JOYO BANK

Annual Report 2009

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 celebrated its 130th year in business in 2008.

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 instruments 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.

CONTENTS

FINANCIAL HIGHLIGHTS

Consolidated

THE JOYO BANK, LTD. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
Years Ended March 31	2009	2008	2009
For the Year Ended			
Total Income	¥ 195,817	¥ 229,078	$ 1,993,461
Total Expenses	192,937	202,909	1,964,144
Income before Income Taxes and Minority Interests	2,879	26,169	29,317
Net Income	5,178	13,924	52,717
At the Year End			
Total Assets	¥7,414,285	¥7,384,570	$75,478,831
Deposits	6,646,813	6,385,531	67,665,817
Loans and Bills Discounted	4,911,988	4,635,216	50,004,969
Securities	1,975,080	2,301,379	20,106,691
Net Assets	374,881	432,016	3,816,360
Capital Ratio	12.91%	13.22%	
For the Year Ended			
Net Cash Used in Operating Activities	¥ (112,937)	¥ (55,787)	$ (1,149,725)
Net Cash Provided by Investing Activities	164,271	75,531	1,672,314
Net Cash Used in Financing Activities	(11,493)	(22,368)	(117,002)
Net Increase (Decrease) in Cash and Cash Equivalents	39,825	(2,653)	405,426
Cash and Cash Equivalents at End of Year	153,550	113,725	1,563,176

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 ¥98.23 to US$1.00 on March 31, 2009.

Non-Consolidated

THE JOYO BANK, LTD.

	Millions of yen		Thousands of U.S. dollars
Years Ended March 31	2009	2008	2009
For the Year Ended			
Total Income	¥ 175,022	¥ 207,479	$ 1,781,762
Total Expenses	172,955	182,935	1,760,716
Income before Income Taxes	2,067	24,543	21,046
Net Income	5,051	12,940	51,426
At the Year End			
Total Assets	¥7,401,837	¥7,371,265	$75,352,105
Deposits	6,666,778	6,405,962	67,869,066
Loans and Bills Discounted	4,945,900	4,669,468	50,350,199
Securities	1,980,906	2,306,788	20,165,999
Net Assets	370,279	427,662	3,769,518

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 ¥98.23 to US$1.00 on March 31, 2009.

MESSAGE FROM THE PRESIDENT

"For the Best 'Partner Bank' in a New Financial Era."

Changes in the economic environment

Our business environment continues to evolve, with change in economic and social structures and financial behavior by customers, and severe competition with other banks and companies.

In this environment, we have launched the '10th Medium-Term Business Plan' for the three years from April 2008 to March 2011. Under the plan, we aim to become "the 'Best Partner Bank' in a new financial era." To contribute to the development of regional society and economy, we will create close relationships of trust through close communication with our customers and provision of optimized financial instruments and services. In addition, to achieve our vision, we have set the three basic aims of strengthening profitability on a consolidated basis, creating a more sophisticated management system, and building up management resources with all of our officers and employees.

In the first fiscal year of the plan, we took measures to strengthen profitability on a consolidated basis. We expanded our business area, as Ibaraki Prefecture is more connected closely now with its neighbors, thanks to the upgrading of transportation infrastructure.

To strengthen our market risk management, we also have undertaken reorganization of our middle-office departments for market operations. In computer system measures, we strengthened security through introduction of one-time passwords in our J-WEB OFFICE online banking service.

Furthermore, in our conviction that the ability of every employee is a vital management resource supporting the quality of financial services we offer, we have expanded internal and external training programs and introduced a system of skill grades for loan operations to strengthen the ability of our employees. We have also taken strict measures in the area of compliance, in the belief that this is the foundation and source of customer trust. Additionally, our "Customer Services Division" has been newly reorganized to provide explanations and information to customers and ensure appropriate management of customer information.

Responding to Diversified Customer Needs

In fiscal 2008, the first year of the 10th medium-term business plan, we carried out the following measures to respond to diversified customer needs. For corporate customers, we strengthened funding support for SMEs to help them cope with the rapidly worsening recession, and encouraged use of the government's emergency guarantee system. We also offered holiday consulting services at the end of the calendar and fiscal years to ensure smooth financing for SMEs. And we took measures to support businesses and industries including arrangement of industrial site inspection tours and the "Joyo Manufacturing Forum in Tsukuba City (in Ibaraki Prefecture)." To respond better to the diversified financial needs of retail customers, we have launched the "Long Escort" mortgage loan product for women and "Happy Every Day" services for customers of our mortgage loans. Turning to customers' asset management, we have launched online investment trust services and other measures to improve customer convenience, and, in light of dramatic change in the economic environment, expanded market information services through means such as asset management seminars held in locations throughout Ibaraki Prefecture. In October 2008, we completed the Joyo Tsukuba Building, our main business office in the south of Ibaraki Prefecture, enabling us to provide comprehensive financial services including all Group companies. In addition, to capitalize on business opportunities from strengthened connections with regions around Ibaraki Prefecture, we established offices to providing corporate finance in Soka City (Saitama Prefecture) and Utsunomiya and Tochigi cities (Tochigi Prefecture). In Utsunomiya, we established a Loan Plaza as a special office for retail loan business.

"Sound management, Creation of value, and Partnership with the home region"

Based on our management philosophy of "Sound management, Creation of value, and Partnership with the home region," we will contribute to the development of the regional community and economy by becoming "the 'Best Partner Bank' in a new financial era" through sound business operation and management. To fully satisfy customers, we provide high-quality financial services with an emphasis on compliance and a customer-centered business approach. All members of the Joyo Bank Group are committed to meeting the future expectations of our customers, people of Ibaraki Prefecture and our shareholders.

Kunio Onizawa
President

I would like to take this opportunity to thank our shareholders for their continued support.

Kunio Onizawa

Kunio Onizawa
President
July 2009

The 10th Medium-Term Business Plan

"For the 'Best Partner' Bank in a New Financial Era"

Amid ongoing economic and social structural reform, diversifying customer needs, and with a new financial industry structure emerging in Japan under the Basel II regulations for capital adequacy and the Financial Instruments and Exchange Act, the Bank faces a new era in its operating environment.

The Bank implements measures under the 10th Medium-Term Business Plan to further strengthen its customers' point of view, to earn the trust of customers, shareholders and local community members.

The 10th Medium-Term Business Plan

(April 2008 to March 2011)

To make Joyo Bank "the 'Best Partner' Bank in a New Financial Era"

Basic Aims

Under the 10th medium-term business plan, the Bank aims to become "the 'Best Partner' Bank in a New Financial Era" — an institution that remains indispensable to its customers and is able to swiftly and flexibly take business opportunities.

We will forge close business relationships by increasing our contacts with the customer, and support regional growth, provide financial instruments and services in a way that sustains our own growth and prepare ourselves for expansion of business activities following the upgrading of regional transportation infrastructure.

Three Basic Aims

Basic Aims

- Strengthen profitability on a consolidated basis
- Build on management resources
- Strengthen management organization

To be a "'Best Partner' Bank in a new financial era" flexible enough to achieve sustainable growth, we have set goals for all of the above three aims. We will also build trust through rigorous compliance, and offer customer support through briefing and information regarding financial instruments, while ensuring that confidential information is appropriately managed.

Revenues and Earnings

During the year ended March 31, 2009, core business profit* decreased ¥4.5 billion (8.7%) year-on-year to ¥47.7 billion, reflecting increased interest income on loans and a decrease in interest and dividend income on securities due to scaling down of portfolios.

In addition, business profit fell ¥18.1 billion (63.6%) year-on-year to ¥10.3 billion, due chiefly to impairment losses resulting from falling prices of securities. Ordinary income decreased ¥23.3 billion (94.2%) to ¥1.4 billion, due to decreased business profit and an increase in the reserve for bad debts.

Net income for the year decreased ¥7.8 billion (60.9%) to ¥5.0 billion.

*Core business profit is the amount of business profit (prior to general provisions for possible loan losses) adjusted for gains and losses on bond trading.

Deposits, Loans and Securities

During the term, deposits (excluding CDs) increased ¥206.8 billion to ¥6,562.7 billion. Of this total, ordinary deposits increased by ¥114.7 billion to an ending balance of ¥3,416.8 billion, and time deposits increased ¥123.8 billion to ¥2,779.6 billion.

Loans increased ¥276.4 billion during the term to end the term at ¥4,945.9 billion, on stable growth in loans to corporations and public authorities, and mortgage loans to individuals. Loans to individuals, especially mortgage loans, increased ¥15.6 billion to ¥1,055.4 billion. Loans to SMEs increased ¥20.1 billion to end the term at ¥1,978.5 billion.

Securities holdings decreased by ¥325.8 billion to ¥1,980.9 billion, as a result of an overhaul of our portfolio to ensure more stable earnings. The balance of Japanese government bonds decreased ¥88.6 billion to end the term at ¥788.6 billion. The balance of available-for-sale securities decreased by ¥194.8 billion to end the term at ¥243.1 billion. This is primarily attributable to losses on disposals and impairment of foreign securities including securitized instruments.

Assets in custody decreased ¥86.8 billion to ¥999.7 billion at the year-end with an decrease in investment trust sales in a thin market outweighing increased foreign-currency denominated deposits, sales of government bonds for individual investors and pension insurance policies.

Mortgage-related loans increased ¥24.2 billion year-on-year to ¥935.9 billion, and loans for apartment building increased ¥17.1 billion to ¥319.9 billion.

Capital Ratio

Our capital ratio on a consolidated basis stood at 12.91% (Tier I ratio: 11.58%), while the ratio on a non-consolidated basis also kept at a high level of 12.74% (Tier I ratio: 11.52%).

The capital ratio (domestic standard) has been calculated in accordance with the criteria for judging whether a financial institution's regulatory capital is sufficient in light of the assets held, etc. under the provisions of Article 14-2 of the Banking Law (Notification No. 19 of 2006, the Financial Services Agency).

It should be noted that the minimum level required for domestic banks complying with domestic standards is 4%.

Consolidated Accounts

We currently have nine consolidated subsidiaries. On a consolidated basis, ordinary income for the year decreased by ¥33.3 billion to ¥193.3 billion. Ordinary expenses for the year decreased by ¥91 billion to ¥191.3 billion. Ordinary income, net, decreased to ¥19 billion, and net income also posted a year-on-year decrease, to ¥51 billion.

In cash flows in the year, net cash used in operating activities increased to ¥112.9 billion due primarily to an increase in loans. Net cash provided by investing activities increased to ¥164.2 billion due to proceeds from securities transactions. Net cash used in financing activities decreased to ¥11.4 billion as a result of dividend payment and acquisition of treasury stock. As a result of the above, cash and cash equivalents at the date of record increased by ¥39.8 billion to ¥153.5 billion.

Asset Soundness

Results of Processing Non-Performing Loans in Fiscal 2008

We have calculated write-off and reserve amounts for possible loan losses based on results of asset self-assessment in line with established internal rules. Credit costs for non-performing loans processed in fiscal 2008 totaled ¥17.2 billion. Below is a breakdown.

In fiscal 2008, the amount of total credit costs increased year-on-year by ¥2.0 billion, due chiefly to an increase in customers suffering earnings deterioration amid the economic downturn in Japan and abroad.

	Millions of Yen		
March 31	**2009**	2008	Change
Write-off of claims	**¥11,904**	¥10,689	¥1,214
Net provision for specific reserves	**4,197**	3,438	758
Provision for specific foreign borrowers	**—**	—	—
Losses on bulk sale of loans	**99**	165	(65)
Provision for contingent losses	**1,083**	911	171
Other	**12**	—	12
Total	**¥17,297**	¥15,205	¥2,091

Reserve for Possible Loan Losses

For debtors in a state of legally or substantially bankrupt based on self-assessment, we reserved for possible loan losses for an amount of 100% of the amount of the claims thought to be uncollectible after we deducted the value of collateral amounts from the loan amounts. Furthermore, for a state of substantially bankrupt, we provided reserves for 56.49% of uncollectible loans based on the Bank's historical rate of loan-loss. As a result, compared to the ¥31.2 billion total of uncollectible loans, our specific reserves for possible loan losses amount to ¥17.6 billion, a reserve for possible loan losses ratio of 56.51%.

The Claims we deemed to be uncollectible or valueless (¥43.3 billion) based on self-assessment have been conducted on a "partial direct write-off" basis, and have been deducted in the balance sheet asset amounts. For the general reserve for possible loan losses, we have conducted an appropriate reserve provision following the guidelines of the Financial Inspection Manual prepared by the Financial Services Agency. For customers requiring caution, we have divided them into three categories to include debtors requiring management, and have provided reserves for possible loan losses based on the Bank's historical loan-loss ratio.

In the future, we will continue to improve our credit risk management system, and conduct appropriate write-offs, provide reserves for possible loan losses in a sufficient amount, and work toward improving the soundness of our asset portfolio.

Reserve Based on Self-Assessment

	Billions of Yen			
March 31, 2009	Potentially bankrupt borrowers	Substantially bankrupt borrowers	Legally bankrupt borrowers	Total
Claims of balance (i)	¥77.7	¥16.5	¥8.4	¥102.8
Claims secured by collateral (ii)	46.5	16.5	8.4	71.5
Claims with uncertain collectibility (A)=(i)-(ii)	31.2	0.0	0.0	31.2
Specific reserve (B)	17.6	0.0	0.0	17.6
Reserve ratio (B)/(A)	56.49%	100.00%	100.00%	56.51%

Reserve for Possible Loan Losses

	Billions of Yen		
March 31	**2009**	2008	Change
General loan loss reserve	**¥12.6**	¥15.1	¥(2.5)
Specific reserve	**17.7**	19.1	(1.3)
Reserve for specific foreign borrowers	**—**	—	—
Reserve for possible loan losses	**30.4**	34.2	(3.8)
Reserve for assistance to specific borrowers	**—**	—	—
Reserve for possible losses on sale of loans	**—**	—	—
Reserve for other contingent losses	**¥ 1.6**	¥ 1.0	¥ 0.5

Enhanced Managerial and Financial Support for Businesses

To raise the quality of assets, not only must we aggressively undertake the disposal of bad debt, but we must also strengthen our efforts to resolve problems on the debtor side, such as deterioration in performance resulting from changes in the economic environment or industrial structure, and weakened financial position resulting from declining asset values. This is the vital role we are expected to fulfill in the revitalization and development of the regional economy, and it is something that all of us are working toward.

Specifically, the Corporate Management Support Office has been cooperating closely with our branch staff to provide management analysis, advice on improvement strategies, support for the drafting of operational rehabilitation plans and, where necessary, support based on partnerships with external organizations, such as the SME Rehabilitation Support Association. Through these activities, we are providing support for rehabilitation and operational improvement of our corporate customers.

In fiscal 2008, we have improved the classifications of 50 of our debtors (debtors' credit rating based on financial condition). We will keep our commitment to supporting debtors, with the aim of revitalizing the regional economy.

Disclosure of the Bank's Assets

We continue to view the improvement of asset quality as a priority management issue, and work toward the disposal of bad debt and ensuring the soundness of our assets, with full disclosure of all pertinent information.

Risk-Monitored Claims under the Banking Law

For loans subject to risk management under the Banking Law, we have adopted four classifications for disclosure purposes. Loans to debtors in legally bankrupt based on self-assessment are "loans in bankruptcy and dishonored bills." Loans to debtors who are substantially or potentially in bankruptcy are "delinquent loans." Loans to companies requiring caution (those which have been delinquent for three months or more) are "loans past due with respect to interest payments for more than three months." Loans to debtors whom we support through interest reduction or waiver of loan repayment are "restructured loans."

Thanks to the Bank's effective measures for corporate rehabilitation including the creation of rehabilitation programs, risk-monitored loans decreased ¥34.7 billion year-on-year to ¥120.9 billion. The bank maintained a coverage ratio of 79.49%.

Risk-Monitored Assets under the Banking Law

(Non-consolidated)	Billions of Yen		
March 31	**2009**	2008	Change
Loans in bankruptcy and dishonored bills	**¥ 8.4**	¥ 7.2	¥ 1.1
Delinquent loans	**94.1**	95.8	(1.7)
Loans past due with respect to interest payments for more than three months	**1.8**	1.2	0.6
Restructured loans	**16.4**	51.2	(34.7)
Total (a)	**¥ 120.9**	¥ 155.6	¥ (34.7)
Loans and bills discounted (b)	**¥4,945.9**	¥4,669.4	¥276.4
Ratio of risk-monitored assets to loans outstanding (a)/(b)	**2.44%**	3.33%	(0.88)%
Portion covered by collateral and guarantees (c)	**¥ 96.1**	¥ 106.2	¥ (10.1)
Coverage ratio (c)/(a)	**79.49%**	68.26%	11.23%

(Consolidated)	Billions of Yen		
March 31	**2009**	2008	Change
Loans in bankruptcy and dishonored bills	**¥ 9.1**	¥ 7.4	¥ 1.7
Delinquent loans	**96.4**	97.1	(0.6)
Loans past due with respect to interest payments for more than three months	**2.4**	1.4	1.0
Restructured loans	**16.4**	51.3	(34.8)
Total	**¥124.5**	¥157.3	¥(32.8)

Claims Subject to Mandatory Disclosure under the Financial Revitalization Law

Disclosure of the results of an asset assessment is required under the Financial Revitalization Law. Under the law, the Bank regards non-performing loans determined through self-assessment to be loans to legally or substantially bankrupt companies as "bankrupt and quasi-bankrupt assets." Loans to potentially bankrupt companies are "doubtful assets." Loans past due (three months or more) and restructured loans are "substandard loans."

