JOYO BANK

Annual Report 2010

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.

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FINANCIAL HIGHLIGHTS

Consolidated

THE JOYO BANK, LTD. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars
Years Ended March 31	2010	2009	2010
For the Year Ended			
Total Income	¥ 163,587	¥ 195,817	$ 1,758,252
Total Expenses	141,562	192,937	1,521,520
Income before Income Taxes and Minority Interests	22,025	2,879	236,731
Net Income	14,051	5,178	151,026
At the Year End			
Total Assets	¥7,416,708	¥7,414,285	$79,715,265
Deposits	6,685,607	6,646,813	71,857,343
Loans and Bills Discounted	4,808,134	4,911,988	51,678,148
Securities	2,151,554	1,975,080	23,125,051
Net Assets	428,101	374,881	4,601,263
Capital Ratio	12.70%	12.91%	12.70%
For the Year Ended			
Net Cash Provided by (Used in) Operating Activities	¥ 80,662	¥ (112,937)	$ 866,969
Net Cash Provided by (Used in) Investing Activities	(98,170)	164,271	(1,055,146)
Net Cash Used in Financing Activities	(6,232)	(11,493)	(66,991)
Net Increase (Decrease) in Cash and Cash Equivalents	(23,750)	39,825	(255,369)
Cash and Cash Equivalents at End of Year	129,800	153,550	1,395,105

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 ¥93.04 to US$1.00 on March 31, 2010.

Non-Consolidated

THE JOYO BANK, LTD.

	Millions of yen		Thousands of U.S. dollars
Years Ended March 31	2010	2009	2010
For the Year Ended			
Total Income	¥ 143,677	¥ 175,022	$1,544,250
Total Expenses	123,662	172,955	1,329,127
Income before Income Taxes	20,013	2,067	215,101
Net Income	12,994	5,051	139,660
At the Year End			
Total Assets	¥7,404,353	¥7,401,837	79,582,470
Deposits	6,705,675	6,666,778	72,073,033
Loans and Bills Discounted	4,839,087	4,945,900	52,010,823
Securities	2,156,889	1,980,906	23,182,384
Net Assets	422,197	370,279	4,537,801

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 ¥93.04 to US$1.00 on March 31, 2010.

MESSAGE FROM THE PRESIDENT

We will Deepen Our Relationship of Trust with Our Customers, and Contributing to the Development of the Regional Society and Economy.

Japanese economy showed several signs of a recovery in fiscal 2009, because of the backdrop of an improvement in Asian economies and the effects of the government's emergency stimulus measures. However, this burgeoning recovery proved unsustainable. Capital investment was sluggish, and the employment situation remained severe.

Amid this difficult financial and business environment, we continued to pursue our 10th Medium-Term Business Plan (April 2008 to March 2011), under which we aim to become "the 'Best Partner Bank' in a new financial era." We explain the various measures taken by the Bank in fiscal 2009, which was the second year under this three-year plan as followings:

In our corporate banking services, we responded proactively to our local customers' fund procurement needs, particularly small and medium-sized enterprises, and also focused on providing management supports. During the term under review, we actively worked to meet our customers' diverse range of funding needs through various means. We encouraged the use of the government's emergency guarantee system, acted as trustee for privately-placed bonds, and arranged syndicated loans. With regard to our customer management support services, we held the second Joyo Manufacturing Forum in Tsukuba City, the Joyo Agricultural Networking Seminar, and other events to help develop new marketing channels for our customers and enhance their business strength.

For retail customers, we strengthened our lineup of financial products and services to meet their various financing needs at each stage of their lives. In the field of mortgage loans, we responded proactively to customers' financing needs by offering consulting services for first-time buyers and dedicated products for customers seeking mortgage refinancing. In the field of asset management, we responded to the diversification of customer needs by commencing to handle option-embeded Australian dollar-denominated term deposits, and expanding our handling of single-premium whole life insurance policies to all branches excepting Loan Plazas.

To facilitate financing in our local region, and based on the Law to Facilitate the Smooth Flow of Funds," which went into effect in December 2009, we established the "Policy on Facilitating the Flow of Funds" and reorganized the Bank's internal structure to constructively demonstrate the Bank's financial intermediary functions.

With respect to contributions to our local region, we commenced "the Joyo Home-Town Forest tree-planting project" at Naka City as part of our environmental preservation activities, and we also made efforts to educate the public about the functions of financial institutions, by making a DVD for elementary school children that explains roles of the bank.

As a result of our efforts mentioned above, interest on loans and deposits recorded a decline in fiscal 2009 due to the downward movement of interest rates, while net income posted a year-on-year increase of ¥7.9 billion to ¥12.9 billion as a result of a decline in interest expenses, notably interest on deposits, and reductions achieved in general and administrative expenses.

All members of the Joyo Bank Group committed to meet the expectations of our customers, the people of Ibaraki Prefecture, and our shareholders. I would like to take this opportunity to thank you all for your continued support and encouragement.

Kunio Onizawa
President

Kunio Onizawa
President
July 2010

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, support regional growth, provide financial instruments and services in a way that sustains our own growth 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.

RELATIONSHIP BANKING

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

Facilitating Financing for Small & Medium-Sized Enterprises (SMEs)

In line with our philosophy of "Sound management, creation of value, and partnership with the home region," we assign high management priority to the Bank's role in facilitating financing for SMEs. To that end, we engage in community-based banking services, encouraging our customers to take advantage of the government's emergency guarantee system and providing support to manufacturing-sector enterprises. In these ways, we assist our corporate customers to grow and develop. We also offer management consultation services to improve customers' business performance, including drawing up management reform plans. For our individual customers, we are expanding consultation services on the repayment of home mortgage loans.

We will continue taking steps to facilitate financing for SMEs research into effective methods of supplying SMEs with the funds they require. Through the pursuit of community-based banking services, we will contribute to the development of the local community and economy.

Principal Measures

(1) Internal Organization

In light of the "SME Financial Facilitation Bill," has been effective since December 2009, we have made the following changes to the Bank's internal organization to make more effective performance of its financial intermediary functions.

- In January 2010 we established the "Policy on Facilitating Financing" to enable speedier and more effective consultations with our customers regarding changes in loan conditions.
- We appointed a senior managing director (representative director) as officer with overall responsibility for promoting and managing the funding facilitation process throughout the Bank, and appointed funding facilitation officers at all of our branches.
- We organized a Coordinating Committee for Facilitating Financing at the head office to monitor the progress of facilitate financing for SMEs, and to implement specific improvement plans.

(2) Enhancement of Customer Consultation Desks

As shown below, we increased the number of consultation desks in line with our commitment to actively consult with customers on fund procurement and loan repayment matters.

- We established consultation desks for customers including SMEs that are open on holidays to facilitate financing for the calendar year-end and fiscal year-end.
- For customers who have taken out a mortgage loan, we set up support desk to provide emergency consultations on loan repayments.
- For questions and complains related to the Facilitating Financing such as changing loan conditions, we set up Loan Hotline (toll-free number) to help our customers to solve their problems and make our customers satisfied.

Revenues and Earnings

Operating profit increased by ¥31.3 billion over the previous fiscal year, to ¥41.6 billion, mainly as a result of a substantial improvement in earnings on investments in bonds, including Japanese government bonds, as well as progress in reducing expenses. Meanwhile, core business profit decreased ¥2.3 billion year on year, to ¥45.3 billion, owing to a decline in interest income on loans in line with a fall in interest rates, as well as a decline in income from fees and commissions.

In spite of a decline in stock-related profits, ordinary income increased by ¥17.0 billion year on year, to ¥18.5 billion, thanks to higher business profit.

Net income rose ¥7.9 billion over the previous year, to ¥12.9 billion.

*Core business profit = Business profit + General provisions for possible loan losses – gains and losses on bond trading

Deposits, Loans and Securities

Deposits (excluding CDs) increased by ¥118.4 billion during the term under review, to ¥6,681.1 billion at the term-end. Of this total, ordinary deposits rose ¥130.9 billion to a term-end balance of ¥3,547.7 billion, while time deposits increased ¥26.1 billion to ¥2,805.7 billion.

Loans decreased by ¥106.8 billion during the term, to ¥4,839.0 billion at term-end. Loans to individuals, especially mortgage loans, increased by ¥44.6 billion to ¥1,100.0 billion, while loans to small and medium enterprises ("SMEs") decreased ¥96.9 billion to ¥1,881.6 billion, as a result of lackluster capital investment amid the business downturn.

Securities holdings increased by ¥175.9 billion to ¥2,156.8 billion, as the Bank's purchases of Japanese government bonds more than offset its selloff of foreign securities.

Clients' Assets, and Housing Loans

Clients' assets increased by ¥56.2 billion year on year to ¥1,056.0 billion, due to steady growth in annuity insurance as well as an increase in investment trusts as the market recovered.

Fees and commissions on the management of clients' assets declined by ¥0.6 billion due to the lowering of the commission rate on sales of insurance and a decline in fees and commissions on the sale of investment trusts. Housing mortgage loans remained firm, rising ¥50.1 billion to ¥986.1 billion. Loans for the building of apartments increased by ¥9.4 billion to ¥329.3 billion.

Capital Ratio

The capital ratio is one of the key indicators of a bank's financial soundness.

The Bank's capital ratio remained at a high level. On a consolidated basis at the reporting term-end, it stood at 12.70% (Tier I ratio: 11.40%), while the ratio on a non-consolidated basis stood at 12.46% (Tier I ratio: 11.29%). The minimum level required for banks complying with domestic standards is 4%.

Regarding the method of calculation of the capital ratio at the Joyo Bank, to more accurately calculate risk-weighted assets, since the end of March 2008 we have been applying the Basic Internal Credit Rating Method, a method of calculating credit risk that more accurately reflects the risk posed by borrowers and raises the overall level of the Bank's credit risk management. For operational risk calculations, we consistently apply the standardized approach (TSA).

*Tier I capital: This is a bank's core equity capital and mainly consists of capital, legal reserve, and retained earnings.

Consolidated Accounts

The Bank currently has nine consolidated subsidiaries.

On a consolidated basis, ordinary income for the year decreased by ¥32.0 billion to ¥161.3 billion, while ordinary expenses also decreased by ¥50.3 billion, to ¥141.0 billion. As a result, ordinary income, net, increased by ¥20.3 billion year on year, while net income increased by ¥14.0 billion.

Regarding cash flows for the reporting term, on a consolidated basis, net cash provided by operating activities came to ¥80.6 billion due to a decrease in loans, while net cash used in investing activities amounted to ¥98.1 billion, as a result of the acquisition of securities. Net cash used in financing activities came to ¥6.2 billion, due to the payment of dividends. As a result, cash and cash equivalents on a consolidated basis at the reporting term-end stood at ¥129.8 billion, down ¥23.7 billion year on year.

Asset Soundness

Strengthened support for customers' restructuring and management improvement

The Bank plays a vital role in the revitalization of the regional economy and in supporting the development of the regional community through its support of corporate restructuring and management improvement services. We therefore take an active approach to these services, as a pillar of our community-based banking activities. Ensuring the facilitating financing to corporate customers is particularly important in view of the recent severity of the business environment, and the entire Bank is tackling this issue on a priority basis.

Specifically, our Company Management Support Office is working with our branches to provide corporate customers with advice on management analysis and related improvement measures and support for the making of full-scale management improvement plans. When necessary, we also collaborate with external organizations such as the SME Restructuring Support Council operated by the government's Small and Medium Enterprise Agency. In these ways, we offer consultation and guidance on management improvement for our SME customers.

As a result of our activities in this field in fiscal 2009, we realized an improvement in the borrower categorization (which depends on the financial position of the borrower) of 47 enterprises. We will continue to exert every possible efforts toward supporting our customers' management, so as to contribute to the revitalization of the regional economy.

Results of Processing Non-performing Loans in Fiscal 2009

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 2009 totaled ¥17.5 billion as shown below;

	Millions of Yen		
March 31	2010	2009	Change
Write-off of claims	¥ 9,852	¥11,904	¥(2,051)
Net provision for specific reserves	6,166	4,197	1,969
Losses on bulk sale of loans	159	99	59
Provision for contingent losses	1,090	1,083	6
Other	330	12	318
Total	¥17,599	¥17,297	¥ 302

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 61.34% of uncollectible loans based on the Bank's historical rate of loan-loss. As a result, compared to the ¥29.7 billion total of uncollectible loans, our specific reserves for possible loan losses amount to ¥18.2 billion, a reserve for possible loan losses ratio of 61.35%.

The Claims we deemed to be uncollectible or valueless (¥46.4 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 borrowers 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, 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

March 31, 2010	Potentially bankrupt borrowers	Substantially bankrupt borrowers	Legally bankrupt borrowers	Total
	Billions of Yen			
Claims of balance (i)	¥77.3	¥15.6	¥5.3	¥98.3
Claims secured by collateral (ii)	47.5	15.6	5.3	68.5
Claims with uncertain collectibility (A)=(i)-(ii)	29.7	0.0	0.0	29.7
Specific reserve (B)	18.2	0.0	0.0	18.2
Reserve ratio (B)/(A)	61.34%	100.00%	100.00%	61.35%

Reserve for Possible Loan Losses

March 31	2010	2009	Change
	Billions of Yen		
General loan loss reserve	**¥14.5**	¥12.6	¥1.9
Specific reserve	**18.5**	17.7	0.8
Reserve for possible loan losses	**33.1**	30.4	2.7
Reserve for other contingent losses	**¥ 1.9**	¥ 1.6	0.3

Disclosure of the Bank's Assets

We continue to view the improvement of asset quality as apriority management issue, work toward the disposal of bad debt and ensure 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 ¥1.9 billion year-on-year to ¥119.0 billion. The bank maintained a coverage ratio of 80.29%.

