107,795	2,728,079
Payables under securities lending transactions	162,303	153,381	1,511,345
Trading liabilities (Note 14)	97	3	912
Borrowed money (Note 9)	93,562	93,601	871,236
Foreign exchange	134	197	1,252
Corporate bonds	15,000	15,000	139,678
Due to trust account	17	14	160
Other liabilities	89,422	45,747	832,691
Reserve for employees' retirement benefits (Note 11)	7,044	6,964	65,600
Reserve for other contingent losses	342	143	3,186
Deferred tax liabilities for land revaluation (Notes 3 and 12)	9,853	10,013	91,758
Acceptances and guarantees	52,185	51,612	485,946
Total liabilities	6,905,481	6,644,728	64,302,836
Minority interests	4,722	3,786	43,971
Shareholders' equity (Note 15):			
Common stock:			
Authorized — 2,180,515 thousand shares			
Issued — 865,231 thousand shares	85,113	85,113	792,561
Capital surplus	58,577	58,574	545,464
Retained earnings	227,756	205,464	2,120,832
Land revaluation reserve, net of taxes (Notes 3 and 12)	14,585	14,821	135,816
Unrealized gain on available-for-sale securities	63,726	54,770	593,413
Less, treasury stock at cost	(12,441)	(10,611)	(115,853)
Total shareholders' equity	437,317	408,131	4,072,233
Total liabilities, minority interests and shareholders' equity	¥7,347,520	¥7,056,646	$68,419,039

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

THE JOYO BANK, LTD. and Consolidated Subsidiaries

Years ended March 31,	Millions of yen 2005	Millions of yen 2004	Thousands of U.S. dollars (Note 2) 2005
Income:			
Interest income:			
Interest on loans and discounts	**¥ 83,877**	¥ 85,062	**$ 781,060**
Interest and dividends on securities	**34,180**	31,376	**318,287**
Other interest income	**1,072**	523	**9,983**
Fees and commissions	**23,471**	21,460	**218,564**
Trading revenue (Note 16)	**496**	181	**4,624**
Other operating income	**3,276**	4,727	**30,509**
Other income	**26,896**	36,546	**250,456**
Total income	**173,271**	179,881	**1,613,483**
Expenses:			
Interest expenses:			
Interest on deposits	**2,745**	2,764	**25,563**
Interest on borrowings and rediscounts (Note 17)	**4,005**	3,457	**37,296**
Other interest expenses	**5,985**	5,346	**55,740**
Fees and commissions	**6,305**	5,639	**58,717**
Other operating expenses	**5,432**	2,550	**50,583**
General and administrative expenses	**70,138**	74,358	**653,121**
Other expenses (Note 18)	**33,099**	45,633	**308,216**
Total expenses	**127,712**	139,752	**1,189,236**
Income before income taxes and minority interests	**45,559**	40,129	**424,247**
Income taxes:			
Current	**577**	454	**5,380**
Deferred (Note 12)	**17,886**	15,589	**166,557**
Minority interests in net income of consolidated subsidiaries	**897**	409	**8,356**
Net income	**¥ 26,198**	¥ 23,675	**$ 243,954**
Net income per share (in yen and dollars)	**¥ 31.45**	¥ 28.08	**$ 0.293**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Capital Surplus and Retained Earnings

Years ended March 31,	Millions of yen 2005	Millions of yen 2004	Thousands of U.S. dollars (Note 2) 2005
Capital surplus:			
Balance at beginning of year	**¥ 58,574**	¥ 58,574	**$ 545,434**
Gains on disposal of treasury stock	**3**	0	**30**
Balance at end of year	**¥ 58,577**	¥ 58,574	**$ 545,464**
Retained earnings:			
Balance at beginning of year	**¥205,464**	¥185,514	**$1,913,253**
Net income	**26,198**	23,675	**243,954**
Increase in retained earnings due to decrease in consolidated subsidiary	**—**	90	**—**
Reversal of land revaluation reserve	**235**	421	**2,196**
Appropriation:			
Cash dividends	**(4,142)**	(4,237)	**(38,570)**
Balance at end of year	**¥227,756**	¥205,464	**$2,120,832**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

THE JOYO BANK, LTD. and Consolidated Subsidiaries

Years ended March 31,	Millions of yen 2005	Millions of yen 2004	Thousands of U.S. dollars (Note 2) 2005
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 45,559**	¥ 40,129	**$ 424,247**
Depreciation	**16,560**	15,865	**154,205**
Amortization of goodwill	**—**	(14)	**—**
Net decrease in reserve for possible loan losses	**(6,398)**	(4,705)	**(59,578)**
Net decrease in reserve for devaluation of investment securities	**(126)**	(23)	**(1,173)**
Net increase in reserve for other contingent losses	**198**	25	**1,851**
Net increase (decrease) in reserve for employees' retirement benefits	**80**	(1,743)	**748**
Interest and dividend income	**(126,451)**	(124,295)	**(1,177,501)**
Interest expenses	**12,736**	11,570	**118,599**
Net losses related to securities transactions	**8,647**	3,224	**80,527**
Net gains on money held in trust	**(0)**	—	**(0)**
Foreign exchange (gains) losses, net	**(14,295)**	38,336	**(133,114)**
Losses on disposal of premises and equipment	**1,083**	960	**10,086**
Net increase in trading assets	**(1,047)**	(3,282)	**(9,756)**
Net increase in trading liabilities	**94**	1	**882**
Net increase in loans and bills discounted	**(12,694)**	(87,923)	**(118,211)**
Net increase in deposits	**68,258**	79,030	**635,617**
Net decrease in negotiable certificates of deposit	**(45,964)**	(93)	**(428,019)**
Net increase (decrease) in borrowed money excluding subordinated borrowings	**(39)**	283	**(363)**
Net increase in due from banks excluding cash equivalents	**(15,254)**	(7,049)	**(142,049)**
Net increase in call loans and others	**(6,033)**	(41,933)	**(56,184)**
Net increase in receivables under securities borrowing transactions	**(25,959)**	—	**(241,731)**
Net increase in call money and bills sold	**185,173**	78,006	**1,724,306**
Net increase in payables under securities lending transactions	**8,921**	71,719	**83,079**
Net decrease in foreign exchange (assets)	**448**	1,145	**4,177**
Net decrease in foreign exchange (liabilities)	**(62)**	(55)	**(582)**
Net increase (decrease) in due to trust account	**2**	(15)	**21**
Interest and dividends received	**126,689**	123,694	**1,179,717**
Interest paid	**(12,563)**	(13,246)	**(116,987)**
Other, net	**6,335**	(14,499)	**58,999**
Subtotal	**213,900**	165,110	**1,991,812**
Income taxes paid	**(503)**	(2,049)	**(4,689)**
Net cash provided by operating activities	**213,397**	163,061	**1,987,124**
Cash flows from investing activities:			
Purchases of securities	**(884,315)**	(839,005)	**(8,234,616)**
Proceeds from sales of securities	**437,013**	360,567	**4,069,405**
Proceeds from redemption of securities	**304,228**	315,962	**2,832,935**
Increase in money held in trust	**(1,000)**	—	**(9,312)**
Purchases of premises and equipment	**(16,179)**	(16,698)	**(150,663)**
Proceeds from sales of premises and equipment	**98**	1,250	**916**
Net cash used in investing activities	**(160,154)**	(177,924)	**(1,491,335)**
Cash flows from financing activities:			
Cash dividends paid	**(4,142)**	(4,237)	**(38,570)**
Cash dividends paid to minority interests	**(0)**	(0)	**(1)**
Purchases for retirement of treasury stock	**(1,859)**	(8,185)	**(17,311)**
Proceeds from sales of treasury stock	**31**	10	**296**
Net cash used in financing activities	**(5,969)**	(12,412)	**(55,586)**
Translation adjustment for cash and cash equivalents	**3**	(22)	**30**
Net increase (decrease) in cash and cash equivalents	**47,276**	(27,296)	**440,232**
Cash and cash equivalents at beginning of year	**144,739**	172,035	**1,347,797**
Net increase in cash and cash equivalents due to increase in consolidated subsidiaries	**—**	1	**—**
Cash and cash equivalents at end of year (Note 3)	**¥192,016**	¥144,739	**$1,788,029**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

THE JOYO BANK, LTD. and Consolidated Subsidiaries

1. Basis of Presentation of Consolidated Financial Statements

The Joyo Bank, Ltd. (the "Bank") maintains its accounting records and prepares its consolidated financial statements in accordance with accounting principles and practices generally accepted and applied in Japan, the Commercial Code of Japan and the Banking Law of Japan, which are different in material respects as to the application and disclosure requirements of International Financial Reporting Standards. The accompanying consolidated financial statements have been compiled from the consolidated financial statements filed with the Prime Minister as required by the Securities and Exchange Law of Japan.

For the convenience of readers outside Japan, certain items presented in the original consolidated financial statements have been reclassified and rearranged to conform to the current year's presentation.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

2. Japanese Yen and U.S. Dollar Amounts

As permitted by the Securities and Exchange Law, amounts of less than one million yen have been rounded off. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts. Solely for the convenience of the reader, the U.S. dollar amounts represent a translation of the Japanese yen amounts at ¥107.39 = US$1.00, the exchange rate prevailing on March 31, 2005.

3. Significant Accounting Policies

(a) Consolidation

The accompanying consolidated financial statements include the accounts of the Bank and 10 significant subsidiaries.

All significant intercompany transactions have been eliminated in consolidation. The difference between the cost of investments and the equity in their net assets has been fully charged to income in the year of acquisition.

(b) Translation of foreign currencies

Foreign currency-denominated assets and liabilities are translated into Japanese yen at the rates prevailing at the balance sheet date.

No foreign currency-denominated assets and liabilities were held by the consolidated subsidiaries.