Claims subject to disclosure under the Financial Revitalization Law during fiscal 2008 decreased by ¥35.2 billion year-on-year, to ¥121.2 billion, accounting for 2.42% of all claims, a decrease of 0.88% from the previous year. Furthermore, the ¥0.3 billion differential between the ¥121.2 billion in claims for disclosure under the Financial Revitalization Law, which excludes normal claims, and the ¥120.9 billion in claims (loans and bills discounted only) for mandatory disclosure in accordance with the Banking Law represents non-loan claims including customers' liabilities for acceptances and guarantees, accrued interest and suspense payments.

Problem Assets under the Financial Revitalization Law

Billions of Yen

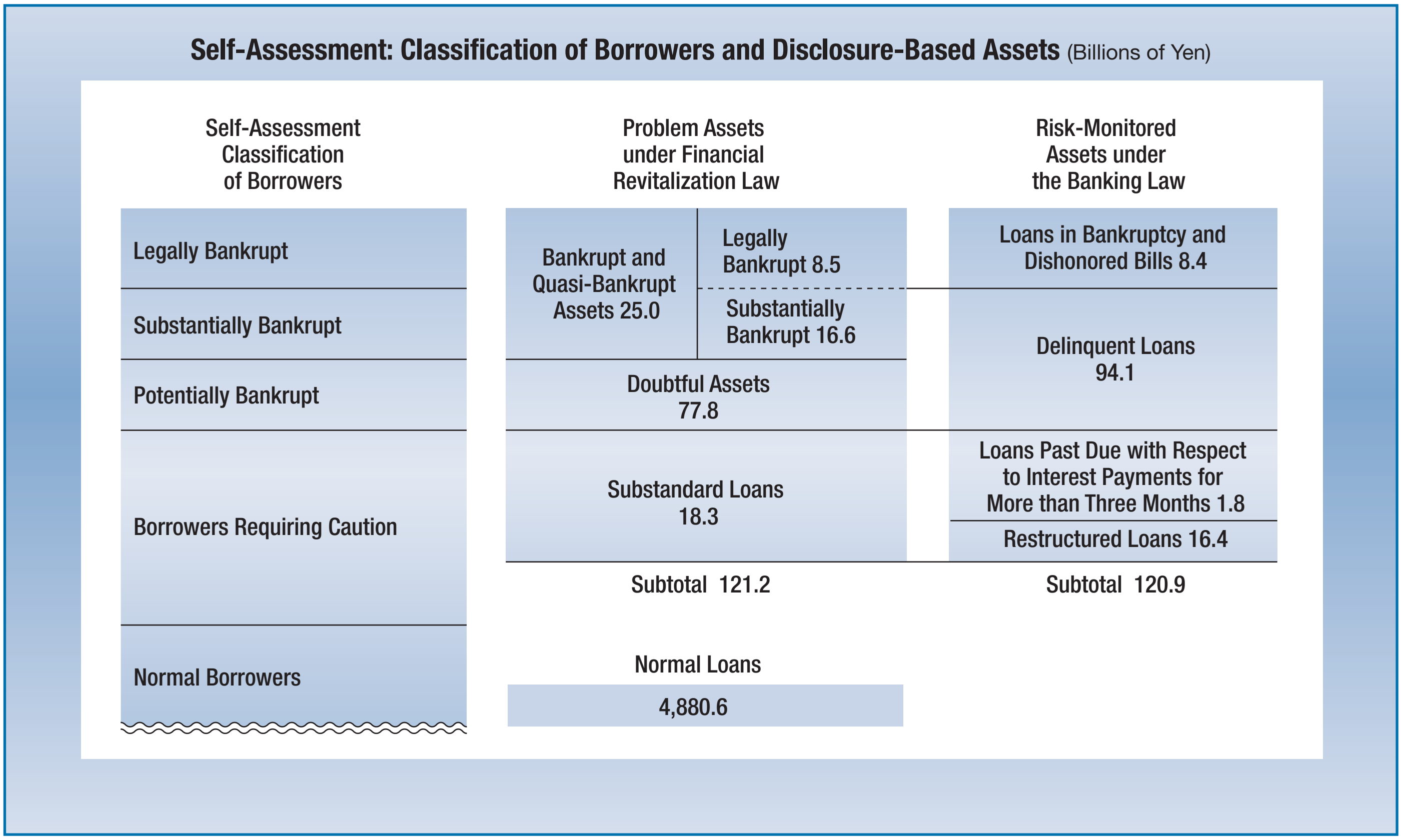
March 31	**2009**	2008	Change
Bankrupt and quasi-bankrupt assets (a)	**¥ 25.0**	¥ 20.6	¥ 4.5
Doubtful assets (b)	**77.8**	83.3	(5.5)
Substandard loans (c)	**18.3**	52.5	(34.1)
Problem assets (A)=(a)+(b)+(c)	**121.2**	156.4	(35.2)
Normal assets (d)	**4,880.6**	4,569.2	311.4
Total (B)=(A)+(d)	**¥5,001.8**	¥4,725.6	¥276.2
Ratio of problem assets (A)/(B)	**2.42%**	3.30%	(0.88)%

Coverage Status at Fiscal 2008 Year-End

Billions of Yen

March 31, 2009	Bankrupt and quasi-bankrupt assets	Doubtful assets	Substandard loans	Total
Problem assets (a)	¥25.0	¥77.8	¥18.3	¥121.2
Assets secured by collateral and guarantees (b)	25.0	46.5	5.0	76.5
Reserve for possible loan losses (c)	0.0	17.7	2.1	19.8
Coverage ratio {(b)+(c)}/(a)	100.00%	82.51%	38.91%	79.52%

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



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.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Relationship Banking Policies

The local economy is the bedrock of the operations of a regional bank. Our mission is to contribute to the development of local society and economy by providing communities with reliable financial services.

To fulfill this mission, the Bank has adopted the following three priority policies:

(1) Strengthen support for customer companies tailored to their stage of corporate growth

(2) Develop new financing options for SMEs

(3) Contribute to a sustainable growth of regional economy

In addition to continuing to improve customer convenience and providing greater safeguards to protect to customer interests, we will continue to contribute to regional prosperity by providing optimized financial products and services to our customers while deepening our local roots.

Key Initiatives

(1) Strengthen support for customer companies tailored to their stage of corporate growth

1) Support for start-ups and launch of new businesses
  > Support new ventures, Organize forums for dialog among businesses

2) Support for business succession and M&A activities
  > Meet business succession needs, Propose M&A solutions when companies cannot find a successor at the helm

3) Support customers' management reform and business revitalization programs
  > Offer support for corporate rehabilitation, Raise skill levels among bank's staff involved in management reform and business revitalization

(2) Develop new financing options for SMEs

1) Promote funding methods that do not depend excessively on real estate collateral or personal guarantees
  > Increase loan products using a quick "scoring system" (in which points are allotted for creditworthiness in preset categories), Expand loan products guaranteed by external organizations

2) Improve ability to rapidly and accurately assess enterprise value of customer companies
  > Improve credit-screening abilities, and ability to understand situations faced by companies from their perspective

3) Rigorously diversify funding channels
  > Promote syndicated loans, private placement bonds and lump-sum factoring, etc., Leverage asset-backed loan

(3) Contribute to a sustainable regional economy

1) Contribute to the revitalization of the region in the broad sense, without focusing solely on companies under rehabilitation
  > Business support for customers using public information services promoting regional development and establishment of new factories or logistics facilities
  > Contribute to regional development by better meeting funding and PFI needs of local public organizations and corporations
  > Develop a manufacturing business support organization to serve as a platform for business matching for manufacturers and technology-driven companies

Contributions to the Regional Community

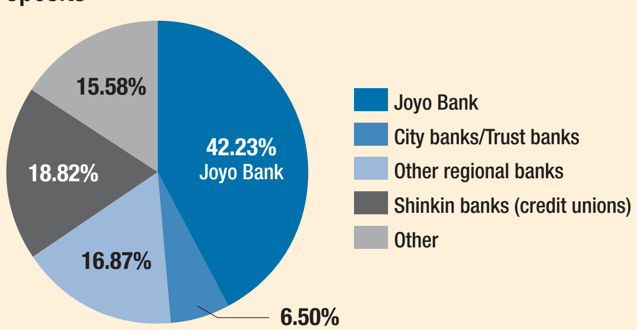
Under the management philosophy, “Soundness, Corporation, Partnership with the home region,” we will continue to contribute to the development of the regional community and economy by providing regional customers with comprehensive high-quality financial services, based on a robust business performance under a sound management.

We regard supply of financial services for the region as our mission. We will continue to ensure due disclosure of diverse information relating to our contribution to the regional economy.

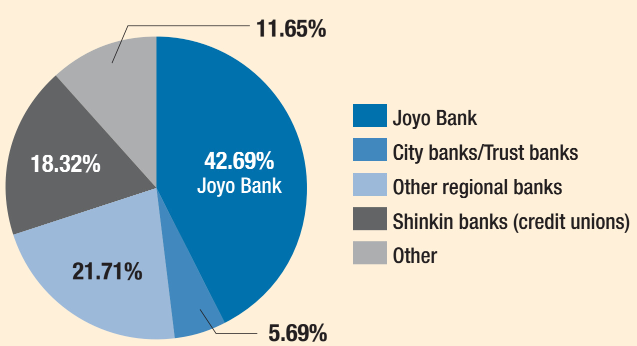
“Region” refers to Ibaraki Prefecture and neighboring areas forming the main catchment area (by location of main branches) of the Bank: Fukushima, Tochigi, Saitama, Chiba and Miyagi prefectures.

Loans to customers outside the local region are mainly limited to loans to corporate customers in Tokyo or Osaka who have factories or offices in the areas mentioned above and who have a deep relationship with regional business.

Deposits



Loans



Note: Figures for share exclude postal savings, which are held in the public sector.

Loans to Regional Customers

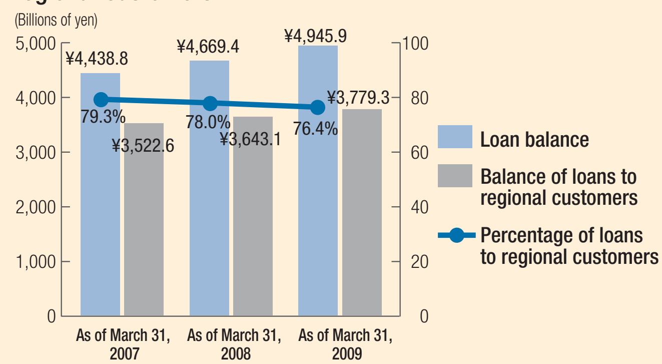
Regional and SME Loans

Loans to customers in our region totaled ¥3,779.3 billion, and accounted for 76.4% of all loans made by Joyo Bank.

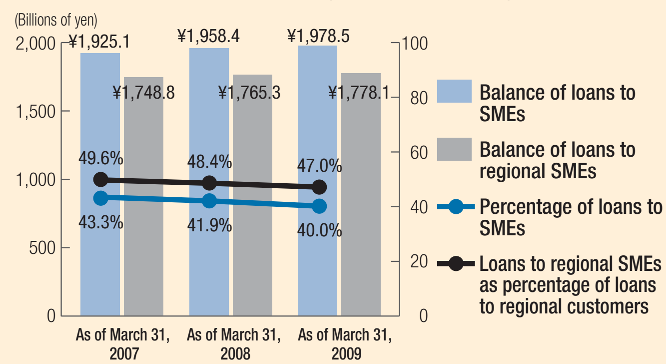
Loans to SMEs totaled ¥1,978.5 billion, and accounted for 40.0% of all loans. Of all regional loans, 47.0% went to SMEs.

The total number of SMEs is 33,692, of which 98.6% are local.

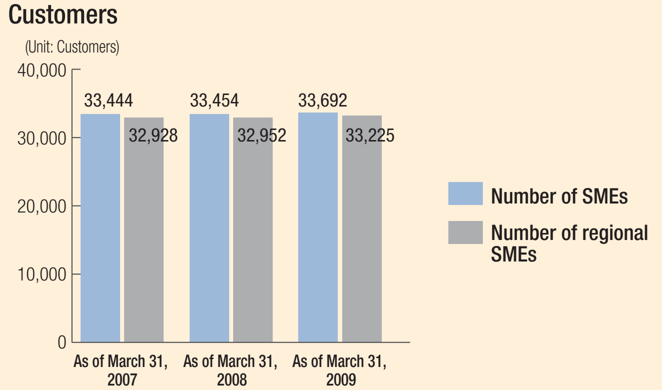
Balance of Loans, Balance of Loans and Percentage of Loans to Regional Customers



Balance of Loans and Percentage of Loans to SMEs, and Balance of Loans and Percentage of Loans to Regional SMEs



Number of SME Customers and Number of Regional SME Customers



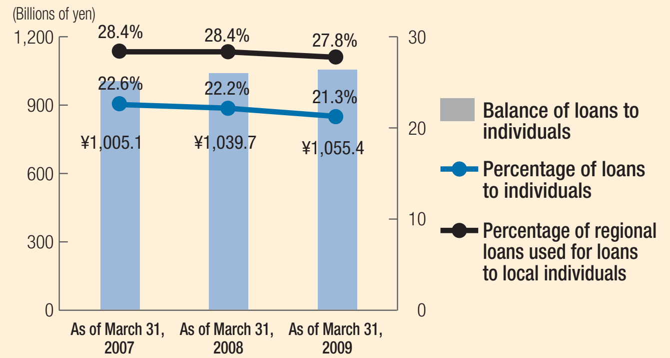
Loans to Individuals

Loans to individuals have increased to ¥1,055.4 billion, with mortgage loans performing well. Of these, ¥1,053.6 billion or 99.8% are loans to individuals in the region. Loans to individuals are 21.3% of all loans, and loans to individuals in the region are 27.8% of all regional loans.

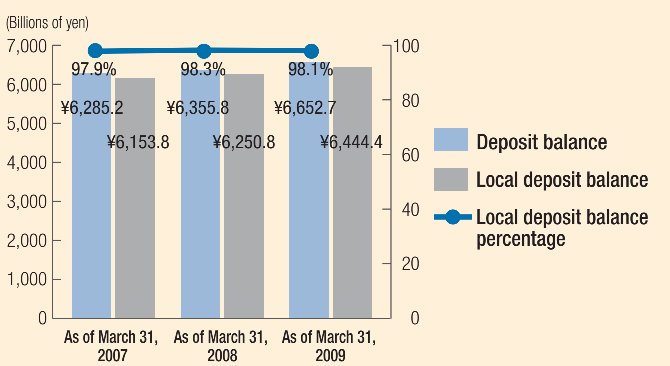
Optimal Financial Services for Regional Customers

98.1% of deposits, in an amount of ¥6,444.4 billion, are from regional customers, and 99.6% of assets in custody are from regional customers. Japanese government bonds issued to individual investors and pension insurance premiums have shown strong increases.

Balance of Loans and Percentage of Loans to Individuals, Percentage of Regional Loans used for Loans to Individuals in the Region



Deposit Balance, Deposits by Customers in the Region



Initiatives for Stimulating the Regional Economy

Measures to Develop New Ventures

Investment by Joyo Bank

We provide financial support to companies developing new businesses and new ventures via the "Ibaraki Venture Business Development Partnership" and the "Nikko Region-Based Industry, Education, and Government-Partnered Investment Partnership."

As part of our efforts to support corporations in the Ibaraki Prefecture area, we have invested in an investment fund operated by the Organization for Small & Medium Enterprises and Regional Innovation and Ibaraki Prefecture. By providing rehabilitation support to SMEs, we help to revitalize the regional economy.

Working with Agri-Business

We operate in a predominantly agricultural area, and are actively engaged in agri-business. We aim to contribute to regional industrial and economic revitalization by fostering and supporting ambitious farmers and agri-businesses.

In business funding support measures, we offer three series of "Daichi" multi-purpose loans. For firms specializing in beef-fattening, we have developed the Asset-Based Lending (ABL) system as a new method for providing finance using fattening cattle as collateral. By giving support to ambitious farmers and food-production companies, we aim to support the development of new instruments and services in our region. In this endeavor, we offer loan instruments designed for the development of related businesses in agriculture, commerce and food-processing. As a means of supporting development of marketing channels for food producers and processors, we conduct regular business matching meetings for the agricultural production and food processing, restaurant and retail industries, and, in partnership with regional banks across Japan, the regional bank's annual Food Selection exhibit.

Support for Manufacturers of Excellence

Our business area comprises Ibaraki, Tochigi and Fukushima prefectures. Due to their proximity to Tokyo and their good transportation infrastructure, many major companies have set up plants in these prefectures, and a need has arisen to secure high-quality SMEs to act as suppliers. As a key player in regional revitalization, we support highly capable manufacturing businesses in meeting these needs. We offer support in development of marketing channels, in quality management areas such as acquisition of ISO certification, and in upgrading technological and management capabilities, through means such as business matching meetings for major and regional manufacturers, as well as between manufacturers.

Tie-ups with External Institutions

We foster and support new ventures and established companies beginning new businesses with entities such as National Institute of Advanced Industrial Science and Technology, the Organization for Small & Medium Enterprises and Regional Innovation, Ibaraki Corporation for Small and Medium Enterprise Promotion, Foundation for the Promotion of Small and Medium Enterprises, the Development Bank of Japan, the Shoko Chukin Bank, the Japan Finance Corporation, and other partners in industry, academia and regional government.