Risk-Monitored Assets under the Banking Law

(Non-consolidated)

March 31	2010	2009	Change
	Billions of Yen		
Loans in bankruptcy and dishonored bills	**¥ 5.2**	¥ 8.4	¥ (3.1)
Delinquent loans	**92.7**	94.1	(1.4)
Loans past due with respect to interest payments for more than three months	**1.6**	1.8	(0.2)
Restructured loans	**19.3**	16.4	2.8
Total (a)	**¥ 119.0**	¥ 120.9	¥ (1.9)
Loans and bills discounted (b)	**¥4,839.0**	¥4,945.9	¥(106.8)
Ratio of risk-monitored assets to loans outstanding (a)/(b)	**2.45%**	2.44%	0.01%
Portion covered by collateral and guarantees (c)	**¥ 95.5**	¥ 96.1	¥ (0.5)
Coverage ratio (c)/(a)	**80.29%**	79.49%	0.80%

(Consolidated)

March 31	2010	2009	Change
	Billions of Yen		
Loans in bankruptcy and dishonored bills	**¥ 5.6**	¥ 9.1	¥(3.5)
Delinquent loans	**95.2**	96.4	(1.2)
Loans past due with respect to interest payments for more than three months	**2.2**	2.4	(0.1)
Restructured loans	**19.3**	16.4	2.8
Total	**¥122.4**	¥124.5	¥(2.0)

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 2009 decreased by ¥1.8 billion year-on-year, to ¥119.4 billion, accounting for 2.44% of all claims. Furthermore, the ¥0.4 billion differential between the ¥119.4 billion in claims for disclosure under the Financial Revitalization Law, which excludes normal claims, and the ¥119.0 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	2010	2009	Change
Bankrupt and quasi-bankrupt assets (a)	¥ 21.0	¥ 25.0	¥ (4.0)
Doubtful assets (b)	77.3	77.8	(0.4)
Substandard loans (c)	21.0	18.3	2.7
Problem assets (A)=(a)+(b)+(c)	119.4	121.2	(1.8)
Normal assets (d)	4,767.9	4,880.6	(112.7)
Total (B)=(A)+(d)	¥4,887.3	¥5,001.8	¥(114.5)
Ratio of problem assets (A)/(B)	2.44%	2.42%	0.02%

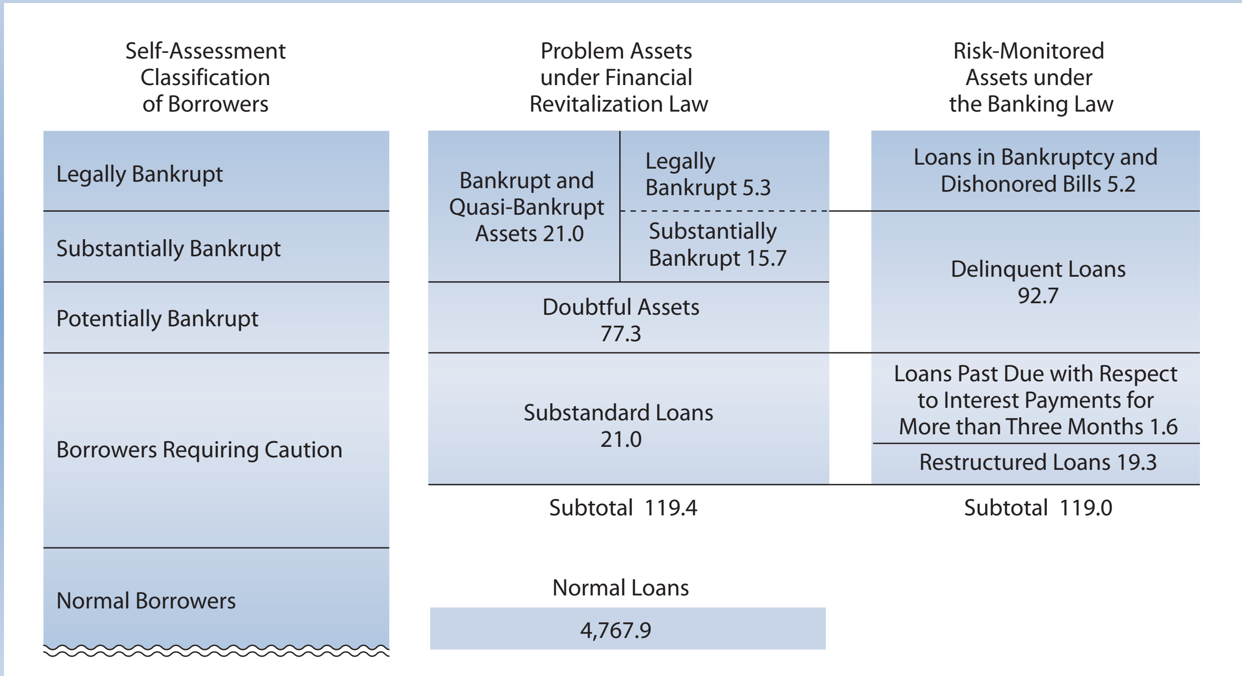
Coverage Status at Fiscal 2009 Year-End

Billions of Yen

March 31, 2010	Bankrupt and quasi-bankrupt assets	Doubtful assets	Substandard loans	Total
Problem assets (a)	¥21.0	¥77.3	¥21.0	¥119.4
Assets secured by collateral and guarantees (b)	21.0	47.6	6.0	74.6
Reserve for possible loan losses (c)	0.0	18.3	3.0	21.3
Coverage ratio {(b)+(c)}/(a)	100.00%	85.10%	43.10%	80.3%

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

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



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.

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.

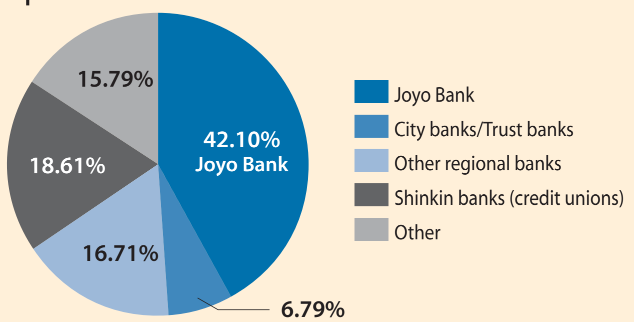
"Region" means Ibaraki Prefecture and neighboring areas forming the main territory (by location of branches) of the Bank: Fukushima, Tochigi, Saitama, Chiba and Miyagi prefectures.

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.

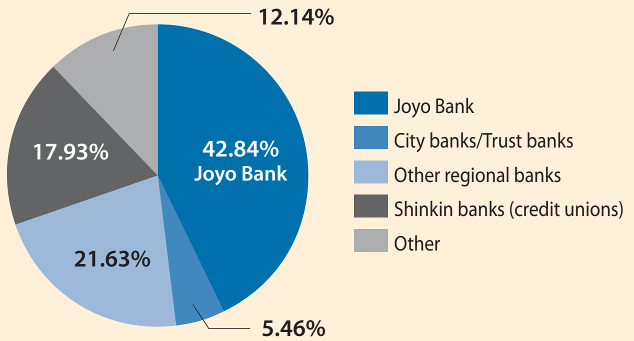
Market share within Ibaraki Prefecture (as of Sept. 30, 2009)

The Bank maintained a high market share for total deposits and loans within Ibaraki Prefecture, at over 40% each.

Deposits



Loans



Note: Figures for share exclude public sector.

Loans to Regional Customers

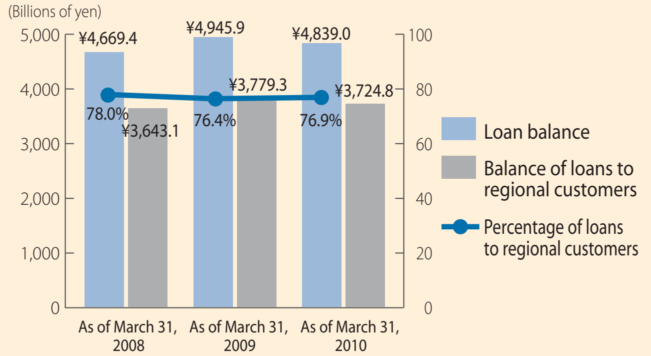
Regional and SME Loans

Loans to customers in our region totaled ¥3,724.8 billion, and accounted for 76.9% of all loans made by the Bank.

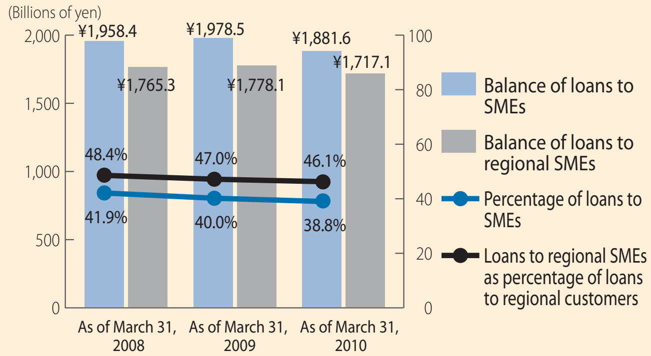
Loans to SMEs totaled ¥1,881.6 billion, and accounted for 38.8% of all loans. Of all regional loans, 46.1% went to SMEs.

The total number of SMEs is 33,422, of which 98.6% are local.

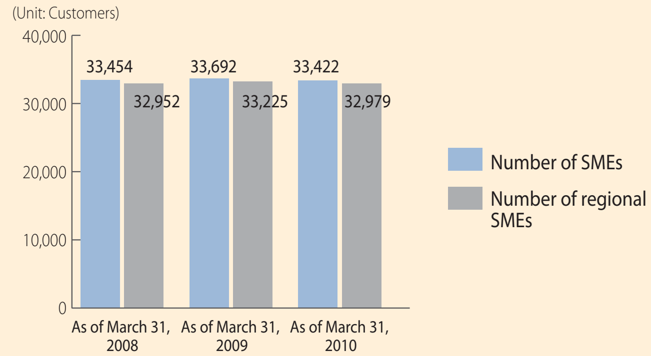
Balance of Loans, Balance of Loans and Percentage of Loans to Regional Customers



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

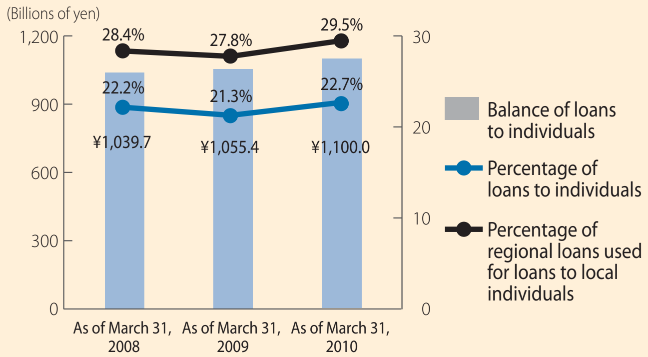
Loans to individuals have increased to ¥1,100.0 billion, with mortgage loans performing well. Of these, ¥1,098.6 billion or 99.8% are loans to individuals in the region.

Loans to individuals are 22.7% of all loans, and loans to individuals in the region are 29.5% of all regional loans.

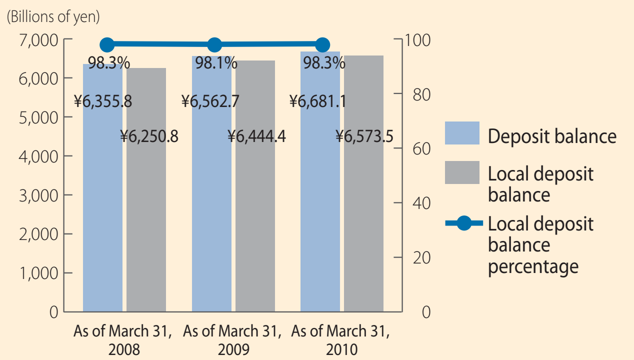
Optimal Financial Services for Regional Customers

98.3% of deposits, in an amount of ¥6,573.5 billion, are from regional customers, and 99.6% of clients' assets are from regional customers. In addition to a steady growth in annuity insurance, investment trusts also increased, on the back of a market recovery.

Balance of Loans and Percentage of Loans to Individuals, Percentage of Regional Loans used for Loans to Individualsin 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 by 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 Government of 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 as suppliers. As a important pillar of regional revitalization, we support highly capable manufacturers 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 regional 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 (AIST), the Organization for Small & Medium Enterprises and Regional Innovation, Ibaraki Corporation for Small and Medium Enterprise Promotion, 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 manufacturing 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. In fiscal 2009 we held Industrial Location Seminars at three sites in Tochigi and Chiba prefectures. We introduced companies to the dramatically improved business environment of Ibaraki Prefecture thanks to transportation infrastructure upgrades across the whole region.

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 consists of three departments: 1) the Industrial Research Department, which provides consulting services, mainly to private-sector enterprises, that include support for management structural reforms and acquisition of ISO certification; 2) the Regional Research Department, which conducts surveys and analysis of the regional community to assist local governments in drawing up regional plans and community development projects; and 3) the Training Department, which holds lectures, practical seminars and other training events.

The Institute also publishes the JIR News, a newsletter, and has created the Joyo Village website on which it posts information for members to read to and provides forums for members to exchange information and communicate with each other.

The Institute's staff includes a large number of experts in various fields to meet the diverse needs of its corporate customers. These experts include certified SMEs management consultants, ISO auditors, first-class registered architects, and engineers that offer effective solutions to the wide range of issues faced by our customers in the region.

Environmental Preservation Activities

Through its environmental preservation activities, the Bank seeks to reduce the environmental impact of its business operations and provide support for customers tackling the task of environmental preservation. These activities are part of the Bank's efforts undertaken in collaboration with numerous partners in the region to realize a sustainable community in Ibaraki Prefecture and neighboring areas.