(c) Transactions for trading purposes

Transactions for "trading purposes" (seeking 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 arbitrage between markets) are valued at market or fair value, and have been included in trading assets and trading liabilities on a trade date basis. Gain or loss on such trading transactions are reflected as trading revenue or trading expenses in the consolidated balance sheets.

Among the trading assets and liabilities, securities and monetary claims are carried at market value as of the balance sheet date. Derivatives including swaps, futures, and options are valued assuming settlement on the balance sheet date.

No consolidated subsidiaries have engaged in trading activities or other transactions in order to generate profit from short-term price fluctuations.

(d) Securities

Securities other than trading securities have been accounted for by the following methods:

Marketable debt securities held to maturity are stated at amortized cost by the moving-average cost method. Other available-for-sale securities of which market prices are available are stated at fair value based on the market prices, etc. at the fiscal year end, whereas those of which fair value is not available are stated at cost or amortized cost by the moving-average cost method.

Unrealized gain or loss on available-for-sale securities (net of the related tax effect) have been reported as a component of shareholders' equity.

Investments in securities held in money trusts whose investment is operated solely by the Bank on behalf of the trustors, are stated at fair value.

In line with the reclassification of investments utilizing the equity method as a result of revisions to the Securities and Exchange Law (June 9, 2004; Law No. 97), the Bank's equity-method investments — utilizing schemes such as limited-liability investment partnerships, dormant partnerships and partnerships under the Civil Code — have been reclassified as marketable securities under the Securities and Exchange Law. Effective the term ended March 31, 2005, such investments are included in available-for-sale securities under marketable securities. Previously, these investments were included in other assets. In addition, net gains on the said investments are included in dividends on securities under interest incomes. Previously relevant gains and losses were included in other interest income and other interest expenses.

(e) Derivatives

Derivatives positions held by the Bank (not including transactions for trading purposes) are stated at fair value.

(f) Depreciation of premises and equipment

Depreciation of premises and equipment held by the Bank is calculated by the declining-balance method, except for buildings acquired on or after April 1, 1998 of which depreciation is calculated by the straight-line method. The estimated useful lives are as follows:

Buildings: 6~50 years
Equipment: 3~20 years

Depreciation of premises and equipment held by the consolidated subsidiaries is calculated principally by the declining-balance method, based on the respective estimated useful lives of the assets.

Depreciation of the leased assets of a consolidated subsidiary is calculated by the straight-line method over the lease terms.

(g) Reserve for possible loan losses

The reserve for possible loan losses of the Bank is provided as detailed below, in accordance with the internal rules for providing reserves for possible loan losses:

For claims to debtors who are legally bankrupt (as a result of bankruptcy, special liquidation, etc.) or who are substantially bankrupt, a reserve is provided based on the amount of the claims, net of the amounts expected to be collected by the disposal of collateral or as a result of the execution of guarantees.

For claims to debtors who are not currently bankrupt, but are likely to become bankrupt, a reserve is provided based on the amount considered necessary based on an overall solvency assessment of the amount of claims net of the amounts expected to be collected by the disposal of collateral or as a result of the execution of guarantees.

For other claims, a reserve is provided based on the Bank's historical loan-loss experience.

All claims are assessed by the Business Section (at the branches and the related head office divisions) based on the Bank's internal rules for the self-assessment of asset quality. The Corporate Audit Department, which is independent of the Business Section, subsequently conducts audits of such assessments, and a reserve is provided based on the audit results.

The reserves of the consolidated subsidiaries are provided for general claims at an amount based on the actual historical rate of loan losses and for specific claims (from potentially bankrupt customers, etc.) at an estimate of the amounts deemed uncollectible based on the respective assessments.

For collateralized or guaranteed claims from debtors who are legally or substantially bankrupt, the amounts of the claims deemed uncollectible in excess of the estimated value of the collateral or guarantees have been written off in aggregate amounts of ¥50,720 million and ¥66,542 million as of March 31, 2005 and 2004, respectively.

(h) Reserve for devaluation of investment securities

A reserve for the devaluation of investment securities is provided at the amount deemed necessary to cover estimated possible losses on investments which the Bank and its consolidated subsidiaries may incur in the future.

(i) Reserve for employees' retirement benefits

Reserve for Employees' Retirement Benefits of the Bank and it's subsidiaries is provided for the amount deemed necessary, based on estimated pension benefits obligations and pension plan assets at the fiscal year end, to cover required retirement benefits for eligible employees.

Prior service cost are deferred and amortized using the straight-line method over certain years (10 years) within the average remaining service period of the eligible employees.

Unrealized actuarial losses are deferred and amortized using the straight-line method over certain years (10 years) within the average remaining service period of the eligible employees.

On January 1, 2005, the Bank and its consolidated subsidiaries received approval from the Ministry of Health, Labor and Welfare for exemption from fulfillment of retirement benefit obligations in the future regarding the entrusted portion of the government-run employee pension fund in accordance with implementation of the "Defined benefit enterprise pension plan law." As of the same date, the Bank and its consolidated subsidiaries received approval from the Ministry of Health, Labor and Welfare for adoption of an enterprise pension funds system.

(j) Reserve for other contingent losses

The Bank provides reserve for contingent liabilities not covered by other reserves in an amount deemed necessary based on estimated losses in the future.

(k) Land revaluation reserve

In accordance with the Law concerning the Revaluation of Land, the Bank revalued the land held for its operations on March 31, 1998. The net unrealized gain is presented in shareholders' equity net of the applicable income taxes as land revaluation reserve, net of taxes.

(l) Leases

Finance leases other than those which transfer the ownership of the leased property to the Bank and its consolidated subsidiaries are accounted for as operating leases.

(m) Hedging

Hedging against interest rate changes

The deferred method of hedge accounting is applied to transactions to hedge against the interest rate risks associated with monetary claims and debt in accordance with the regulations set out in the "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee Report No. 24).

The Bank assesses the effectiveness of such hedges in offsetting movement of the fair value by the changes in interest rates, by the changes classifying the hedged items (loans) and the hedging instruments (interest swaps) by their maturity. As to cash flow hedges, the Bank assesses the effectiveness of such hedges in fixing cash flows by verifying the correlation between the hedged items and the hedging instruments.

In addition, a portion of deferred hedge losses and gains, which was previously under the "macro hedge," i.e., the management of interest rate risk arising from large-volume transactions in loans, deposits and other interest-earning assets, and interest-bearing liabilities as a whole using derivatives, in accordance with the regulations set out in the "Accounting and Auditing Treatment of Preliminary Accounting Standards for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee Report No. 15) is no longer subject to hedge accounting effective the year ended March 31, 2005. The deferred hedge losses and gains related to hedge instruments to which the Bank discontinued the application of hedge accounting, or applied fair value hedge accounting as a result of the change mentioned above, are periodically charged to interest expenses or interest income effective fiscal 2003 by maturity and notional principal of each hedging instrument.

Deferred hedge losses under macro hedge stood at ¥4,975 million and ¥6,324 million at March 31, 2005 and 2004, respectively.

Hedging against foreign exchange fluctuation risk

The deferred method of hedge accounting is applied to transactions to hedge against the foreign exchange fluctuation risks associated with monetary claims and liabilities denominated in foreign currencies, in accordance with the regulations set out in the "Accounting and Auditing Treatment of Accounting Standards for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25).

To minimize foreign exchange fluctuation risk on monetary claims and liabilities, the Bank engages in currency swaps, foreign exchange swaps, and similar transactions. The effectiveness of these transactions in the hedging of the foreign exchange risks of monetary claims and liabilities denominated in foreign currencies is assessed through comparison of the foreign currency position of the hedged monetary claims and liabilities, and the hedging instruments.

(n) Consumption tax

Consumption tax is excluded from transactions reported by the Bank and its consolidated subsidiaries. However, non-deductible consumption tax on premises and equipment is included in the expenses for the term of its occurrence.

(o) Net income per share

The computation of net income per share of common stock is based on the weighted average number of shares outstanding during each year.

(p) Statements of cash flows

Cash and cash equivalents in the statements of cash flows represent cash and due from banks in the consolidated balance sheets, excluding deposits with banks other than the Bank of Japan as well as the time deposits of certain consolidated subsidiaries.

	Millions of yen	
March 31,	**2005**	2004
Cash and due from banks	**¥247,082**	¥184,550
Deposits with banks other than the Bank of Japan	**(55,015)**	(39,761)
Time deposits of the consolidated subsidiaries	**(50)**	(50)
Cash and cash equivalents	**¥192,016**	¥144,739

4. Trading Assets

	Millions of yen	
March 31,	**2005**	2004
Trading securities	**¥ 2,536**	¥ 4,684
Trading securities-related financial derivatives	**—**	6
Trading-related financial derivatives	**227**	24
Other trading assets	**12,998**	9,999
Total	**¥15,762**	¥14,714

5. Securities

	Millions of yen	
March 31,	**2005**	2004
Japanese government bonds	**¥ 822,681**	¥ 688,533
Japanese local government bonds	**282,789**	297,564
Corporate bonds	**330,631**	318,946
Corporate stocks	**190,815**	188,289
Other securities	**804,016**	762,253
Total	**¥2,430,935**	¥2,255,587

Note: Securities held by the Bank under cash-collateralized securities loan transactions that the Bank has the right to freely dispose of through sell-offs or re-collateralization, amounted to ¥26,016 million as of the term-end.

6. Bills Discounted

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. The Bank has rights to sell or pledge bank acceptances bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The face value at March 31, 2005 and 2004 totaled ¥52,729 million and ¥59,063 million, respectively.

7. Pledged Assets

Assets pledged as collateral at March 31, 2005 and 2004 were as follows:

	Millions of yen	
March 31,	**2005**	2004
Pledged assets:		
Securities	**¥447,698**	¥293,516
Liabilities covered by pledged assets:		
Deposits	**26,581**	22,165
Call money	**107,000**	—
Payables under securities lending transactions	**162,303**	153,381

In addition to the above, securities amounting to ¥59,661 million and ¥58,107 million at book value were pledged as collateral in connection with exchange settlements and futures transactions as of March 31, 2005 and 2004, respectively.