Invitation of Companies to the Area

We actively encourage companies to set up plants in our business area, by showing them eligible sites and providing local information. For those that have made a decision to move in, we offer funding and provide business information collected and accumulated through our networks. In addition to cooperating with inspection tours and seminars for attracting companies to Ibaraki Prefecture, we cooperate with prefectural and municipal governments in measures to invite businesses to the area and revitalize its industries. For example, we participate in regional industrial revitalization associations in eight areas of Ibaraki Prefecture. By attracting companies in this way, we are helping to revitalize the regional economy.

Joyo Area Research Center

With the aim of contributing to the comprehensive promotion of the region, we conduct research into the economy, industry and social change in Ibaraki Prefecture, and provide information needed by industries and for other strategic activities. The Joyo Area Research Center developed out of the Foundation for Industrial Research founded in March 1969.

This foundation cooperates with various economic associations and research institutions, performing various tasks that contribute to the regional community and economy. The Center researches into and publishes data on economic industry trends and regional development, holding lectures and sending speakers to regional organizations and events.

Joyo Industrial Research Institute

Joyo Industrial Research Institute was established as part of activities to commemorate the 60th anniversary of the founding of the Bank, in April 1995 as a regional think tank. The Institute carries out regional planning surveys on an outsourcing basis and consulting. As a “Best Partner” organization working for regional prosperity, it provides information and makes strategy proposals with the aim of becoming a “compass” providing guidelines for regional development and business operation.

Environmental Preservation Activities

"Eco Ibaraki" Charitable Trust Environmental Conservation Fund

The "Eco Ibaraki" Charitable Trust Environmental Conservation Fund was established in October 1992 with a capital of ¥100 million, by a consortium including The Nippon Fire & Marine Insurance Co., Ltd. (now Nipponkoa Insurance Co., Ltd.). The fund contributes to the development and prosperity of a greener, more livable region by subsidizing groups involved in environment protection activities within the prefecture.

Registration under the Ibaraki Eco-Business Plan

In March 2007, our nine business offices were officially approved as Ibaraki Eco-Businesses by the prefectural government. In August 2008, all 108 branches throughout the prefecture and two centers and Group companies were also registered under this program, which accredits business locations that operate in an environment-friendly way.

Our 10 offices in Fukushima also signed the "Fukushima Prefecture protocol aimed at preventing global warming."

We support this protocol as a measure against serious environmental problems such as global warming. We will continue our environmental activities in years ahead.

Regional Contributions to Environmental Conservation

As part of the Joyo Volunteer Club's activities and individual branch contributions, we participate in clean-up and recycling activities in local areas, actively working with everyone in the region to preserve the environment.

CORPORATE GOVERNANCE AND INTERNAL CONTROL SYSTEM

To ensure a greater level of trust from customers, the regional community and our shareholders, we believe it is essential that our management be efficient, sound and transparent, and firmly rooted in compliance. Constantly mindful of the importance of corporate ethics, we have established eight basic principles under which we are strengthening and expanding our corporate governance.

Corporate Governance at Joyo Bank

The Board of Directors meets twice a month in principle to exercise decision-making and supervisory functions. The Bank has a total of 12 directors, of whom two external directors appointed to strengthen supervisory functions by providing an outside perspective. Executive directors number eight excluding the Chairman of the Board and managing director (responsible for auditing duties). Major items relating to conduct of operations excluding those decided by the Board of Directors are handled by an Executive Officer Committee created as an assessment and decision-making body. Executive Officer Committee meetings are held twice a month to discuss and implement specific policies and proposals in the conduct of business.

Special committees (Compliance Committee, General Budget Committee, ALM Committee, Risk Management Committee and Sound Asset Committee) have been established to determine the major themes for management audits. Reports are compiled regarding the discussions and decisions of these committees for perusal of the Board of Directors.

In order to audit performance of duties by directors, the auditors attend important meetings such as the Board of Directors and Executive Officer Committee meetings, peruse relevant documents, and carry out business and asset status inspections, all of which are based on the auditing policies and plans outlined at Board of Corporate Auditors meetings (held once a month in principle).

With regard to internal auditing, the Corporate Audit Division (the auditing office) monitors internal management in terms of appropriateness and effectiveness of conduct, and suggests improvements when problem areas are identified. Results of the audits are regularly submitted in a report to the Board of Directors.

In addition to strengthening internal auditing, we have created a Compliance Audit Committee comprising four outside experts including lawyers and CPAs to ensure greater expert input and objectivity.

The Joyo Bank Corporate Philosophy

Corporate Social Responsibly (CSR) and Public Mission

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

Compliance

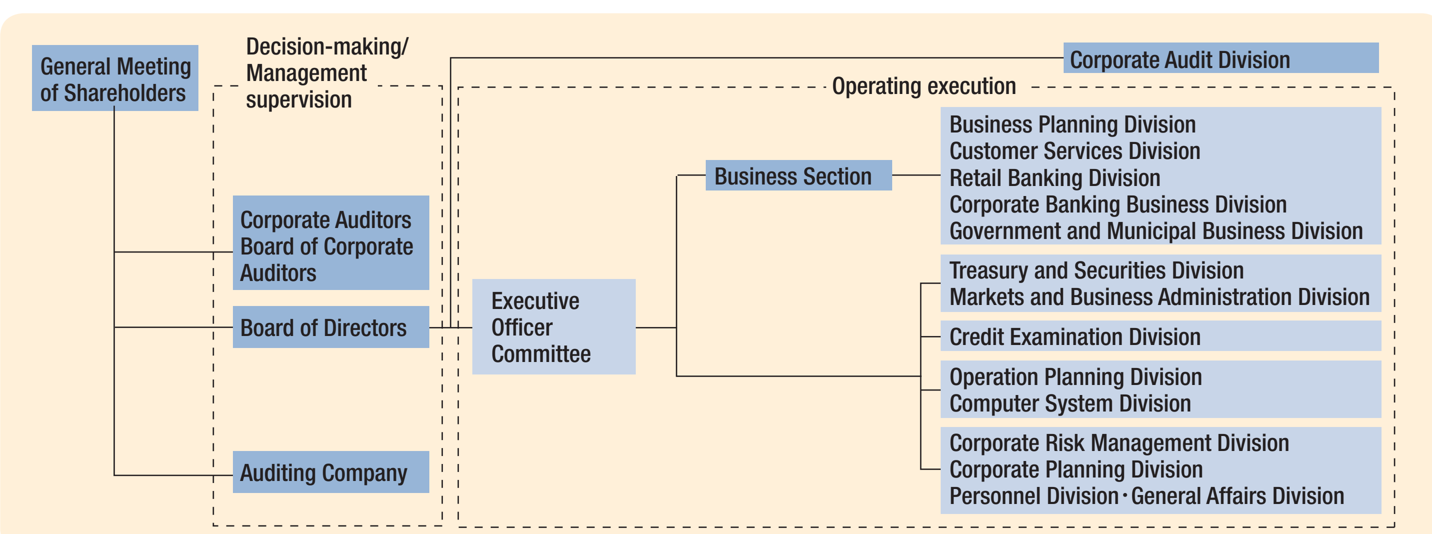
Comply with the legal and social code and execute honest and open business activities.

Fight Against Crime

Ensure that the Bank has no relationship with organized crime.

Provide Valuable Financial Services

We will contribute to the development of the region in which we operate by responding to our customers' needs and providing valuable financial



services, taking security issues into due consideration.

Relationship with the Regional Community

We will communicate openly and freely with the community where we do our business, raising our transparency through active disclosure of corporate information.

Respecting the Human Rights of our Employees

We will provide a work environment that respects individuality and protects the rights of all employees.

Environmental Initiatives

We will reduce environmental impact, and help the environment through core banking activities.

Community Contribution Activities

We are committed to contributing to the community we serve, as a good corporate citizen that marches in step with regional society.

Internal Controls and Risk Management

Compliance

Based upon our philosophy of soundness, cooperation and partnership with the home region, we attach great importance to compliance in our management. We have established a corporate ethics guideline and a code of conduct. Moreover, we have established a new set of guidelines to ensure that every director and employee complies with the law and with the Bank's Articles of Incorporation. Every company within Joyo Bank Group follows the same strict guidelines. We have put standards into place to establish a compliance system across the Group as a whole.

To ensure the best standards in compliance, we have established a Compliance Office that oversees the compliance program as defined by the Board of Directors. The Office makes regular reports to the Board. Moreover, we have established a whistleblower hotline for the entire Group, called the Compliance Hotline.

In addition to the Compliance Committee, we have appointed outside experts to form a Compliance Audit Committee, which monitors compliance issues on a regular basis.

To ensure that our internal controls perform their intended functions, our various auditing functions, which are independent from business execution departments, carry out internal audits across the Group.

We will resolutely take action to prevent transactions with criminal bodies that threaten public order and security or disrupt economic development.

Risk Management Standards and other Controls

In addition to establishing risk management standards for appropriate management of all categories of risk, it is our aim to build a comprehensive internal risk management structure to ensure a sound financial position and stable earnings in the future by creating frameworks for comprehensive understanding and control of risk. Moreover, we also have business contingency plans in place should any event disrupt our core systems, such as natural disasters or a systems failure.

The management of risk is the responsibility of various risk management departments, as set down in the in-house regulations. Comprehensive risk management is carried out by one department that oversees risk management for the entire Bank. The Board of Directors has appointed one high-ranking officer to oversee the risk management program.

We have established a Risk Management Committee to measure the extent of various risks and make decisions on risk management policies. This committee will meet regularly to ensure an accurate grasp of the situation regarding risk management issues across the Bank. The officer in charge of risk management will make regular reports to the Board of Directors on the current state of risk management and the countermeasures that the Bank is taking against risks.

System to Ensure the Effective Execution of their Duties by the Directors of Joyo Bank

We have put in place a business plan to clarify our operational targets, as well as an overall budget every year, to define specific policies.

We have determined the scope of decision-making responsibilities for each director, to achieve efficient operations.

We have established an Executive Officer Committee that consists of executive directors and executive officers to discuss important matters affecting the daily conduct of operations. We have also set up a range of committees, grouping executive directors, executive officers and division heads, who meet as and when needed.

Supporting Corporate Auditors

One able and competent staff member is assigned to assist the corporate auditors.

To ensure the independence of this assistant from the influence of the business execution departments, in case of transfer of the staff, the executive director in charge of all personnel transfers should inform the corporate auditors in advance. The corporate auditors are entitled to express their opinions and advice regarding the transfer of the staff member who has been selected for the duties.

The corporate auditors attend meetings of the Executive Officer Committee and offer their opinions on the audit process and all related matters.

The directors and employees report any and all information the corporate auditors deem necessary to complete the audit.

In order to improve the efficiency of the audit system, the corporate auditors maintain open communication channels with all headquarters departments other than the internal audit sections.

The Chairman of the Board, representative directors and accounting auditors each meet regularly with corporate auditors and exchange opinions on the issues related to the audits.

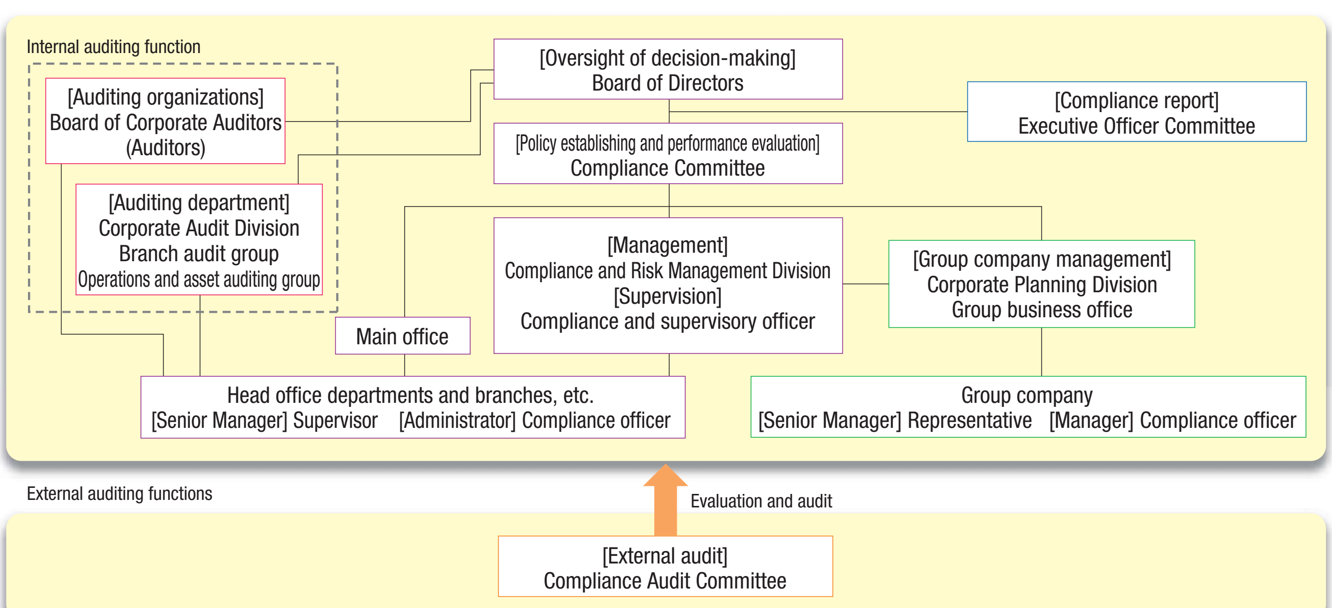
Compliance System

We place high priority on strengthening our compliance system to ensure sound banking operations, fulfill our social responsibility and public mission, and maintain the trust of customers, shareholders and other stakeholders.

We establish a compliance program each year and ensure that executives are fulfilling their roles in compliance.

We are creating a compliance system whose ultimate supervisory organ is the Board of Directors and placing dedicated compliance officers in each major division to undertake wide-ranging inspections to address how divisions are addressing legal issues.

Supplementing internal compliance activities 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 Certified Public Accountant (CPA). The Committee evaluates and audits the Bank's compliance activities. We are striving to further strengthen and improve compliance activities.



Code of Conduct

We will

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

Policy Regarding Solicitations for Financial Products

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

1. Financial product solicitation is based on tailoring products to the level of understanding, 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.

Risk Management

While the financial 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 sound operations which is one of the most vital issues facing management.

The Risk Management System

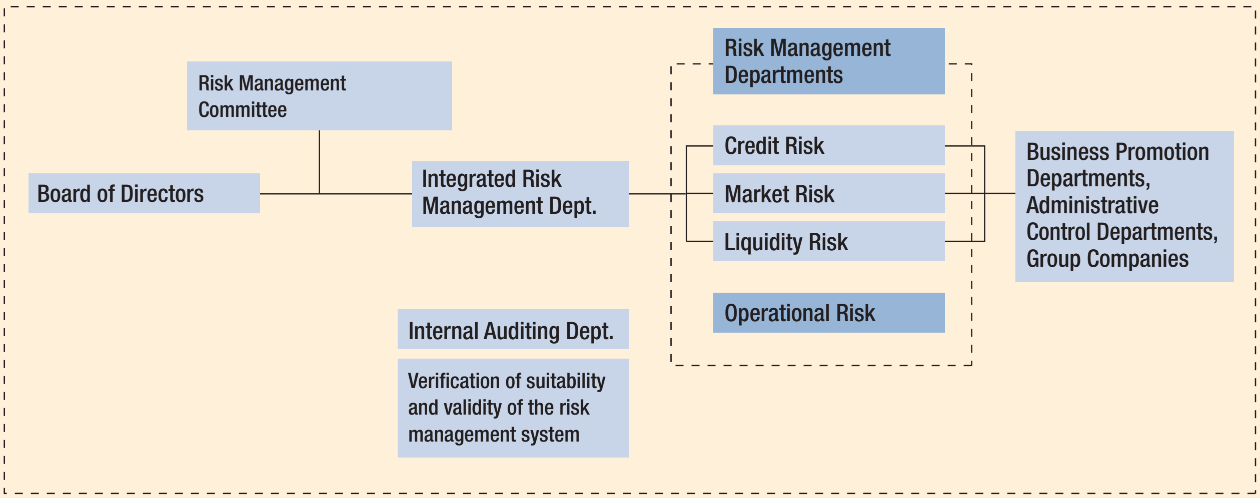
In our fundamental rules regarding risk management, we have outlined our fundamental thinking and management procedures including policies regarding risk management, organizational structure, and responsibilities.

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, 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 through the integrated risk management department and each risk management related department, thereby increasing the effectiveness of the system.

Risk Management System



Integrated Risk Management

We have adopted integrated risk management for quantitative understanding of risk using statistical methods for each category of risk, in order not only to manage individual risk categories but also to enable systematic risk management as the business of banking grows more diversified and complex.

This integrated approach enables us to manage what extent of risk amount can be permitted relative to allocated economic capital, the indicator of financial soundness, and whether or not management resources are being deployed efficiently.

Allocation of Risk Capital

In integrated risk management, levels of economic capital that may be allocated to cover the scale of permissible risk within Tier I (core capital) are determined. This is then allocated by risk type and category to control risk within the permitted parameters. In the case of major change which cannot be analyzed in terms of historical data, we use special simulations (stress testing) to verify capital adequacy levels.

- **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 improve the soundness of our assets, we undertake every effort to ensure good credit risk management.

- **Overview of Basic Policy and Procedures with Regard to Credit Risk Management**

  We have compiled management guidelines for credit risk, which serve as a basic policy for appropriate management of credit risk on individual loans and management of the credit portfolio, focusing on spreading risk as its basic tool.

- **Credit Risk Management for Individual Loans**

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

  We have created a set of basic parameters for loans, designed to speed up decision-making on loans and to ensure more rigorous risk management. We also have a system for accurately reflecting in the asset self-assessments the business performance achieved by the borrower and changes in the value of collateral.