Environmental Principles and Policies (established July 2008)

Environmental Principles

The main operational base of the Joyo Bank Group is Ibaraki Prefecture, an area blessed with beautiful natural scenery, including abundant greenery and water resources. We believe it is the Bank's social mission to help protect and nurture this rich and varied natural environment while realizing a sustainable society in our local region. To this end, we work hand in hand with a diverse range of partners in preserving the natural environment of our home -Ibaraki- on a continuous basis.

Environmental Policies

— Building a regional community that contributes to the global environment —

1. Reduce the environmental load of the Bank's business operations through resource conservation, energy conservation, and recycling
2. Support customers' environmental preservation activities by providing eco-friendly financial products and services
3. Ensure that all executives and employees of the Group are fully aware of these policies and actively participate in their implementation

Forest Preservation Activities

In April 2009, the Bank joined the Voluntary Club of Regional Banks for the Protection of Japan's Forests, an organization set up to coordinate the activities of regional banks to protect the nation's forests, which cover 70% of Japan's land area.

In September 2009 the Joyo Bank signed the Ibaraki Collaborative Forest Partners Agreement with the prefectural government of Ibaraki and the Ibaraki Afforestation Support Center, and commenced the Joyo Home-Town Forest tree-planting Project in Naka City. In November we carried out forest-thinning and weeding, and in March 2010 we planted Oshima cherry trees, Japanese nutmeg, and hinoki cypress trees as a first step toward recreating the kind of mixed forest that previously existed all over this region.

Expanding lineup of environment-related financial products and services

New eco-friendly products

To contribute to preservation of the region's environment, the Bank provides environment-related financial products to support companies working on environmental preservation. We constantly work to meet our customers' needs by developing new products and improving existing ones.

- New eco-friendly farmer registrants added to "Daichi," an free loan program for farmers.
- Two new loan-usage plans added to the Joyo Eco-Select Loan series

1. ISO Plan (additional expenses arising from acquisition of Eco-Action 21 certification)
2. Global Warming Prevention Plan

Eco-friendly housing mortgage loans and home renovation loans

Loans for new home construction or renovation of homes that will incorporate 100% electric utilities, "Eco-Jozu," an energy conserving gas-only home heating and cooling system, and similar eco-friendly home energy systems.

Loans for purchase of eco-friendly automobiles

Loans for the purchase of hybrid cars and other eco-friendly automobiles.

Support for acquisition of ISO certification

Our affiliated company, the Joyo Industrial Research Institute, Ltd., holds explanatory seminars on how to acquire ISO 14001 internationally recognized certification for environmental management systems, and also provides consulting on an individual-company basis to help corporate customers acquire this important certification.

Registration under the Ibaraki Eco-Business Plan

The Bank applied for inclusion in the Ibaraki Eco-Friendly Business Premises Registration System, operated by the Ibaraki Prefectural Government, in which business premises that engage in environment-friendly operations are listed. As a result, we received certification for the listing of all 108 Bank offices and two centers in Ibaraki Prefecture, as well as for all companies in the Joyo Bank Group.

In addition, our 10 offices in Fukushima Prefecture have signed the "Fukushima Protocol for the Prevention of Global Warming."

Addressing Revised Energy Conservation Act

Under the Revised Energy Conservation Act, companies with a total energy consumption equivalent to 1,500 kiloliters of crude oil or more in fiscal 2009 must report this to the relevant authorities and be designated as a Specified Business Corporation.

In line with this revision, the Bank was designated a Specified Business Corporation. (The total amount of energy consumed by the Bank in fiscal 2009 is shown in the following table.) Accordingly, for fiscal 2010 and after, the Bank will be required to routinely report its total energy consumption to relevant authorities, and to draw up medium- and long-term energy consumption and conservation plans.

The Bank has a system in place to monitor the energy consumption awareness and attitude across the organizations in the Bank in line with the "@ Energy-Minded Services" guidelines introduced in February 2009.

CORPORATE GOVERNANCE AND INTERNAL CONTROL SYSTEM

To ensure a greater 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 to be 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 Certified Public Accountants (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

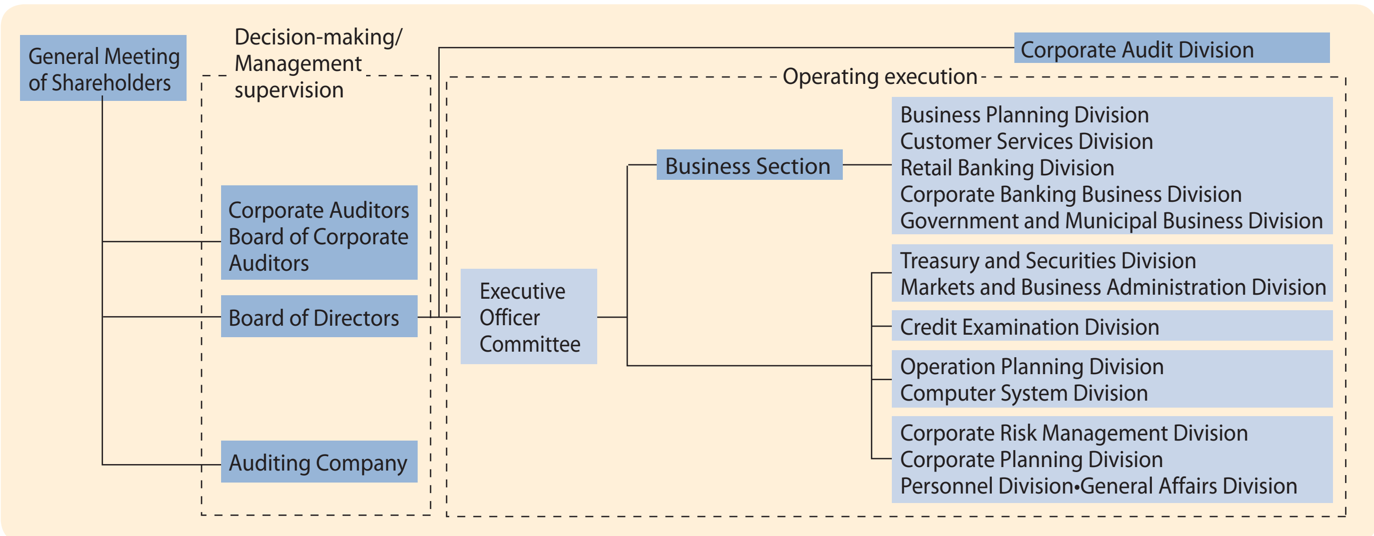
Comply with the legal and social code and execute honest and open business activities.

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 load, 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 mission 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 the director 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 business plans 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

Supporting Corporate Auditors

To support internal auditing, a staff who has enough knowledge and ability as an auditor 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 personnel transfer of the staff.

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 enhance the efficiency of the audit system, the corporate auditors maintain close coordination with all headquarters departments other than the internal audit sections.

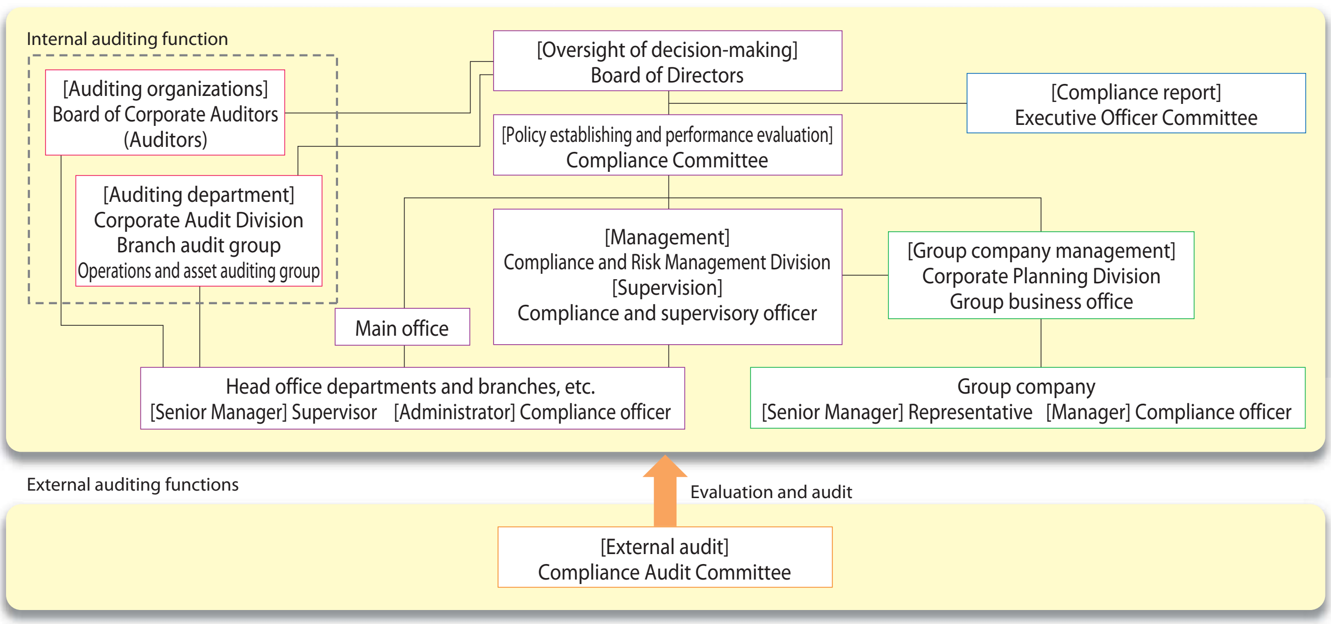
The Chairman of the Board, representative directors and accounting auditors each meet regularly with corporate auditors and exchange opinions on the issues related to the audits.

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 each executive and employee are fulfilling their roles in compliance.

We build a compliance system whose ultimate supervisory organ is the Board of Directors and place dedicated compliance officers in each major division to undertake wide-ranging inspections of legal issues in each division.

To supplement internal compliance activities by outside audits to inject the required professional knowledge and objectivity, the Bank set up a Compliance Audit Committee, consisting of outside professionals including lawyers and CPAs. The Committee evaluates and audits the Bank's compliance activities. We strive 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.

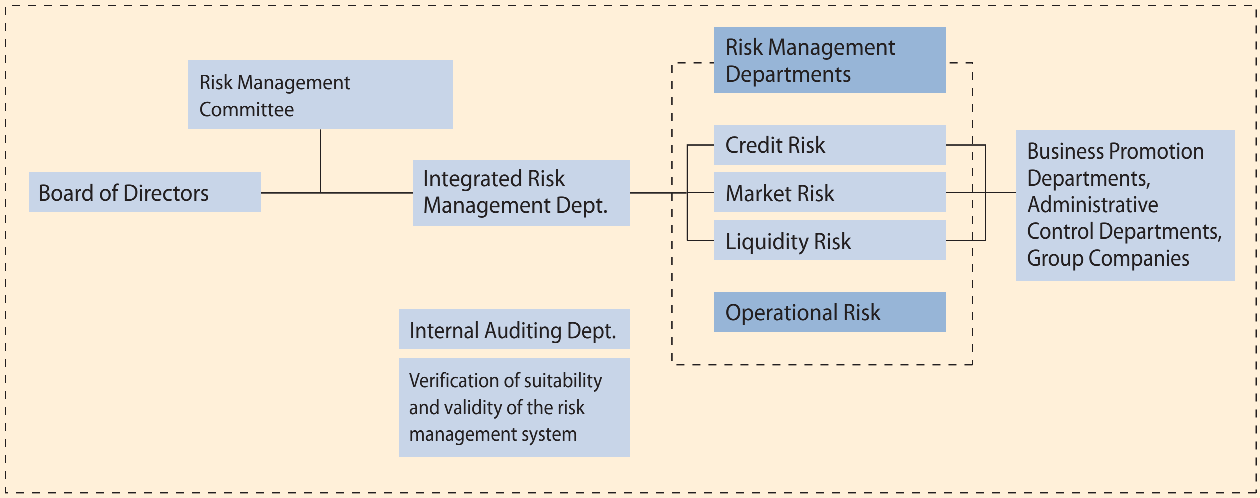
In business management, the departments that carry risks when conducting transactions (marketing departments) and the departments that internally manage the results of transactions (business administration departments) are separated, thus creating an organizational structure that allows for mutual checks 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 verifies 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



Risk Management through the PDCA Cycle

At the Joyo Bank we use the PDCA cycle described below in our risk management process. This allows continuous improvement of risk management, and conforms to our belief in the need to consistently refine the Bank's risk management methods.

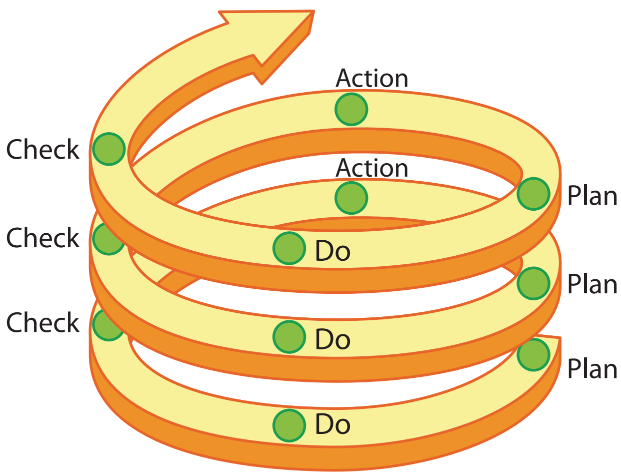
Plan: Identify and evaluate the various risks to which the Bank's operations are exposed, and draw up a plan for risk avoidance and mitigation

Do: Put the plan into practice

Check: Evaluate the results of the plan's implementation

Act: Take improvement measures in the event that the avoidance and mitigation plan process is insufficient, or in the event that new problems emerge

Continuous Improvement of Risk Management



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 deterioration in credibility of the debtor. This is recognized as one of the most serious risks make within banking operations.