One consolidated subsidiary had pledged its lease receivables amounting to ¥5,375 million and ¥4,850 million as collateral for borrowed money of ¥4,062 million and ¥3,981 million as of March 31, 2005 and 2004, respectively.

Lease deposits as of March 31, 2005 and 2004 of ¥4,161 million and ¥4,376 million, respectively, have been included in premises and equipment. Initial margins of futures transactions as of March 31, 2005 and 2004 of ¥160 million and ¥160 million, respectively, have been included in other assets.

8. Commitments and Contingent Liabilities

Overdraft facilities and line-of-credit contracts are agreements under which, subject to compliance with the contractual conditions, the Bank or consolidated subsidiaries pledge to provide clients with funds up to a fixed limit upon submission of a loan application to the Bank. The unused amount related to such facilities/contracts stood at ¥1,327,114 million and ¥1,351,491 million at March 31, 2005 and 2004, respectively. Of this amount, facilities/contracts which expires within one year or which are unconditionally cancelable at any time, totaled ¥1,250,064 million and ¥1,180,478 million at March 31, 2005 and 2004, respectively.

Most of these agreements will expire without the clients' having utilized the financial resources available to them, and the amount of the nonexecuted financing will not necessarily impact on the Bank or its consolidated subsidiaries' future cash flows. Most of these facilities/contracts contain a clause which allows the Bank or its consolidated subsidiaries to reject a loan application or to reduce the upper limit requested in view of changing financial conditions, credit maintenance and other reasonable concerns.

When necessary, the Bank will demand collateral such as real estate or marketable securities at the date on which an agreement is entered into. In addition, after facilities/contracts are set forth the Bank will regularly assess the business status of the clients, based on predetermined internal procedures and, when prudent, will revise the agreements or reformulate their policies to maintain creditworthiness.

9. Borrowed Money

Borrowed money at March 31, 2005 and 2004 included subordinated borrowings of ¥57,000 million and ¥57,000 million, respectively.

10. Non-Performing Loans

In accordance with the disclosure requirements under the Rules for Bank Accounting in Japan, the balance of loans and bills discounted at March 31, 2005 and 2004 included the following non-performing loans:

	Millions of yen	
March 31,	**2005**	2004
Loans in bankruptcy and dishonored bills	**¥ 4,568**	¥ 7,877
Delinquent loans	**111,080**	112,437
Loans past due with respect to interest payments for more than 3 months	**1,975**	1,513
Restructured loans	**58,901**	81,131
Total	**¥176,527**	¥202,959

Note: The above amounts are stated before the deduction of the reserve for possible loan losses.

11. Employees' Retirement Benefits

(a) Outline of current retirement benefit system

The Bank and its consolidated subsidiaries have adopted defined employees' retirement benefit plans, i.e., the employees' welfare pension fund supplemented by the employees' public pension system and lump-sum retirement benefits. In addition, extra benefits may be paid on a case-by-case basis. The Bank has established a employees' retirement benefit trust. As of March 31, 2005, the Bank and 10 consolidated subsidiaries had adopted a lump-sum retirement benefit system. In addition, a union pension fund for the above-mentioned employees' welfare pension system was established by the Bank and its consolidated subsidiaries.

(b) The following tables set forth the changes in the net retirement benefit obligation, the plan assets and the funded status of the Bank and its consolidated subsidiaries at March 31, 2005 and 2004:

	Millions of yen	
March 31,	**2005**	2004
Retirement benefit obligation	**¥(58,653)**	¥(57,047)
Fair value of plan assets	**44,406**	44,831
Unfunded retirement benefit obligation	**(14,247)**	(12,216)
Unrecognized net retirement benefit obligation at transition	**—**	—
Unrealized actuarial loss	**9,537**	7,754
Unrecognized prior service cost	**959**	—
Net retirement benefit obligation	**(3,750)**	(4,461)
Prepaid pension cost	**3,294**	2,503
Reserve for employees' retirement benefits	**¥ (7,044)**	¥ (6,964)

Notes: 1. The above amounts do not include any extra benefits.
2. The consolidated subsidiaries have adopted a simplified method for the calculation of their retirement benefit obligation.

(c) Expenses for retirement benefits of the Bank and its consolidated subsidiaries included the following components for the years ended March 31, 2005 and 2004:

	Millions of yen	
Years ended March 31,	**2005**	2004
Service cost	**¥2,088**	¥2,316
Interest cost	**989**	1,721
Expected return on plan assets	**(549)**	(774)
Amortization:		
Amortization of prior service cost	**24**	(135)
Amortization of unrealized actuarial loss	**1,101**	3,022
Total retirement benefits expenses	**3,654**	6,150
Gains on return of the entrusted portion of employee pension fund	**—**	(6,085)
Gains resulting from adoption of new accounting standards for the new accounting system for enterprise pension funds	**(74)**	—
Total	**¥3,579**	¥ 64

Note: Retirement benefit expenses of consolidated subsidiaries which are calculated by simplified method have been included in "service cost" referred to above.

(d) The assumptions used in accounting for the defined benefit plans for the years ended March 31, 2005 and 2004 were as follows:

Years ended March 31,	**2005**	2004
Discount rate	**2.0%**	2.0%
Expected rate of return on plan Assets	**3.5%**	3.5%
Periodical allocation of estimated retirement amount	Straight-line method	
Amortization period of prior service cost	**10 years**	10 years
Amortization period of actuarial difference	**10 years**	10 years

12. Deferred Tax Assets

	Millions of yen	
March 31,	**2005**	2004
Deferred tax assets:		
Reserve for possible loan losses	**¥ 33,922**	¥ 40,320
Net operating loss carry forwards	**16,184**	26,333
Devaluation of securities	**5,258**	5,541
Reserve for employees' retirement benefits	**10,534**	10,424
Other	**15,967**	17,243
Valuation allowance	**(1,361)**	(1,318)
Total	**¥ 80,505**	¥ 98,545
Deferred tax liabilities:		
Unrealized gain on available-for-sale securities	**¥(43,093)**	¥(37,016)
Retirement benefit trust	**(9,495)**	(9,495)
Reversal of reserve for possible loan losses after elimination of debt and credit	**(24)**	(22)
Other	**(12)**	(7)
Total	**(52,625)**	(46,542)
Net deferred tax assets	**¥ 27,879**	¥ 52,003

13. Deposits

	Millions of yen	
March 31,	**2005**	2004
Current deposits	**¥3,260,011**	¥3,101,361
Time deposits	**2,634,939**	2,733,813
Negotiable certificates of deposit	**52,336**	98,301
Other	**235,261**	226,777
Total	**¥6,182,549**	¥6,160,255

14. Trading Liabilities

March 31,	Millions of yen 2005	 2004
Trading securities-related financial derivatives	**¥ 3**	¥—
Trading-related financial derivatives	**94**	3
Total	**¥97**	¥ 3

15. Shareholders' Equity

In accordance with the Banking Law of Japan, the Bank has provided a legal reserve by appropriation of retained earnings, which is included in retained earnings. The Banking Law of Japan provides that an amount equivalent to at least 20% of the amount to be disbursed as distributions of earnings be appropriated to the legal reserve until the total of such reserve and the capital surplus equals 100% of the common stock.

The Code provides that neither additional paid-in capital nor the legal reserve had been available for dividends, but both might be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. On October 1, 2001, an amendment (the "Amendment") to the Code became effective. The Amendment provides that if the total amount of capital surplus and the legal reserve exceeds 100% of the common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders. In addition, the Amendment eliminates the stated par value of the Bank's outstanding shares, which resulted in all outstanding shares having no par value as of October 1, 2001. The Amendment also provides that all share issuances after September 30, 2001 will be of shares with no par value. Prior to the date on which the Amendment came into effect, the Bank's shares had a par value of ¥50.

16. Trading Revenue

Years ended March 31,	Millions of yen 2005	 2004
Revenue from trading securities	**¥351**	¥159
Revenue from trading-related financial derivatives	**133**	3
Other trading revenue	**11**	18
Total	**¥496**	¥181

17. Interest on Borrowings and Rediscounts

Years ended March 31,	Millions of yen 2005	 2004
Call money and bills sold	**¥1,139**	¥ 588
Securities lending transactions	**1,458**	1,499
Borrowings	**1,408**	1,370
Total	**¥4,005**	¥3,457

18. Other Expenses

Years ended March 31,	Millions of yen 2005	 2004
Provision for possible loan losses	**¥ —**	¥ 9,957
Losses on disposal of premises and equipment	**1,089**	1,249
Write-offs of claims	**9,787**	12,372
Write down of equity shares	**281**	521
Losses on sale of claims	**1,448**	—
Other	**20,492**	21,533
Total	**¥33,098**	¥45,633

19. Accumulated Depreciation of Premises and Equipment

Accumulated depreciation of premises and equipment at March 31, 2005 and 2004 amounted to ¥138,658 million and ¥144,481 million, respectively.