  We have also adopted an automated scoring system for small-lot loans to unify credit screening standards and improve efficiency.

- **Internal Credit Ratings**

We have a 12-stage rating process including quantitative appraisal of data such as financial condition of our customers and cash flows. In addition to serving as the basis for asset self-assessments, ratings for customers, credit worthiness are used across the full range of credit risk management, including assessment of amount of credit risk, setting of interest rates for loans and setting of decision-making powers.

- **Asset Self-Assessment**

In asset self-assessments to evaluate the soundness of assets, a primary evaluation is carried out first, followed by a decision on credit category based on a credit rating by the individual branch concerned. Then the head office department in charge of credit screening checks this (secondary assessment), and the Corporate Audit Division audits the results of the asset self-assessment and verifies the appropriateness of procedures. Based on these results, the Bank provides appropriate reserves and writes down problem loans based on the assessments.

- **Internal credit ratings and categories of borrowers under asset self-assessment**

	Borrower ratings	Borrower category under asset self-assessment
1	1	Normal borrowers
2	2	
3	3	
4	4	
5	5	
6	6	
7	8-1	Borrowers requiring caution (Substandard loans)
8	8-2	
9	8-3	
10	9	Potentially bankrupt
11	10-1	Substantially bankrupt
12	10-2	Legally bankrupt

- **Quantification of Credit Risk Management**

The quantification of credit risk management refers to the statistical forecasting of future losses (amount of credit risk) that can be expected from the bankruptcy or deterioration of business at borrowers. Based on our customer credit ratings, we calculate credit risk for each customer in light of its soundness and other factors.

- **Loan Portfolio Management**

We treat loan assets in their entirety as a single portfolio and conduct credit risk management from a macro-perspective. Based on the quantification of credit risk, we carry out periodic monitoring to determine whether or not credit risk is concentrated in specific rating groups, sectors or corporate groups, and analyze and evaluate credit situations by rating, region and sector.

Market Risk Management

Market risk refers to fluctuation primarily in earnings caused by interest rate changes, foreign exchange rate fluctuations, and changes in the demand for funds 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 front and back office departments are separated. We have also 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.

We engage in financial derivative transactions to meet the diverse needs of our customers and hedge our own risks arising from interest fluctuations. For the risks associated with financial derivatives, in addition to conducting daily mark-to-market valuation 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 refers to the risk of losses arising from irregular procedures or employee conduct in banking operations, or inappropriate system operation or detrimental external events. The Bank divides such risk up into five categories: administrative risk, system risk, risk to tangible assets, personnel management risk, and compliance (legal) risk.

We have also established a management office for each risk category, as well as supervision of overall operational risk measures.

- **Administrative Risk**

  Administrative risk is the risk of damages due to improper administration resulting in accidents or improprieties. We have taken steps to uphold and improve the quality of our administrative operations, to ensure that customers are not inconvenienced by inappropriate administrative management and that administrative management is as error-free and prompt as possible.

  In addition to analyzing and evaluating the circumstances, causes and processes surrounding administrative mistakes, we verify the effectiveness of countermeasures after their introduction and repeat them as often as necessary to ensure that the problem is resolved. We are drawing up regulations for administrative processes, and ensuring their strict application by all staff from executives down through guidance and training. We are also verifying the effectiveness of internal audits and taking steps to preempt accidents.

- **System Risk**

  System risk is the risk of losses due to the breakdown of computer systems, erroneous computer operation, and inappropriate computer use. Measures to ensure appropriate management of such risk is based on protection of information assets and ensuring stable operation of computer systems.

Tangible Assets Risk, Human Resources Risk and Compliance (Legal) Risk

Risk to tangible assets (inadequate precautions to prevent damage from earthquakes and neglect of building management), personnel management risk relating to safety and hygiene at the workplace, and compliance risk (legality of business, illegal behavior by any executives and employees) are addressed through appropriate measures after identification and evaluation using methods to gauge risk scale and features, and the effect of risk reduction measures is later assessed.

- **Crisis Management**

  We have established a set of general emergency guidelines providing specific measures for dealing with situations such as major disasters, system failures and reputational damage, and for minimizing disruption of relations with business partners. We aim to strengthen our crisis management through continuous training and upgrading of procedures.

- **Management of Customer Information**

  In view of the importance of information retained, we drafted our “rules regarding the management of important information,” which clarify our fundamental policies regarding our information management system, conduct standards, functions 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 customer information 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 and data encryption 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.

Meeting Basel II Capital Adequacy Requirements

On March 31, 2007, the Basel II capital adequacy regulations were introduced. The new regulations have three main pillars. We take active measures to improve risk management while meeting the new requirements.

- **Pillar 1**
  Minimum capital adequacy requirements

  Under Basel II, a Japanese bank's capital adequacy must be higher than the domestic standard of 4% and the international standard of 8% after computation of risk assets (risk amount). Basel II rules increase the sophistication of credit-risk computations and bring operational risk under new regulations. On a consolidated basis, Joyo Bank maintains a high capital ratio of 13.22%, having computed risk amount using the Foundation Internal Ratings Based Approach for credit risk and the Standardized Approach for operational risk (with approval of authorities).

- **Pillar 2**
  Internal capital adequacy management and evaluation

  For significant risk including risks not covered by Pillar 1, financial institutions carry out their own assessment of capital adequacy needed for continuation of business, which is then verified by financial authorities. We create a framework for independent capital adequacy management, through a comprehensive approach to risk management.

- **Pillar 3**
  Corresponding to market rules through disclosure

  By increasing disclosure through methods such as risk volume and calculation methods, financial institutions will achieve higher levels of market discipline and enhance risk management.

Protection of Confidential Private Information

We have drawn up and made public a privacy policy as a response to the Law Concerning the Protection of Private Information, and have put in place safeguards for the protection and appropriate handling of personal data.

- **Privacy Policy**

  We work 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 protection 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.

Policy for Protection of Personal Confidential Information

We comply with all laws, ordinances and other regulations regarding confidentiality of personal information.

- **Appropriate Access**

  We acquire personal information only by appropriate and legal methods, and only when necessary for business operations. Personal information is never gathered in an inappropriate way.

- **Ban on unapproved use of personal information**

  We only use personal information inasmuch as it is necessary for achievement of business objectives, and do not use such information for any other purpose. In addition, information that is registered with credit-data organizations of which we are a member is used where appropriate for credit-related purposes.

- **Ban on provision of personal information to third parties**

  Except when prescribed by laws and ordinances, we never provide personal information to third parties without first obtaining the affected person's agreement. In addition, when personal information is entrusted to an outside organization under an outsourcing arrangement, we require that protection of personal information be contractually assured, and carries out checks.

- **Security management measures**

  We have in place appropriate security management mechanisms to ensure prevention of leakage, loss or destruction of personal data, and other measures.

- **Appropriate response to complaints**

  When customers have questions or complaints regarding our protection of personal information, we investigate these questions or complaints and deal with them appropriately and promptly, within a reasonable period of time.
- **Continuous improvement**

  The Bank has compiled regulations for ensuring strict legal compliance and protection of personal information. In addition to ensuring that these measures are familiar to all employees and other affected parties, the Bank continually upgrades them. Regular audits into acquisition, use and handling of personal information are part of our broad and thorough commitment to confidentiality.
- **Privacy Mark**

  In October 2006, the Bank was awarded Japan Information Processing Development Corporation (JIPDEC)'s "Privacy Mark" certification. We were the sixth bank or trust bank, and the first regional financial institution in the North Kanto Region, to gain this accreditation.

  Based on this accreditation, the Bank meets the "requirements for management of personal information protection" (JIS Q15001) laid down by Japanese Industrial Standards Committee and now has in place mechanisms for appropriate protection of personal information.

Financial Crime Prevention

We are fully committed to preventing crimes involving accounts held at our banks, and to protecting the financial assets of our customers. We require identification when a new account is set up or for a large-amount transaction. In addition to working to prevent inappropriate transactions, when an account is used, we will cancel transactions when considered necessary and will work hard toward crime prevention. We also have implemented measures to prevent the crimes of use of forged ATM cards and online hacking.

Consolidated Balance Sheets

THE JOYO BANK, LTD. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 2)
March 31,	**2009**	2008	**2009**
Assets			
Cash and due from banks (Note 3)	**¥ 179,030**	¥ 136,252	**$ 1,822,567**
Call loans and bills purchased	**26,729**	3,885	**272,109**
Commercial paper and other debt purchased	**54,063**	65,725	**550,379**
Trading assets (Note 5)	**9,578**	26,063	**97,509**
Money held in trust	**—**	3,281	**—**
Securities (Notes 6, 8 and 25)	**1,975,080**	2,301,379	**20,106,691**
Loans and bills discounted (Notes 7, 9 and 11)	**4,911,988**	4,635,216	**50,004,969**
Foreign exchanges	**1,316**	1,037	**13,398**
Lease receivables and lease investment assets (Note 24)	**31,742**	—	**323,146**
Other assets	**70,500**	69,531	**717,709**
Tangible fixed assets	**97,394**	122,929	**991,498**
Intangible fixed assets	**7,124**	10,500	**72,525**
Deferred tax assets (Note 14)	**57,654**	19,330	**586,931**
Customers' liabilities for acceptances and guarantees	**28,552**	28,363	**290,671**
Reserve for possible loan losses	**(36,422)**	(38,879)	**(370,785)**
Reserve for devaluation of investment securities	**(48)**	(48)	**(492)**
Total assets	**¥7,414,285**	¥7,384,570	**$75,478,831**
Liabilities and net assets			
Liabilities:			
Deposits (Notes 8 and 15)	**¥6,646,813**	¥6,385,531	**$67,665,817**
Call money and bills sold (Note 19)	**111,947**	162,682	**1,139,646**
Payables under securities lending transactions (Note 8)	**73,649**	166,230	**749,767**
Trading liabilities (Note 16)	**270**	203	**2,749**
Borrowed money (Note 10)	**80,885**	71,445	**823,424**
Foreign exchanges	**185**	303	**1,886**
Bonds (Note 12)	**15,000**	15,000	**152,702**
Due to trust account	**14**	17	**146**
Other liabilities	**57,282**	98,483	**583,148**
Reserve for employees' retirement benefits (Note 13)	**4,219**	4,173	**42,956**
Reserve for directors' retirement benefits	**742**	650	**7,556**
Reserve for reimbursement of dormant deposits	**1,333**	1,223	**13,577**
Reserve for frequent users services	**102**	160	**1,039**
Reserve for losses on interest refunded	**8**	8	**91**
Reserve for other contingent losses	**1,623**	1,093	**16,532**
Reserves under the special laws	**0**	—	**5**
Deferred tax liabilities for land revaluation (Notes 3 and 14)	**14,007**	14,061	**142,598**
Negative goodwill	**2,765**	2,923	**28,153**
Acceptances and guarantees	**28,552**	28,363	**290,671**
Total liabilities	**7,039,404**	6,952,553	**71,662,470**
Net assets:			
Common stock	**85,113**	85,113	**866,467**
Capital surplus	**58,574**	58,574	**596,294**
Retained earnings	**254,154**	255,255	**2,587,337**
Treasury stock	**(26,804)**	(21,671)	**(272,876)**
Total shareholders' equity	**371,036**	377,271	**3,777,222**
Unrealized (losses) gains on available-for-sale securities	**(6,397)**	43,833	**(65,124)**
Deferred losses on hedging instruments, net of taxes	**(1,868)**	(1,130)	**(19,016)**
Land revaluation excess, net of taxes (Notes 3 and 14)	**10,739**	10,819	**109,333**
Total valuation and translation adjustments	**2,474**	53,521	**25,192**
Minority interests	**1,369**	1,222	**13,945**
Total net assets	**374,881**	432,016	**3,816,360**
Total liabilities and net assets	**¥7,414,285**	¥7,384,570	**$75,478,831**

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Income

THE JOYO BANK, LTD. and Consolidated Subsidiaries

Years ended March 31,	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 2) 2009
Income:			
Interest and dividend income:			
Interest on loans and discounts	¥ 97,453	¥ 95,888	$ 992,100
Interest and dividends on securities	31,371	46,606	319,365
Other interest income	1,418	2,563	14,436
Fees and commissions	23,216	25,294	236,351
Trading income (Note 18)	580	474	5,911
Other operating income	3,914	23,148	39,853
Other income (Note 20)	37,862	35,102	385,442
Total income	195,817	229,078	1,993,461
Expenses:			
Interest expenses:			
Interest on deposits	16,502	17,174	167,994
Interest on borrowings and rediscounts (Note 19)	3,428	8,658	34,905
Other interest expenses	5,206	11,915	53,003
Fees and commissions	6,806	6,998	69,295
Other operating expenses	42,631	47,258	433,998
General and administrative expenses	74,589	71,903	759,331
Other expenses (Note 21)	43,772	38,999	445,614
Total expenses	192,937	202,909	1,964,144
Income before income taxes and minority interests	2,879	26,169	29,317
Income taxes:			
Current	2,725	13,331	27,747
Deferred (Note 14)	(5,177)	(1,218)	(52,705)
Minority interests in net income of consolidated subsidiaries	153	131	1,558
Net income	¥ 5,178	¥ 13,924	$ 52,717
Net income per share (in yen and dollars)	¥ 6.62	¥ 17.55	$ 0.06

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Net Assets

THE JOYO BANK, LTD. and Consolidated Subsidiaries

Years ended March 31,	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 2) 2009
Shareholders' equity			
Common stock			
Balance at end of the previous year	**¥ 85,113**	¥ 85,113	**$ 866,467**
Changes during the year	**—**	—	**—**
Balance at end of the current year	**¥ 85,113**	¥ 85,113	**$ 866,467**
Capital surplus			
Balance at end of the previous year	**¥ 58,574**	¥ 58,574	**$ 596,294**
Changes during the year:			
Disposal of treasury stock	**—**	0	**—**
Retirement of treasury stock	**—**	0	**—**
Total changes during the year	**—**	—	**—**
Balance at end of the current year	**¥ 58,574**	¥ 58,574	**$ 596,294**
Retained earnings			
Balance at end of the previous year	**¥255,255**	¥256,069	**$2,598,552**
Changes during the year:			
Cash dividends	**(6,262)**	(5,970)	**(63,752)**
Net income	**5,178**	13,924	**52,717**
Disposal of treasury stock	**(96)**	—	**(987)**
Retirement of treasury stock	**—**	(8,901)	**—**
Transfer from land revaluation excess	**79**	134	**806**
Total changes during the year	**(1,101)**	(813)	**(11,215)**
Balance at end of the current year	**¥254,154**	¥255,255	**$2,587,337**
Treasury stock			
Balance at end of the previous year	**¥ (21,671)**	¥ (21,174)	**$ (220,616)**
Changes during the year:			
Purchase of treasury stock	**(5,602)**	(9,482)	**(57,031)**
Disposal of treasury stock	**468**	83	**4,771**
Retirement of treasury stock	**—**	8,901	**—**
Total changes during the year	**(5,133)**	(496)	**(52,260)**
Balance at end of the current year	**¥ (26,804)**	¥ (21,671)	**$ (272,876)**
Total shareholders' equity			
Balance at end of the previous year	**¥377,271**	¥378,581	**$3,840,698**
Changes during the year:			
Cash dividends	**(6,262)**	(5,970)	**(63,752)**
Net income	**5,178**	13,924	**52,717**
Purchase of treasury stock	**(5,602)**	(9,482)	**(57,031)**
Disposal of treasury stock	**371**	84	**3,783**
Transfer from land revaluation excess	**79**	134	**806**
Total changes during the year	**(6,235)**	(1,309)	**(63,475)**
Balance at end of the current year	**¥371,036**	¥377,271	**$3,777,222**

Years ended March 31,	Millions of yen 2009	2008	Thousands of U.S. dollars (Note 2) 2009
Valuation and translation adjustments			
Unrealized (losses) gains on available-for-sale securities			
Balance at end of the previous year	**¥ 43,833**	¥128,938	**$ 446,235**
Changes during the year:			
Net changes in items other than shareholders' equity	**(50,230)**	(85,104)	**(511,360)**
Total changes during the year	**(50,230)**	(85,104)	**(511,360)**
Balance at end of the current year	**¥ (6,397)**	¥ 43,833	**$ (65,124)**
Deferred losses on hedging instruments, net of taxes			
Balance at end of the previous year	**¥ (1,130)**	¥ (791)	**$ (11,512)**
Changes during the year:			
Net changes in items other than shareholders' equity	**(737)**	(339)	**(7,503)**
Total changes during the year	**(737)**	(339)	**(7,503)**
Balance at end of the current year	**¥ (1,868)**	¥ (1,130)	**$ (19,016)**
Land revaluation excess, net of taxes			
Balance at end of the previous year	**¥ 10,819**	¥ 10,953	**$ 110,140**
Changes during the year:			
Net changes in items other than shareholders' equity	**(79)**	(134)	**(806)**
Total changes during the year	**(79)**	(134)	**(806)**
Balance at end of the current year	**¥ 10,739**	¥ 10,819	**$ 109,333**
Total valuation and translation adjustments			
Balance at end of the previous year	**¥ 53,521**	¥139,100	**$ 544,863**
Changes during the year:			
Net changes in items other than shareholders' equity	**(51,047)**	(85,578)	**(519,670)**
Total changes during the year	**(51,047)**	(85,578)	**(519,670)**
Balance at end of the current year	**¥ 2,474**	¥ 53,521	**$ 25,192**
Minority interests			
Balance at end of the previous year	**¥ 1,222**	¥ 1,128	**$12,445**
Changes during the year:			
Net changes in items other than shareholders' equity	**147**	94	**1,500**
Total changes during the year	**147**	94	**1,500**
Balance at end of the current year	**¥ 1,369**	¥ 1,222	**$ 13,945**
Total net assets			
Balance at end of the previous year	**¥432,016**	¥518,810	**$4,398,007**
Changes during the year:			
Cash dividends	**(6,262)**	(5,970)	**(63,752)**
Net income	**5,178**	13,924	**52,717**
Purchase of treasury stock	**(5,602)**	(9,482)	**(57,031)**
Disposal of treasury stock	**371**	84	**3,783**
Transfer from land revaluation excess	**79**	134	**806**
Net changes in items other than shareholders' equity	**(50,899)**	(85,484)	**(518,170)**
Total changes during the year	**(57,135)**	(86,793)	**(581,646)**
Balance at end of the current year	**¥374,881**	¥432,016	**$3,816,360**