In order to prevent the occurrence of nonperforming loans and improve the soundness of our assets, we make 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 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-amount loans to unify credit screening standards and improve efficiency.

Internal Credit Ratings

We classify our customers into a 12-grade rating class based on quantitative appraisal of financial condition and cash flows, and qualitative appraisal. 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 monitoring of credit risk exposure, setting of lending rate and allocation of lending authority.

Asset Self-Assessment

In asset self-assessments to evaluate the soundness of assets, the branch carry out a primary evaluation by making a decision on credit category based on a credit rating. Then the head office department in charge of credit screening checks these (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 credit ratings, we calculate credit risk for each customer in view of the security 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 money within the financial market. Assets like loans and securities and liabilities like 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 build a mutual checks and balances system.

Market Risk Control

The scale of risks involved in assets and liabilities (deposits, loans, securities) go through a broad ranging 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 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 data 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.

Customer Protection

In line with our commitment to being a 'Best Partner bank', we are working to ensure thorough protection for our customers, enabling them to do business with us in complete confidence. Our efforts include ensuring that the details of financial products and services are always explained carefully to customers, and that we always listen attentively to customer feedback. We are also strictly managing confidential customer information, ensuring that outsourced service providers follow our customer confidentiality rules, and preventing transactions involving a conflict of interest.

In line with this management approach, we have laid down the Customer Protection Management Policy and are working to ensure that all Bank employees, from executives down, are completely familiar with the policy. From the organizational standpoint, we have established the Customer Protection Group within the Corporate Risk Management Division as a central unit for the supervision of all customer management measures.

Adequate explanations of products and services

We always provide explanations of our financial products and services to ensure that customers understand the products or services adequatelly.

Officers in charge of each particular facet of the Bank's operations instruct and teach details and methods for how to best explain these products to customers, and the Corporate Risk Management Division works to further improve the quality of these explanations.

Listening attentively to customer feedback

Inquiries, requests, or complaints from customers are processed centrally by the Customer Counseling Office within the Customer Services Division, while the Bank unit in charge of the particular business operation concerned is charged with responsibility for drawing up plans for improvement, or for preventing the recurrence of issues that have caused a complaint. Our branch office staff are informed of cases that have led to complaints, enabling them to draw up recurrence prevention plans.

Ensuring strict confidentiality in the management of customer information

We ensure strict confidentiality in our management of customers' personal data. We have drawn up detailed in-house rules for the handling of customer information, practicing strict control of data access and office access as well as the encryption of confidential information. In these ways, we protect our customers from the leakage of their personal information to outside parties as a result of misconduct or human error. Providers of outsourced services are also required to conform to the Bank's strict customer information protection policy, and we closely monitor their performance in this area.

Managing conflicts of interest

The diversification of the services provided by financial institutions has given rise to possible conflicts of interest between financial institutions and their customers. In response to this situation we have drawn up a set of rules for the management of conflicts of interest in which transactions that may lead to a conflict of interest between the Joyo Bank Group and its customers are identified and properly managed. In this way, we are working to prevent damage to the interests of our customers.

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

- ***Strict compliance with laws and regulations***

  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 first regional financial institution in the North Kanto Region, to acquire 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.

たいせつにしますプライバシー

10620006(02)

JISQ15001:2006準拠

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

March 31,	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 2) 2010
Assets			
Cash and due from banks (Notes 3 and 25)	¥ 173,240	¥ 179,030	$ 1,862,004
Call loans and bills purchased	22,915	26,729	246,292
Commercial paper and other debt purchased	46,009	54,063	494,517
Trading assets (Note 5)	3,766	9,578	40,478
Securities (Notes 6, 8 and 25)	2,151,554	1,975,080	23,125,051
Loans and bills discounted (Notes 7, 9, 11 and 25)	4,808,134	4,911,988	51,678,148
Foreign exchanges	2,708	1,316	29,113
Lease receivables and lease investment assets (Note 24)	29,005	31,742	311,753
Other assets	70,595	70,500	758,763
Tangible fixed assets (Note 22)	95,961	97,394	1,031,397
Intangible fixed assets	7,476	7,124	80,352
Deferred tax assets (Note 14)	21,702	57,654	233,258
Customers' liabilities for acceptances and guarantees	22,875	28,552	245,863
Reserve for possible loan losses	(39,201)	(36,422)	(421,343)
Reserve for devaluation of investment securities	(35)	(48)	(386)
Total assets	¥7,416,708	¥7,414,285	$79,715,265
Liabilities and net assets			
Liabilities:			
Deposits (Notes 8, 15 and 25)	¥6,685,607	¥6,646,813	$71,857,343
Call money and bills sold (Notes 8 and 19)	—	111,947	—
Payables under securities lending transactions (Note 8)	26,034	73,649	279,816
Trading liabilities (Note 16)	371	270	3,994
Borrowed money (Notes 8, 10 and 25)	119,490	80,885	1,284,286
Foreign exchanges	625	185	6,722
Bonds (Note 12)	15,000	15,000	161,220
Due to trust account	18	14	196
Other liabilities	93,531	57,282	1,005,278
Reserve for directors' bonuses	37	—	406
Reserve for employees' retirement benefits (Note 13)	4,840	4,219	52,025
Reserve for directors' retirement benefits	22	742	242
Reserve for reimbursement of dormant deposits	1,458	1,333	15,667
Reserve for frequent users services	102	102	1,106
Reserve for losses on interest refunded	7	8	76
Reserve for other contingent losses	1,991	1,623	21,407
Reserves under the special laws	0	0	8
Deferred tax liabilities for land revaluation (Notes 3 and 14)	13,984	14,007	150,303
Negative goodwill	2,607	2,765	28,025
Acceptances and guarantees	22,875	28,552	245,863
Total liabilities	6,988,606	7,039,404	75,114,001
Net assets:			
Common stock	85,113	85,113	914,800
Capital surplus	58,574	58,574	629,557
Retained earnings	261,752	254,154	2,813,337
Treasury stock	(26,845)	(26,804)	(288,535)
Total shareholders' equity	378,594	371,036	4,069,159
Unrealized (losses) gains on available-for-sale securities	38,805	(6,397)	417,086
Deferred losses on hedging instruments, net of taxes	(1,938)	(1,868)	(20,832)
Land revaluation excess, net of taxes (Notes 3 and 14)	11,000	10,739	118,235
Total valuation and translation adjustments	47,868	2,474	514,489
Equity warrants	21	—	230
Minority interests	1,617	1,369	17,383
Total net assets	428,101	374,881	4,601,263
Total liabilities and net assets	¥7,416,708	¥7,414,285	$79,715,265

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Income

THE JOYO BANK, LTD. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 2)
Years ended March 31,	2010	2009	2010
Income:			
Interest and dividend income:			
Interest on loans and discounts	¥ 90,019	¥ 97,453	$ 967,540
Interest and dividends on securities	23,294	31,371	250,370
Other interest income	1,080	1,418	11,608
Fees and commissions	22,404	23,216	240,801
Trading income (Note 18)	669	580	7,197
Other operating income	3,566	3,914	38,330
Other income (Note 20)	22,553	37,862	242,402
Total income	163,587	195,817	1,758,252
Expenses:			
Interest expenses:			
Interest on deposits	9,563	16,502	102,787
Interest on borrowings and rediscounts (Note 19)	1,003	3,428	10,782
Other interest expenses	1,592	5,206	17,116
Fees and commissions	6,793	6,806	73,021
Other operating expenses	4,637	42,631	49,845
General and administrative expenses	73,819	74,589	793,416
Other expenses (Note 21)	44,152	43,772	474,551
Total expenses	141,562	192,937	1,521,520
Income before income taxes and minority interests	22,025	2,879	236,731
Income taxes:			
Current	1,594	2,725	17,137
Tax refunds	(96)	—	(1,039)
Deferred (Note 14)	6,229	(5,177)	66,954
Minority interests in net income of consolidated subsidiaries	246	153	2,652
Net income	¥ 14,051	¥ 5,178	$ 151,026
Net income per share (in yen and dollars)	¥ 18.17	¥ 6.62	$ 0.19

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 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 2) 2010
Shareholders' equity			
Common stock			
Balance at end of the previous year	¥ 85,113	¥ 85,113	$ 914,800
Changes during the year	—	—	—
Total changes during the year	—	—	—
Balance at end of the current year	¥ 85,113	¥ 85,113	$ 914,800
Capital surplus			
Balance at end of the previous year	¥ 58,574	¥ 58,574	$ 629,557
Changes during the year	—	—	—
Total changes during the year	—	—	—
Balance at end of the current year	¥ 58,574	¥ 58,574	$ 629,557
Retained earnings			
Balance at end of the previous year	¥254,154	¥255,255	$2,731,665
Changes during the year			
Cash dividends	(6,183)	(6,262)	(66,461)
Net income	14,051	5,178	151,026
Disposal of treasury stock	(8)	(96)	(90)
Transfer from land revaluation excess	(260)	79	(2,802)
Total changes during the year	7,598	(1,101)	81,672
Balance at end of the current year	¥261,752	¥254,154	$2,813,337
Treasury stock			
Balance at end of the previous year	¥ (26,804)	¥ (21,671)	$ (288,098)
Changes during the year			
Purchase of treasury stock	(71)	(5,602)	(763)
Disposal of treasury stock	30	468	326
Total changes during the year	(40)	(5,133)	(437)
Balance at end of the current year	¥ (26,845)	¥ (26,804)	$ (288,535)
Total shareholders' equity			
Balance at end of the previous year	¥371,036	¥377,271	$3,987,925
Changes during the year			
Cash dividends	(6,183)	(6,262)	(66,461)
Net income	14,051	5,178	151,026
Purchase of treasury stock	(71)	(5,602)	(763)
Disposal of treasury stock	21	371	235
Transfer from land revaluation excess	(260)	79	(2,802)
Total changes during the year	7,558	(6,235)	81,234
Balance at end of the current year	¥378,594	¥371,036	$4,069,159

Years ended March 31,	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 2) 2010
Valuation and translation adjustments			
Unrealized (losses) gains on available-for-sale securities	¥(6,397)	¥ 43,833	$ (68,757)
Balance at end of the previous year			
Changes during the year			
Net changes in items other than shareholders' equity	45,202	(50,230)	485,843
Total changes during the year	45,202	(50,230)	485,843
Balance at end of the current year	¥38,805	¥ (6,397)	$ 417,086
Deferred losses on hedging instruments, net of taxes			
Balance at end of the previous year	¥(1,868)	¥ (1,130)	$ (20,077)
Changes during the year			
Net changes in items other than shareholders' equity	(70)	(737)	(755)
Total changes during the year	(70)	(737)	(755)
Balance at end of the current year	¥(1,938)	¥ (1,868)	$ (20,832)
Land revaluation excess, net of taxes			
Balance at end of the previous year	¥10,739	¥ 10,819	$ 115,432
Changes during the year			
Net changes in items other than shareholders' equity	260	(79)	2,802
Total changes during the year	260	(79)	2,802
Balance at end of the current year	¥11,000	¥ 10,739	$ 118,235
Total valuation and translation adjustments			
Balance at end of the previous year	¥ 2,474	¥ 53,521	$ 26,598
Changes during the year			
Net changes in items other than shareholders' equity	45,393	(51,047)	487,891
Total changes during the year	45,393	(51,047)	487,891
Balance at end of the current year	¥47,868	¥ 2,474	$ 514,489
Equity warrants			
Balance at end of the previous year	¥ —	¥ —	$ —
Changes during the year			
Net changes in items other than shareholders' equity	21	—	230
Total changes during the year	21	—	230
Balance at end of the current year	¥21	¥ —	$ 230
Minority interests			
Balance at end of the previous year	¥ 1,369	¥ 1,222	$ 14,723
Changes during the year			
Net changes in items other than shareholders' equity	247	147	2,659
Total changes during the year	247	147	2,659
Balance at end of the current year	¥ 1,617	¥ 1,369	$ 17,383
Total net assets			
Balance at end of the previous year	¥374,881	¥432,016	$4,029,246
Changes during the year			
Cash dividends	(6,183)	(6,262)	(66,461)
Net income	14,051	5,178	151,026
Purchase of treasury stock	(71)	(5,602)	(763)
Disposal of treasury stock	21	371	235
Transfer from land revaluation excess	(260)	79	(2,802)
Net changes in items other than shareholders' equity	45,662	(50,899)	490,781
Total changes during the year	53,220	(57,135)	572,016
Balance at end of the current year	¥428,101	¥374,881	$4,601,263