20. Segment Information

(a) Segment information by type of business

Segment information by type of business for the years ended March 31, 2005 and 2004 are summarized as follows:

Year ended March 31, **2005**	Millions of yen Banking operations	 Leasing	 Other	 Total	 Eliminations	 Consolidated
Ordinary income:						
Ordinary income from external customers	**¥ 147,482**	**¥17,055**	**¥ 5,292**	**¥ 169,830**	**¥ —**	**¥ 169,830**
Ordinary income from internal transactions	**626**	**2,331**	**5,551**	**8,510**	**(8,510)**	**—**
Total	**148,109**	**19,387**	**10,843**	**178,340**	**(8,510)**	**169,830**
Ordinary expenses	**106,596**	**18,557**	**9,870**	**135,025**	**(8,534)**	**126,491**
Ordinary income (loss), net	**¥ 41,512**	**¥ 829**	**¥ 972**	**¥ 43,314**	**¥ (23)**	**¥ 43,338**
Assets	**¥7,333,540**	**¥51,987**	**¥31,208**	**¥7,416,736**	**¥(69,216)**	**¥7,347,520**
Depreciation	**2,936**	**13,507**	**116**	**16,560**	**(0)**	**16,560**
Capital expenditures	**2,994**	**13,603**	**513**	**17,111**	**—**	**17,111**

Year ended March 31, 2004	Millions of yen Banking operations	 Leasing	 Other	 Total	 Eliminations	 Consolidated
Ordinary income:						
Ordinary income from external customers	¥ 147,127	¥16,620	¥ 5,429	¥ 169,176	¥ —	¥ 169,176
Ordinary income from internal transactions	429	2,214	5,218	7,862	(7,862)	—
Total	147,556	18,834	10,648	177,039	(7,862)	169,176
Ordinary expenses	117,658	18,183	10,612	146,453	(7,950)	138,503
Ordinary income (loss), net	¥ 29,898	¥ 651	¥ 36	¥ 30,586	¥ (87)	¥ 30,673
Assets	¥7,045,794	¥51,253	¥29,269	¥7,126,316	¥(69,670)	¥7,056,646
Depreciation	2,621	13,132	112	15,865	(0)	15,865
Capital expenditures	3,118	14,660	76	17,854	—	17,854

Notes: 1. Operating classification is classified according to the contents of an enterprise of consolidated subsidiaries. In addition; "other" is guarantee business etc.

2. It replaced with the net sales and the operating income of a non-financial company, and ordinary income and ordinary expenses are indicated, respectively.

(b) Geographic segment information
Segment information by geographic area has not been disclosed since over 90% of the total consolidated assets of the Bank and consolidated subsidiaries are in Japan.

(c) Ordinary income from foreign operations
Segment information related to the Bank's foreign operations for the years ended March 31, 2005 and 2004 are as follows:

Years ended March 31,	Millions of yen 2005	2004
Ordinary income from foreign operations (A)	**¥ 21,126**	¥ 20,030
Ordinary income (B)	**169,830**	169,176
(A)/(B)	**12.43%**	11.84%

21. Leases
(a) Finance leases
Finance leases, as lessee, at March 31, 2005 and 2004 are summarized as follows:

March 31,	Millions of yen 2005	2004
Equipment	**¥25**	¥9
Accumulated depreciation	**(8)**	(4)
Total	**¥16**	¥4
Lease payments receivable for finance leases:		
Within one year	**¥ 6**	¥1
Over one year	**10**	2
Total	**¥16**	¥4

Total lease payments received and depreciation under finance leases for the year ended March 31, 2005 and 2004 were ¥3 million and ¥3 million, respectively.

Finance leases, as lessor, at March 31, 2005 and 2004 are summarized as follows:

March 31,	Millions of yen 2005	2004
Equipment	**¥63,302**	¥62,201
Other	**4,534**	5,047
Accumulated depreciation	**(31,958)**	(31,101)
Total	**¥35,877**	¥36,148
Lease payments receivable for finance leases:		
Within one year	**¥12,659**	¥12,549
Over one year	**29,016**	29,581
Total	**¥41,676**	¥42,130

Total lease payments received and depreciation under finance leases for the year ended March 31, 2005 and 2004 were ¥13,761 million and ¥13,571 million, respectively.

(b) Operating leases
Future minimum lease payments for operating leases at March 31, 2005 and 2004 were ¥4 million and ¥123 million, of which ¥3 million and ¥36 million was due within one year.

22. Securities Information
The information includes trading account securities and commercial paper in trading assets; trust beneficiary rights in commercial paper and other debt purchased and investments in other assets in addition to securities.

(a) Securities held for trading purposes

March 31,	Millions of yen 2005	2004
Carrying value	**¥15,535**	¥14,683
Holding gains charged to income	**10**	7

(b) Marketable debt securities held to maturity

March 31, **2005**	Millions of yen Book value	Market value	Unrealized gain (net)	Unrealized gain (gross)	Unrealized loss (gross)
Japanese government bonds	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥—**
Japanese local government bonds	**8,006**	**8,760**	**753**	**753**	**—**
Corporate bonds	**15,449**	**15,720**	**270**	**271**	**1**
Other	**33,480**	**33,693**	**213**	**213**	**0**
Total	**¥56,936**	**¥58,174**	**¥1,237**	**¥1,239**	**¥ 1**

March 31, 2004	Millions of yen Book value	Market value	Unrealized gain (net)	Unrealized gain (gross)	Unrealized loss (gross)
Japanese government bonds	¥ —	¥ —	¥ —	¥ —	¥—
Japanese local government bonds	11,822	13,092	1,270	1,270	—
Corporate bonds	11,649	11,749	99	128	28
Other	12,300	12,752	452	452	—
Total	¥35,771	¥37,594	¥1,822	¥1,850	¥28

(c) Marketable available-for-sale securities

March 31, **2005**	Millions of yen Cost	Book value	Unrealized gain (net)	Unrealized gain (gross)	Unrealized loss (gross)
Equity securities	**¥ 112,719**	**¥ 186,761**	**¥74,041**	**¥ 75,582**	**¥1,541**
Debt securities:					
Japanese government bonds	**816,092**	**822,681**	**6,589**	**6,964**	**375**
Japanese local government bonds	**266,102**	**274,782**	**8,679**	**8,716**	**36**
Corporate bonds	**311,418**	**315,181**	**3,763**	**3,783**	**20**
Other	**806,396**	**820,187**	**13,791**	**15,397**	**1,606**
Total	**¥2,312,730**	**¥2,419,595**	**¥106,865**	**¥110,445**	**¥3,580**

March 31, 2004	Millions of yen Cost	Book value	Unrealized gain (net)	Unrealized gain (gross)	Unrealized loss (gross)
Equity securities	¥ 113,114	¥ 184,131	¥71,016	¥ 72,695	¥ 1,678
Debt securities:					
Japanese government bonds	693,048	688,533	(4,515)	2,194	6,710
Japanese local government bonds	276,982	285,742	8,760	9,733	973
Corporate bonds	306,728	307,297	568	2,505	1,936
Other	735,177	751,152	15,975	16,712	737
Total	¥2,125,052	¥2,216,857	¥91,805	¥103,841	¥12,036

Notes: 1. Market value is based on the market prices at the fiscal year end.

2. Pursuant to "Practical Guidelines for Accounting for Financial Instruments" (JICPA Accounting Committee Report No. 14, amended on July 3, 2001), the Bank consider that the market price of the securities at the fiscal year end, decline 30% or lower than original cost a significant decline, considering the recoverability, devaluate the securities and recognize the loss. As of March 31, 2005 and 2004, the Bank devaluated the available-for-sale securities which have market price, recognized as a loss of ¥9 million and ¥349 million, respectively.

(d) Total sales of marketable available-for-sale securities

	Millions of yen	
Years ended March 31,	**2005**	2004
Total marketable available-for-sale securities sold	**¥448,879**	¥336,457
Gains	**4,729**	7,242
Losses	**5,511**	2,313

(e) Major components and balance sheet amounts of non-marketable securities

	Millions of yen	
	Book value	
March 31,	**2005**	2004
Non-marketable debt securities held to maturity:		
Trust beneficiary rights	**¥2,524**	¥41,453
Non-marketable available-for-sale securities:		
Unlisted equity securities	**4,053**	4,158
Investments in investment partnerships	**1,316**	—

(f) Schedule of redemption of available-for-sale securities with maturity dates and debt securities being held to maturity

	Millions of yen			
March 31, **2005**	One year or less	One to five years	Five to ten years	More than ten years
Debt securities:				
Japanese government bonds	**¥111,798**	**¥ 314,950**	**¥209,180**	**¥186,752**
Japanese local government bonds	**27,631**	**195,243**	**59,914**	**—**
Corporate bonds	**62,301**	**157,373**	**94,523**	**16,433**
Other	**102,190**	**367,593**	**166,527**	**171,057**
Total	**¥303,921**	**¥1,035,160**	**¥530,146**	**¥374,244**

	Millions of yen			
March 31, 2004	One year or less	One to five years	Five to ten years	More than ten years
Debt securities:				
Japanese government bonds	¥ 66,648	¥ 313,277	¥157,473	¥151,133
Japanese local government bonds	10,889	220,203	66,471	—
Corporate bonds	31,099	165,396	104,276	18,173
Other	99,012	393,421	118,163	150,291
Total	¥207,650	¥1,092,298	¥446,386	¥319,598

(g) Unrealized gain on available-for-sale securities

	Millions of yen	
March 31,	**2005**	2004
Unrealized gain:		
Available-for-sale securities	**¥106,865**	¥91,805
Other money held in trust	**12**	—
Deferred tax liabilities	**(43,093)**	(37,016)
Net unrealized gains on available-for-sale securities	**63,783**	54,789
Minority interests	**(57)**	(19)
Unrealized gains on available-for-sale securities	**¥ 63,726**	¥54,770

23. Derivatives

(a) Transactions

(1) The Bank conducts derivative transactions related to fluctuations in interest rates, currency exchanges and bond prices, which are classified into hedging and non-hedging purposes.

One of the Bank's consolidated subsidiaries engages in interest-related derivative transactions.

(2) Policies: The Bank enters into derivative transactions to: (1) meet customer needs for the hedging of risks involved in fluctuations in foreign exchanges and interest rates; (2) mitigate risks involved in the Bank's operations in the context of efficiently managing its overall assets and liabilities, and; (3) hedge individual transactions of the Bank. For trading in derivatives for the purpose of increasing earnings over a short-term period, the Bank has set certain position limits and loss-cut rules.

The above mentioned consolidated subsidiary follows trading policies similar to those of the Bank.