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

THE JOYO BANK, LTD. and Consolidated Subsidiaries

Years ended March 31,	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 2) 2009
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 2,879	¥ 26,169	$ 29,317
Depreciation	5,129	17,242	52,220
Impairment losses	23	115	239
Amortization of negative goodwill	(158)	(181)	(1,608)
Net decrease in reserve for possible loan losses	(2,457)	(4,868)	(25,015)
Net decrease in reserve for devaluation of investment securities	(0)	(25)	(4)
Net increase in reserve for directors' retirement benefits	92	650	938
Net increase in reserve for reimbursement of dormant deposits	110	1,223	1,121
Net (decrease) increase in reserve for frequent users services	(58)	160	(596)
Net increase in reserve for other contingent losses	530	541	5,404
Net increase in reserve for losses on interest refunded	0	3	6
Net decrease in reserve for bonuses to directors and corporate auditors	—	(50)	—
Net increase (decrease) in reserve for employees' retirement benefits	45	(1,112)	467
Interest and dividend income	(132,976)	(147,803)	(1,353,730)
Interest expenses	25,137	37,749	255,903
Net losses related to securities transactions	33,926	17,553	345,373
Net losses (gains) on money held in trust	54	(9)	550
Foreign exchange losses, net	23,225	35,953	236,439
Losses on disposal of tangible fixed assets	689	365	7,016
Net decrease in trading assets	16,485	3,106	167,827
Net increase in trading liabilities	66	114	676
Net decrease in lease investment assets	484	—	4,931
Net increase in loans and bills discounted	(276,771)	(232,636)	(2,817,587)
Net increase in deposits	207,332	66,891	2,110,685
Net increase in negotiable certificates of deposit	53,949	9,020	549,216
Net increase in borrowed money excluding subordinated borrowings	9,440	3,895	96,100
Net (increase) decrease in due from banks excluding cash equivalents	(2,953)	1,407	(30,062)
Net (increase) decrease in call loans and others	(11,181)	19,167	(113,832)
Net (decrease) increase in call money and bills sold	(50,735)	54,235	(516,493)
Net decrease in payables under securities lending transactions	(92,580)	(37,023)	(942,486)
Net increase in foreign exchange (assets)	(278)	(53)	(2,833)
Net decrease in foreign exchange (liabilities)	(118)	(46)	(1,203)
Net (decrease) increase in due to trust account	(2)	1	(29)
Interest and dividends received	133,648	150,314	1,360,567
Interest paid	(24,271)	(34,773)	(247,088)
Others, net	(21,651)	(19,448)	(220,418)
Subtotal	(102,943)	(32,153)	(1,047,987)
Income taxes paid	(9,993)	(23,634)	(101,738)
Net cash used in operating activities	(112,937)	(55,787)	(1,149,725)
Cash flows from investing activities:			
Purchases of securities	(530,475)	(1,567,160)	(5,400,339)
Proceeds from sale of securities	380,243	1,388,788	3,870,946
Proceeds from redemption of securities	320,424	273,855	3,261,983
Increase in money held in trust	(25,000)	(1,500)	(254,504)
Decrease in money held in trust	28,500	—	290,135
Purchases of tangible fixed assets	(9,386)	(18,669)	(95,561)
Proceeds from sales of tangible fixed assets	190	217	1,938
Purchases of intangible fixed assets	(224)	—	(2,284)
Net cash provided by investing activities	164,271	75,531	1,672,314
Cash flows from financing activities:			
Repayment of subordinated debt	—	(7,000)	—
Cash dividends paid	(6,262)	(5,970)	(63,752)
Cash dividends paid to minority interests	(0)	(0)	(2)
Purchases of treasury stock	(5,602)	(9,482)	(57,031)
Proceeds from sales of treasury stock	371	84	3,783
Net cash used in financing activities	(11,493)	(22,368)	(117,002)
Translation adjustment for cash and cash equivalents	(15)	(29)	(158)
Net increase (decrease) in cash and cash equivalents	39,825	(2,653)	405,426
Cash and cash equivalents at beginning of year	113,725	116,379	1,157,749
Cash and cash equivalents at end of year (Note 3)	¥153,550	¥ 113,725	$1,563,176

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

THE JOYO BANK, LTD. and Consolidated Subsidiaries

1. Basis of Preparation

The accompanying consolidated financial statements of The Joyo Bank, Ltd. (the "Bank") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Bank as required by the Financial Instruments and Exchange Act of Japan.

For the convenience of readers outside Japan, certain items presented in the original consolidated financial statements have been reclassified and rearranged.

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 Financial Instruments and Exchange Act of Japan, 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 ¥98.23 = US$1.00, the exchange rate prevailing on March 31, 2009.

3. Significant Accounting Policies

(a) Consolidation

The accompanying consolidated financial statements include the accounts of the Bank and nine significant subsidiaries. In the fiscal year ended March 31, 2009, data for Joyo Staff Service Co., Ltd. is omitted due to the completion of liquidation of the company.

Joyo Series.1 Investment Limited Partnership was excluded from the scope of consolidation because its assets, ordinary income, net income and retained earnings have no material impact on the Bank's financial position and results of operations.

All significant intercompany transactions have been eliminated in consolidation. Assets and liabilities held by consolidated subsidiaries are stated at fair value at a time 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.

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

(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 income or trading expenses in the consolidated statements of income.

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.

Trading income or trading expenses include interest received or paid during the fiscal year. The year-on-year valuation differences of securities and monetary claims are also recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, the year-on-year valuation differences are also recorded in the above-mentioned accounts.

(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. Equity shares and investment trusts listed on Japanese markets are stated at fair value based on their average market prices over the month prior to the balance sheet date. (Acquisition cost is basically calculated by the moving-average cost method.) Other listed securities are stated at fair value based on the market prices prevailing on the balance sheet date. (Acquisition cost is basically calculated by the moving-average cost method.) Other available-for-sale securities for 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) has been reported as a component of net assets.

(e) Derivatives

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

(f) Depreciation of tangible fixed assets

Depreciation of tangible fixed assets 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
Other: 3~20 years

Depreciation of tangible fixed assets 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 intangible fixed assets is calculated using the straight-line method. Software for internal use is depreciated using the straight-line method over its estimated useful life (mainly 5 years).

(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 ¥44,962 million and ¥39,953 million as of March 31, 2009 and 2008, 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 retirement benefits of the Bank and its 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 is 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 a ten-year period commencing with the following year, which is shorter than the average remaining service period of the eligible employees.

(j) Reserve directors' retirement benefits

Reserve is made for the payments of retirement allowances to directors and auditors of the Bank based on an estimate of the amount attributable for the term.

(k) Reserve for reimbursement of dormant deposits

Reserve for reimbursement of dormant deposits which were derecognized as liabilities under certain conditions is provided for possible losses on the future claims of withdrawal based on the historical repayment experience.

(l) Reserve for frequent users services

Reserve for frequent users services, which is provided to meet future use of credits granted to credit card customers, is recorded in the amount deemed necessary based on the estimated future use of unused credits. This program applies to cards issued by the Bank and one of its subsidiaries.

(m) Reserve for losses on interest refunded

One consolidated subsidiary provides a provision for losses on interest refunded in an amount deemed necessary based on estimated amounts to be refunded, taking into account historical records of interest refunded on the portion of loans whose interest rates exceeded the maximum interest rate stipulated by the Interest Limitation Law.

(n) Reserve for contingent losses

The Bank makes reserve for possible losses on loans guaranteed by the credit guarantee corporations in an amount deemed necessary based on estimated losses in the future, calculated using historical default rates after exclusion of contingent losses covered by reserves.

(o) Reserves under special laws

The reserve under the special laws is a reserve for contingent liabilities and provided for compensation for losses from securities-related transactions or derivative transactions, pursuant to Article 46-5-1 of the Financial Instruments and Exchange Act and Article 175 of the related cabinet order.

(p) Goodwill

Goodwill is amortized using the straight-line method over 20 years.

(q) Land revaluation excess

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 net assets net of the applicable income taxes as land revaluation excess, net of taxes.

The difference between the revalued carrying amount and the fair value of premises revalued pursuant to Article 10 of the Law were ¥24,031 million and ¥25,494 million as of March 31, 2009 and 2008, respectively.

(r) Leases

As for finance lease transactions that do not transfer ownership of the leased property and which commenced prior to April 1, 2008, their treatment was as follows.

As lessee

Using the same method applied to ordinary operating lease transactions.

As lessor

In line with the stipulations of Article 81 of the Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16, issued on March 30, 2007), book value (after deduction of accumulated depreciation) of lease assets included in tangible fixed assets and intangible assets as of the previous balance sheet date (March 31, 2008) was recorded as the initial balance of "Lease receivables and lease investment assets." Income before income taxes and minority interests would have increased by ¥1,263 million upon application of Article 80 of the Guidance.

(s) 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 with the changes in interest rates, by 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 hedging 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 hedge instrument.

Deferred hedge losses under macro hedge stood at ¥73 million and ¥959 million at March 31, 2009 and 2008, 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, with that of the hedging instruments.

(t) Consumption tax

Consumption tax is excluded from transactions reported by the Bank and its consolidated subsidiaries. However, non-deductible consumption tax on tangible fixed assets is charged to income as incurred.

(u) Earnings per share

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

(v) 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,	**2009**	2008
Cash and due from banks	**¥179,030**	¥136,252
Deposits with banks other than the Bank of Japan	**(25,479)**	(22,526)
Cash and cash equivalents	**¥153,550**	¥113,725

4. Application of New Accounting Standards

Accounting standards for lease transactions

Finance lease transactions in which there is no transfer of ownership were formerly accounted for as operating leases. However, for financial statements relating to periods commencing on or after April 1, 2008, it is mandatory to apply the Accounting Standard for Lease Transactions (ASBJ Statement No. 13, issued on March 30, 2007) and the Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16, issued on March 30, 2007). Accordingly, they are accounted for as finance leases.

As a result of this change, the total value of lease assets and lease investment assets increased by ¥31,742 million compared with application of the previous standards, "other tangible fixed assets" decreased by ¥29,508 million, and "other intangible assets: decreased by ¥2,234 million. Operating expenses decreased by ¥61 million while net ordinary income and income before income taxes and minority interests increased by ¥61 million.

Valuation of securities

Formerly, the term-end market price of Japanese equities and Japanese investment trusts with market prices that fall within the category of "available-for-sale securities" has been calculated on the basis of market prices on the balance sheet date. However, in view of the sharp daily fluctuations in Japanese stock prices and the likelihood of this situation continuing, we decided, with effect from the year ended March 31, 2009, to apply the average price for the one-month period immediately prior to the balance sheet date as the market prices for Japanese equities and investment trusts (within the category of "available-for-sale securities") that are held for medium-to-long-term investment purposes.

As a result of this change, by comparison with the application of the previous accounting standard, "Securities" decreased by ¥3,317 million, and "Unrealized losses (gains) on available-for-sale securities" by ¥1,558 million, while deferred tax assets increased by ¥941 million. "Other operating expenses" for the reporting period increased by ¥817 million, while ordinary income and income before income taxes and minority interests decreased by ¥817 million.

Changes in method of valuation of fair value of available-for-sale securities

Regarding the fair value of Japanese Government Bonds (JGBs) with variable interest rates. In this consolidated balance sheets, Japanese Government Bonds, (JGBs) with variable interest rates has hitherto stated at fair value calculated by reference to current market price. In the case of securities where the asking price of buyer and seller diverges markedly, and where it is judged that the current market prices cannot be regarded as the fair value, with effect from the reporting fiscal year the Bank has adopted a policy of estimation based on a "theoretical price," as explained below.

As a result of this change, by comparison with the previous system in which the value as stated in the consolidated balance sheets is calculated using the current market value, the value of “securities” rose by ¥9,497 million, while deferred tax assets declined by ¥3,829 million, and the net unrealized losses (gains) on “available-for-sale securities” increased by ¥5,668 million.

The “theoretical price” used to estimate the value of variable-interest JGBs employs estimations of present value of future cash flows, which is obtained using the yield on JGBs as well as the price of zero-floor options as predicted by the Black-Scholes option model, and the discount rate based on the yield. The principal variables used in determining the JGB price are the JGB yield and the implied volatility of swaptions.

With respect to credit investments in securitization products, we had previously applied as fair value the valuations obtained from brokers and bid price providers based on our determination that such valuations constitute reasonably calculated prices that can be used as a proxy for market prices. Given the current situation in which the volume of actual transactions is extremely limited and there exists a considerable gap between the offers and bids of sellers and buyers, we determined that valuations obtained from brokers and bid price providers cannot be employed for the estimation of fair value amounts, and have decided to adopt theoretical prices based on reasonable estimates made by our management as fair value.

As a result, securities increased by ¥4,018 million, net unrealized losses (gains) on available-for-sale securities, net of taxes increased by ¥15 million, and deferred tax assets declined by ¥10 million. In addition, other operating expenses decreased by ¥3,993 million, and net ordinary income and income before income taxes and minority interests increased by ¥3,993 million.

The subject securities mainly consisted of collateralized loan obligations (other than those subject to impairment accounting) that the Bank intends to hold over a long period, of which previous credit ratings given by outside rating agencies were maintained and the collateral assets remained sound.

The book value amount was reasonably calculated based on the theoretical prices mentioned above. In deriving theoretical prices based on the reasonable estimates made by our management (as mentioned above), we used the Discounted Cash Flow Method. The variables used in the pricing include default rates, recovery rates, pre-payment rates and discount rates.

5. Trading Assets

	Millions of yen	
March 31,	**2009**	2008
Trading securities	**¥2,106**	¥ 2,685
Trading securities-related financial derivatives	**1**	—
Trading-related financial derivatives	**476**	397
Other trading assets	**6,994**	22,981
Total	**¥9,578**	¥26,063

6. Securities

	Millions of yen	
March 31,	**2009**	2008
Japanese government bonds	**¥ 788,617**	¥ 877,653
Japanese local government bonds	**397,326**	375,864
Corporate bonds	**400,381**	393,882
Corporate stocks	**145,653**	216,013
Other securities	**243,102**	437,964
Total	**¥1,975,080**	¥2,301,379

Notes: 1. Securities include ¥31 million and ¥24 million of investments in nonconsolidated subsidiaries as of March 31, 2009 and 2008, respectively.

2. Corporate bonds include ¥21,766 million and ¥22,460 million of guarantee obligations for privately placed bonds (under Article 2-3 of the Financial Instruments and Exchange Act) as of March 31, 2009 and 2008, respectively.

7. Bills Discounted

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. The Bank has the 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, 2009 and 2008 totaled ¥33,744 million and ¥42,959 million, respectively.

8. Pledged Assets

Assets pledged as collateral at March 31, 2009 and 2008 were as follows:

	Millions of yen	
March 31,	**2009**	2008
Pledged assets:		
Securities	**¥310,042**	¥359,337
Liabilities covered by pledged assets:		
Deposits	**21,850**	31,065
Call money	**35,000**	—
Payables under securities lending transactions	**73,649**	166,230
Borrowed money	**10,000**	—

In addition to the above, securities amounting to ¥100,091 million and ¥108,050 million at book value were pledged as collateral in connection with bank transfer settlements and futures transactions as of March 31, 2009 and 2008, respectively.

One consolidated subsidiary had pledged its lease receivables amounting to ¥5,000 million and ¥6,048 million as collateral for borrowed money of ¥4,235 million and ¥4,695 million as of March 31, 2009 and 2008, respectively.

Lease deposits as of March 31, 2009 and 2008 of ¥1,432 million and ¥1,452 million, respectively, have been included in other assets. Initial margins on futures transactions as of March 31, 2009 and 2008 of ¥160 million, respectively, have been included in other assets.

9. 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 ¥1,441,272 million and ¥1,386,616 million at March 31, 2009 and 2008, respectively. Of this amount, facilities/contracts which expires within one year or which are unconditionally cancelable at any time, totaled ¥1,300,738 million and ¥1,292,252 million at March 31, 2009 and 2008, 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.

10. Borrowed Money

Borrowed money at March 31, 2009 and 2008 included subordinated debt of ¥35,000 million, respectively.

Borrowed money at March 2009 and 2008 consisted of the following:

Description	Millions of yen		%	Due
	2009	2008	Average interest rate	
Bills rediscounted	**¥ —**	¥ —	—	—
Other borrowings	**80,885**	71,445	1.44	April 2008 - February 2018

Notes: 1. Average interest rate represents the weight average interest rate based on the balances and rates at respective year-end.