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 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 2) 2010
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 22,025	¥ 2,879	$ 236,731
Depreciation	6,206	5,129	66,702
Impairment losses	81	23	880
Amortization of negative goodwill	(158)	(158)	(1,698)
Net increase (decrease) in reserve for possible loan losses	2,779	(2,457)	29,874
Net decrease in reserve for devaluation of investment securities	(12)	(0)	(132)
Net (decrease) increase in reserve for directors' retirement benefits	(719)	92	(7,735)
Net increase in reserve for reimbursement of dormant deposits	124	110	1,341
Net increase (decrease) in reserve for frequent users services	0	(58)	8
Net increase in reserve for other contingent losses	367	530	3,953
Net (decrease) increase in reserve for losses on interest refunded	(1)	0	(20)
Net increase in reserve for directors' bonuses	37	—	406
Net increase in reserve for employees' retirement benefits	620	45	6,673
Interest and dividend income	(118,253)	(132,976)	(1,270,995)
Interest expenses	12,159	25,137	130,686
Net losses related to securities transactions	9,562	33,926	102,779
Net losses on money held in trust	—	54	—
Foreign exchange losses, net	4,288	23,225	46,095
Losses on disposal of tangible fixed assets	429	689	4,613
Net decrease in trading assets	5,812	16,485	62,470
Net increase in trading liabilities	101	66	1,091
Net decrease in lease investment assets	2,737	484	29,418
Net decrease (increase) in loans and bills discounted	103,853	(276,771)	1,116,221
Net increase in deposits	117,254	207,332	1,260,253
Net decrease (increase) in negotiable certificates of deposit	(78,460)	53,949	(843,293)
Net increase in borrowed money excluding subordinated borrowings	38,605	9,440	414,929
Net increase in due from banks excluding cash equivalents	(17,960)	(2,953)	(193,039)
Net increase in call loans and others	11,868	(11,181)	127,559
Net increase in call money and bills sold	(111,947)	(50,735)	(1,203,218)
Net decrease in payables under securities lending transactions	(47,615)	(92,580)	(511,775)
Net increase in foreign exchange (assets)	(1,392)	(278)	(14,967)
Net increase (decrease) in foreign exchange (liabilities)	440	(118)	4,731
Net increase (decrease) in due to trust account	3	(2)	42
Interest and dividends received	119,277	133,648	1,282,000
Interest paid	(12,597)	(24,271)	(135,398)
Others, net	11,781	(21,651)	126,628
Subtotal	81,300	(102,943)	873,819
Income taxes paid	(637)	(9,993)	(6,849)
Net cash provided by (used in) operating activities	80,662	(112,937)	866,969
Cash flows from investing activities:			
Purchases of securities	(487,758)	(530,475)	(5,242,461)
Proceeds from sales of securities	174,314	380,243	1,873,543
Proceeds from redemption of securities	221,425	320,424	2,379,891
Increase in money held in trust	—	(25,000)	—
Decrease in money held in trust	—	28,500	—
Purchases of tangible fixed assets	(3,943)	(9,386)	(42,387)
Proceeds from sales of tangible fixed assets	48	190	518
Purchases of intangible fixed assets	(2,256)	(224)	(24,251)
Net cash (used in) provided by investing activities	(98,170)	164,271	(1,055,146)
Cash flows from financing activities:			
Cash dividends paid	(6,183)	(6,262)	(66,461)
Cash dividends paid to minority interests	(0)	(0)	(2)
Purchases of treasury stock	(71)	(5,602)	(763)
Proceeds from sales of treasury stock	21	371	235
Net cash used in financing activities	(6,232)	(11,493)	(66,991)
Translation adjustment for cash and cash equivalents	(9)	(15)	(100)
Net (decrease) increase in cash and cash equivalents	(23,750)	39,825	(255,269)
Cash and cash equivalents at beginning of year	153,550	113,725	1,650,374
Cash and cash equivalents at end of year (Note 3)	¥129,800	¥153,550	$1,395,105

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 ¥93.04 = US$1.00, the exchange rate prevailing on March 31, 2010.

3. Significant Accounting Policies

(a) Consolidation

The accompanying consolidated financial statements include the accounts of the Bank and nine major subsidiaries.

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) 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.

(c) 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 which are extremely difficult to determine the fair value 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.

(d) Derivatives

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

(e) 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).

(f) 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 ¥48,463 million and ¥44,962 million as of March 31, 2010 and 2009, respectively.

(g) 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.

(h) Reserve for directors’ bonuses

Reserve for directors’ bonuses represents estimated cost of directors’ (including executive officers) bonuses attributable to the fiscal year.

(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.

Accounting Changes

The Bank and its consolidated subsidiaries have adopted the standard of "Partial Amendments to Accounting Standard for Retirement Benefits (Part3)" (ASBJ Statement No.19, July 31, 2008) at the end of the fiscal year ended March 31, 2010. However, as the discount rate was not impacted by this adoption, it did not have an impact on the consolidated financial statements.

(j) Reserve directors' retirement benefits

Reserve is made for the payments of retirement allowances to directors and auditors of the consolidated subsidiaries based on an estimate of the amount attributable to the fiscal year.

(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.

(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 other 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) Translation of foreign currencies

Foreign currency-denominated assets and liabilities of the Bank 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 respective balance sheet dates.

All consolidated subsidiaries have a fiscal year end of March 31.

(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 decreased by ¥206 million for the year ended March 31, 2010 and would have increased by ¥1,263 million for the year ended March 31, 2009, 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 (deposits or 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.

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 assets 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 assets 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 assets and liabilities denominated in foreign currencies is assessed through comparison of the foreign currency position of the hedged monetary assets and liabilities, with that of the hedging instruments.

When certain criteria are met, exceptional accrual method for interest rate swap is applied to some assets and liabilities held by the Bank and its consolidated subsidiaries.

(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) 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 carrying amount and the fair value of premises revalued pursuant to Article 10 of the Law were ¥25,771 million and ¥24,031 million as of March 31, 2010 and 2009, respectively.

(v) 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.

(w) 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,	**2010**	2009
Cash and due from banks	**¥173,240**	¥179,030
Deposits with banks other than the Bank of Japan	**(43,440)**	(25,479)
Cash and cash equivalents	**¥129,800**	¥153,550

4. Application of New Accounting Standards

Accounting Standard for Financial Instruments

The Bank and its consolidated subsidiaries have adopted the standard of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, revised March 10, 2008) and “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.19, March 10, 2008) at the end of the fiscal year ended March 31, 2010. (Please refer to “25. Financial instruments”)

As a result of this change, by comparison with the application of the previous accounting standard, “Ordinary income” and “Income before income taxes and minority interests” increased by ¥51 million, respectively.

5. Trading Assets

	Millions of yen	
March 31,	**2010**	2009
Trading securities	**¥3,146**	¥2,106
Trading securities-related financial derivatives	**2**	1
Trading-related financial derivatives	**617**	476
Other trading assets	**—**	6,994
Total	**¥3,766**	¥9,578

6. Securities

	Millions of yen	
March 31,	**2010**	2009
Japanese government bonds	**¥1,209,305**	¥ 788,617
Japanese local government bonds	**386,679**	397,326
Corporate bonds	**374,973**	400,381
Corporate stocks	**182,826**	145,653
Other securities	**177,769**	243,102
Total	**¥2,151,554**	¥1,975,080

Notes: 1. Securities include ¥31 million of investments in nonconsolidated subsidiaries as of March 31, 2009 while the Bank had no nonconsolidated subsidiary as of March 31, 2010.

2. Corporate bonds include ¥19,925 million and ¥21,766 million of guarantee obligations for privately placed bonds (under Article 2-3 of the Financial Instruments and Exchange Act) as of March 31, 2010 and 2009, 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, 2010 and 2009 totaled ¥22,670 million and ¥33,744 million, respectively.

8. Pledged Assets

Assets pledged as collateral at March 31, 2010 and 2009 were as follows:

	Millions of yen	
March 31,	**2010**	2009
Pledged assets:		
Securities	**¥226,878**	¥310,042
Liabilities covered by pledged assets:		
Deposits	**31,131**	21,850
Call money	**—**	35,000
Payables under securities lending transactions	**26,034**	73,649
Borrowed money	**49,700**	10,000

In addition to the above, securities amounting to ¥100,880 million and ¥100,091 million at book value were pledged as collateral in connection with bank transfer settlements and futures transactions as of March 31, 2010 and 2009, respectively.

One consolidated subsidiary had pledged its lease receivables amounting to ¥3,413 million and ¥5,000 million as collateral for borrowed money of ¥2,815 million and ¥4,235 million as of March 31, 2010 and 2009, respectively.

Lease deposits as of March 31, 2010 and 2009 of ¥1,430 million and ¥1,432 million, respectively, have been included in “Other assets.” Initial margins on futures transactions as of March 31, 2010 and 2009 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 ¥1,369,249 million and ¥1,441,272 million at March 31, 2010 and 2009, respectively. Of this amount, facilities/contracts which expire within one year or which are unconditionally cancelable at any time, totaled ¥862,086 million and ¥1,300,738 million at March 31, 2010 and 2009, respectively.

Most of these agreements will expire without the clients’ having utilized the financial resources available to them, and the amount of the non-executed 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 included subordinated debt of ¥35,000 million, at March 31, 2010 and 2009.

Borrowed money at March 2010 and 2009 consisted of the following:

Description	Millions of yen		%	Due
	2010	2009	Average interest rate	
Bills rediscounted	**¥ —**	¥ —	—	—
Other borrowings	**119,490**	80,885	1.00	April 2010 - 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, 2010 was as follows:

	Millions of yen
Within 1 year	¥88,765
After 1 year through 2 years	20,875
After 2 years through 3 years	490
After 3 years through 4 years	240
After 4 years through 5 years	30

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, 2010 and 2009 included the following non-performing loans:

	Millions of yen	
March 31,	**2010**	2009
Loans in bankruptcy and dishonored bills	**¥5,617**	¥ 9,171
Delinquent loans	**95,204**	96,420
Loans past due with respect to interest payments for more than 3 months	**2,270**	2,437
Restructured loans	**19,372**	16,474
Total	**¥122,463**	¥124,504

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 since 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, 2010 and 2009 consisted of the following:

Issuer	Description	Date of issue	Millions of yen		%	Collateral	Due
			2010	2009	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, 2010 was as follows:

	Millions of yen
Within 1 year	¥10,000
After 1 year through 2 years	—
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, 2010, the Bank and nine consolidated subsidiaries have lump-sum retirement benefits for employees. The Bank and its consolidated subsidiaries have jointly established a fund under a defined benefit pension plan.

(b) The following table sets forth the changes in the retirement benefit obligation, the plan assets and the funded status of the Bank and its consolidated subsidiaries at March 31, 2010 and 2009:

	Millions of yen	
March 31,	**2010**	2009
Retirement benefit obligation	**¥(62,130)**	¥(61,515)
Fair value of plan assets	**50,285**	42,343
Funded status	**(11,844)**	(19,171)
Unrecognized net retirement benefit obligation at transition	**—**	—
Unrecognized actuarial loss	**12,035**	21,327
Unrecognized prior service cost	**467**	565
Net retirement benefit obligation	**658**	2,721
Prepaid pension cost	**5,499**	6,940
Reserve for employees’ retirement benefits	**¥(4,840)**	¥ (4,219)

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, 2010 and 2009:

	Millions of yen	
Years ended March 31,	**2010**	2009
Service cost	**¥1,842**	¥1,907
Interest cost	**1,059**	1,044
Expected return on plan assets	**(569)**	(785)
Amortization:		
Amortization of prior service cost	**98**	98
Amortization of unrecognized actuarial loss	**2,815**	1,419
Total retirement benefit cost	**¥5,246**	¥3,684

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, 2010 and 2009 were as follows:

Years ended March 31,	2010	2009
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**3.0%**	3.0%
Periodical allocation of estimated retirement benefits	**Straight-line method**	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

	Millions of yen	
March 31,	**2010**	2009
Deferred tax assets:		
Reserve for possible loan losses	**¥26,256**	¥27,868
Reserve for retirement benefits	**9,156**	8,320
Devaluation of securities	**2,899**	13,939
Depreciation	**4,142**	3,996
Reserve for employee bonuses	**1,012**	978
Net operating loss carry forwards	**—**	455
Reserve for directors' retirement benefits	**—**	297
Reserve for reimbursement of dormant deposits	**588**	537
Unrealized loss on available-for-sale securities	**—**	6,279
Others	**13,796**	13,093
Valuation allowance	**(7,368)**	(8,211)
Total	**¥55,021**	¥67,556
Deferred tax liabilities:		
Unrealized gain on available-for-sale securities	**¥(23,487)**	¥ —
Retirement benefit trust	**(9,495)**	(9,495)
Reversal of reserve for possible loan losses after elimination of intercompany balances	**(32)**	(36)
Others	**(303)**	(369)
Total	**(33,318)**	(9,902)
Net deferred tax assets	**¥21,702**	¥57,654

The effective tax rate reflected in the consolidated statements of income for the year ended March 31, 2010 and 2009 differs from the statutory tax rate for the following reasons:

	2010	2009
Statutory tax rate	**40.32%**	40.32%
Provision for accrued income taxes in previous terms	**—**	(75.90)%
Valuation allowances	**(3.82)%**	(20.78)%
Dividends exempted for income tax purposes	**—**	(26.08)%
Other	**(1.42)%**	(2.69)%
Effective tax rate	**35.08%**	(85.13)%

15. Deposits

	Millions of yen	
March 31,	2010	2009
Current deposits	**¥3,731,088**	¥3,642,117
Time deposits	**2,793,747**	2,768,973
Negotiable certificates of deposit	**20,900**	99,360
Others	**139,870**	136,361
Total	**¥6,685,607**	¥6,646,813

16. Trading Liabilities

	Millions of yen	
March 31,	2010	2009
Trading securities–related financial derivatives	**¥ —**	¥ —
Trading-related financial derivatives	**371**	270
Total	**¥371**	¥270

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 Companies Act of Japan (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 as capital surplus.