(3) Purposes: The Bank conducts derivatives transactions in accordance with the above-mentioned policies. The Bank employs hedge accounting in some of its derivatives transactions.

a. Methods of hedge accounting

The Bank has adopted ordinary treatment for deferred hedges and extraordinary treatment for interest-rate swaps.

b. Policies and implementation of hedging transactions

The Bank uses hedging transactions to mitigate its exposure to interest rate risk, risk involving fluctuations in foreign exchange rates and stock prices, and credit risk, in accordance with its internal rules (Rules on Transactions under Hedge Accounting) based on the Preliminary Practical Guidelines on Accounting for Financial Instruments.

During the reporting term, hedge accounting has been applied to the following financial instruments and assets and liabilities hedged:

Hedging instruments: Interest-rate swaps, currency swaps and foreign exchange swaps

Assets and liabilities hedged:

(Yen-denominated) Loans and bills discounted, deposits, and borrowed money

(Foreign-currency denominated) Bonds and deposits

c. Assessment of hedging effectiveness

The effectiveness of hedging was assessed in accordance with the Regulations on Hedge Accounting. As for hedging against interest rate changes by means of offsetting fluctuations in fair value arising from changes in interest rates, the Bank assesses the hedge effectiveness by correlating a group of hedged items (i.e. loans) with hedging instruments (such as interest rate swaps) classified by remaining maturity bucket. As for cash flow hedges, the Bank assesses the effectiveness of such hedges in fixing cash flows by verifying the correlation between the hedged items and hedging instruments. As for hedging foreign exchange fluctuations, the Bank assesses the effectiveness of utilizing currency and exchange swap transactions as hedging instruments through confirmation of the fact that there exists a sufficient balance of hedging instruments in the form of foreign exchanges, corresponding to the hedged items in the form of monetary claims and obligations denominated in foreign currencies.

In addition, the Bank confirmed that its hedging methods for its special treatment of interest-rate swaps met the required criteria.

(4) Nature of Risks: Derivative transactions involve market risk and credit risk. Market risk refers to the risk of losses from fluctuations in interest rates and currency exchanges, etc. Credit risk is the risk that a position cannot be settled according to the original contract terms due to the bankruptcy or insolvency of the counterparty.

(5) Risk Management System: The Board of Directors is responsible for determining policies on the basis of in-house regulations on risk management, taking due account of the maximum transaction volumes, the maximum allowable loss amounts, and loss-cutting rules on derivative transactions, which are reported to the Board on a regular basis. For credit risk management, the current exposure method is applied for risk control, by setting credit lines by counterparty.

Regarding the organizational structure, the Bank clearly segregates back-office work from front-office work. Furthermore, the Bank has established middle-office sections to ensure that the system of checks and balances works effectively.

(6) Supplementary Explanation of Quantitative Information: The contract amounts presented are the notional contract amounts or the principal for calculation purpose. Accordingly, they do not represent the actual market risk exposure relating to all derivative positions.

(b) Interest-rate derivatives

	Millions of yen			
	Contract amounts		Market	Unrealized
March 31, **2005**	Total	Over 1 year	value	gain (loss)
Transactions listed on exchanges:				
Interest-rate futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Interest-rate options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter transactions:				
Forward rate agreements:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest-rate swaps:				
Receivable fixed/ payable floating	**7,065**	**6,747**	**223**	**223**
Receivable floating/ payable fixed	**7,065**	**6,747**	**(90)**	**(90)**
Receivable floating/ payable floating	—	—	—	—
Interest-rate options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	**1,185**	**1,101**	**(3)**	**19**
Bought	**1,185**	**1,101**	**3**	**(11)**
Total	¥ —	¥ —	**¥132**	**¥140**

	Millions of yen			
	Contract amounts		Market	Unrealized
March 31, 2004	Total	Over 1 year	value	gain (loss)
Transactions listed on exchanges:				
Interest-rate futures:				
Sold	¥ —	¥ —	¥—	¥—
Bought	—	—	—	—
Interest-rate options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter transactions:				
Forward rate agreements:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest-rate swaps:				
Receivable fixed/ payable floating	1,550	1,460	20	20
Receivable floating/ payable fixed	1,550	1,460	(0)	(0)
Receivable floating/ payable floating	—	—	—	—
Interest-rate options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	200	200	(1)	1
Bought	200	200	1	(0)
Total	¥ —	¥ —	¥20	¥21

Notes: 1. The above derivatives are valued at market and unrealized gain (loss) is accounted for in the consolidated statements of income. Derivatives to which hedge accounting is applied have not been included in the above table.

2. Calculation of market value
The market value of transactions listed on exchanges has been calculated on the basis of the closing prices on the Tokyo International Financial Futures Exchange, etc. The market value of over-the-counter transactions has been calculated at their discounted current value or by utilizing calculation models for options prices.

(c) Currency Derivatives

March 31, **2005**	Millions of yen Contract amounts Total	Over 1 year	Market value	Unrealized gain (loss)
Listed:				
Currency futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Currency swaps:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter transactions:				
Currency swaps	164,526	164,526	635	635
Forward foreign exchange contracts:				
Sold	847	—	(7)	(7)
Bought	686	—	6	6
Currency options:				
Sold	39,238	—	(610)	(93)
Bought	39,238	—	612	124
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥ —	¥ —	¥635	¥665

March 31, 2004	Millions of yen Contract amounts Total	Over 1 year	Market value	Unrealized gain (loss)
Listed:				
Currency futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Currency swaps:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter transactions:				
Currency swaps	18,244	18,244	37	37
Forward foreign exchange contracts:				
Sold	1,467	—	23	23
Bought	1,751	—	(26)	(26)
Currency options:				
Sold	34,325	—	(429)	148
Bought	34,325	—	433	(44)
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥ —	¥ —	¥ 40	¥139

Notes: 1. The transactions in this table have been revalued at the market rate prevailing on the balance sheet date, and have been accounted for in the consolidated statements of income. Derivatives which qualify as hedges have been excluded from this table.

2. Calculation of market value
Market value is calculated at discount present value, etc.

(d) Stock Derivatives

Not applicable as of March 31, 2005 and 2004.

(e) Bond Derivatives

March 31, **2005**	Millions of yen Contract amounts Total	Over 1 year	Market value	Unrealized gain (loss)
Listed:				
Bond futures:				
Sold	¥200	¥—	¥ (3)	¥ (3)
Bought	—	—	—	—
Bond future options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter transactions:				
Bond options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥ —	¥—	¥ (3)	¥ (3)

March 31, 2004	Millions of yen Contract amounts Total	Over 1 year	Market value	Unrealized gain (loss)
Listed:				
Bond futures:				
Sold	¥500	¥—	¥ 6	¥ 6
Bought	—	—	—	—
Bond future options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter transactions:				
Bond options:				
Sold	—	—	—	—
Bought	—	—	—	—
Other:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥ —	¥—	¥ 6	¥ 6

(f) Commodity Derivatives

Not applicable as of March 31, 2005 and 2004.

(g) Credit Derivatives

Not applicable as of March 31, 2005 and 2004.

ERNST & YOUNG SHINNIHON

Certified Public Accountants
Hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho
Chiyoda-ku, Tokyo, Japan 100-0011
C.P.O. Box 1196, Tokyo, Japan 100-8641

Tel : 03 3503 1100
Fax : 03 3503 1197

Report of Independent Auditors

The Board of Directors
The Joyo Bank, Ltd.

We have audited the accompanying consolidated balance sheets of The Joyo Bank, Ltd. and consolidated subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, retained earnings and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Joyo Bank, Ltd. and consolidated subsidiaries at March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2005 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Ernst & Young ShinNihon.

June 29, 2005

A MEMBER OF ERNST & YOUNG GLOBAL

Non-Consolidated Balance Sheets

THE JOYO BANK, LTD.

March 31,	Millions of yen 2005	Millions of yen 2004	Thousands of U.S. dollars (Note 2) 2005
Assets			
Cash and due from banks	¥ 246,741	¥ 184,160	$ 2,297,625
Call loans and bills purchased	582	9,555	5,427
Receivables under securities borrowing transactions	25,959	—	241,731
Commercial paper and other debt purchased	57,427	42,421	534,755
Trading assets (Note 4)	15,762	14,714	146,778
Money held in trust	1,012	—	9,430
Securities (Notes 5 and 6)	2,430,824	2,255,553	22,635,480
Loans and bills discounted (Notes 7, 8 and 9)	4,375,901	4,363,963	40,747,759
Foreign exchange (Note 10)	1,112	1,561	10,361
Other assets (Note 11)	71,217	48,975	663,168
Premises and equipment (Note 12)	84,428	85,640	786,187
Deferred tax assets (Note 13)	23,957	47,652	223,086
Customers' liabilities for acceptances and guarantees	52,185	51,612	485,946
Reserve for possible loan losses	(56,302)	(62,788)	(524,283)
Reserve for devaluation of investment securities	(98)	(180)	(913)
Total assets	¥7,330,713	¥7,042,842	$68,262,537
Liabilities and shareholders' equity			
Liabilities:			
Deposits (Note 14)	¥6,197,265	¥6,173,790	$57,708,032
Call money and bills sold	292,968	107,795	2,728,079
Payables under securities lending transactions	162,303	153,381	1,511,345
Trading liabilities (Note 15)	97	3	912
Borrowed money	86,000	86,000	800,819
Foreign exchange (Note 10)	134	197	1,252
Corporate bonds	15,000	15,000	139,678
Due to trust account	17	14	160
Other liabilities (Note 16)	72,106	31,662	671,444
Reserve for employees' retirement benefits	6,742	6,672	62,786
Reserve for other contingent losses	342	143	3,186
Deferred tax liabilities for land revaluation (Note 13)	8,714	8,822	81,145
Acceptances and guarantees	52,185	51,612	485,946
Total liabilities	6,893,877	6,635,096	64,194,783
Shareholders' equity:			
Common stock (Note 26):			
Authorized — 2,180,515 thousand shares			
Issued — 865,231 thousand shares	85,113	85,113	792,561
Capital surplus	58,577	58,574	545,464
Legal reserve	55,317	55,317	515,105
Voluntary reserve	143,432	123,432	1,335,618
Retained earnings	30,142	28,018	280,685
Land revaluation reserve, net of taxes	12,898	13,059	120,108
Unrealized gain on available-for-sale securities	63,722	54,768	593,374
Less, treasury stock at cost	(12,366)	(10,536)	(115,159)
Total shareholders' equity	436,836	407,745	4,067,754
Total liabilities and shareholders' equity	¥7,330,713	¥7,042,842	$68,262,537

See accompanying notes to non-consolidated financial statements.