2. The repayment schedule within five years on borrowed money at March 31, 2009 was as follows:

	Millions of yen
Within 1 year	¥14,020
After 1 year through 2 years	21,140
After 2 years through 3 years	875
After 3 years through 4 years	490
After 4 years through 5 years	240

11. 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, 2009 and 2008 included the following non-performing loans:

	Millions of yen	
March 31,	**2009**	2008
Loans in bankruptcy and dishonored bills	**¥ 9,171**	¥ 7,453
Delinquent loans	**96,420**	97,107
Loans past due with respect to interest payments for more than 3 months	**2,437**	1,436
Restructured loans	**16,474**	51,324
Total	**¥124,504**	¥157,321

Notes: 1. Loans in bankruptcy and dishonored bills refers to loans (excluding charged-off amounts) stipulated in Article 96, Paragraph 1, Item 3 (a) to (e) or Item 4 of the Enforcement Regulation to Corporation Tax Act (1965 Enforcement Regulation No. 97) to which accrued interest receivables are not recognized as accruals for accounting purposes as no repayment of principal or payment of interest has been made for a considerable period.
Delinquent loans refers to loans with respect to which accrued interest receivables are not recognized as accruals for accounting purposes, excluding loans falling into the category of restructured loans.
Loans past due with respect to interest payments for more than 3 months refers to loans with respect to which repayment of principal or payment of interest are past due three months or more, excluding loans falling into the categories of loans in bankruptcy and dishonored bills or delinquent loans.
Restructured loans refers to loans to borrowers to whom financial support is given in the form of reduction in interest, waiver of repayment of the principal or payment of interest, or debt forgiveness with the aim of corporate rehabilitation, excluding loans falling into loan categories mentioned above.

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

12. Bonds

Bonds at March 31, 2009 and 2008 consisted of the following:

Issuer	Description	Date of issue	Millions of yen		%	Collateral	Due
			2009	2008	Interest rate		
The Joyo Bank, Ltd.	1st Unsecured Straight Bonds	May 24, 2000	**¥10,000**	¥10,000	2.02	—	May 24, 2010
The Joyo Bank, Ltd.	2nd Unsecured Straight Bonds	May 24, 2000	**5,000**	5,000	2.64	—	May 22, 2020
Total			**¥15,000**	¥15,000			

The redemption schedule within five years on bonds at March 31, 2009 was as follows:

	Millions of yen
Within 1 year	¥ —
After 1 year through 2 years	10,000
After 2 years through 3 years	—
After 3 years through 4 years	—
After 4 years through 5 years	—

13. 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 an employees' retirement benefit trust. As of the end of March 31, 2009, the Bank and nine consolidated subsidiaries have lump-sum severance payment systems for employees. The Bank and its consolidated subsidiaries have jointly established a fund under a defined benefit pension plan.

(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, 2009 and 2008:

March 31,	Millions of yen 2009	2008
Retirement benefit obligation	**¥(61,515)**	¥(61,331)
Fair value of plan assets	**42,343**	54,168
Funded status	**(19,171)**	(7,162)
Unrecognized net retirement benefit obligation at transition	**—**	—
Unrecognized actuarial loss	**21,327**	8,787
Unrecognized prior service cost	**565**	664
Net retirement benefit obligation	**2,721**	2,288
Prepaid pension cost	**6,940**	6,462
Reserve for employees' retirement benefits	**¥ (4,219)**	¥ (4,173)

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) Cost for retirement benefits of the Bank and its consolidated subsidiaries included the following components for the years ended March 31, 2009 and 2008:

Years ended March 31,	Millions of yen 2009	2008
Service cost	**¥1,907**	¥1,913
Interest cost	**1,044**	1,036
Expected return on plan assets	**(785)**	(878)
Amortization:		
Amortization of prior service cost	**98**	98
Amortization of unrecognized actuarial (gain) loss	**1,419**	(1)
Total retirement benefit cost	**¥3,684**	¥2,168

Note: Retirement benefit cost of consolidated subsidiaries which is calculated by a simplified method has 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, 2009 and 2008 were as follows:

Years ended March 31,	2009	2008
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**3.0%**	3.5%
Periodical allocation of estimated retirement benefits	Straight-line method	
Amortization period of prior service cost	**10 years**	10 years
Amortization period of actuarial gain/loss	**10 years**	10 years

14. Deferred Tax Assets

March 31,	Millions of yen 2009	2008
Deferred tax assets:		
Reserve for possible loan losses	**¥27,868**	¥27,767
Reserve for retirement benefits	**8,320**	8,497
Devaluation of securities	**13,939**	9,486
Depreciation	**3,996**	4,041
Reserve for employee bonuses	**978**	1,186
Net operating loss carry forwards	**455**	496
Reserve for directors' retirement benefits	**297**	—
Reserve for reimbursement of dormant deposits	**537**	—
Unrealized gain on available-for-sale securities	**6,279**	—
Others	**13,093**	13,101
Valuation allowance	**(8,211)**	(8,809)
Total	**¥67,556**	¥55,767
Deferred tax liabilities:		
Unrealized gain on available-for-sale securities	**¥ —**	¥(26,427)
Retirement benefit trust	**(9,495)**	(9,495)
Reversal of reserve for possible loan losses after elimination of intercompany balances	**(36)**	(16)
Others	**(369)**	(497)
Total	**(9,902)**	(36,437)
Net deferred tax assets (liabilities)	**¥57,654**	¥ 19,330

The effective tax rate reflected in the consolidated statements of income for the year ended March 31, 2009 and 2008 differs from the statutory tax rate for the following reasons:

	2009	2008
Statutory tax rate	**40.32%**	40.32%
Provision for accrued income taxes in previous terms	**(75.90)%**	—
Valuation allowances	**(20.78)%**	9.21%
Dividends exempted for income tax purposes	**(26.08)%**	(3.45)%
Other	**(2.69)%**	0.21%
Effective tax rate	**(85.13)%**	46.29%

15. Deposits

March 31,	Millions of yen 2009	2008
Current deposits	**¥3,642,117**	¥3,548,007
Time deposits	**2,768,973**	2,646,328
Negotiable certificates of deposit	**99,360**	45,411
Others	**136,361**	145,783
Total	**¥6,646,813**	¥6,385,531

16. Trading Liabilities

March 31,	Millions of yen 2009	2008
Trading securities–related financial derivatives	**¥ —**	¥ 5
Trading-related financial derivatives	**270**	198
Total	**¥270**	¥203

17. 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 new Corporation Act of Japan (the "Act"), which superseded most of the provisions of the Commercial Code of Japan, went into effect on May 1, 2006. The Act provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

Under the Act, upon the issuance and sale of new shares of common stock, the entire amount of the proceeds is required to be accounted for as common stock, although a company may, by resolution of the Board of Directors, account for an amount not exceeding one-half of the proceeds of the sale of new shares as capital surplus.

18. Trading Income

	Millions of yen	
Years ended March 31,	**2009**	2008
Revenue from trading securities	**¥247**	¥187
Revenue from trading-related financial derivatives	**104**	116
Other trading revenue	**228**	170
Total	**¥580**	¥474

19. Interest on Borrowings and Rediscounts

	Millions of yen	
Years ended March 31,	**2009**	2008
Call money and bills sold	**¥1,651**	¥6,096
Securities lending transactions	**791**	1,597
Borrowings	**985**	964
Total	**¥3,428**	¥8,658

20. Other Income

	Millions of yen	
Years ended March 31,	**2009**	2008
Other ordinary income	**¥35,438**	¥32,816
Gain on disposal of tangible fixed assets	**47**	8
Gains on collection of loan assets	**2,357**	2,277
Reversal of reserve for possible loan losses	**18**	—
Total	**¥37,862**	¥35,102

21. Other Expenses

	Millions of yen	
Years ended March 31,	**2009**	2008
Losses on disposal of tangible fixed assets	**¥ 736**	¥ 373
Losses on impairment	**23**	115
Write-offs of claims	**13,500**	12,143
Write down of equity shares	**6,187**	322
Losses on sale of claims	**478**	206
Provision for reserve for directors' retirement benefits	**—**	692
Provision for reserve for repayment for prescribed deposits	**—**	1,094
Provision for reserve for frequent users services	**—**	94
Others	**22,848**	23,960
Total	**¥43,772**	¥38,999

Impairment losses were recorded in an aggregate amount deemed irrecoverable on idle assets, primarily located in Ibaraki Prefecture.

Impairment losses recognized on a consolidated basis for the fiscal year ended March 31, 2009 and 2008 can be broken down into the two categories of losses on land holdings in the amount of ¥20 million and ¥113 million, respectively, and losses on buildings in the amount of ¥3 million and ¥1 million, respectively.

The recoverable amounts used for the measurement of such impairment losses are net sales prices, which are calculated on the basis of appraisal values after deduction of the estimated cost of disposal.

22. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation on tangible fixed assets, amounted to ¥103,618 million and ¥147,029 million, respectively.

23. Segment Information

(a) Business segment information

Segment information by type of business for the years ended March 31, 2009 and 2008 are summarized as follows:

	Millions of yen					
Year ended March 31, **2009**	Banking operations	Leasing	Other	Total	Eliminations	Consolidated
Ordinary income:						
Ordinary income from external customers	¥ 172,093	¥16,774	¥ 4,525	¥ 193,394	¥ —	¥ 193,394
Ordinary income from internal transactions	845	1,753	5,231	7,830	(7,830)	—
Total	172,939	18,528	9,756	201,224	(7,830)	193,394
Ordinary expenses	171,501	18,210	9,477	199,189	(7,791)	191,398
Ordinary income, net	¥ 1,437	¥ 317	¥ 279	¥ 2,034	¥ (39)	¥ 1,995
Assets	¥7,404,663	¥46,075	¥36,298	¥7,487,037	¥(72,751)	¥7,414,285
Depreciation	4,821	53	179	5,054	75	5,129
Losses on impairment	23	—	—	23	—	23
Capital expenditures	7,448	124	2,038	9,611	—	9,611

	Millions of yen					
Year ended March 31, 2008	Banking operations	Leasing	Other	Total	Eliminations	Consolidated
Ordinary income:						
Ordinary income from external customers	¥ 204,949	¥17,250	¥ 4,593	¥ 226,793	¥ —	¥ 226,793
Ordinary income from internal transactions	551	1,961	5,737	8,251	(8,251)	—
Total	205,500	19,212	10,330	235,044	(8,251)	226,793
Ordinary expenses	180,678	18,787	9,471	208,938	(8,399)	200,538
Ordinary income, net	¥ 24,822	¥ 424	¥ 858	¥ 26,105	¥ 148	¥ 26,254
Assets	¥7,374,092	¥44,437	¥36,002	¥7,454,532	¥(69,962)	¥7,384,570
Depreciation	4,187	12,904	151	17,243	(0)	17,242
Losses on impairment	115	—	—	115	—	115
Capital expenditures	6,464	12,762	553	19,779	—	19,779

Notes: 1. Classification is made according to nature of businesses of consolidated entities. In addition, "other" includes guarantee business.

2. Instead of the net sales and the operating income of a non-financial company, ordinary income in gross and net amount are indicated.

3. Finance lease transactions in which there is no transfer of ownership were formerly accounted for by a method corresponding to that used for ordinary operating lease contracts. However, for financial statements relating to accounting years commencing on or after April 1, 2008, it is mandatory to apply the Accounting Standard for Lease Transactions (ASBJ Statement No. 13 (March 30, 2007) and the Implementation Guidance on the Accounting Standard for Lease Transactions (ASBJ Guidance No. 16 (March 30, 2007). Accordingly, they are being duly applied as of the reporting period using the same method applied to ordinary buying and selling transactions.

As a result of this change, the value of lease assets and lease investment assets increased by ¥31,742 million compared with application of the previous standards, "other tangible fixed assets" decreased by ¥29,508 million, and "other intangible assets: decreased by ¥2,234 million. Operating expenses decreased by ¥61 million while net ordinary income increased by ¥61 million.

4. Formerly, the term-end market price of Japanese equities and investment trusts with market prices that fall within the category of "other securities" has been calculated on the basis of market prices on the balance-sheet date. However, in view of the sharp daily fluctuations in Japanese stock prices and the likelihood of this situation continuing, we decided, with effect from the reporting period, to apply the average price for the one-month period immediately prior to the balance-sheet date as the market prices for Japanese equities and investment trusts (within the category of "other securities") that are held for medium-to-long-term investment purposes.

As a result of this change, by comparison with the application of the previous accounting standard, the value of marketable securities employed in banking operations decreased by ¥3,320 million, and "Unrealized losses (gains) on available-for-sale securities" by ¥1,561 million. "Other expenses" increased by ¥817 million and net ordinary income declined by ¥817 million, while the balance of securities held for leasing operations increased by ¥2 million, and "Unrealized losses (gains) on available-for-sale securities" increased by ¥1 million. Securities held in other operations increased by ¥1 million and "Unrealized losses (gains) on available-for-sale securities" increased by less than ¥0 million.

5. Regarding the fair value of Japanese Government Bonds (JGBs) with variable interest rates, this has hitherto been stated in the consolidated balance sheets calculated by reference to current market prices. In the case of securities where the asking price of buyer and seller diverges markedly, and where it is judged that the current market prices cannot be regarded as the fair value, with effect from the reporting fiscal year the Bank has adopted a system of estimation based on a "theoretical price," a bond price calculated on a basis of reasonable estimates made by our management.

As a result of this change, by comparison with the previous system in which the value as stated in the consolidated balance sheets is calculated using the current market value, the value of "securities" rose by ¥9,497 million, while deferred tax assets declined by ¥3,829 million, and net unrealized losses (gains) on available-for-sale securities increased by ¥5,668 million.

The "theoretical price" used to estimate the value of variable-interest JGBs employs estimations of present value of future cash flows. The principal variables used in determining the JGB price are the JGB yield and the implied volatility of swaptions.

With respect to credit investments in securitization products, we had previously applied as fair value the valuations obtained from brokers and bid price providers based on our determination that such valuations constitute reasonably calculated prices that can be used as a proxy for market prices. Given the current situation in which the volume of actual transactions is extremely limited and there exists a considerable gap between the offers and bids of sellers and buyers, we determined that valuations obtained from brokers and information vendors cannot be employed for the estimation of fair value amounts, and have decided to adopt theoretical prices based on reasonable estimates made by our management as fair value.

As a result, the value of securities held for banking purposes by ¥4,018 million, net unrealized losses (gains) on available-for-sale securities, net of taxes increased by ¥15 million, and deferred tax assets declined by ¥10 million. In addition, other operating expenses in banking operations decreased by ¥3,993 million, and net ordinary income increased by ¥3,993 million.

The subject securities mainly consisted of collateralized loan obligations (other than those subject to impairment accounting) that the Bank intends to hold over a long period, of which previous credit ratings given by outside ratings agencies were maintained and the collateral assets remained sound.

The book value amount was reasonably calculated based on the theoretical prices mentioned above. In deriving theoretical prices based on the reasonable estimates made by our management (as mentioned above), we used the Discounted Cash Flow Method. The price decision variables include default rates, recovery rates, pre-payment rates and discount rates.

(b) Geographic segment information

Segment information by geographic area has not been disclosed since over 90% of the total consolidated ordinary income and assets of the Bank and consolidated subsidiaries reside in Japan.

(c) Ordinary income from foreign operations

Segment information related to the Bank's foreign operations for the years ended March 31, 2009 and 2008 are as follows:

	Millions of yen
Years ended March 31,	2008
Ordinary income from foreign operations (A)	¥ 29,527
Ordinary income (B)	226,793
(A)/(B)	13.01%

Notes: 1. Statement has been omitted for ordinary income on international operations for the term ended March 31, 2009, as this accounted for less than 10% of total ordinary income on a consolidated basis.

2. Ordinary income arising from foreign operations refers to ordinary income from foreign currency-denominated transactions and yen-denominated transactions with non-residents in Japan, as well as offshore transactions (excluding inter-segment transactions).

24. Leases

(a) Finance leases

Finance lease transactions in which ownership of leased property is not transferred to the lessee are accounted for as operating leases (outside of the scope of new lease accounting standards), as follows:

As lessee

Acquisition cost, aggregate depreciation expenses, and book value at term-end

Acquisition cost
- Tangible fixed assets: ¥25 million
- Total: ¥25 million

Depreciation expenses
- Tangible fixed assets: ¥16 million
- Total: ¥16 million

Book value at term-end
- Tangible fixed assets: ¥9 million
- Total: ¥9 million

Note: The acquisition cost presented above is inclusive of interest amounts, as the balance of acquisition cost and minimum lease payment is small as a percentage of the total book value of tangible fixed assets.

Lease payments receivable for finance leases

Within one year:	¥4 million
Over one year:	¥5 million
Total:	¥9 million

Note: The acquisition cost presented above is inclusive of interest amounts, as the balance of acquisition cost and minimum lease payment is small as a percentage of the total book value of tangible fixed assets.

Lease fees paid and depreciation expenses

Lease fees:	¥5 million
Depreciation expenses:	¥5 million

Method of calculation of depreciation expenses
The lease assets are depreciated by the straight-line method on the assumption that the lease term is the useful life and the residual value is zero.

(b) Operating leases

As lessee

Future lease payments under non-cancellable operating lease transactions

Within one year:	¥42 million
Over one year:	¥425 million
Total:	¥467 million

As lessor

Future lease payments under non-cancellable operating lease transactions

Within one year:	¥8 million
Over one year:	¥38 million
Total:	¥47 million

No losses are recognized for the impairment of lease assets.