18. Trading Income

	Millions of yen	
Years ended March 31,	**2010**	2009
Revenue from trading securities	**¥512**	¥247
Revenue from trading-related financial derivatives	**151**	104
Other trading revenue	**5**	228
Total	**¥669**	¥580

19. Interest on Borrowings and Rediscounts

	Millions of yen	
Years ended March 31,	**2010**	2009
Call money and bills sold	**¥57**	¥1,651
Securities lending transactions	**87**	791
Borrowings	**857**	985
Total	**¥1,003**	¥3,428

20. Other Income

	Millions of yen	
Years ended March 31,	**2010**	2009
Other ordinary income	**¥20,324**	¥35,438
Gain on disposal of tangible fixed assets	**—**	47
Gains on collection of loan assets	**2,228**	2,357
Reversal of reserve for possible loan losses	**—**	18
Total	**¥22,553**	¥37,862

21. Other Expenses

	Millions of yen	
Years ended March 31,	**2010**	2009
Losses on disposal of tangible fixed assets	**¥429**	¥ 736
Losses on impairment	**81**	23
Write-offs of claims	**11,273**	13,500
Write down of equity shares	**1,936**	6,187
Losses on sale of claims	**472**	478
Others	**29,961**	22,848
Total	**¥44,152**	¥43,772

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, 2010 and 2009 can be broken down into the two categories of losses on land holdings in the amount of ¥80 million and ¥20 million, respectively, and losses on buildings in the amount of ¥0 million and ¥3 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 ¥100,089 million and ¥103,618 million, as of March 31, 2010 and 2009, respectively.

23. Segment Information

(a) Business segment information

Segment information by type of business for the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of yen					
Year ended March 31, **2010**	Banking operations	Leasing	Other	Total	Eliminations	Consolidated
Ordinary income:						
From external customers	**¥140,641**	**¥15,905**	**¥4,812**	**¥161,359**	**¥ —**	**¥161,359**
From internal transactions	**1,057**	**1,443**	**4,625**	**7,125**	**(7,125)**	**—**
Total	**141,699**	**17,348**	**9,437**	**168,485**	**(7,125)**	**161,359**
Ordinary expenses	**123,170**	**16,385**	**8,248**	**147,804**	**(6,754)**	**141,050**
Ordinary income, net	**18,528**	**962**	**1,188**	**20,680**	**(371)**	**20,308**
Assets	**¥7,407,180**	**¥42,981**	**¥37,356**	**¥7,487,518**	**¥(70,810)**	**¥7,416,708**
Depreciation	**5,354**	**55**	**307**	**5,717**	**488**	**6,206**
Losses on impairment	**81**	**—**	**—**	**81**	**—**	**81**
Capital expenditures	**5,996**	**33**	**170**	**6,200**	**—**	**6,200**

	Millions of yen					
Year ended March 31, 2009	Banking operations	Leasing	Other	Total	Eliminations	Consolidated
Ordinary income:						
From external customers	¥ 172,093	¥16,774	¥ 4,525	¥ 193,394	¥ —	¥ 193,394
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

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 presented.

3. The Bank and its consolidated subsidiaries have adopted the standard of “Accounting Standard for Financial

Instruments" (ASBJ Statement No. 10, revised March 10, 2008) and "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 10, 2008) at the end of the fiscal year ended March 31, 2010.

As a result of this change, by comparison with the application of the previous accounting standard, "Ordinary income" and "Income before income taxes and minority interests" of banking operations increased by ¥51 million, respectively.

(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 resides in Japan.

(c) Ordinary income from foreign operations

Segment information related to the Bank's foreign operations for the years ended March 31, 2010 and 2009 have not been disclosed since ordinary income on international operations was less than 10% of the total consolidated ordinary income and assets.

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 March 31, 2010

Acquisition cost	
Tangible fixed assets:	¥15 million
Total:	¥15 million
Accumulated Depreciation expenses	
Tangible fixed assets:	¥10 million
Total:	¥10 million
Book value at term-end	
Tangible fixed assets:	¥5 million
Total:	¥5 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 required for finance leases

Within one year:	¥1 million
Over one year:	¥3 million
Total:	¥5 million

Note: Lease payments 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 that would have been incurred under finance leases

Lease fees:	¥4 million
Depreciation expenses:	¥4 million

Note: 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:	¥37 million
Over one year:	¥387 million
Total:	¥425 million

As lessor

Future lease payments under non-cancellable operating lease transactions

Within one year:	¥8 million
Over one year:	¥29million
Total:	¥38 million

No losses are recognized for the impairment of lease assets.

25. Financial Instruments

(1) Status of Financial Instruments

a. Policy on Financial Instruments

The Bank and its nine consolidated subsidiaries (the "Group") provide financial services such as leasing, agent of banking administrative work and securities business, and centering on banking service.

The Group raises funds by acceptance of the deposits, and invests the funds in loans and securities. We have financial assets and liabilities of which the values fluctuate with changes in interest rates, foreign exchange rates and market prices. To avoid adverse effects from such fluctuations, the Group performs integrated assets and liabilities management (the "ALM") in each company.

Moreover, we are engaged in derivatives transactions, such as those related to interest rates, currencies and bonds, for hedging and non-hedging purposes. Some consolidated subsidiaries are also engaged in interest rate related derivatives in connection with investments in securities and for hedging purposes.

b. Financial Instruments and Risks

The financial assets held by the Group consist primarily of securities and loans to domestic customers. Loans are subject to credit risk which could cause financial losses to the Group from non-performance of obligations by borrowers. With regard to securities, the Group is exposed to credit risk of issuers, interest-rate risk, and market price volatility risk.

The deposits include current deposits and savings deposits without maturities, and time deposits with maturities. These deposits expose the Group to liquidity risk that could be caused by concentrated withdrawals by customers.

The Group has liquidity risk with the borrowed money and bonds that it would become impossible to execute payments at the due dates when the Group lost access to the financial markets. Although the floating-rate borrowings expose us to the interest rate risk, we mitigate this risk using interest rate swaps partially.

We are engaged in derivatives transactions to meet customers' demands to hedge exchange-rate and interest-rate risks and to appropriately manage the Bank's market risks. Moreover, we utilize derivatives transactions for efficient ALM and hedging of individual transactions.

Derivatives transactions have market risk that losses could arise from market changes including those in interest rates and exchange rates. Additionally, derivatives transactions have credit risk that transactions are not fulfilled as provided by the contracts due to an event such as a failure of the counterparty.

Regarding hedging transactions to offset fluctuations in interest rates, the hedged items (e.g., loans) and the hedging instruments (e.g., interest rate swaps) are grouped by remaining period to assess the effectiveness. As for hedging transactions to fix the cash flows, we examine interest-rate correlation between the hedged items and the hedging instruments. Moreover, to assess the effectiveness of hedging transactions for foreign exchange risk, we designate transactions such as currency swaps and foreign exchange swaps as the hedging instruments and verify that we hold foreign currency positions of the those hedging instruments that match the hedged items including monetary claims and obligations denominated in foreign currencies. We also perform “after-the-fact test” to confirm certain interest rate swaps continuously meet the requirements for exceptional accrual method.

We have set position limits and the loss limits for trading transactions involving short-term purchases and sales of financial instruments.

c. Risk Management for Financial Instruments

(a) Credit Risk Management

The Group has enacted “Guidelines for Credit Risk Management,” which provides for basic policies comprising appropriate credit exposure management on individual and portfolio bases. The portfolio-based credit exposure management involves diversification of risk. Credit Risk Management Group has been segregated from the divisions under Business Headquarters to achieve rigorous credit review, and conducts thorough monitoring borrower’s financial condition to prevent deterioration of loans.

In the self-assessments that evaluate the quality of assets, the business offices categorize the borrowers based on the credit ratings, which is then reviewed by Credit Examination Division in the Headquarters. Furthermore, Corporate Audit Division examines results and processes of the self-assessments for accuracy and adequacy. As for credit risk of the issuers of securities, Treasury and Securities Division monitors credit information and market prices and gives the issuers credit ratings as well as carries out self-assessments of the issuers like for general borrowers.

(b) Market Risk Management

(i) Interest-rate Risk Management

The Group has set risk limits corresponding to the Group’s financial strength to interest-rate risk in the banking account, and applies and monitors the limits rigorously through the ALM. In order to control the interest-rate risk appropriately:

- The Group has established “Risk Management Basic Rules,” “Integrated Risk Management Rules,” and “ALM Guidance.”
- The Board of Directors (the “Board”) establishes risk tolerance limits for interest-rate risk within the allocable capital range after discussions at the General Budget Committee every half year.

The ALM Committee discusses and reports to the Board detail plans to address interest-rate risk every month.

Interest-rate risk is measured using value at risk (“VaR”). The ALM Committee sets alarm points somewhat below the risk limits and monitors the points as well as the limits on a monthly basis.

Moreover, the Group analyzes interest-rate risk from various aspects using tools such as basis-point value (“BPV”), the scenario analysis (simulation method) and the interest rate sensitivity analysis in addition to VaR, and controls the risk within a tolerable range reflective of the Group’s financial strength.

(ii) Foreign Exchange Risk Management

The Group controls foreign exchange risk by using hedging instruments such as currency swaps and foreign exchange swaps. In addition, the Group also enters into offsetting transactions in financial markets on an individual or aggregate basis, in order to reverse out foreign exchange risk arising from foreign exchange transactions offered by customers. Additionally, the Group converts into yen an amount equivalent to monthly interest income denominated in foreign currencies every month, in order to mitigate foreign exchange risk arising from foreign-currency denominated revenues.

(iii) Price Fluctuation Risk Management

The Group has set risk limits corresponding to the Group's financial strength to price-fluctuation risk arising from financial instruments such as stocks and investment trusts, and applies and monitors the limits rigorously through the ALM.

The Board establishes risk tolerance limits for price-fluctuation risk within the allocable capital range after discussions at the General Budget Committee every half year.

Price-fluctuation risk is measured using VaR. The ALM Committee sets alarm points somewhat below the risk limits and monitors the points as well as the limits on a monthly basis. To prevent unrealized losses from being accumulated, the Group monitors and manages unrealized gains and losses under certain policies on a daily basis.

(iv) Derivatives Transactions

The Group utilizes derivatives transactions chiefly as hedging instruments for interest-rate and foreign exchange risks. The Group controls counterparty credit risk in derivatives transactions by setting credit limits.

For derivatives transactions with financial institutions, the Group sets an individual credit line and manages credit exposures on a daily basis in accordance with "Credit line management rule for banking and security companies."

For derivatives transactions with customers, the Group also sets an individual credit line to reflect factors such as the creditworthiness and outstanding transactions, just like for financing transactions, and manages the credit exposures together with those arising from other transactions on an individual basis.

(v) Trading Transactions

The Group primarily trades bonds, foreign exchanges and derivatives transactions for trading purposes. We set utilize certain measures such as position limits, risk tolerance limits and loss limits in accordance with "Trading and Risk Management Rules."

(vi) Management of Liquidity Risk in Funding

To manage liquidity risk under "Market and Liquidity Risk Management Rules," the Group:

- Conducts financing activities after fully analyzing its cash flows.
- Pays continuous attention to the balance sheet structure, lines of credit provided to the Group, collateral management and costs to maintain the liquidity.
- Strives to maintain the diversity and stability of funding sources.

In addition, the liquidity risk borne by the Group is reported to the Board and the ALM Committee on a monthly basis.

d. **Supplementary Explanation Concerning Matters Related to Fair Value of Financial Instruments**

Fair value of financial instruments includes a value based on market prices as well as a reasonably calculated value when no market price is available. Because certain assumptions are used in the fair value calculation, such value may vary when different assumptions are used.

(2) Disclosures Regarding Fair Value of Financial Instruments and Other Items

The table below sets forth fair values of financial instruments at March 31, 2010 except for those whose fair values are extremely difficult to determine (see (Note2)). In addition, those financial instruments which are immaterial are not below listed.

	Millions of yen		
March 31, 2010	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and due from banks	¥173,240	¥173,240	¥—
(2) Securities			
Held-to-maturity debt securities	26,991	27,235	243
Available-for-sale securities	2,114,523	2,114,523	—
(3) Loans and bills discounted	4,808,134	—	—
Reserve for possible loan losses (*1)	(33,204)	—	—
	4,774,930	4,828,102	53,171
Total assets	7,089,687	7,143,102	53,415
(1) Deposit	6,664,706	6,670,705	(5,999)
(2) Negotiable certificates of deposit	20,900	20,900	—
(3) Borrowed money	119,490	119,757	(267)
Total liabilities	6,805,097	6,811,363	(6,266)
Derivatives transactions (*2)			
Transactions not accounted for as hedging instruments	1,232	1,232	—
Transactions accounted for as hedging instruments	14,165	14,165	—
Total derivatives transactions	¥15,397	¥15,397	¥—

(*1) General and individual reserves for possible loan losses are deducted from loans and bills discounted.

(*2) Derivatives transactions recorded in other assets and other liabilities are presented in a lump sum. Net claims and debts that arose from derivatives transactions are presented on a net basis.

(Note 1) Calculation Methods for Fair Value of Financial Instruments

Assets

(1) Cash and Due from Banks

Since fair value of these items approximates the book value, we deem the carrying value to be the fair value.

(2) Securities

Fair value of shares is determined by reference to quoted market prices on stock exchanges. Fair value of bonds is determined by reference to quoted market prices or prices offered by financial institutions, or based on the price best estimated. Fair value of investment trusts is determined by reference to their publicly available net asset value per unit. Fair value of privately placed bonds guaranteed by the Bank is determined by the discounted cash flow method. The discount rates used in the calculation were calculated based on the bankruptcy probability by credit rating and the coverage ratio of an individual claim.

Fair value of Japanese Government Bonds (JGBs) with variable interest rates is calculated as a reasonably estimated value which is calculated based on the discounted cash flow method or other pricing methods using JGB yields and volatility of the swaptions as primary pricing variables.

We used a reasonably estimated value as the fair value of securitized products (e.g., collateralized loan obligations), except those subject to impairment, of which external credit rating is not downgraded, of which collateral asset pools are not deteriorated, and which the Group intends to continue to hold. The reasonably estimated price was calculated by the discounted cash flow method or other pricing methods using the default rate, recovery rate, pre-payment rate and discount rate as primary pricing variables.

Please see “26. Securities Information” for details of securities in each purpose of holding.