Non-Consolidated Statements of Income

THE JOYO BANK, LTD.

Years ended March 31,	Millions of yen 2005	Millions of yen 2004	Thousands of U.S. dollars (Note 2) 2005
Income:			
Interest income:			
Interest on loans and discounts	**¥ 83,940**	¥ 84,930	**$ 781,638**
Interest and dividends on securities	**34,163**	31,365	**318,129**
Other interest income	**1,113**	567	**10,373**
Fees and commissions (Note 17)	**20,446**	18,594	**190,392**
Trading revenue (Note 18)	**496**	181	**4,624**
Other operating income (Note 19)	**3,276**	4,727	**30,509**
Other income (Note 20)	**8,027**	17,676	**74,754**
Total income	**151,464**	158,044	**1,410,419**
Expenses:			
Interest expenses:			
Interest on deposits	**2,748**	2,766	**25,595**
Interest on borrowings and rediscounts (Note 21)	**4,005**	3,456	**37,296**
Other interest expenses	**5,868**	4,993	**54,650**
Fees and commissions (Note 22)	**7,085**	6,343	**65,983**
Other operating expenses (Note 23)	**5,432**	2,550	**50,583**
General and administrative expenses	**70,515**	74,511	**656,627**
Other expenses (Note 25)	**12,049**	24,242	**112,202**
Total expenses	**107,705**	118,868	**1,002,936**
Income before income taxes	**43,759**	39,176	**407,483**
Income taxes:			
Current	**99**	102	**927**
Deferred (Note 13)	**17,536**	16,254	**163,301**
Net income	**¥ 26,123**	¥ 22,820	**$ 243,255**
Per share (in yen and dollars)**:**			
Net income	**¥31.35**	¥27.05	**$0.292**
Cash dividends applicable to the year	**6.00**	5.00	**0.056**

See accompanying notes to non-consolidated financial statements.

Non-Consolidated Statements of Retained Earnings

Years ended March 31,	Millions of yen 2005	Millions of yen 2004	Thousands of U.S. dollars (Note 2) 2005
Retained earnings:			
Balance at beginning of year	**¥28,018**	¥12,031	**$260,903**
Net income	**26,123**	22,820	**243,255**
Reversal of land revaluation reserve	**160**	421	**1,498**
Appropriations:			
Cash dividends (Note 27)	**(4,159)**	(4,254)	**(38,734)**
Transfer to voluntary reserve	**(20,000)**	(3,000)	**(186,237)**
Balance at end of year	**¥30,142**	¥28,018	**$280,685**

See accompanying notes to non-consolidated financial statements.

Notes to Non-Consolidated Financial Statements

THE JOYO BANK, LTD.

1. Basis of Presentation

The Joyo Bank Ltd. (the "Bank") maintains its accounting records and prepares its non-consolidated financial statements in accordance with accounting principles and practices generally accepted and applied in Japan, the Commercial Code of Japan (the "Code") and the Banking Law of Japan and the Rules for Bank Accounting issued by the Ministry of Finance, which are different in material respects as to the application and disclosure requirements of International Financial Reporting Standards. The accompanying non-consolidated financial statements have been compiled from the non-consolidated financial statements filed with the Prime Minister as required by the Banking Law and the Securities and Exchange Law of Japan.

For the convenience of readers outside Japan, certain items presented in the original non-consolidated financial statements have been reclassified and rearranged to conform to the current year's presentation.

2. Japanese Yen and U.S. Dollar Amounts

As permitted by the Securities and Exchange Law, amounts of less than one million yen have been rounded off. As a result, the totals shown in the accompanying financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts. Solely for the convenience of the reader, the U.S. dollar amounts represent a translation of Japanese yen amounts at ¥107.39 = US$1.00, the exchange rate prevailing on March 31, 2005.

3. Significant Accounting Policies

(a) Securities

Securities have been accounted for by the following methods:

Marketable debt securities held to maturity are stated at amortized cost by the moving-average cost method. Stocks in subsidiaries are stated at cost by the moving-average cost method.

Other available-for-sale securities of which market prices are available are stated at fair value based on their market prices, etc. at the fiscal year-end, whereas those of which fair value is not available are stated at cost or amortized cost by the moving-average cost method.

Unrealized gain or loss on available-for-sale securities (net of the related tax effect) have been reported as a component of shareholders' equity.

Investments in securities held in money trusts whose investment is operated solely by the Bank on behalf of the trustors, are stated at fair value.

In line with the reclassification of investments utilizing the equity method as a result of revisions to the Securities and Exchange Law (June 9, 2004; Law No. 97), the Bank's equity-method investments — utilizing schemes such as limited-liability investment partnerships, dormant partnerships and partnerships under the Civil Code — have been reclassified as marketable securities under the Securities and Exchange Law. Effective the term ended March 31, 2005, the investments in question are included in other securities under marketable securities. Previously, these investments were included in other assets. In addition, net gains on the said investments are included in dividends on securities under interest incomes. Previously relevant gains and losses were included in other interest income and other interest expenses.

(b) Reserve for possible loan losses

The reserve for possible loan losses of the Bank is provided, as detailed below, in accordance with the internal rules for providing reserves for possible loan losses:

For claims to debtors who are legally bankrupt (as a result of bankruptcy, special liquidation, etc.) or who are substantially bankrupt, a reserve is provided based on the amount of the claims, net of the amounts expected to be collected by the disposal of collateral or as a result of the execution of guarantees.

For claims to debtors who are not currently bankrupt, but are likely to become bankrupt, a reserve is provided based on the amount considered necessary based on an overall solvency assessment of the amount of claims net of the amounts expected to be collected by the disposal of collateral or as a result of the execution of guarantees.

For other claims, a reserve is provided based on the Bank's historical loan-loss experience.

All claims are assessed by the Business Section (at the branches and the related head office divisions) based on the Bank's internal rules for the self-assessment of asset quality. The Corporate Audit Department, which is independent of the Business Section, subsequently conducts audits of such assessments, and a reserve is provided based on the audit results.

For collateralized or guaranteed claims from debtors who are legally or substantially bankrupt, the amounts of the claims deemed uncollectible in excess of the estimated value of the collateral or guarantees have been written off in aggregate amounts of ¥46,610 million and ¥62,731 million as of March 31, 2005 and 2004, respectively.

4. Trading Assets

	Millions of yen	
March 31,	**2005**	2004
Trading securities	**¥ 2,536**	¥ 4,684
Trading securities-related financial derivatives	**—**	6
Trading-related financial derivatives	**227**	24
Other trading assets	**12,998**	9,999
Total	**¥15,762**	¥14,714

5. Securities

	Millions of yen	
March 31,	**2005**	2004
Japanese government bonds	**¥ 822,681**	¥ 688,533
Japanese local government bonds	**282,789**	297,564
Corporate bonds	**330,631**	318,946
Corporate stocks	**190,719**	188,255
Other securities	**804,002**	762,253
Total	**¥2,430,824**	¥2,255,553

6. Pledged Assets

Assets pledged as collateral at March 31, 2005 and 2004 were as follows:

	Millions of yen	
March 31,	**2005**	2004
Pledged assets:		
Securities	**¥447,698**	¥293,516
Liabilities covered by pledged assets:		
Deposits	**26,581**	22,165
Call money	**107,000**	—
Payables under securities lending transactions	**162,303**	153,381

In addition to the above, securities amounting to ¥59,661 million and ¥58,107 million at book value were pledged as collateral in connection with exchange settlements and futures transactions as of March 31, 2005 and 2004, respectively.

7. Commitments and Contingent Liabilities

Overdraft facilities and line-of-credit contracts are agreements under which, subject to compliance with the contractual conditions, the Bank pledges to provide clients with funds up to a fixed limit upon submission of a loan application to the Bank.

The unused amount related to such facilities/contracts stood at ¥1,271,094 million and ¥1,181,118 million at March 31, 2005 and 2004, respectively. Of this amount, facilities/contracts which expires within one year or which are unconditionally cancelable at any time totaled ¥1,242,327 million and ¥1,176,706 million at March 31, 2005 and 2004, respectively.

Most of these agreements will expire without the clients' having utilized the financial resources available to them, and the amount of the nonexecuted financing will not necessarily impact on the Bank's future cash flows. Most of these facilities/contracts contain a clause which allows the Bank to reject a loan application or to reduce the upper limit requested in view of changing financial conditions, credit maintenance and other reasonable concerns.

When necessary, the Bank may demand collateral such as real estate or marketable securities at the date an agreement is entered into. In addition, after facilities/contracts are set forth, the Bank will regularly assess the business status of the clients based on predetermined internal procedures and, when prudent, will revise the agreements and reformulate new policies to maintain creditworthiness.

8. Loans and Bills Discounted

	Millions of yen	
March 31,	**2005**	2004
Loans on notes	**¥ 574,851**	¥ 626,720
Loans on deeds	**3,227,824**	3,167,240
Overdrafts	**520,388**	510,764
Bills discounted	**52,837**	59,237
Total	**¥4,375,901**	¥4,363,963

9. Non-Performing Loans

In accordance with the disclosure requirements under the rules for Bank Accounting in Japan, the balance of loans and bills discounted at March 31, 2005 and 2004 included the following non-performing loans:

	Millions of yen	
March 31,	**2005**	2004
Loans in bankruptcy and dishonored bills	**¥ 4,351**	¥ 7,685
Delinquent loans	**109,089**	110,125
Loans past due with respect to interest payments for more than three months	**1,680**	1,184
Restructured loans	**58,578**	80,764
Total	**¥173,699**	¥199,759

Note: The above amounts are stated before the deduction of the reserve for possible loan losses.