25. Securities Information

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

(a) Securities held for trading purposes

	Millions of yen	
March 31,	**2009**	2008
Carrying value	**¥9,100**	¥25,666
Holding gains charged to income	**59**	53

(b) Marketable debt securities held to maturity

	Millions of yen				
March 31, **2009**	Book value	Market value	Unrealized gain (net)	Unrealized gain (gross)	Unrealized loss (gross)
Japanese government bonds	**¥ —**	**¥ —**	**¥ —**	**¥—**	**¥ —**
Japanese local government bonds	**481**	**488**	**7**	**7**	**—**
Corporate bonds	**28,266**	**26,288**	**(1,977)**	**0**	**1,977**
Others	**8,763**	**8,398**	**(365)**	**0**	**365**
Total	**¥37,510**	**¥35,175**	**¥(2,335)**	**¥ 8**	**¥2,343**

	Millions of yen				
March 31, 2008	Book value	Market value	Unrealized gain (net)	Unrealized gain (gross)	Unrealized loss (gross)
Japanese government bonds	¥ —	¥ —	¥ —	¥ —	¥ —
Japanese local government bonds	1,803	1,853	49	49	—
Corporate bonds	29,210	29,097	(112)	78	191
Others	11,813	11,547	(265)	6	272
Total	¥42,827	¥42,498	¥(328)	¥134	¥463

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

(c) Marketable available-for-sale securities

	Millions of yen				
March 31, **2009**	Cost	Book value	Unrealized gain (net)	Unrealized gain (gross)	Unrealized loss (gross)
Equity securities	**¥ 145,511**	**¥ 141,934**	**¥ (3,576)**	**¥16,788**	**¥20,364**
Debt securities:					
Japanese government bonds	**783,247**	**788,617**	**5,369**	**5,770**	**400**
Japanese local government bonds	**392,827**	**396,845**	**4,017**	**4,025**	**8**
Corporate bonds	**371,534**	**372,115**	**581**	**1,573**	**991**
Others	**290,239**	**271,158**	**(19,081)**	**1,454**	**20,536**
Total	**¥1,983,360**	**¥1,970,671**	**¥(12,689)**	**¥29,612**	**¥42,301**

	Millions of yen				
March 31, 2008	Cost	Book value	Unrealized gain (net)	Unrealized gain (gross)	Unrealized loss (gross)
Equity securities	¥ 125,372	¥ 212,323	¥86,950	¥ 92,765	¥ 5,815
Debt securities:					
Japanese government bonds	882,788	877,653	(5,134)	3,916	9,051
Japanese local government bonds	369,257	374,060	4,802	4,907	105
Corporate bonds	362,920	364,672	1,752	1,911	159
Others	489,802	472,065	(17,736)	2,452	20,189
Total	¥2,230,141	¥2,300,775	¥70,634	¥105,954	¥35,320

Notes: 1. Figures posted on the consolidated balance sheets for equities and investment trusts (primarily Japanese), are calculated on the basis of average market prices during the one-month period immediately prior to the balance-sheet date. Other securities are calculated principally on the basis of the market price at term-end.

Formerly, the term-end market price of Japanese equities and Japanese investment trusts with market prices that fall within the category of "available-for-sale securities" has been calculated on the basis of market prices on the balance-sheet date. However, in view of the sharp daily fluctuations in Japanese stock prices and the likelihood of this situation continuing, we decided, with effect from the reporting period, to apply the average price for the one-month period immediately prior to the balance-sheet date as the market prices for Japanese equities and investment trusts (within the category of "available-for-sale securities") that are held for medium-to-long-term investment purposes.

As a result of this change, by comparison with the application of the previous accounting standard, the value of "Securities" decreased by ¥3,317 million, and "Unrealized losses (gains) on available-for-sale securities" by ¥1,558 million, while deferred tax assets increased by ¥941 million. "Other operating expenses" for the reporting period increased by ¥817 million, while net ordinary income and income before income taxes and minority interests decreased by ¥817 million.

2. For "available-for-sale securities" with market values, in cases where the market value has fallen substantially from the acquisition price and there is believed to be little likelihood of a recovery to the acquisition price level, said securities are shown on the balance sheets at market value and the difference between the market value and the acquisition price is posted as a loss (hereinafter "impairment loss").

Impairment losses for the reporting term amounted to ¥39,687 million, of which bonds accounted for ¥33,508 million and equities for ¥6,178 million.

Pursuant to "Practical Guidelines for Accounting for Financial Instruments" (JICPA Accounting Committee Report No. 14), the Bank recognized the impairment losses on listed equity shares whose average market price over the one-month period immediately prior to the balance sheet date declined by 30% or more compared with acquisition cost, and other securities whose market price at the balance-sheet date also declined by 30% or more compared with acquisition cost.

Additional information

Regarding the fair value of Japanese Government Bonds (JGBs) with variable interest rates, this has hitherto been stated in the consolidated balance sheets calculated by reference to current market prices. Based on the Bank's own judgment that the current market prices cannot be regarded as the fair value, with effect from the reporting fiscal year the Bank has adopted a "theoretical price" calculation for the estimation of fair value.

As a result of this change, by comparison with the previous system in which the value was calculated using the current market value, the value of "securities" rose by ¥9,497 million, while deferred tax assets declined by ¥3,829 million, and the net unrealized losses (gains) on available-for-sale securities increased by ¥5,668 million.

The "theoretical price" used to estimate the value of variable-interest JGBs is calculated, in principle, by the Discounted Cash Flow Method. The principal price decision variables are the JGB yield and the implied volatility of swaptions.

With respect to credit investments in securitization products, we had previously applied as fair value the valuations obtained from brokers and bid price providers based on our determination that such valuations constitute reasonably calculated prices that can be used as a proxy for market prices. Given the current situation in which the volume of actual transactions is extremely limited and there exists a considerable gap between the offers and bids of sellers and buyers, we determined that valuations obtained from brokers and bid price providers cannot be employed for the estimation of fair value amounts, and have decided to adopt theoretical prices based on reasonable estimates made by our management as fair value.

As a result, securities increased by ¥4,018 million, net unrealized losses (gains) on available-for-sale securities, net of taxes increased by ¥15 million, and deferred tax assets declined by ¥10 million. In addition, other operating expenses decreased by ¥3,993 million, and net ordinary income and income before income taxes increased by ¥3,993 million.

The subject securities mainly consisted of collateralized loan obligations (other than those subject to impairment accounting) that the Bank intends to hold over a long period, of which previous credit ratings given by outside ratings agencies were maintained and the collateral assets remained sound.

The book value amount was reasonably calculated based on the theoretical prices mentioned above. In deriving theoretical prices based on the reasonable estimates made by our management (as mentioned above), we used the Discounted Cash Flow Method. The price decision variables include default rates, recovery rates, pre-payment rates and discount rates.

(d) Marketable available-for-sale securities sold

	Millions of yen	
Years ended March 31,	**2009**	2008
Proceeds from sales of marketable available-for-sale securities	**¥368,987**	¥1,370,112
Gains	**18,172**	32,371
Losses	**8,957**	31,236

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

	Millions of yen	
	Book value	
March 31,	**2009**	2008
Non-marketable available-for-sale securities:		
Unlisted equity securities	**¥3,718**	¥3,690
Investments in investment partnerships	**1,834**	2,092

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

	Millions of yen			
March 31, **2009**	One year or less	One to five years	Five to ten years	Over ten years
Debt securities:				
Japanese government bonds	**¥ 68,505**	**¥ 502,001**	**¥218,111**	**¥ —**
Japanese local government bonds	**25,984**	**160,006**	**211,335**	**—**
Corporate bonds	**52,620**	**237,242**	**56,851**	**53,667**
Others	**44,444**	**103,219**	**33,437**	**81,439**
Total	**¥191,554**	**¥1,002,469**	**¥519,734**	**¥135,106**

	Millions of yen			
March 31, 2008	One year or less	One to five years	Five to ten years	Over ten years
Debt securities:				
Japanese government bonds	¥138,390	¥ 517,473	¥183,507	¥ 38,282
Japanese local government bonds	58,939	171,161	145,762	—
Corporate bonds	49,335	202,123	80,946	61,476
Others	25,579	165,467	82,010	183,985
Total	¥272,245	¥1,056,226	¥492,227	¥283,744

(g) Money held in trust classified as available-for-sale securities

	Millions of yen	
March 31,	**2009**	2008
Cost	**¥—**	¥3,656
Book value	**—**	3,281
Unrealized gain (net)	**—**	(375)
Unrealized gain (gross)	**—**	—
Unrealized loss (gross)	**—**	375

Note: Book value is based on the market prices at the fiscal year end.

(h) Unrealized (loss) gain on available-for-sale securities

	Millions of yen	
March 31,	**2009**	2008
Unrealized (loss) gain:		
Available-for-sale securities	**¥(12,679)**	¥70,634
Other money held in trust	**—**	(375)
Deferred tax assets (liabilities)	**6,279**	(26,422)
Net unrealized (losses) gains on available-for-sale securities	**(6,400)**	43,836
Minority interests	**(2)**	(2)
Unrealized (losses) gains on available-for-sale securities	**¥ (6,397)**	¥43,833

An unrealized gain of ¥9 million on available-for-sales securities, which are principally held by dormant associations is included in the total unrealized loss amounts.

26. Derivatives

(a) Transactions

(1) The Bank conducts derivatives 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 for hedging purposes.

(2) Policies: The Bank enters into derivative transactions to: (1) meet customer needs for 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 special 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 Practical Guidelines on Accounting for Financial Instruments.

During the prior and current years, 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 Rules on Transactions under 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 (the "Board") 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 value	Unrealized gain (loss)
March 31, **2009**	Total	Over 1 year		
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	**116,419**	**37,752**	**343**	**343**
Receivable floating/ payable fixed	**116,419**	**37,752**	**(137)**	**(137)**
Receivable floating/ payable floating	**—**	**—**	**—**	**—**
Interest-rate options:				
Sold	**—**	**—**	**—**	**—**
Bought	**—**	**—**	**—**	**—**
Caps:				
Sold	**3,734**	**2,946**	**(5)**	**115**
Bought	**3,734**	**2,946**	**5**	**(59)**
Swaption:				
Sold	**40,700**	**3,770**	**(115)**	**87**
Bought	**40,700**	**3,770**	**115**	**115**
Others:				
Sold	**—**	**—**	**—**	**—**
Bought	**—**	**—**	**—**	**—**
Total	**¥ —**	**¥ —**	**¥ 205**	**¥465**

	Millions of yen			
	Contract amounts		Market value	Unrealized gain (loss)
March 31, 2008	Total	Over 1 year		
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	103,942	35,749	163	163
Receivable floating/ payable fixed	103,942	35,749	35	35
Receivable floating/ payable floating	—	—	—	—
Interest-rate options:				
Sold	—	—	—	—
Bought	—	—	—	—
Caps:				
Sold	4,601	3,231	(12)	110
Bought	4,601	3,231	12	(49)
Swaption:				
Sold	36,100	4,483	(104)	102
Bought	36,100	4,483	103	103
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥ —	¥ —	¥198	¥467

Notes: 1. The transactions in this table have been revalued at the market rate prevailing on the balance sheet date, and unrealized gain (loss) is accounted for in the consolidated statements of income. Derivatives which qualify as hedges have been excluded from this 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 Exchange, etc. The market value of over-the-counter transactions has been calculated at their discounted present value or by utilizing calculation models for options prices.

(c) Currency Derivatives

	Millions of yen			
	Contract amounts		Market	Unrealized
March 31, **2009**	Total	Over 1 year	value	gain (loss)
Listed:				
Currency futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Currency options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter transactions:				
Currency swaps	**774,202**	**635,443**	**1,188**	**1,188**
Forward foreign exchange contracts:				
Sold	**6,367**	**1,805**	**576**	**576**
Bought	**6,581**	**1,739**	**(476)**	**(476)**
Currency options:				
Sold	**3,161**	**1,918**	**(188)**	**(100)**
Bought	**3,161**	**1,918**	**189**	**154**
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥ —	¥ —	**¥1,287**	**¥1,341**

	Millions of yen			
	Contract amounts		Market	Unrealized
March 31, 2008	Total	Over 1 year	value	gain (loss)
Listed:				
Currency futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Currency options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter transactions:				
Currency swaps	657,902	635,524	1,404	1,404
Forward foreign exchange contracts:				
Sold	12,180	2,763	(156)	(156)
Bought	16,168	2,358	157	157
Currency options:				
Sold	7,156	2,672	(264)	(113)
Bought	7,156	2,672	265	166
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥ —	¥ —	¥1,405	¥1,458

Notes: 1. The transactions in this table have been revalued at the market rate prevailing on the balance sheet date, and unrealized gain (loss) is 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 discounted present value, etc.

(d) Stock Derivatives

Not applicable as of March 31, 2009 and 2008.

(e) Bond Derivatives

	Millions of yen			
	Contract amounts		Market	Unrealized
March 31, **2009**	Total	Over 1 year	value	gain (loss)
Listed:				
Bond futures:				
Sold	**¥277**	**¥—**	**¥ 1**	**¥ 1**
Bought	—	—	—	—
Bond future options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter transactions:				
Bond options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	**¥ —**	**¥—**	**¥ 1**	**¥ 1**

	Millions of yen			
	Contract amounts		Market	Unrealized
March 31, 2008	Total	Over 1 year	value	gain (loss)
Listed:				
Bond futures:				
Sold	¥556	¥—	¥ (5)	¥ (5)
Bought	—	—	—	—
Bond future options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter transactions:				
Bond options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥ —	¥—	¥ (5)	¥ (5)

Notes: 1. The transactions described above are marked to market, and the unrealized gains and losses are charged to income. Derivatives under hedge accounting are excluded from the above tables.

2. Calculation of fair market value
Financial derivatives listed on securities exchanges are stated using the closing prices on the Tokyo Stock Exchange as of the balance sheet date, and those traded over the counter are stated using discounted present value or option price calculation models.

(f) Commodity Derivatives

Not applicable as of March 31, 2009 and 2008.

(g) Credit Derivatives

Not applicable as of March 31, 2009 and 2008.

27. Stock Options

No expenses related to the grant of stock options were recorded for the fiscal years ended March 31, 2009 and 2008.

28. Related-Party Transactions

No material transactions occurred with major individual shareholders for the fiscal year ended March 31, 2009.

For the year ended March 31, 2008, material transactions with major individual shareholders are as follows:

Relationship with the Bank	Name	Location	Paid-in capital (Millions of yen)	Business line	Voting rights ownership (%)	Nature of relationship: Directors and statutory auditors	Nature of relationship: Business tie-ups	Details of transaction	Transaction amount (Millions of yen)	Accounting title	Year-end balance (Millions of yen)
A company in which majority voting rights are held by relatives of a director of the Bank	Usui Setsubi Kogyo Co. Ltd.	Hitachi-Omiya, Ibaraki Pref.	10	Hygiene facility installation for water supply and waste water treatment	—	Not applicable	Not applicable	Lending of money	—	Loans receivable	10
								Guarantees	1	Acceptances and guarantees	1

Policies on, and terms and conditions of, the transaction

Interest is reasonably determined in a manner similar to ordinary transactions, taking into account the prevailing market interest rates. The loan period shall not exceed 5 years. Repayment of principal shall be made on a straight-line basis every month or in lump-sum on the due date. However, repayment before the due date shall be allowed.

Relationship with the Bank	Name	Location	Paid-in capital (Millions of yen)	Business line	Voting rights ownership (%)	Nature of relationship: Directors and statutory auditors	Nature of relationship: Business tie-ups	Details of transaction	Transaction amount (Millions of yen)	Accounting title	Year-end balance (Millions of yen)
A company in which majority voting rights are held by relatives of a director of the Bank	Rarara Ltd.	Mito, Ibaraki Pref.	3	Beauty salon	—	Not applicable	Not applicable	Lending of money	—	Loans receivable	4

Policies regarding, and terms and conditions of, the transaction

Interest is reasonably determined in a manner similar to ordinary transactions, taking into account the prevailing market interest rates. The loan period is 5 years. Repayment of principal shall be made on a straight-line basis every month.

Note: For the year ended March 31, 2009 and 2008 the Bank has made no related-party transactions with parties falling into categories of parent, subsidiary and sister companies, and major corporate shareholders.

(Additional information)

Effective from the reporting period, the Bank has applied the Accounting Standards for Disclosure of Related Parties (ABSJ Statement No. 11, issued on October 17, 2006) and Guidance on the Application of Accounting Standards for Disclosure of Related Parties (ASBJ Guidance, issued on October 17, 2006) to its settlement of accounts.

29. Per-share Data

March 31,	Yen 2009	2008
Net assets per share	**¥483.21**	¥549.34
Earnings per share-basic	**6.62**	17.55
Earnings per share-diluted	**—**	17.54

Note: Bases for calculation of earnings per share (basic and diluted) are as follows:

March 31,	Millions of yen 2009	2008
Earnings per share		
Net income	**¥ 5,178**	¥ 13,924
Earnings not available to common shareholders	**—**	—
Net income after deduction of the portion described above	**5,178**	13,924
Weighted average number of common shares for the fiscal year (in thousands)	**781,137**	793,419
Diluted earnings per share		
Adjustment to net income	**—**	—
Increase in common shares (in thousands)	**—**	29
Of which, acquisition of own shares under stock option pursuant to provisions in Article 210-2, Paragraph 2 of the Commercial Code (in thousands)	**—**	29
Share warrants that have no dilutive effects on earnings per share	**—**	—

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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, 2009 and 2008, and the related consolidated statements of income, changes in net assets, 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, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

In addition, as described in Note 4, regarding the term-end market price of Japanese equities and Japanese investment trusts with market prices that fall within the category of "available-for-sale securities," The Joyo Bank decided, with effect from the year ended March 31, 2009, to apply the average price for the one-month period immediately prior to the balance sheet date as the market prices.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 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 LLC

June 26, 2009

Non-Consolidated Balance Sheets (Unaudited)

THE JOYO BANK, LTD.