(3) Loans and bills discounted

Since floating-rate loans and bills discounted reflect market interest rates in a short period, the fair value approximates the carrying value unless the credit standing of the borrower is not significantly different after the loan was made or the bill was drawn. The fair value is therefore deemed equal to the carrying value.

Fair value of fixed-rate loans and bills discounted are determined as the total of principal and interest discounted by the type, internal credit rating and maturities. Discount rates used in the calculation were interest rates which would be applied when similar loans were newly extended. Fair value of fixed-rate loans and bills discounted whose terms are short (i.e., within one year) approximates their carrying value and is therefore deemed equal to the carrying value.

Possible losses on legally bankrupt loans, substantially bankrupt loans and potentially bankrupt loans are computed based on recoverable amounts estimated as the present value of future cash flows or the collectible amounts from collaterals and guarantees. Then the fair value of those loans approximates the consolidated balance sheet amount at the closing date minus the currently estimated losses, and is therefore deemed equal to the amounts.

Fair value of loans and bills discounted for which repayment terms are not set because of their attributes (e.g., loans are limited to the amounts of assets pledged as collateral) is assumed to approximate their carrying value, considering the expected repayment periods and interest rate conditions, and are deemed equal to the carrying value.

Liabilities

(1) Deposits and (2) Negotiable certificates of deposit

For demand deposits, we deem the amount that the Group would require to pay on the consolidated balance sheet date (i.e., carrying value) to be the fair value.

With respect to time deposits with long deposit terms (i.e., one year or longer), we used the present value of future cash flows calculated by time band as the fair value. The discount rates used in the calculation were the interest rates that would apply to newly accepted deposits.

(3) Borrowed money

We used as the fair value the present value of future cash flows calculated by borrowing period. The discount rates used in the calculation were interest rate that would applied to new borrowings. Fair value of borrowings for a short term (i.e., within one year) approximates the carrying value and is deemed equal to the carrying value.

Derivatives Instruments

See “27. Derivatives”

(Note 2) The following table summarizes financial instruments, of which fair value is extremely difficult to determine:

Fair value of available-for-sale securities in the above table excludes the following items.

	Millions of yen
March 31, 2010	Consolidated balance sheet amounts
Unlisted stocks (*1)(*2)	¥6,354
Investments in partnership and others (*3)	3,685
Total	¥10,039

(*1) Unlisted stocks are excluded from “Disclosures Regarding Fair Value of Financial Instruments and Other Items” since no market price is available and their fair value is extremely difficult to determine.

(*2) Impairment losses on unlisted stocks were ¥19 million.

(*3) Out of investments in partnership and others, certain partnerships holding assets whose fair value was extremely difficult to determine are excluded from “Disclosures Regarding Fair Value of Financial Instruments and Other Items.”

(Note 3) Redemption schedule of money claims and securities with stated maturities after the consolidated balance sheet date is as follows:

	Millions of yen					
March 31, 2010	1 year or less	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Cash and due from banks	¥173,240	¥—	¥—	¥—	¥—	¥—
Securities						
Held-to-maturity debt securities	8,421	11,370	6,842	358	—	—
Japanese government bonds	—	500	—	—	—	—
Municipal bonds	61	5	—	—	—	—
Corporate bonds	8,360	10,865	6,842	358	—	—
Available-for-sale securities with maturities	184,223	578,920	402,733	364,958	263,820	81,182
Japanese government bonds	99,000	308,000	166,700	276,100	150,200	—
Municipal bonds	31,560	102,563	111,919	48,236	83,571	—
Corporate bonds	33,451	107,360	98,886	26,702	26,034	49,417
Foreign bonds	18,297	59,700	22,215	10,071	3,697	31,765
Other	1,913	1,295	3,012	3,847	317	—
Loans and bills discounted (*)	1,506,091	842,790	811,324	326,628	383,450	757,033
Total	¥1,871,976	¥1,433,081	¥1,220,900	¥691,944	¥647,271	¥838,216

(*) Legally bankrupt loans, substantially bankrupt loans and potentially bankrupt loans amounting to ¥98,551 million, and loans and bills discounted without maturities amounting to ¥82,263 million were excluded from the table above.

(Note 4) Redemption schedule of borrowed money and other interest-bearing liabilities after the consolidated balance sheet date is as follows:

	Millions of yen					
March 31, 2010	1 year or less	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits (*)	¥5,936,543	¥629,934	¥94,053	¥1,045	¥3,130	¥—
Negotiable certificates of deposit	20,900	—	—	—	—	—
Borrowed money	88,765	21,365	270	7,060	2,030	—
Total	¥6,046,209	¥651,299	¥94,323	¥8,105	¥5,160	¥—

(*) Demand deposits were included in “1 year or less.”

26. 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.

Year ended March 31, 2010
(a) Trading Securities

	Millions of yen
March 31, 2010	Unrealized gain recognized as income
Trading securities	¥5

(b) Held-to-maturity debt securities

March 31, 2010	Type	Consolidated balance sheet amount	Fair value	Difference
		Millions of yen		
Securities with fair value exceeding consolidated balance sheet amount	Bonds:	¥23,280	¥23,581	¥301
	Japanese government bond	500	501	0
	Municipal bonds	66	66	0
	Corporate bonds	22,714	23,014	300
	Other:	484	484	0
	Foreign bonds	—	—	—
	Other	484	484	0
	Sub-total	23,765	24,066	301
Securities with fair value not exceeding consolidated balance sheet amount	Bonds	3,711	3,653	(57)
	Japanese government bond	—	—	—
	Municipal bonds	—	—	—
	Corporate bond	3,711	3,653	(57)
	Other:	5,463	5,409	(54)
	Foreign bonds	—	—	—
	Other	5,463	5,409	(54)
	Sub-total	9,174	9,062	(111)
Total		¥32,939	¥33,128	¥189

(c) Available-for-sale securities

		Millions of yen		
March 31, 2010	Type	Consolidated balance sheet amount	Acquisition cost	Difference
Securities with consolidated balance sheet amount exceeding acquisition cost	Stocks	¥138,405	¥90,579	¥47,826
	Bonds	1,677,324	1,650,104	27,219
	Japanese government bonds	967,842	953,786	14,056
	Municipal bonds	380,794	372,378	8,415
	Corporate bonds	328,687	323,939	4,747
	Other	70,538	68,350	2,188
	Foreign bonds	64,047	62,151	1,896
	Other	6,490	6,198	291
	Sub-total	1,886,268	1,809,034	77,234
Securities with consolidated balance sheet amount not exceeding acquisition cost	Stocks	38,067	45,900	(7,833)
	Bonds	86,642	87,102	(460)
	Japanese government bonds	60,962	61,173	(211)
	Municipal bonds	5,818	5,824	(5)
	Corporate bonds	19,860	20,104	(243)
	Other	128,301	135,566	(7,264)
	Foreign bonds	80,150	83,222	(3,071)
	Other	48,151	52,344	(4,192)
	Sub-total	253,011	268,569	(15,558)
Total		¥2,139,279	¥2,077,603	¥61,676

(d) Held-to-maturity debt securities sold during the fiscal year

	Millions of yen		
Year ended March 31, 2010	Sales costs	Sales proceeds	Gains (losses) on sales
Japanese government bonds	¥—	¥—	¥—
Municipal bonds	—	—	—
Other	1,000	700	(300)
Total	¥1,000	¥700	¥(300)

(e) Available-for-sale securities sold during the fiscal year

	Millions of yen		
Year ended March 31, 2010	Sales proceeds	Gains on sales	Losses on sales
Stocks	¥11,553	¥1,782	¥3,167
Bonds	144,348	2,384	25
Japanese government bonds	51,407	916	—
Municipal bonds	88,138	1,427	—
Corporate bonds	4,802	39	25
Other	19,703	433	3,251
Foreign bonds	19,519	394	3,251
Other	184	39	—
Total	¥175,605	¥4,600	¥6,444

(f) Securities Recognized for Impairment Loss

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

Impairment losses for the fiscal year amounted to ¥2,977 million, comprising ¥1,917 million from stocks and ¥1,060 million from bonds.

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.

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

Not applicable as of March 31, 2010.

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

March 31, 2010	Millions of yen
Unrealized (losses) gains:	
Available-for-sale securities	¥62,271
Other money held in trust	—
Deferred tax assets (liabilities)	(23,467)
Net unrealized gains on available-for-sale securities	38,803
Less minority interests	(2)
Unrealized gains on available-for-sale securities	¥38,805

Note: The total unrealized losses include an unrealized gain of ¥9 million on available-for-sale securities, which constitute the property of related associations.

Year ended March 31, 2009

(a) Securities held for trading purposes

March 31, 2009	Millions of yen
Carrying value	¥9,100
Holding gains charged to income	59

(b) Marketable debt securities held to maturity

	Millions of yen				
March 31, 2009	Book value	Market value	Unrealized gain and loss (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

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 and loss (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

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 "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 it is considered there is 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 JGBs 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 “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

Year ended March 31, 2009	Millions of yen
Proceeds from sales of marketable available-for-sale securities	¥368,987
Gains	18,172
Losses	8,957

(e) Major components and balance sheet amounts of nonmarketable securities

Year ended March 31, 2009	Millions of yen
Non-marketable available-for-sale securities:	
Unlisted equity securities	¥3,718
Investments in investment partnerships	1,834

(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

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

Not applicable as of March 31, 2009.

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

March 31, 2009	Millions of yen
Unrealized (losses) gains:	
Available-for-sale securities	¥(12,679)
Other money held in trust	—
Deferred tax assets	6,279
Net unrealized gains on available-for-sale securities	(6,400)
Less minority interests	(2)
Unrealized gains on available-for-sale securities	¥ (6,397)

The total unrealized losses include an unrealized gain of ¥9 million on available-for-sale securities, which constitute the property of related association.

27. Derivatives

Year ended March 31, 2010

1. Derivative instruments not accounted for as hedges

Regarding the derivative instruments to which hedge accounting is not applied, the following tables summarize contract amount, market value and unrealized gain or loss for each type of derivative transactions, respectively, at the end of the consolidated balance sheet date, as well as determination of fair value.

Contract amount does not represent itself market risk of derivative instruments.

(1) Interest-rate Derivatives

	Millions of yen			
March 31, 2010	Contract amount	Over 1 year	Fair value	Unrealized gain (loss)
Transactions listed on exchanges:				
Interest-rate futures:				
Sold	¥—	¥—	¥—	¥—
Bought	—	—	—	—
Interest-rate options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter transactions:				
Forward rate agreements:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest-rate swaps:				
Receivable fixed / payable floating	98,488	29,206	580	580
Receivable floating / payable fixed	98,488	29,206	(334)	(334)
Receivable floating / payable floating	—	—	—	—
Interest-rate options:				
Sold	—	—	—	—
Bought	—	—	—	—
Caps:				
Sold	3,196	1,272	(2)	108
Bought	3,196	1,272	2	(53)
Swaption:				
Sold	37,190	3,870	(116)	37
Bought	37,190	3,870	116	116
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥—	¥—	¥245	¥455

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.

2. Calculation of fair value

The fair value of transactions listed on exchanges has been calculated on the basis of the closing prices on the Tokyo International Financial Exchange, etc. The fair value of over-the-counter transactions has been calculated at their discounted future cash flows or by utilizing option pricing models.

(2) Currency Derivatives

	Millions of yen			
March 31, 2010	Contract amount	Over 1 year	Fair value	Unrealized gain (loss)
Transactions listed on exchanges:				
Currency futures:				
Sold	¥—	¥—	¥—	¥—
Bought	—	—	—	—
Currency options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter transactions:				
Currency swaps	837,344	709,133	956	956
Forward foreign exchange contracts:				
Sold	5,079	1,198	357	357
Bought	3,523	267	(327)	(327)
Currency options:				
Sold	6,700	1,309	(247)	(63)
Bought	6,700	1,309	247	141
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥—	¥—	¥986	¥1,063

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.

2. Calculation of fair value

Fair value is calculated at discounted future cash flows, etc.

(3) Stock Derivatives

Not applicable as of March 31, 2010.

(4) Bond Derivatives

	Millions of yen			
March 31, 2010	Contract amount	Over 1 year	Fair value	Unrealized gain (loss)
Transactions listed on exchanges:				
Bond futures:				
Sold	¥278	¥—	¥2	¥2
Bought	—	—	—	—
Bond future options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter transactions:				
Bond options:				
Sold	—	—	—	—
Bought	—	—	—	—
Others:				
Sold	—	—	—	—
Bought	—	—	—	—
Total	¥—	¥—	¥2	¥2

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.

2. Calculation of fair value

The fair value of transactions listed on exchanges has been calculated on the basis of the closing prices on the Tokyo International Financial Exchange, etc. The fair value of over-the-counter transactions has been calculated at their discounted future cash flows or by option pricing models.

(5) Commodity Derivatives

Not applicable as of March 31, 2010.

(6) Credit Derivatives

Not applicable as of March 31, 2010.

2. Derivative Instruments accounted for as hedges

Regarding the derivative instruments to which hedge accounting is applied, the following tables summarize contract amount, market value and unrealized gain or loss for each type of derivative transactions, respectively, at the end of the consolidated balance sheet date, as well as determination of fair value.

Contract amount does not represent itself market risk of derivative instruments.

(1) Interest-rate Derivatives

Method of hedge	Type	Hedged items	Millions of yen		
			Contract amounts	Over 1 year	Fair value
Deferred method	Interest rate swap	Interest bearing financial assets and liabilities including loans, available-for-sale securities, deposits and negotiable certificates of deposit, etc.			
	Receivable fixed / payable floating		¥ —	¥ —	¥ —
	Receivable floating / payable fixed		60,000	60,000	(3,386)
	Interest rate futures		—	—	—
	Interest rate options		—	—	—
	Other		—	—	—
Exceptional accrual method for interest rate swap	Interest rate swap				
	Receivable fixed / payable floating	Borrowed money	19,000	9,000	676
	Receivable floating / payable fixed	Loans, Borrowed money	53,502	48,021	(2,931)
Total		———	———	———	¥ (5,641)

Notes: 1. Primarily, the Bank applies the deferred method of hedge accounting which is described in "Accounting and Auditing Treatment relating to the Adoption of 'Accounting for Financial Instruments' for Banks," issued by the Japanese Institute of Certified Public Accountants ("JICPA"), (JICPA Industry Audit Committee Report No. 24).