10. Foreign Exchange

	Millions of yen	
March 31,	**2005**	2004
Assets:		
Due from foreign banks	**¥ 656**	¥ 576
Foreign exchange bills bought	**41**	107
Foreign exchange bills receivable	**414**	876
Total	**¥1,112**	¥1,561
Liabilities:		
Foreign exchange bills sold	**¥ 127**	¥ 177
Foreign exchange bills payable	**7**	20
Total	**¥ 134**	¥ 197

11. Other Assets

	Millions of yen	
March 31,	**2005**	2004
Domestic exchange settlement account—debit	**¥ 117**	¥ 119
Prepaid expenses	**1,245**	204
Accrued income	**12,079**	12,417
Connection with future transactions	**160**	160
Futures transaction balance	**3**	—
Derivatives	**7,507**	11,541
Loss on deferred hedge accounting	**5,042**	6,412
Other	**45,061**	18,120
Total	**¥71,217**	¥48,975

12. Premises and Equipment

	Millions of yen	
March 31,	**2005**	2004
Land, buildings and equipment	**¥148,570**	¥156,608
Construction in progress	**0**	105
Leasehold guarantees and deposits	**5,827**	6,067
Total	**154,397**	162,781
Accumulated depreciation	**(69,969)**	(77,141)
Net book value	**¥ 84,428**	¥ 85,640

13. Deferred Tax Assets

March 31,	Millions of yen 2005	2004
Deferred tax assets:		
Excess reserve for possible loss on loans	**¥ 31,314**	¥ 37,834
Accumulated deficit	**15,712**	25,455
Reserve for employees' retirement benefits	**10,440**	10,336
Devaluation of securities	**5,188**	5,474
Other	**14,145**	15,347
Valuation allowance	**(284)**	(291)
Total	**¥ 76,516**	¥ 94,157
Deferred tax liabilities:		
Unrealized gain on available-for-sale securities	**¥(43,051)**	¥(37,001)
Retirement benefit trust	**(9,495)**	(9,495)
Other	**(12)**	(7)
Total	**(52,559)**	(46,504)
Net deferred tax assets	**¥ 23,957**	¥ 47,652

14. Deposits

March 31,	Millions of yen 2005	2004
Current deposits	**¥ 127,974**	¥ 126,670
Ordinary deposits	**3,009,953**	2,871,208
Savings deposits	**66,783**	73,687
Deposits at notice	**58,177**	33,541
Time deposits	**2,641,637**	2,739,503
Installment savings	**11**	20
Negotiable certificates of deposit	**57,466**	102,381
Other	**235,261**	226,777
Total	**¥6,197,265**	¥6,173,790

15. Trading Liabilities

March 31,	Millions of yen 2005	2004
Trading securities-related financial derivatives	**¥ 3**	¥—
Trading-related financial derivatives	**94**	3
Total	**¥97**	¥ 3

16. Other Liabilities

March 31,	Millions of yen 2005	2004
Domestic exchange settlement account—credit	**¥ 1,090**	¥ 2,020
Accrued taxes	**596**	137
Accrued expenses	**7,701**	7,245
Unearned income	**3,568**	3,580
Employees' deposits	**1,670**	1,635
Allowance for supplement to benefits	**0**	0
Margins of futures transactions	**—**	7
Derivatives	**9,778**	6,118
Deferred hedge accounting liabilities	**581**	1,731
Other	**47,118**	9,185
Total	**¥72,106**	¥31,662

17. Fees and Commissions (Income)

Years ended March 31,	Millions of yen 2005	2004
Exchange settlement	**¥ 7,364**	¥ 7,665
Other fees and commissions	**13,050**	10,898
Trust fees	**31**	31
Total	**¥20,446**	¥18,594

18. Trading Revenue

Years ended March 31,	Millions of yen 2005	2004
Revenue from trading securities	**¥351**	¥159
Revenue from trading-related financial derivatives	**133**	3
Other trading revenue	**11**	18
Total	**¥496**	¥181

19. Other Operating Income

Years ended March 31,	Millions of yen 2005	2004
Gain on foreign exchange transactions	**¥ 813**	¥1,803
Gain on sales of bonds	**1,831**	2,862
Gain on financial derivatives	**630**	60
Other	**1**	1
Total	**¥3,276**	¥4,727

20. Other Income

Years ended March 31,	Millions of yen 2005	2004
Gain on sales of stocks and other securities	**¥2,897**	¥ 4,379
Other current revenues	**1,774**	2,809
Other	**3,355**	10,488
Total	**¥8,027**	¥17,676

21. Interest on Borrowings and Rediscounts

Years ended March 31,	Millions of yen 2005	2004
Call money and bills sold	**¥1,139**	¥ 588
Securities lending transactions	**1,458**	1,499
Borrowings	**1,408**	1,369
Total	**¥4,005**	¥3,456

22. Fees and Commissions (Expenses)

Years ended March 31,	Millions of yen 2005	2004
Exchange settlement	**¥1,427**	¥1,488
Other fees and commissions	**5,658**	4,854
Total	**¥7,085**	¥6,343

23. Other Operating Expenses

Years ended March 31,	Millions of yen 2005	2004
Loss on sales of bonds	**¥5,426**	¥1,906
Financial derivative expenses	**6**	644
Total	**¥5,432**	¥2,550

24. Leases

(a) Finance leases

Finance leases at March 31, 2005 and 2004 were as follows:

March 31,	Millions of yen 2005	2004
Equipment	**¥7,070**	¥7,371
Other	**667**	1,115
Accumulated depreciation	**(3,847)**	(4,479)
Total	**¥3,890**	¥4,007
Lease payments receivable for finance leases:		
Within one year	**¥1,573**	¥1,499
Over one year	**2,316**	2,507
Total	**¥3,890**	¥4,007

Total lease payments received and depreciation under finance leases for the year ended March 31, 2005 and 2004 were ¥1,741 million and ¥1,558 million, respectively.

(b) Operating leases

Future minimum lease payments for operating leases at March 31, 2005 and 2004 were ¥4 million and ¥123 million, of which ¥3 million and ¥36 million was due within one year.

25. Other Expenses

Years ended March 31,	Millions of yen 2005	2004
Provision for possible loss on loans	**¥ —**	¥ 9,318
Provision for loss on sales of loans and other	**225**	86
Write-offs of claims	**8,032**	10,824
Loss on devaluation of stocks and other securities	**274**	431
Loss on sales of stocks	**85**	357
Loss on disposal of premises and equipment	**976**	1,210
Other	**2,453**	2,013
Total	**¥12,049**	¥24,242

26. Shareholders' Equity

In accordance with the Banking Law of Japan, the Bank has provided a legal reserve by appropriation of retained earnings, which is included in retained earnings. The Banking Law of Japan provides that an amount equivalent to at least 20% of the amount to be disbursed as distributions of earnings be appropriated to the legal reserve until the total of such reserve and the capital surplus equals 100% of the common stock.

The Code provides that neither additional paid-in capital nor the legal reserve had been available for dividends, but both might be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. On October 1, 2001, an amendment (the "Amendment") to the Code became effective. The Amendment provides that if the total amount of capital surplus and the legal reserve exceeds 100% of the common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders. In addition, the Amendment eliminates the stated par value of the Bank's outstanding shares, which resulted in all outstanding shares having no par value as of October 1, 2001. The Amendment also provides that all share issuances after September 30, 2001 will be of shares with no par value. Prior to the date on which the Amendment came into effect, the Bank's shares had a par value of ¥50.

There were no changes in the common stock and capital surplus accounts for the two years ended March 31, 2005 and 2004.

27. Dividends and Interim Dividends

The Bank may pay dividends twice a year. Annual dividends may be paid to shareholders of record as of March 31 and are reflected in the non-consolidated statements of retained earnings when duly approved and paid. In addition, the Bank may pay interim dividends to shareholders of record as of September 30.

28. Subsequent Event

Appropriation of Retained Earnings

The following appropriations of retained earnings were approved at a general shareholders' meeting held on June 29, 2005:

	Millions of yen
Retained earnings at March 31, 2005	**¥30,142**
Appropriations:	
Cash dividends	**2,904**
Transfer to voluntary reserves	**20,000**
Bonuses to directors and corporate auditors	**50**
Retained earnings carried forward	**¥ 7,188**

ERNST & YOUNG SHINNIHON

Certified Public Accountants
Hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho
Chiyoda-ku, Tokyo, Japan 100-0011
C.P.O. Box 1196, Tokyo, Japan 100-8641

Tel : 03 3503 1100
Fax : 03 3503 1197

Report of Independent Auditors

The Board of Directors
The Joyo Bank, Ltd.

We have audited the accompanying non-consolidated balance sheets of The Joyo Bank, Ltd. as of March 31, 2005 and 2004, and the non-consolidated statements of income and retained earnings for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of The Joyo Bank, Ltd. at March 31, 2005 and 2004, and the non-consolidated results of their operations for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2005 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Ernst & Young Shin Nihon.

June 29, 2005

Organization

THE JOYO BANK, LTD.