	Millions of yen		Thousands of U.S. dollars
March 31,	**2009**	2008	**2009**
Assets			
Cash and due from banks	**¥ 178,906**	¥ 136,038	**$ 1,821,300**
Call loans and bills purchased	**26,729**	3,885	**272,109**
Commercial paper and other debt purchased	**54,063**	65,725	**550,379**
Trading assets	**9,578**	26,063	**97,509**
Money held in trust	**—**	3,281	**—**
Securities	**1,980,906**	2,306,788	**20,165,999**
Loans and bills discounted	**4,945,900**	4,669,468	**50,350,199**
Foreign exchanges	**1,316**	1,037	**13,398**
Other assets	**59,888**	58,775	**609,680**
Tangible fixed assets	**86,198**	82,892	**877,512**
Intangible fixed assets	**6,871**	8,150	**69,949**
Deferred tax assets	**53,398**	15,135	**543,608**
Customers' liabilities for acceptances and guarantees	**28,552**	28,363	**290,671**
Reserve for possible loan losses	**(30,423)**	(34,293)	**(309,721)**
Reserve for devaluation of investment securities	**(48)**	(48)	**(492)**
Total assets	**¥7,401,837**	¥7,371,265	**$75,352,105**
Liabilities and shareholders' equity			
Liabilities:			
Deposits	**¥6,666,778**	¥6,405,962	**$67,869,066**
Call money and bills sold	**111,947**	162,682	**1,139,646**
Payables under securities lending transactions	**73,649**	166,230	**749,767**
Trading liabilities	**270**	203	**2,749**
Borrowed money	**74,000**	64,000	**753,334**
Foreign exchanges	**185**	303	**1,886**
Bonds	**15,000**	15,000	**152,702**
Due to trust account	**14**	17	**146**
Other liabilities	**40,688**	81,072	**414,218**
Reserve for employees' retirement benefits	**3,853**	3,831	**39,229**
Reserve for bonuses to directors and corporate auditors	**721**	635	**7,343**
Reserve for reimbursement of dormant deposits	**1,333**	1,223	**13,577**
Reserve for frequent users services	**70**	61	**717**
Reserve for other contingent losses	**1,623**	1,093	**16,532**
Deferred tax liabilities for land revaluation	**12,867**	12,921	**130,996**
Acceptances and guarantees	**28,552**	28,363	**290,671**
Total liabilities	**7,031,557**	6,943,603	**71,582,586**
Net assets:			
Common stock	**85,113**	85,113	**866,467**
Capital surplus	**58,574**	58,574	**596,294**
Retained earnings	**253,940**	255,169	**2,585,167**
Treasury stock	**(28,032)**	(22,899)	**(285,380)**
Total shareholders' equity	**369,595**	375,957	**3,762,548**
Unrealized gains on other securities	**(6,500)**	43,704	**(66,173)**
Deferred losses on hedging instruments, net of taxes	**(1,868)**	(1,130)	**(19,016)**
Land revaluation excess	**9,052**	9,132	**92,160**
Total valuation and translation adjustments	**684**	51,705	**6,970**
Total net assets	**370,279**	427,662	**3,769,518**
Total liabilities and net assets	**¥7,401,837**	¥7,371,265	**$75,352,105**

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 ¥98.23 to US$1.00 on March 31, 2009.

Non-Consolidated Statements of Income (Unaudited)

THE JOYO BANK, LTD.

Years ended March 31,	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars 2009
Income:			
Interest income:			
Interest on loans and discounts	¥ 97,721	¥ 96,117	$ 994,824
Interest and dividends on securities	31,470	46,589	320,378
Other interest income	1,456	2,603	14,831
Fees and commissions	20,319	22,320	206,851
Trading income	558	474	5,688
Other operating income	3,913	23,148	39,845
Other income	19,581	16,225	199,342
Total income	175,022	207,479	1,781,762
Expenses:			
Interest expenses:			
Interest on deposits	16,571	17,232	168,697
Interest on borrowings and rediscounts	3,428	8,658	34,905
Other interest expenses	5,076	11,780	51,676
Fees and commissions	7,606	7,707	77,433
Other operating expenses	42,631	47,258	433,998
General and administrative expenses	74,033	72,087	753,675
Other expenses	23,607	18,210	240,328
Total expenses	172,955	182,935	1,760,716
Income before income taxes	2,067	24,543	21,046
Income taxes:			
Current	2,142	12,859	21,815
Deferred	(5,127)	(1,256)	(52,194)
Net income	¥ 5,051	¥ 12,940	$ 51,426
Per share (in yen and dollars)**:**			
Net income	¥ 6.46	¥ 16.30	$ 0.06
Cash dividends applicable to the year	8.00	8.00	0.08

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 ¥98.23 to US$1.00 on March 31, 2009.

Non-Consolidated Statements of Changes in Net Assets (Unaudited)

THE JOYO BANK, LTD.

	Millions of yen		Thousands of U.S. dollars
Years ended March 31,	2009	2008	2009
Shareholders' equity			
Common stock			
Balance at end of the previous year	¥85,113	¥85,113	$866,467
Changes during the year	—	—	—
Balance at end of the current year	¥85,113	¥85,113	$866,467
Capital surplus			
Capital reserve			
Balance at end of the previous year	¥58,574	¥58,574	$596,294
Changes during the year	—	—	—
Balance at end of the current year	¥58,574	¥58,574	$596,294
Other capital surplus			
Balance at end of the previous year	¥ —	¥ —	$ —
Changes during the year:			
Disposal of treasury stock	—	0	—
Retirement of treasury stock	—	0	—
Total changes during the year	—	—	—
Balance at end of the current year	¥ —	¥ —	$ —
Total capital surplus			
Balance at end of the previous year	¥58,574	¥58,574	$596,294
Changes during the year:			
Disposal of treasury stock	—	0	—
Retirement of treasury stock	—	0	—
Total changes during the year	—	—	—
Balance at end of the current year	¥58,574	¥58,574	$596,294
Retained earnings			
Legal reserve			
Balance at end of the previous year	¥55,317	¥55,317	$563,138
Changes during the year	—	—	—
Balance at end of the current year	¥55,317	¥55,317	$563,138
Reserve for dispositions of fixed assets			
Balance at end of the previous year	¥ 115	¥ 115	$ 1,179
Changes during the year:			
Transfer to reserve for disposition of fixed assets	140	—	1,434
Transfer from reserve for disposition of fixed assets	(1)	—	(19)
Total changes during the year	139	—	1,415
Balance at end of the current year	¥ 254	¥ 115	$ 2,594
Special reserve for disposition of fixed assets			
Balance at end of the previous year	¥ 140	¥ —	$ 1,434
Changes during the year:			
Transfer to special reserve for disposition of fixed assets	—	140	—
Transfer from special reserve for disposition of fixed assets	(140)	—	(1,434)
Total changes during the year	(140)	140	(1,434)
Balance at end of the current year	¥ —	¥ 140	$ —

Years ended March 31,	Millions of yen 2009	2008	Thousands of U.S. dollars 2009
Voluntary reserve			
Balance at end of the previous year	**¥185,432**	¥173,432	**$1,887,732**
Changes during the year:			
Transfer to voluntary reserve	**3,000**	12,000	**30,540**
Total changes during the year	**3,000**	12,000	**30,540**
Balance at end of the current year	**¥188,432**	¥185,432	**$1,918,273**
Earned surplus brought forward			
Balance at end of the previous year	**¥ 14,163**	¥ 28,102	**$ 144,188**
Changes during the year:			
Cash dividends	**(6,262)**	(5,970)	**(63,752)**
Net income	**5,051**	12,940	**51,426**
Transfer from reserve for disposition of fixed assets	**1**	—	**19**
Transfer to special reserve for disposition of fixed assets	**—**	(140)	**—**
Transfer to voluntary reserve	**(3,000)**	(12,000)	**(30,540)**
Disposal of treasury stock	**(96)**	—	**(987)**
Retirement of treasury stock	**—**	(8,901)	**—**
Transfer from land revaluation excess	**79**	134	**806**
Total changes during the year	**(4,226)**	(13,938)	**(43,027)**
Balance at end of the current year	**¥ 9,936**	¥ 14,163	**$ 101,160**
Total retained earnings			
Balance at end of the previous year	**¥255,169**	¥256,967	**$2,597,673**
Changes during the year:			
Cash dividends	**(6,262)**	(5,970)	**(63,752)**
Net income	**5,051**	12,940	**51,426**
Disposal of treasury stock	**(96)**	—	**(987)**
Retirement of treasury stock	**—**	(8,901)	**—**
Transfer from land revaluation excess	**79**	134	**806**
Total changes during the year	**(1,228)**	(1,797)	**(12,506)**
Balance at end of the current year	**¥253,940**	¥255,169	**$2,585,167**
Treasury stock			
Balance at end of the previous year	**¥ (22,899)**	¥ (22,403)	**$ (233,119)**
Changes during the year:			
Purchase of treasury stock	**(5,602)**	(9,482)	**(57,031)**
Disposal of treasury stock	**468**	83	**4,771**
Retirement of treasury stock	**—**	8,901	**—**
Total changes during the year	**(5,133)**	(496)	**(52,260)**
Balance at end of the current year	**¥ (28,032)**	¥ (22,899)	**$ (285,380)**

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 ¥98.23 to US$1.00 on March 31, 2009.

Yeasr ended March 31,	Millions of yen 2009	2008	Thousands of U.S. dollars 2009
Total shareholders' equity			
Balance at end of the previous year	**¥375,957**	¥378,251	**$3,827,315**
Changes during the year			
Cash dividends	**(6,262)**	(5,970)	**(63,752)**
Net income	**5,051**	12,940	**51,426**
Purchase of treasury stock	**(5,602)**	(9,482)	**(57,031)**
Disposal of treasury stock	**371**	84	**3,783**
Transfer from land revaluation excess	**79**	134	**806**
Total changes during the year	**(6,362)**	(2,293)	**(64,767)**
Balance at end of the current year	**¥369,595**	¥375,957	**$3,762,548**
Valuation and translation adjustments			
Unrealized gains (losses) on available-for-sale securities			
Balance at end of the previous year	**¥ 43,704**	¥128,905	**$ 444,915**
Changes during the year:			
Net changes in items other than shareholders' equity	**(50,204)**	(85,201)	**(511,089)**
Total changes during the year	**(50,204)**	(85,201)	**(511,089)**
Balance at end of the current year	**¥ (6,500)**	¥ 43,704	**$ (66,173)**
Deferred losses on hedging instruments, net of taxes			
Balance at end of the previous year	**¥ (1,130)**	¥ (791)	**$ (11,512)**
Changes during the year:			
Net changes in items other than shareholders' equity	**(737)**	(339)	**(7,503)**
Total changes during the year	**(737)**	(339)	**(7,503)**
Balance at end of the current year	**¥ (1,868)**	¥ (1,130)	**$ (19,016)**
Land revaluation excess, net of taxes			
Balance at end of the previous year	**¥ 9,132**	¥ 9,266	**$ 92,967**
Changes during the year:			
Net changes in items other than shareholders' equity	**(79)**	(134)	**(806)**
Total changes during the year	**(79)**	(134)	**(806)**
Balance at end of the current year	**¥ 9,052**	¥ 9,132	**$ 92,160**
Total valuation and translation adjustments			
Balance at end of the previous year	**¥ 51,705**	¥137,380	**$ 526,369**
Changes during the year:			
Net changes in items other than shareholders' equity	**(51,020)**	(85,675)	**(519,399)**
Total changes during the year	**(51,020)**	(85,675)	**(519,399)**
Balance at end of the current year	**¥ 684**	¥ 51,705	**$ 6,970**
Total net assets			
Balance at end of the previous year	**¥427,662**	¥515,631	**$4,353,685**
Changes during the year:			
Cash dividends	**(6,262)**	(5,970)	**(63,752)**
Net income	**5,051**	12,940	**51,426**
Purchase of treasury stock	**(5,602)**	(9,482)	**(57,031)**
Disposal of treasury stock	**371**	84	**3,783**
Transfer from land revaluation excess	**79**	134	**806**
Net changes in items other than shareholders' equity	**(51,020)**	(85,675)	**(519,399)**
Total changes during the year	**(57,382)**	(87,969)	**(584,166)**
Balance at end of the current year	**¥370,279**	¥427,662	**$3,769,518**

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 ¥98.23 to US$1.00 on March 31, 2009.

Organization

The JOYO BANK, LTD.

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

Head Office
Tokyo Business Division (Tokyo Main Office)
146 Branches, 26 Sub-branches

As of June 26, 2009

Board of Directors and Corporate Auditors

Chairman
Isao Shibuya

President
Kunio Onizawa

Senior Managing Director
Yoshiyuki Miyanaga
Kazuyoshi Terakado

Managing Directors
Takao Tateno
Mikio Kawamata
Toru Hakata
Toshihisa Suzuki
Katsumi Tomita
Shigeru Ichimura

Directors
Toshihiko Kawamura (outside)
Ryuzaburo Kikuchi (outside)

Corporate Auditors
Kyohei Tomita (standing)
Yoshiaki Terakado (standing)
Akira Yasu
Sanenori Hitomi
Toshio Mizushima

As of June 26, 2009

Market Business Group and Overseas Office

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

Market Operations
Managing Director
Toru Hakata

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

General Manager
Jun Kawauchi

Advisory officer
Osato Aizawa

• Operations Group (Tokyo)
Senior Manager
Hitoshi Gotou

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Phone: 029-300-2727
Chief Officer
Masayuki Ogawa

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Telex: J23278 JOYOBANK
3632105 JOYOBK
Swift: JOYOJPJT
General Manager
Akihiko Hashimoto

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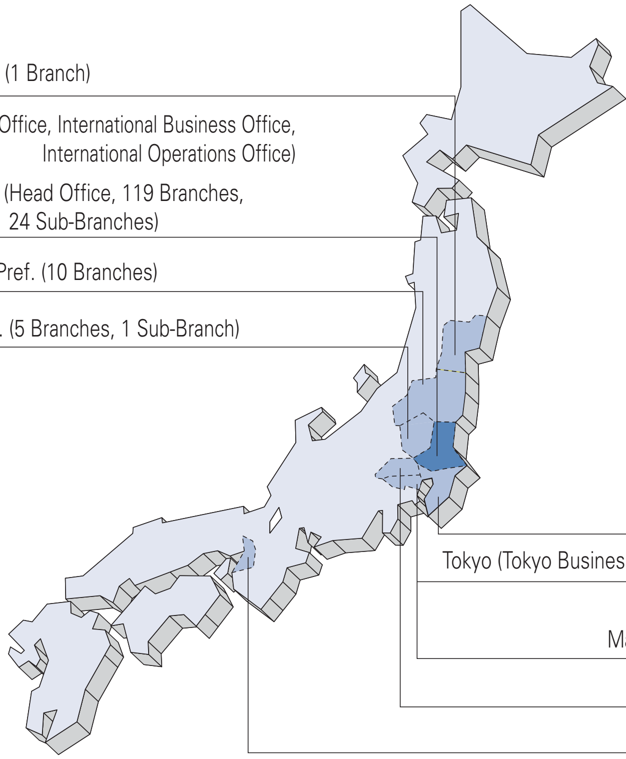
Phone: 03-3273-5245
General Manager
Fuminori Nakajima
Deputy General Manager
Masahide Takauchi

• Investment Group
Manager
Fujiro Iitsuka

• Business Promotion Group
Manager
Hiroshi Iijima

Shanghai Representative Office (Business Planning Division)
Room 1901, Shanghai International Trade
Centre, 2201 Yan An Road (West),
Shanghai 200336 P.R. of China
Phone: 86-21-6209-0258
Chief Representative
Katsunori Suzuki
Deputy Chief Representative
Hisanori Sonobe

Service Network



Overseas:
Shanghai Representative Office

As of March 31, 2009

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 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 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: 100%
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 Securities Co., Ltd.
4-12, Minami-machi 3-chome, Mito, Ibaraki
Established 2007, Capital Stock: ¥3,000 million
Share of Voting Rights: 100%
Dealing of securities, mediation, commission and substitution of trading of securities

As of March 31, 2009

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 146 Branches, 26 Sub-branches
■ **Overseas Network**	1 Representative Office: Shanghai
■ **Number of Employees**	3,586
■ **Stock Exchange Listing**	Tokyo Stock Exchange
■ **Paid-in Capital**	¥85,113 million
■ **Number of Shares** (as of March 31, 2009)	Authorized 2,167,515 thousand Issued and Outstanding 822,231 thousand
■ **Number of Shareholders** (1 trading unit = 1,000 shares)	22,766
■ **Principal Shareholders**	The 10 largest shareholders of the Bank and their respective shareholdings at March 31, 2009 were as follows:

	Number of Shares Held (Thousands)	Percentage of Total Shares Outstanding (%)
Northern Trust Company (AVFC) Sub Account American Client	44,616	5.42%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	37,992	4.62
NIPPONKOA Insurance Company, Ltd.	37,973	4.61
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	34,876	4.24
Nippon Life Insurance Company	28,003	3.40
Japan Trustee Service Bank, Ltd. (Trust Account)	22,356	2.71
The Dai-ichi Mutual Life Insurance Company	17,049	2.07
Sumitomo Life Insurance Company	16,448	2.00
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,026	1.58
Northern Trust Company (AVFC) US Tax Exempted Pension Funds	12,767	1.55
Total	265,107	32.24%

As of March 31, 2009

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