2. Determination of fair value:

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

3. The accrual method of hedge accounting, as specifically permitted for certain interest rate swaps, is valued with the valuation of hedge items, so that the fair value is included in the fair value of Loans and Bills Discounted and other items (Ref: 31. Financial Instruments (2) Disclosures Regarding the Fair Value of Financial Instruments and Other Items).

(2) Currency Derivatives

Method of hedge	Type	Hedged items	Millions of yen		
			Contract amounts	Over 1 year	Fair value
Deferred method	Currency swaps	Foreign currency-denominated loans, securities, deposits and foreign exchanges, etc.	¥87,415	¥—	¥17,551
	Forward foreign exchange contracts		—	—	—
	Other		—	—	—
Treatment for forward foreign exchange contracts, etc.	Currency swap		—	—	—
	Forward foreign exchange contracts		—	—	—
Total		—	¥—	¥—	¥17,551

Notes: 1. Primarily, the Bank applies the deferred method of hedge accounting which is described in "Accounting and Auditing Treatment relating to Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee Report No. 25).

2. Determination of fair value:

Fair value is determined based on the discounted cash flows model.

(3) Stock Derivatives

Not applicable as of March 31, 2010.

(4) Bond Derivatives

Not applicable as of March 31, 2010.

Year ended March 31, 2009

(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

March 31, 2009	Millions of yen: Contract amounts: Total	Over 1 year	Market value	Unrealized gain (loss)
Transactions listed on exchanges:				
Interest-rate futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	—	—	—	—
Interest-rate options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter transactions:				
Forward rate agreements:				
Sold	—	—	—	—
Bought	—	—	—	—
Interest-rate swaps:				
Receivable fixed/payable floating	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

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 value	Unrealized gain
March 31, 2009	Total	Over 1 year		(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

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.

(e) Bond Derivatives

	Millions of yen			
	Contract amounts		Market value	Unrealized gain
March 31, **2009**	Total	Over 1 year		(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

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.

(g) Credit Derivatives

Not applicable as of March 31, 2009.

28. Stock Options

(a) The Bank recorded stock option expenses in “General and administrative expenses” of ¥21 million in the year ended March 31, 2010.

(b) Outline of stock options, size and changes

(1) Outline of stock options

	1st equity warrant	2nd equity warrant
Persons to whom stock options are granted	Directors of the Bank: 10	Executive officers of the Bank: 12
Type and number of shares (*)	Common shares: 56,698	Common shares: 41,546
Date of rights granted	August 24, 2009	August 24, 2009
Condition for vesting	Not applicable	Not applicable
Eligible service period	Not applicable	Not applicable
Period for exercise of stock options	From August 25, 2009 to August 24, 2039	From August 25, 2009 to August 24, 2039

(*) The table above presents the number of common shares converted from the number of stock options.

(2) Size and changes of stock options

a. Number of stock options

	1st equity warrant	2nd equity warrant
Non-vested		
Previous fiscal year-end outstanding	—	—
Granted	56,698	41,546
Forfeited	—	—
Vested	—	—
Outstanding on March 31, 2010	56,698	41,546
Vested		
Previous fiscal year-end outstanding	—	—
Vested	—	—
Exercised	—	—
Forfeited	—	—
Exercisable	—	—

b. Price information

	Yen	
	1st equity warrant	2nd equity warrant
Exercise price	1	1
Average exercise price	—	—
Fair value at the grate date	417	439

(c) Valuation technique for fair value of stock options

Stock options granted in the fiscal year ended March 31, 2010 were valued using the Black-Scholes option pricing model and the following principal parameters:

	1st equity warrant	2nd equity warrant
Expected volatility (*1)	33.93%	38.25%
Average expected life (*2)	6 years	3 years
Expected dividends (*3)	¥8 per share	¥8 per share
Risk-free interest rate (*4)	0.76%	0.36%

(*1) Expected volatility is calculated based on the actual stock prices at the following period corresponding to the average expected life.

1st equity warrant: From August 22, 2003 to August 21, 2009

2nd equity warrant: From August 22, 2006 to August 21, 2009

(*2) The average tenure of the directors and the executive officers who retired in the past is used as the average expected life in the above table.

(*3) Actual dividends on common stock for the year ended March 31, 2009.

(*4) Japanese government bond yield corresponding to the average expected life.

(d) Method of estimating number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to reasonably estimate the number of stock options that will be forfeited in the future.

29. Related-Party Transactions

No material transactions occurred with related-party for the fiscal year ended March 31, 2010 and 2009, respectively.

30. Per-share Data

March 31,	Yen	
	2010	2009
Net assets per share	**¥551.79**	¥483.21
Earnings per share-basic	**18.17**	6.62
Earnings per share-diluted	**18.17**	—

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

March 31,	Millions of yen	
	2010	2009
Earnings per share		
Net income	**¥14,051**	¥ 5,178
Earnings not available to common shareholders	**—**	—
Net income after deduction of the portion described above	**14,051**	5,178
Weighted average number of common shares for the fiscal year (in thousands)	**772,917**	781,137
Diluted earnings per share		
Adjustment to net income	**—**	—
Increase in common shares (in thousands)	**59**	—
Attributable to equity warrants	**59**	—
Equity warrants that have no dilutive effects on earnings per share	**—**	—

Ernst & Young

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho
Chiyoda-ku, Tokyo, Japan 100-0011

Tel : +81 3 3503 1100
Fax: +81 3 3503 1197

Report of Independent Auditors

The Board of Directors
The Joyo Bank, Ltd.

We have audited the accompanying consolidated balance sheets of The Joyo Bank, Ltd. and consolidated subsidiaries as of March 31, 2010 and 2009, 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, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

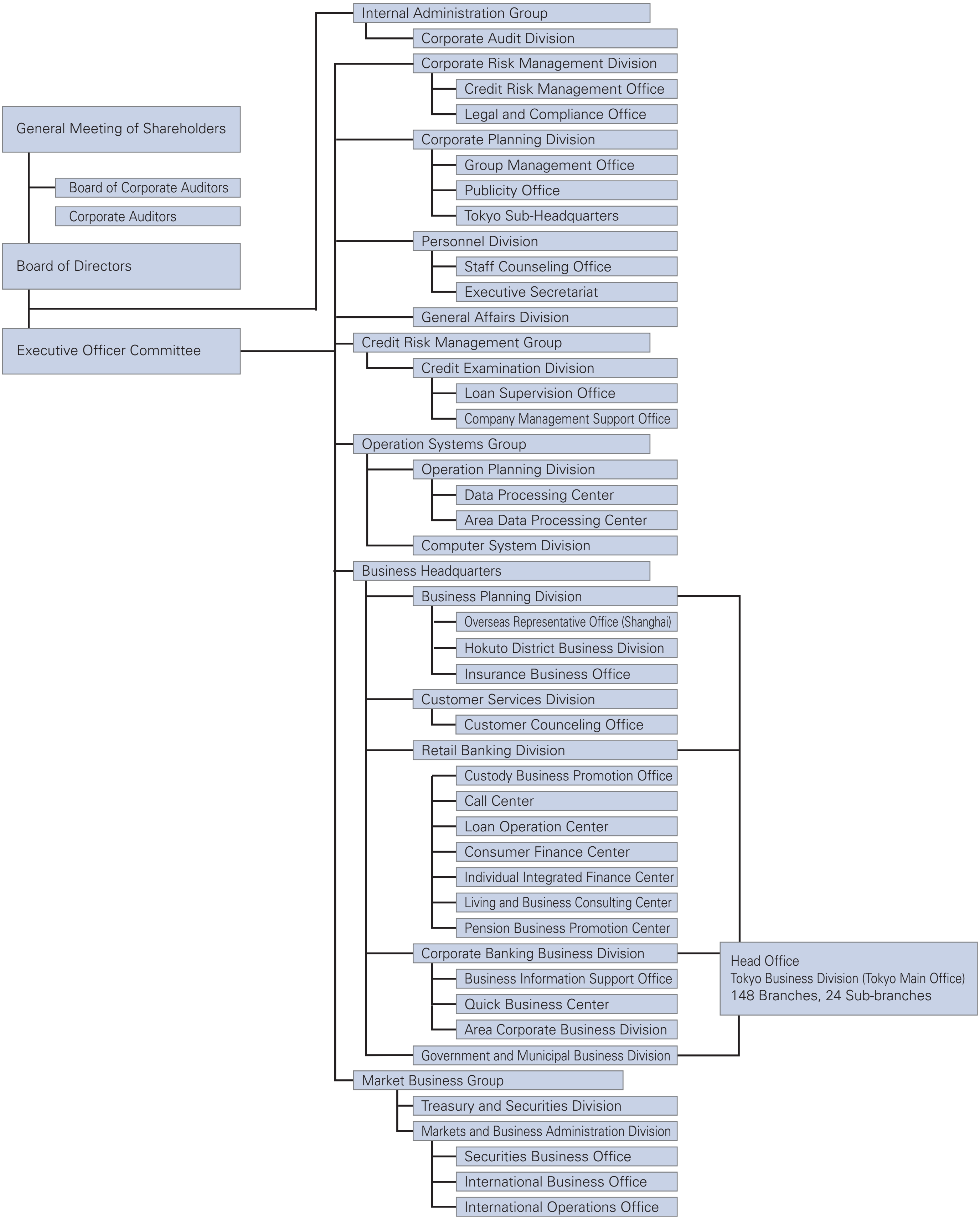
The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Ernst & Young ShinNihon LLC

June 25, 2010

Organization

The JOYO BANK, LTD.



As of June 25, 2010

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 29, 2010

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: 03-3273-1741a

General Manager
Jun Kawauchi

Advisory officer
Osato Aizawa

• Operations Group (Tokyo)
Senior Manager
Hiroki Otaka

International Business Office
5-5 Minami-machi 2-chome, Mito,
Ibaraki 310-0021, Japan
Phone: 029-300-2727
Chief Officer
Masayuki Ogawa

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

General Manager
Akihiko Hashimoto

Treasury and Securities Division
7-2, Yaesu 2-chome, Chuo-ku,
Tokyo 104-0028, Japan
Phone: 03-3273-5245

General Manager
Fuminori Nakajima

Deputy General Manager
Masahide Takauchi

Yoshitsugu Toba

• Investment Group
Senior Manager
Mamoru Takasaki

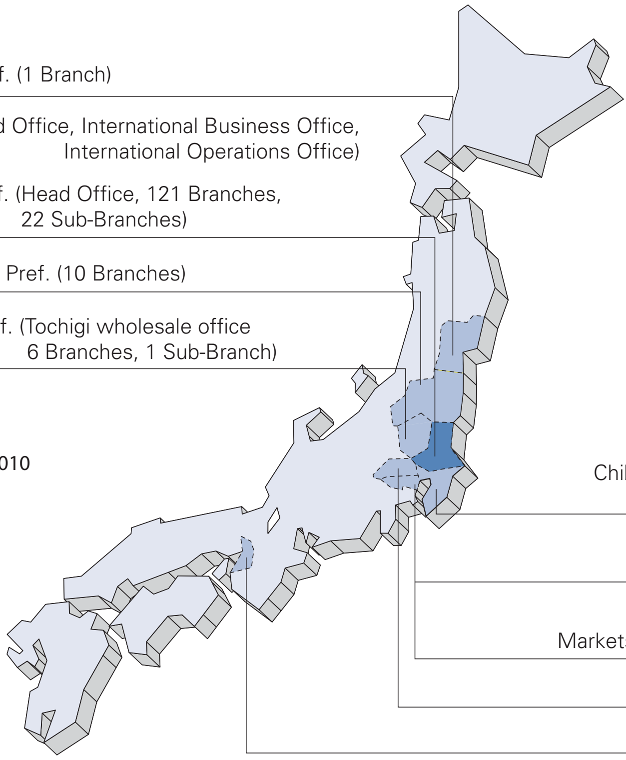
• Business Promotion Group
Manager
Hiroshi Iijima

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
Hitoshi Gotou

Deputy Chief Representative
Hisanori Sonobe

Service Network



Overseas:
Shanghai Representative Office

As of June 25, 2010

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, 2010

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 148 Branches, 24 Sub-branches
■ Overseas Network	1 Representative Office: Shanghai
■ Number of Employees	3,442
■ Stock Exchange Listing	Tokyo Stock Exchange
■ Paid-in Capital	¥85,113 million
■ Number of Shares (as of March 31, 2010)	Authorized 2,167,515 thousand Issued and Outstanding 822,231 thousand
■ Number of Shareholders (1 trading unit = 1,000 shares)	22,996
■ Principal Shareholders	The 10 largest shareholders of the Bank and their respective share-holdings at March 31, 2010 were as follows:

	Number of Shares Held (Thousands)	Percentage of Total Shares Outstanding (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	37,992	4.62%
NIPPONKOA Insurance Company, Ltd.	37,973	4.61
Northern Trust Company (AVFC) Sub Account American Client	36,922	4.49
Nippon Life Insurance Company	28,003	3.40
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	22,367	2.72
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)	16,146	1.96
Northern Trust Company (AVFC) US Tax Exempted Pension Funds	13,877	1.68
The Gunma Bank, Ltd.	10,465	1.27
Total	237,244	28.85%

As of March 31, 2010

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