- General Meeting of Shareholders
  - Board of Corporate Auditors
  - Corporate Auditors
  - Board of Directors
    - Internal Administration Group
      - Compliance and Risk Management Division
        - Compliance Office
      - Corporate Audit Division
    - Executive Officer Committee
      - Corporate Management Section
        - Corporate Planning Division
          - Publicity Office
          - Tokyo Sub-Headquarters
        - Corporate Administration Division
          - Staff Counseling Office
          - Affiliated Company Management Office
          - Executive Secretariat
      - Credit Risk Management Group
        - Credit Management Division
        - Credit Examination Division
          - Loan Supervision Office
          - Company Management Support Office
      - Operation Systems Group
        - Operation Planning Division
          - Data Processing Center
          - Area Data Processing Center
          - Systems Commonage Promotion Office
        - Computer System Division
      - Business Section
        - Business Planning Division
          - Customer Counceling Office
          - International Business Office
          - Overseas Representative Office (Shanghai)
          - Foreign Exchanges Centering Office
        - Retail Banking Business Group
          - Retail Banking Division
            - Custody Business Promotion Office
            - Call Center
            - Loan Operation Centers
            - Consumer Finance Centers
            - Living and Business Consulting Center
            - Pension Business Promotion Center
        - Corporate Banking Business Group
          - Corporate Banking Business Division
            - Business Information Support Office
            - Quick Business Center
            - Hokuto District Business Division
            - Area Corporate Business Division
        - Public Business Group
          - Government and Municipal Business Division
        - Market Business Group
          - Treasury and Securities Division
          - Markets and Business Administration Division
            - Markets Planning Office

Head Office
Tokyo Business Div. (Tokyo Main Office)
145 Branches, 25 Sub-Branches

As of June 29, 2005

Board of Directors and Corporate Auditors

Chairman
Isao Shibuya

President
Kunio Onizawa

Deputy President
Yuto Kawahara

Senior Managing Director
Noboru Ehashi

Managing Directors
Kunio Kurosaki
Tsutomu Tohyama
Takenori Hotate
Kazuo Kuroko
Yoshiyuki Miyanaga
Mitsuo Uchida
Kazuyoshi Terakado

Corporate Auditors
Takashi Iwakami (standing)
Kyohei Tomita (standing)
Akira Yasu
Toshihiko Kawamura
Eiichi Nemoto

As of June 29, 2005

Market Business Group and Overseas Office

■ Head Office
5-5, Minami-machi 2-chome, Mito,
Ibaraki 310-0021, Japan
Phone: 029-231-2151

■ Market Business Group
Managing Director
Tsutomu Tohyama

■ Markets and Business Administration Division
7-2, Yaesu 2-chome, Chuo-ku,
Tokyo 104-0028, Japan
Phone: 03-3273-1741
General Manager
Sotaro Yamada

• Operations Group (Tokyo)
Senior Manager
Osato Aizawa

• Operations Group (Mito)
Deputy General Manager
Hideo Kashimura

● Markets Planning Office
7-2, Yaesu 2-chome, Chuo-ku,
Tokyo 104-0028, Japan
Phone: 03-3273-2631
General Manager
Hirohiko Sato

● International Operations Office
3-3, Shinhara 1-chome, Mito,
Ibaraki 310-0045, Japan
Phone: 029-255-6671
Telex: J23278 JOYOBANK
3632105 JOYOBK
Swift: JOYOJPJT
General Manager
Hideo Kosaka

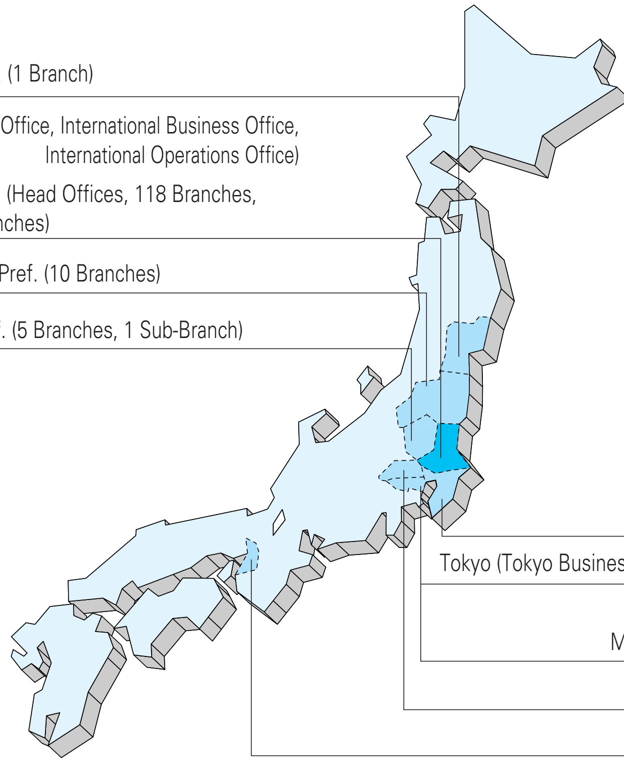
■ Treasury and Securities Division
7-2, Yaesu 2-chome, Chuo-ku,
Tokyo 104-0028, Japan
Phone: 03-3273-5245
General Manager
Kazuo Komuro
Deputy General Manager
Osamu Midorikawa

• Investment Group
Senior Manager
Noboru Araki

• Business Promotion Group
Manager
Takashi Sakuma

■ Shanghai Representative Office (Business Planning Division)
Room 1901, Shanghai International Trade Centre, 2201 Yan An Road (West),
Shanghai 200335 P.R. of China
Phone: 86-21-6209-0258
Chief Representative
Tetsuya Kuroha
Deputy Chief Representative
Kenji Kikuchi

Service Network



Overseas:
Shanghai Representative Office

As of March 31, 2005

Affiliated Companies

■ **The Joyo Computer Service Co., Ltd.**

16-25, Nishihara 2-chome, Mito, Ibaraki
Established 1973, Capital Stock: ¥47.5 million
Share of Voting Rights: 5%
Sale of software and contract of calculation businesses

■ **The Joyo Lease Co., Ltd.**

4-12, Minami-machi 3-chome, Mito, Ibaraki
Established 1974, Capital Stock: ¥100 million
Share of Voting Rights: 5%
Leasing of machinery and equipment, claim acquisition

■ **The Joyo Credit Guarantee Co., Ltd.**

4-12, Minami-machi 3-chome, Mito, Ibaraki
Established 1978, Capital Stock: ¥30 million
Share of Voting Rights: 5%
Credit guarantee of a housing loans from the Bank

■ **The Joyo Credit Co., Ltd.**

4-12, Minami-machi 3-chome, Mito, Ibaraki
Established 1982, Capital Stock: ¥100 million
Share of Voting Rights: 5%
Credit card services

■ **The Joyo Business Service Co., Ltd.**

8-1, Sasano-machi 1-chome, Hitachinaka, Ibaraki
Established 1984, Capital Stock: ¥100 million
Share of Voting Rights: 100%
Agent in charge of administrative work for the Bank

■ **The Joyo Staff Service Co., Ltd.**

4-12, Minami-machi 3-chome, Mito, Ibaraki
Established 1991, Capital Stock: ¥30 million
Share of Voting Rights: 100%
Temporary staffing business for the Bank

■ **The Joyo Industrial Research Institute, Ltd.**

5-18, Sannomaru 1-chome, Mito, Ibaraki
Established 1995, Capital Stock: ¥100 million
Share of Voting Rights: 5%
Consulting, investigation and research

■ **The Joyo Equipment Management Co., Ltd.**

5-5, Minami-machi 2-chome, Mito, Ibaraki
Established 1999, Capital Stock: ¥100 million
Share of Voting Rights: 5%
Maintenance and management of operational properties and equipment of the Bank

■ **The Joyo Cash Service Co., Ltd.**

3-3, Jonan 1-chome, Mito, Ibaraki
Established 1999, Capital Stock: 50 million
Share of Voting Rights: 100%
Management and maintenance of ATMs and CDs

■ **The Joyo Total Maintenance Co., Ltd.**

5-5, Minami-machi 2-chome, Mito, Ibaraki
Established 2000, Capital Stock: ¥200 million
Share of Voting Rights: 100%
Liquidation of real estate collateralized in relation to the loans made by the Joyo Bank

As of March 31, 2005

Corporate Data

■ **Date of Establishment**
July 30, 1935

■ **Head Office**
5-5, Minami-machi 2-chome, Mito, Ibaraki 310-0021, Japan
Phone: 029-231-2151
URL: http://www.joyobank.co.jp/
http://www.joyobank.co.jp/joyobank/eng/ (English Page)

■ **Domestic Network**
Head Office, Tokyo Business Division (Tokyo Main Office), and 145 Branches, 25 Sub-branches

■ **Overseas Network**
1 Representative Office: Shanghai

■ **Number of Employees**
3,512

■ **Stock Exchange Listing**
Tokyo Stock Exchange

■ **Paid-in Capital**
¥85,113 million

■ **Number of Shares**
(as of March 31, 2005)
Authorized 2,180,515 thousand
Issued and Outstanding 865,231 thousand

■ **Number of Shareholders**
(1 trading unit = 1,000 shares)
24,023

■ **Principal Shareholders**
The 10 largest shareholders of the Bank and their respective shareholdings at March 31, 2005 were as follows:

	Number of Shares Held (Thousands)	Percentage of Total Shares Outstanding (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	42,773	4.94 %
The Bank of Tokyo-Mitsubishi, Ltd.	40,992	4.73
NIPPONKOA Insurance Company, Ltd.	40,973	4.73
The Master Trust Bank of Japan, Ltd. (Trust Account)	33,338	3.85
Nippon Life Insurance Company	28,003	3.23
The Dai-ichi Mutual Life Insurance Company	17,049	1.97
Sumitomo Life Insurance Company	16,448	1.90
The Gunma Bank, Ltd.	10,465	1.20
Meiji Yasuda Life Insurance Company	9,722	1.12
State Street Bank & Trust Company 505103	9,520	1.10
Total	249,285	28.81 %

As of March 31, 2005

For further information, please write to:
Markets and Business Administration Division,
The Joyo Bank, Ltd.
7-2, Yaesu 2-chome,
Chuo-ku, Tokyo
104-0028, Japan